



**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

**ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2009

GOVERNMENT OF KERALA

AGENCIA DE INVESTIGACION

Table of Contents

	Reference to	
	Paragraph	Page
Preface	-	v
Executive Summary		vii
Chapter 1		
Finances of the State Government		
Summary of Current Year's Fiscal Transactions	1.1	1
Resources of the State	1.2	2
Revenue Receipts	1.3	4
Application of resources	1.4	9
Quality of Expenditure	1.5	14
Analysis of Government Expenditure and Investments	1.6	18
Assets and Liabilities	1.7	22
Debt Sustainability	1.8	24
Fiscal Imbalances	1.9	25
Conclusions	1.10	29
Recommendations	1.11	29
Chapter 2		
Financial Management And Budgetary Control		
Introduction	2.1	31
Summary of Appropriation Accounts	2.2	31
Financial Accountability and Budget Management	2.3	32
Non-reconciliation of departmental figures	2.4	39
Advances from Contingency Fund	2.5	41
Review of Selected Grants	2.6	41
Outcome of inspection of treasuries	2.7	43
Conclusions	2.8	44
Recommendations	2.9	44
Chapter 3		
Financial Reporting		
Non-submission/delay in submission of accounts	3.1	45
Delay in submission of Accounts/Audit Reports of Autonomous Bodies	3.2	45
Departmental Commercial Undertakings	3.3	46
Misappropriations, losses, defalcations, etc.	3.4	46
Conclusion	3.5	47
Recommendation	3.6	47

APPENDICES		
No.	Description	Page
1.1		
Part A	Structure and Form of Government Accounts	49
Part B	Layout of Finance Accounts	49
1.2		
Part A	Methodology adopted for assessment of the fiscal position	50
Part B	Kerala Fiscal Responsibility Act, 2003	52
1.3		
Part A	Abstract of Receipts and Disbursements for the year 2008-09	54
Part B	Summarised financial position of Government of Kerala as on 31 March 2009	57
1.4	Time series data on the State Government Finances	59
1.5	Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection	62
1.6	Summarised financial statement of Departmentally managed Commercial/Quasi-commercial undertakings	63
2.1	Savings in excess of Rs 10 crore each and more than 20 <i>per cent</i> of the total provision	64
2.2	Excess over Provision of previous years requiring regularisation	65
2.3	Cases where Supplementary Provision (Rupees 50 lakh or more in each case) proved unnecessary	67
2.4	Cases of excessive Supplementary Grants/Appropriations	68
2.5	Statement of various grants where Supplementary Provision proved insufficient by more than Rupees one crore each	69
2.6	Excess/Unnecessary/Insufficient reappropriation of funds	70
2.7	Results of review of substantial surrenders made during the year	72
2.8	Surrenders (Rs 50 lakh or more in each case) in excess of actual savings	74
2.9	Statement of grants/appropriations in which savings occurred but no part of which had been surrendered	75
2.10	Details of saving of Rupees one crore and above not surrendered	76
2.11	Cases of surrender of funds in excess of Rs 10 crore and above on 30 and 31 March 2009	77
2.12	Rush of Expenditure towards the end of the year	78
2.13	Status of Detailed Contingent bills against Abstract Contingent (AC) bills upto 2008-09	81
2.14	Details of cases where Savings/Excess occurred	82
2.15	Saving on Salary heads	83
2.16	Non-utilisation of Budgetary Provision	84
2.17	Non-mustering of pensioners	85

3.1	Statement showing names of Bodies and Authorities, the accounts of which had not been received	86
3.2	Statement showing performance of Autonomous Bodies	90
3.3	Statement of finalisation of Proforma accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings	92
3.4	Department-wise/duration-wise break-up of cases of misappropriation, defalcation, etc.	93
3.5	Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material	94

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.



തീയജസഭാമന്ദിരം



KERALA LEGISLATIVE ASSEMBLY

Executive Summary

Background

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 with a view to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium-term framework. The Act came into force on 5 December 2003. According to this Act, the revenue deficit had to be eliminated by the end of March 2007 and fiscal deficit reduced to two *per cent* of the estimated gross State domestic product (GSDP) by the same period. Subsequently, the Twelfth Finance Commission (TFC) recommended elimination of revenue deficit and fiscal deficit to three *per cent* of GSDP by March 2009. The State Government could not adhere to these targets primarily due to adoption of the State Pay Commission's award. Therefore, the State had to postpone the achievement of its targets till the end of March 2011.

The Comptroller and Auditor General of India's Audit Reports have been commenting upon the State Government's finances for over five years since the Fiscal Responsibility legislation. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre stage once again, a stand-alone report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, the Comptroller and Auditor General of India has decided to bring out a separate volume titled "Report on State Finances".

The report

Based on the audited accounts of the Government of Kerala for the year ended March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as at 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

Chapter 2 is based on audit of Appropriation Accounts and it gives a grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of Kerala Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal discipline: During the current year, the revenue deficit decreased marginally by Rs 73 crore as the growth of revenue receipts was 16.1 *per cent* while growth of revenue expenditure was 13.4 *per cent* over the previous year. The Government has to make concerted efforts to contain the fiscal deficit.

Non-Plan Revenue Expenditure: Non-Plan Revenue Expenditure (NPRE) increased by 10.6 *per cent* over the previous year. The NPRE exceeded the normative assessment made by TFC by 20.3 *per cent*. The expenditure on salary and wages was 49 *per cent* of the revenue expenditure net of interest and pension payments which was higher than the norm of 35 *per cent* as recommended by TFC. Pension payments exceeded the normative assessment made by TFC by 25 *per cent*. The Plan revenue expenditure (PRE) also showed an increase of 41 *per cent* over the previous year.

The Fiscal Responsibility Act, 2003 enacted on 5 December 2003 envisaged elimination of the revenue deficit and reduction of the fiscal deficit to two *per cent* of the estimated GSDP by 31 March 2007. Though TFC recommended elimination of the revenue deficit and reduction of the fiscal deficit to three *per cent* of GSDP by March 2009, the State Government could not adhere to the targets primarily due to the financial impact of the State Pay Commission's award. However, the State Government aims to achieve these targets by the end of 2010-11 in the Medium Term Fiscal Plan for the years 2008-09 to 2010-11 presented to the Legislature with the budget for 2008-09. In order to achieve these targets, the Government needs to mobilise additional resources both through tax and non-tax sources, make efforts to collect revenue arrears and prune unproductive expenditure in the ensuing years.

Priority to capital expenditure: The capital expenditure increased during the year by 15 *per cent* over the previous year. The State may consider enhancing capital expenditure as a proportion of aggregate expenditure as this ratio is lower for Kerala than the all State's average (Table 1.10).

Review of Government investments: The return on Kerala Government's investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives varied between 0.8 and 1.4 *per cent* in the last five years while the Government paid interest of 7.5 to 8.7 *per cent* on these borrowings (Para 1.6.3). It would be advisable for the State Government to seek better value for money in its investments. Otherwise, high-cost borrowed funds invested in projects with low financial returns will continue to strain the economy.

It would also be prudent to review the working of State Public Sector undertakings which are incurring huge losses and work out a revival strategy.

In view of the heavy losses of two departmental commercial undertakings, the Government should review their working so as to wipe out their losses in the short run and to make them self-sustaining in the medium to long term.

Debt sustainability: The ratio of fiscal liabilities to GSDP at 36.7 *per cent* during 2008-09 was higher than the norm of 30 *per cent* recommended by TFC.

Borrowed funds should be used to fund capital expenditure and revenue expenditure should be met from revenue receipts.

Funds transferred from the Government of India to the State implementing agencies: Government of India directly transferred Rs 913.47 crore to the State implementing agencies during the year. As long as these funds remain outside the State budget, no agency can monitor their utilisation. There is no reliable data to capture the amounts actually spent on major flagship schemes of the Government of India and other important schemes which are being implemented by State implementing agencies but are being funded directly by the Government of India. A system has to be put in place to ensure proper accounting of these funds.

Financial Management and Budgetary Control: During 2008-09, expenditure of Rs 36,877.37 crore was incurred against total grants and appropriations of Rs 44,596.19 crore, resulting in savings of Rs 7,718.82 crore. The savings were the net result of overall savings of Rs 7867.81 crore, offset by excess of Rs 148.99 crore. The excess requires regularisation under Article 205 of the Constitution of India. In 20 cases, Rs 111.02 crore was surrendered in excess of the actual savings. In 33 cases, surrenders of funds amounting to Rs 1509.87 crore were made on the last two working days of the financial year, while in 29 grants/appropriation savings amounting to Rs 901.69 crore were not surrendered. In 72 cases, augmentation/reduction of provision by re-appropriation proved either in excess of requirement or insufficient as the final expenditure of the re-appropriated sub-heads resulted in savings/excess by more than Rupees two crore. Budgetary controls should be strengthened in all the Government departments and particularly in the departments where savings have persisted for the last five years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided.

Financial reporting: There were delays in submission of annual accounts by autonomous bodies and departmental undertakings. There were instances of losses due to theft and misappropriations. Departmental enquiries in such cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases in future.

CHAPTER I

Finances of the State Government



Chapter I Finances of the State Government

This chapter provides a broad perspective of the finances of the Government of Kerala during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.2**.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) vis-à-vis the previous year, while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1 Summary of Current Year's Fiscal Operations

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
					Non Plan	Plan	Total
Section-A: Revenue							
21106.79	Revenue receipts	24512.18	24891.64	Revenue expenditure	25012.00	3211.86	28223.86
13668.95	Tax revenue	15990.18	12184.09	General services	12508.42	158.95	12667.37
1209.55	Non-tax revenue	1559.29	7789.88	Social services	7452.54	1910.30	9362.84
4051.70	Share of Union Taxes/ Duties	4275.52	2818.40	Economic services	2785.92	1142.61	3928.53
2176.59	Grants from Government of India	2687.19	2099.27	Grants-in-aid and Contributions	2265.12	--	2265.12
Section-B: Capital							
7.54	Miscellaneous Capital Receipts	9.11	1474.58	Capital Outlay	24.84	1670.76	1695.60
44.85	Recoveries of Loans and Advances	35.64	893.16	Loans and Advances disbursed	404.44	579.25	983.69
5643.66	Public Debt receipts*	6921.40	1432.79	Repayment of Public Debt*	#	#	1650.34
	Contingency Fund	80.00	80.00	Contingency Fund	#	#	5.84
48316.26	Public Account receipts	56284.57	46413.11	Public Account disbursements	#	#	53627.80
1039.97	Opening Cash Balance	973.79	973.79	Closing Cash Balance	#	#	2629.56
76159.07	Total	88816.69	76159.07	Total	#	#	88816.69

(Source: Finance Accounts of the State for 2007-08 and 2008-09)

Figures for Plan and Non-Plan not available in the Finance Accounts.

- Excluding fiet transactions under Ways and Means advances and overdraft.

Following are the significant changes during 2008-09 over the previous year.

- Revenue receipts grew by 16.1 *per cent* (Rs 3,405 crore) relative to the previous year. The increase was under tax revenue (Rs 2,321 crore), State's share of Union Taxes and Duties (Rs 224 crore), non-tax revenue (Rs 349 crore) and grants-in-aid from the Government of India (GOI) (Rs 511 crore).
- Revenue expenditure and capital expenditure increased by 13.4 *per cent* (Rs 3,332 crore) and 15 *per cent* (Rs 221 crore) respectively over the previous years.
- Public Debt Receipts increased by Rs 1277 crore mainly due to increase in internal debt by Rs 926 crore and borrowings from GOI by Rs 351 crore, as against Public Debt Repayment which also increased by Rs 217 crore.
- Public Account receipts and disbursements increased by Rs 7969 crore and Rs 7215 crore respectively over the previous year. Thus, increase in net receipts during the year was Rs 754 crore.
- Cash balance of the State during 2008-09 increased from Rs 973.79 crore to Rs 2629.56 crore.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters.

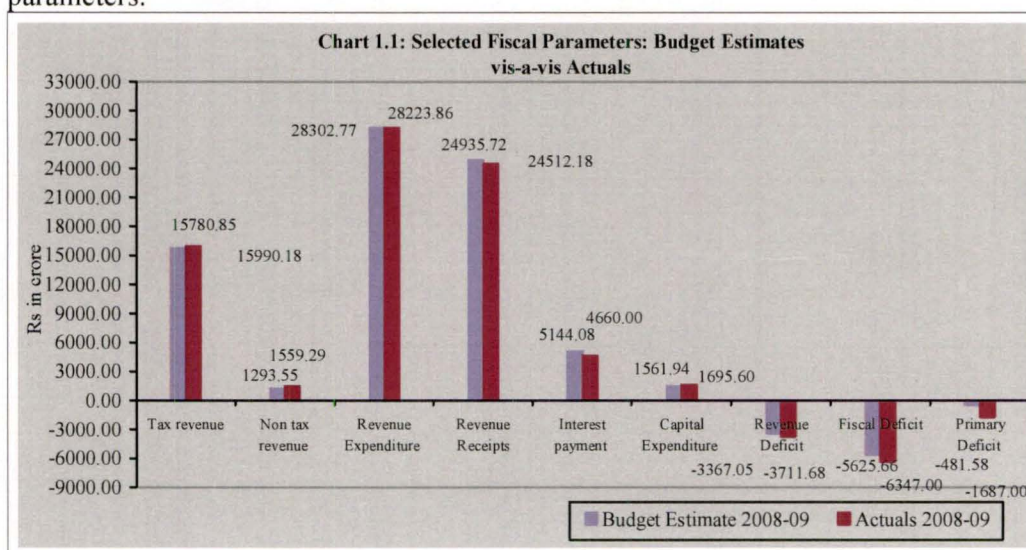


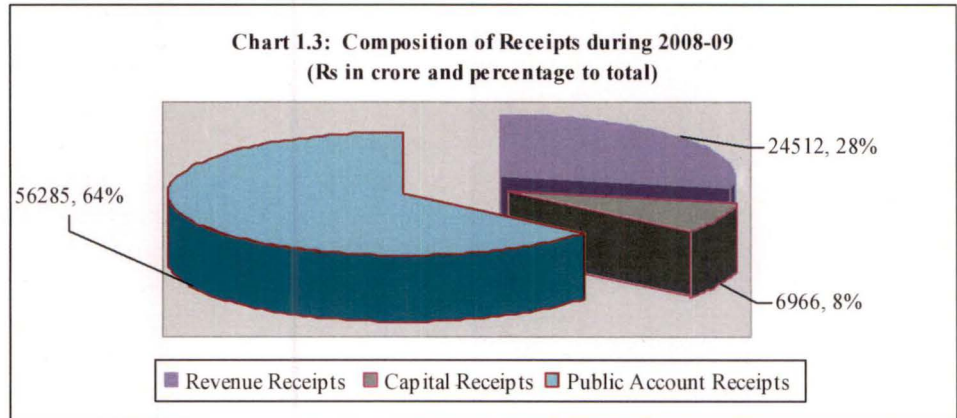
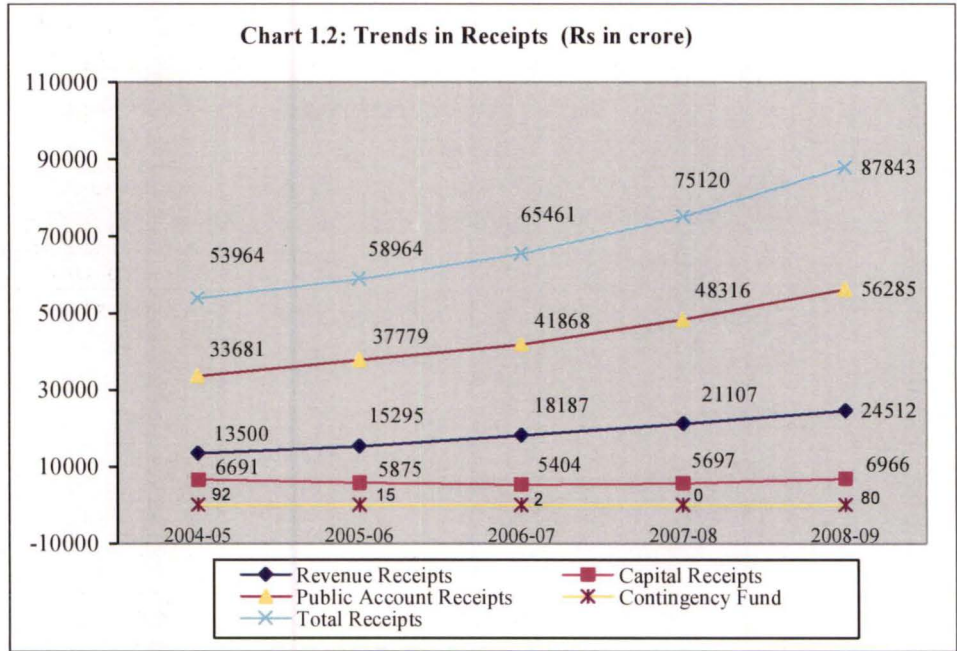
Chart 1.1 shows that compared to the budget estimates, the actual revenue receipts were less by Rs 424 crore, while actual revenue expenditure was less by Rs 79 crore. Resultantly, the revenue deficit increased by Rs 345 crore over the estimated figures. The capital expenditure showed an increase of Rs 134 crore over the budget estimates.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid

from the GOI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



The total receipts of the State Government for the year 2008-09 were Rs 87,843 crore. Of these, the revenue receipts were Rs 24,512 crore constituting 28 per cent of total receipts, the capital receipts constituted eight per cent and Public Account receipts constituted 64 per cent of total receipts.

1.2.2 Funds transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to State implementing agencies¹ for the implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources, details of funds directly transferred to the State implementing agencies are presented in **Table 1.2**.

Table-1.2: Funds transferred directly to State implementing agencies

(Rupees in crore)

Programme/Scheme (Central share: State Share)	Implementing Agency in the State	2008-09
National Rural Employment Guarantee Scheme (90:10)	District Rural Development Agency (DRDA)	200.46
Pradhan Mantri Gram Sadak Yojana (100 per cent)	Kerala State Rural Roads Development Agency	19.54
Rural Housing - Indira Awaas Yojana (75:25)	DRDA	156.58
Swarn Jayanthi Gram Swarozgar Yojana (75:25)	DRDA	44.85
National Horticulture Mission (85:15)	Kerala State Horticulture Mission	75.18
Accelerated Rural Water Supply Programme (100 per cent)	Kerala Water Authority	112.91
Sarva Shiksha Abhiyan (65:35)	Primary Education Development Society of Kerala	108.54
Swarn Jayanthi Shahari Rozgar Yojana (75:25)	State Poverty Eradication Mission (Kudumbashree)	10.32
Central Rural Sanitation Programme (75:25)	DRDA	33.80
National Rural Health Mission (85:15)	State Health and Family Welfare Society	151.29
Total		913.47

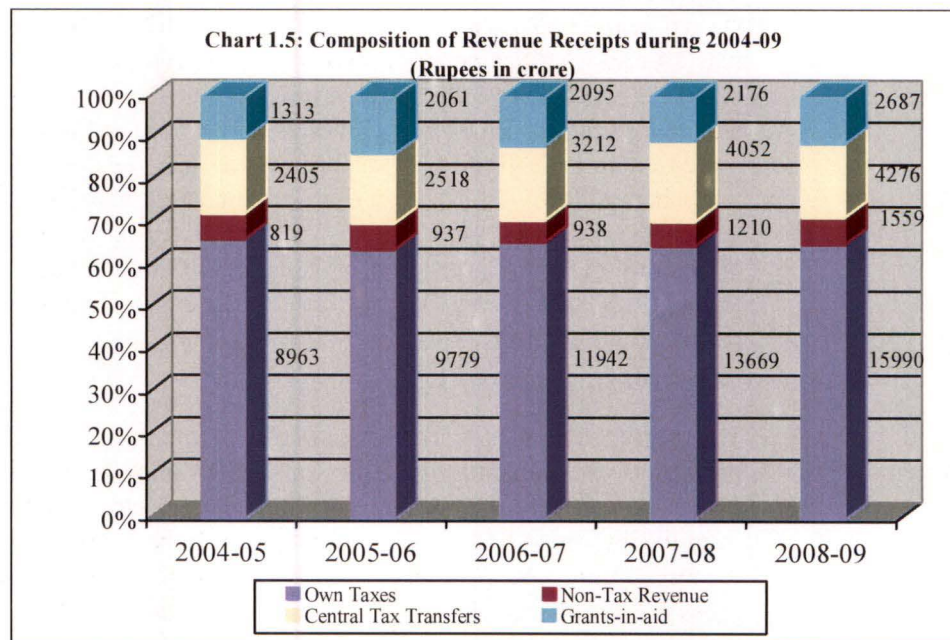
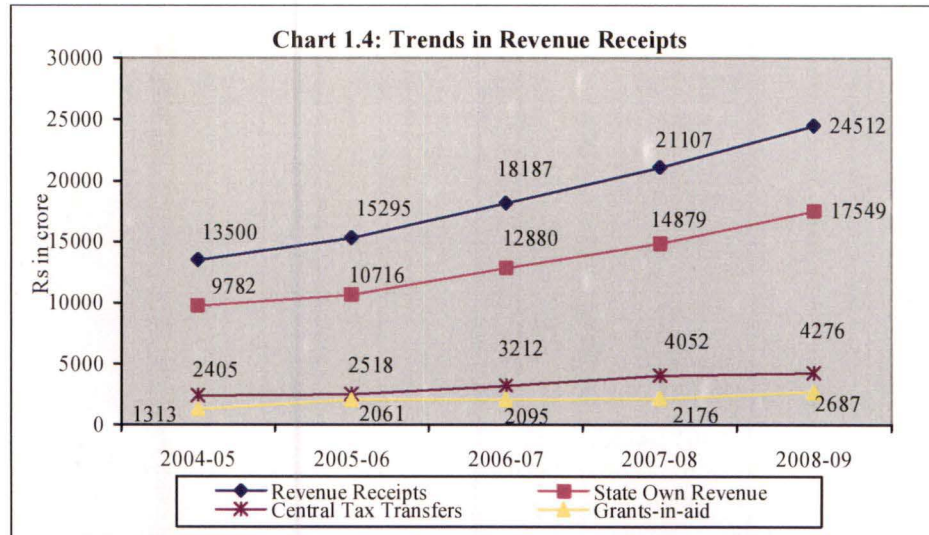
(Source: Official website of the Controller General of Accounts (e-lekha)).

Government of India directly transferred Rs 913.47 crore to the State implementing agencies during 2008-09. Direct transfers from GOI to the State implementing agencies without routing them through the State budget can be risky unless uniform accounting practices are diligently followed by all these agencies. Further, without proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.4** and also depicted in **Charts 1.4** and **1.5** respectively.

¹ State implementing agency includes any organization/institution including non-governmental organization which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. Primary Education Development Society of Kerala for Sarva Shiksha Abhiyan and Kerala State Health and Family Welfare Society for the National Rural Health Mission.



Revenue receipts increased from Rs 13,500 crore in 2004-05 to Rs 24,512 crore in 2008-09, exhibiting relative stability in the share of its various components. The contribution of the State's own taxes under total revenue receipts decreased marginally from 66 per cent in 2004-05 to 65 per cent in 2008-09. The contribution of grants-in-aid from GOI increased marginally from 10 per cent in 2004-05 to 11 per cent in 2008-09, whereas the contribution of Central tax transfers remained at the same level of 18 per cent in 2008-09 compared to 2004-05.

The trends in revenue receipts relative to Gross State Domestic Product (GSDP) are presented in **Table 1.3**:

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	13500	15295	18187	21107	24512
State's own taxes (Rupees in crore)	8963	9779	11942	13669	15990
Rates of growth					
Revenue Receipt (per cent)	14.3	13.3	18.9	16.1	16.1
State's own taxes (per cent)	10.8	9.1	22.1	14.5	17.0
RR/GSDP (per cent)	12.2	12.3	12.8	13.0	13.6
Buoyancy Ratios²					
Revenue Buoyancy w.r.t GSDP	1.02	1.04	1.3	1.2	1.5
State's Own Tax Buoyancy w.r.t GSDP	0.8	0.7	1.5	1.0	1.5
Revenue buoyancy with reference to State's own taxes	1.3	1.5	0.85	1.1	0.95

(Source: Finance Accounts and information furnished by department of Economics and Statistics)

The trends in ratios of revenue receipts and the State's own taxes to GSDP is shown in the above table. During 2004-05 and 2005-06, the growth of GSDP was 14 and 12.8 per cent compared to the growth of revenue receipts of 14.3 and 13.3 respectively. In the remaining years, the growth of revenue receipts was more than the growth of GSDP. The ratio of the State's own tax to GSDP increased from 8.4 per cent in 2007-08 to 8.9 per cent in 2008-09. Its own taxes increased by 17 per cent during the current year relative to the previous year. The increase of 16.1 per cent in revenue receipts during 2008-09 compared to the previous year was on account of increase in the State's own taxes (17 per cent), non-tax revenue (29 per cent), Central tax transfers (6 per cent) and grants-in-aid from GOI (23 per cent).

1.3.1 State's Own Resources

The State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts, Central assistance for Plan schemes etc. The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties vis-à-vis budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years from 2004-05 to 2008-09 are presented in **Appendix 1.5**.

Tax Revenue

Tax revenue increased by 17 per cent during the current year (Rs 15,990 crore) as compared to the previous year (Rs 13,669 crore). Taxes on sales, trade, etc., were the major source of State's own tax revenue during the year (71 per cent) followed by stamps and registration fees (13 per cent), State excise (9 per cent) and taxes on vehicles (6 per cent).

Taxes on sales, trade, etc have increased by 21.4 per cent (Rs 2005 crore) during 2008-09 over the previous year mainly due to increase in receipts under

²Buoyancy ratios indicate the elasticity or degree of responsiveness of fiscal variables with respect to a given change in the base variable. For instance, for 2008-09, revenue buoyancy at 1.5 implies that revenue receipts tend to increase by 1.5 percentage points, if the GSDP increases by one per cent.

the State Sales Tax Act (Rs 1700 crore), trade tax (Rs 867 crore) and other receipts (Rs 29 crore), partly offset by a decrease in receipts under the Central Sales Tax Act (Rs 591 crore). Receipts under State excise increased by 19.6 per cent (Rs 229 crore) during 2008-09 over the previous year, mainly under 'Foreign liquors and spirit' (Rs 154 crore) and 'Country fermented liquors' (Rs 52 crore).

Tax revenue exceeded the budget estimates for the same year by Rs 209.33 crore during 2008-09. This was mainly due to increase in taxes on sales, trade, etc. (Rs 760.74 crore) and State excise (Rs 97.79 crore), partly offset by decrease in receipts under stamps and registration fees (Rs 417.57 crore) and taxes on vehicles (Rs 71.19 crore).

Tax revenue collected during 2008-09 (Rs 15,990.18 crore) fell short of the normative assessment made by Twelfth Finance Commission (TFC) (Rs 16,612.37 crore) by Rs 622.19 crore.

The expenditure on collection in respect of sales tax, stamp duty and registration fees, State excise and taxes on vehicles was higher as compared to the all India average during the period 2004-05 to 2007-08 and Government needs to look into this aspect.

Non-Tax Revenue

Non-tax revenue increased by Rs 349 crore (29 per cent) during the current year (Rs 1559 crore) over the previous year (Rs 1,210 crore). Non-tax revenue sources mainly comprised receipts from Forestry and Wildlife (14 per cent), State lotteries (31 per cent) and interest receipts, dividends and profits (8 per cent). The increase was mainly due to State lotteries (Rs 156 crore), receipts on account of adjustments towards debt-waiver for the year 2006-07 (Rs 102 crore) during the current year and receipts under Forestry and Wildlife (Rs 69 crore). However, though the receipts under State lotteries were Rs 481.39 crore during the year, with equally high expenditure of Rs 372.26 crore, the net yield from lotteries was Rs 109.13 crore. Non-tax revenue realised during 2008-09 under various components of non-tax revenue vis-à-vis the budget estimates of 2008-09 was as shown below:

Table 1.4: Non-tax Revenue realised vis-à-vis Budget estimates

<i>(Rupees in crore)</i>			
Sl. No.	Component of non-tax revenue	Actuals	Budget estimates 2008-09
1.	Forestry and Wildlife	223.71	191.21
2.	Interest receipts	83.69	51.16
3.	Dividends and profits	33.53	34.50
4.	State Lotteries	481.39	420.00
Overall Non-tax revenue		1559.29	1293.55

(Source: Finance Accounts and Annual Financial Statement 2008-2009 of the State Government)

The non-tax revenue realised during 2008-09 (Rs 1559.29 crore) fell short of the normative assessment made by TFC (Rs 1,730.84 crore) by Rs 171.55 crore.

1.3.2 Loss of revenue due to evasion of taxes, write off/waivers and refunds

Government waived (Forest and Wildlife Department) Rs 1.28 lakh being the re-auction loss sustained from a forest range in Ranni. The details of write off

and waiver of revenue were not made available by the Commercial Taxes Department and the Excise Department.

The number of refund cases pending at the beginning of the year 2008-09, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2008-09 as reported by the Commercial Taxes Department were as follows:

Table 1.5: Refunds made during the year

(Rupees in lakh)

Sl. No.	Revenue Head		Claims outstanding at the beginning of the year	Claims received during the year	Refunds made during the year	Balance outstanding at the end of the year
1.	Sales tax	No. of cases	48	438	434	52
		Amount	287.02	491.55	677.08	101.49
2.	Agricultural Income tax	No. of cases	1	28	27	2
		Amount	0.50	3.83	4.02	0.31
3.	Value Added Tax	No. of cases	992	8,350	8,056	1,286
		Amount	8,071.74	14,990.78	20,669.94	2,392.58
4.	Luxury tax	No. of cases	-	1	1	-
		Amount	-	0.09	0.09	-
5.	Refund of tax on Paper Lottery	No. of cases	1	-	1	-
		Amount	56.98	-	56.98	-

(Source: Report of the C&AG (Revenue Receipts), Government of Kerala for the year ended 31 March 2009)

The amount involved in waivers and refunds as reported by the Commercial Taxes Department and the Forest and Wildlife Department works out to Rs 214.09 crore, which is about one *per cent* of the revenue receipts realised during 2008-09.

Test check of the records of commercial tax, State excise, motor vehicles, forest and other departmental offices conducted during the year 2008-09 revealed underassessment/short levy/loss of revenue aggregating Rs 885.70 crore in 3088 cases. During the course of the year, the departments concerned accepted the underassessments and other deficiencies of Rs 59.27 crore involved in 546 cases, of which 121 cases involving Rs 4.79 crore was pointed out in audit during 2008-09 and the rest in the earlier years. The departments collected Rs 2.69 crore in 420 cases during 2008-09.

1.3.3 Revenue Arrears

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue amounted to Rs 9,465.95 crore of which Rs 2,615.58 crore were outstanding for more than five years as mentioned in **Table 1.6**.

Table 1.6: Arrears of Revenue

(Rupees in crore)

Sl. No.	Department	Amount of arrears as on 31 March 2009	Arrears outstanding for more than 5 years
1.	Commercial Taxes Department	3,777.26	-
2.	Electrical Inspectorate	3,238.95	1501.14
	Rs. 3,232 crore was due from Kerala State Electricity Board and Rs. 3.55 crore was due from Thrissur Municipal Corporation.		
3.	Land Revenue	1,143.49	391.48
	The details of arrears were not furnished by the department.		
4.	Motor Vehicles	769.55	351.93
	Rs. 15.02 crore was covered under revenue recovery. Rs. 4.41 crore was stayed by courts etc. Rs. 684.45 crore is due from KSRTC.		

Sl. No.	Department	Amount of arrears as on 31 March 2009	Arrears outstanding for more than 5 years
5.	State Excise	289.75	239.46
	Rs. 252.98 crore was due from individuals, private firms, private companies, etc. The stage of recovery of the arrears had been called for from the department but their remarks had not been received (September 2009).		
6.	Forest and Wildlife	148.66	75.06
	Rs 91.53 crore was stayed by Government and Rs. 1.05 crore is likely to be written off		
7.	Police	57.60	32.84
	Rs. 22.75 crore, Rs. 27.79 crore, Rs. 1.84 crore and Rs. 1.49 crore were due from Southern Railway, KSEB, Government of Tamil Nadu and Airports Authority of India respectively.		
8	Printing	26.88	13.27
	The details of arrears were not furnished by the department.		
9.	Stationery	11.88	9.89
	The arrears were due to default of the department as well as autonomous bodies.		
10.	Factories and Boilers	1.33	0.20
	The department stated that an amount of Rs. 0.58 crore was likely to be written off.		
11.	Mining and Geology	0.38	0.17
	Rs. 1.82 lakh was under revenue recovery, Rs 17.38 lakh was stayed by Courts/ Government.		
12.	Ports	0.22	0.14
	Rs. 5.94 lakh was under revenue recovery.		
Total		9,465.95	2,615.58

(Source: Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Kerala for the year ended 31 March 2009)

Thus, 74.1 per cent of the total outstanding arrears of revenue as on 31 March 2009 were in the Commercial Taxes Department and the Electrical Inspectorate. If efforts had been made by the State Government to realise the arrears, the revenue deficit could have been reduced to a considerable extent.

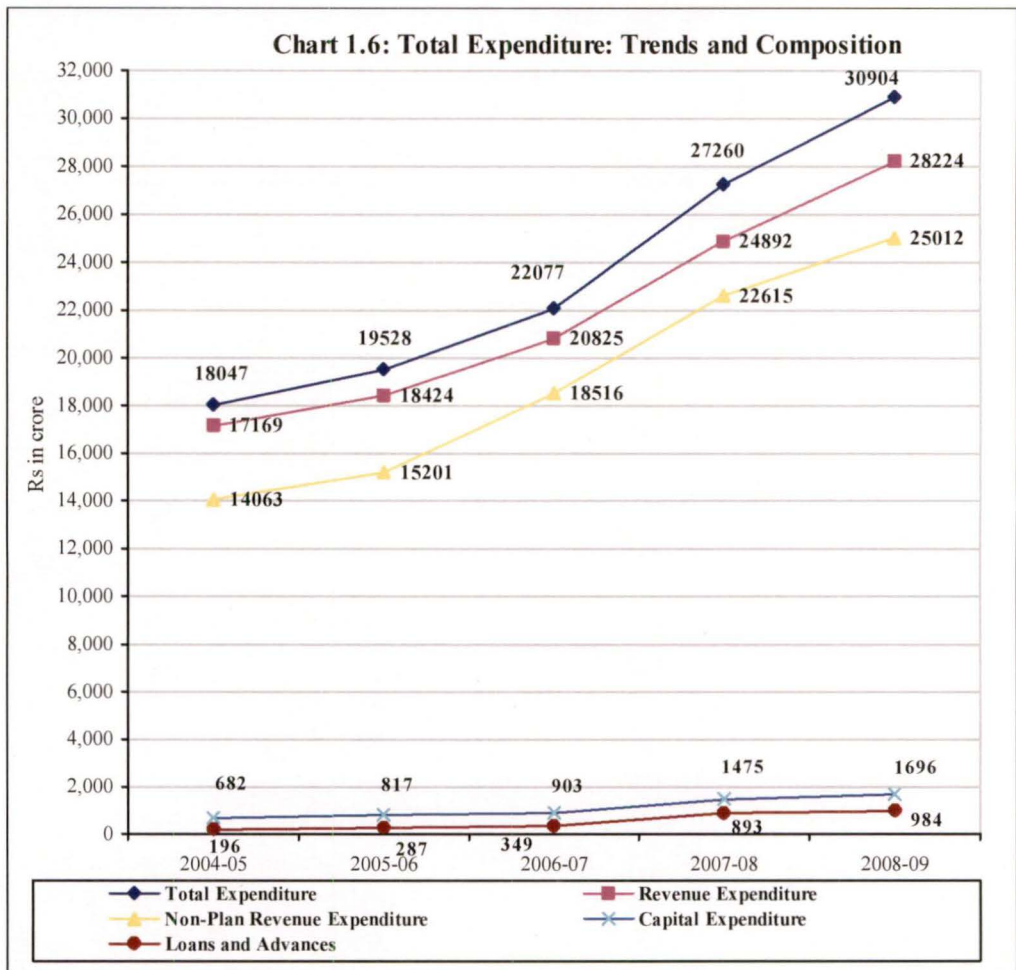
1.4 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficits or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process³ at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.4.1 Growth and Composition of Expenditure

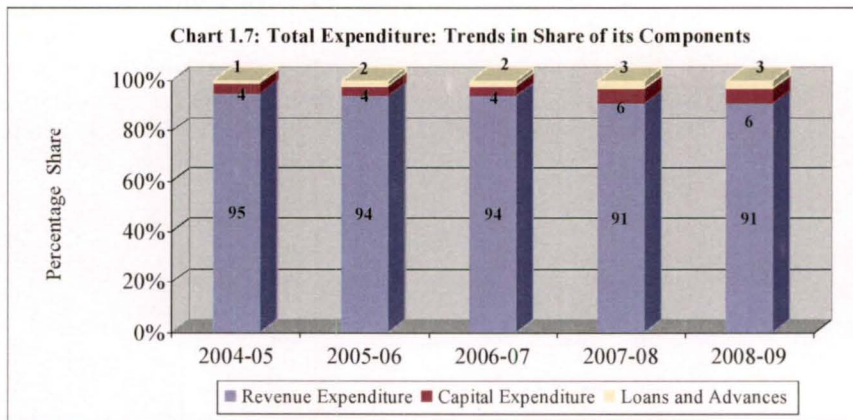
Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09). Its composition, both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in Charts 1.7 and 1.8.

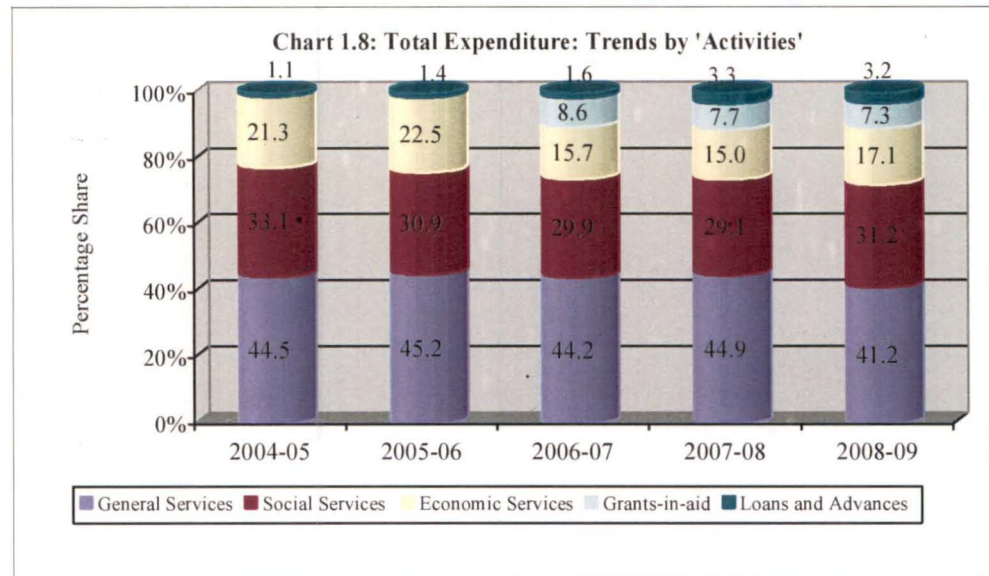
³ The Twelfth Finance Commission had recommended that all States should restructure their finances through fiscal consolidation (reduction of deficit and debt) and adopt a fiscal correction path by setting clear targets through a fiscal reform legislation.



During the five year period 2004-09, nearly 91 to 95 per cent of the total expenditure constituted revenue expenditure whereas capital expenditure ranged between 3.8 and 5.5 per cent of total expenditure during the same period.

The total expenditure increased by 13.4 per cent in 2008-09 to Rs 30,904 crore from Rs 27,260 crore in the previous year. The increases were under revenue expenditure (Rs 3,332 crore), capital expenditure (Rs 221 crore) and disbursement of loans and advances (Rs 91 crore).





Trends in share of components of Total Expenditure

The revenue expenditure increased in absolute terms from Rs 17,169 crore in 2004-05 to Rs 28,224 crore in 2008-09 but its percentage to total expenditure decreased from 95 per cent to 91 per cent during the same period, indicating an increase in the percentage of capital expenditure. Capital expenditure increased from Rs 682 crore in 2004-05 to Rs 1,696 crore in 2008-09 and its percentage to total expenditure increased from four per cent to six per cent during the same period.

Non-Plan revenue expenditure (NPRE) showed an increasing trend during the period 2004-09, whereas Plan revenue expenditure (PRE) showed inter-year variations with an increasing trend during 2008-09. NPRE showed an increase of 10.6 per cent in 2008-09 (Rs 2,397 crore) over 2007-08. The increase in NPRE during the current year compared to the previous year was mainly due to increase in expenditure under General Education (Rs 679 crore), Family Welfare (Rs 126 crore) Police (Rs 154 crore), Roads and Bridges (Rs 321 crore) Interest payment (Rs 330 crore), Appropriation for reduction or avoidance of debt (Rs 122 crore), Medical and Public Health (Rs 202 crore) and devolution of funds to Local Self Government Institutions (Rs 166 crore). PRE showed an increase of 41 per cent (Rs 935 crore) during 2008-09 when compared to the previous year. The increase was mainly due to increase in expenditure under Urban Development (Rs 293 crore), General Education (Rs 118 crore) Agriculture and Allied Activities (Rs 191 crore), Water Supply and Sanitation (Rs 60 crore) and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward classes (Rs 51 crore).

The actual NPRE during 2008-09 vis-à-vis the assessment made by TFC for the year is given below:

Table 1.7: NPRE vis-à-vis assessment by TFC

	Assessment made by TFC	Actual Non-Plan Revenue Expenditure
Non-Plan Revenue Expenditure	20788	25012

(Source: Finance Accounts of the State Government and Report of TFC)

Actual NPRE during 2008-09 exceeded the normative assessment made by TFC for the year by Rs 4,224 crore (20.3 per cent). The increase was mainly due to increased devolution of funds to Local Self Government Institutions based on recommendations of the Third State Finance Commission (Rs 2137 crore), revision of pension (Rs 937 crore) and increase in expenditure under Economic Services (Rs 946 crore).

1.4.2 Committed Expenditure

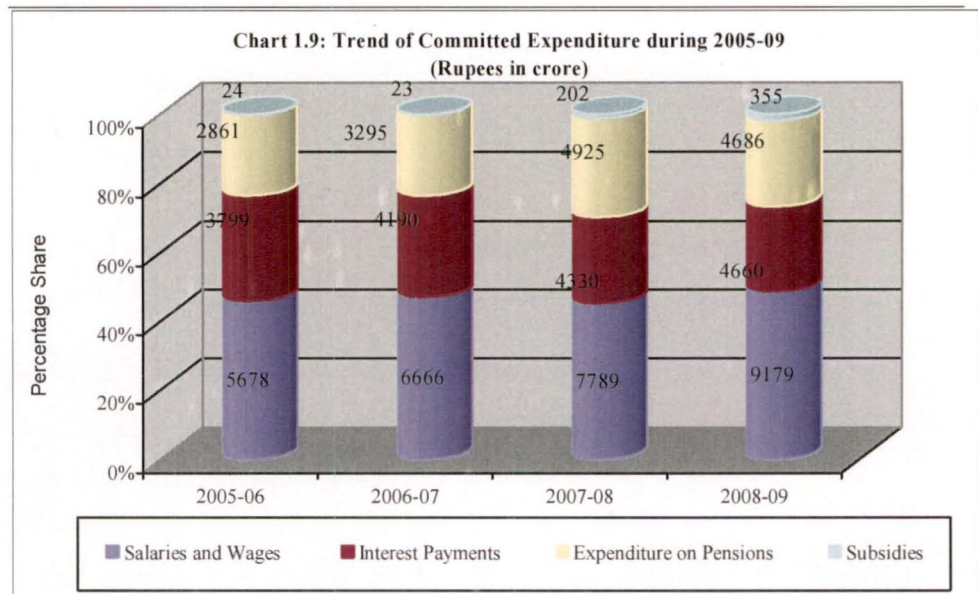
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.8** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

Table 1.8: Components of Committed Expenditure

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Salaries* and Wages, <i>Of which</i>	5410 (40.1)	5678 (37.1)	6666 (36.7)	7789 (36.9)	9326	9179 (37.4)
Non-Plan Head	5186	5440	6391	7464	NA	8914
Plan Head**	224	238	275	325	NA	265
Interest Payments	3613 (26.8)	3799 (24.8)	4190 (23.0)	4330 (20.5)	5144	4660 (19.0)
Expenditure on Pensions	2601 (19.3)	2861 (18.7)	3295 (18.1)	4925 (23.3)	4569	4686 (19.1)
Subsidies	NA	24	23	202 (1)	NA	355 (1.4)
Revenue Expenditure	17169	18424	20825	24892	28303	28224
Revenue receipts	13500	15295	18187	21107	24936	24512

* Salaries include teaching grant paid to aided educational institutions like schools and colleges to meet the salaries of their teaching and non-teaching staff.
 ** The Plan head also includes the salaries and wages paid under Centrally sponsored schemes
 NA: Not available
 Figures in the parentheses indicate percentage to Revenue Receipts

(Source: Finance Accounts of the State Government)



Expenditure on salaries under Non-Plan during 2008-09 was Rs 8,914 crore, recording a growth of 19.4 *per cent* over the previous year, whereas salaries under Plan during 2008-09 declined by 18.5 *per cent* when compared to the previous year. The salary expenditure is about 49 *per cent* of revenue expenditure net of interest and pension payments, which is higher than the norm of 35 *per cent* recommended by TFC. Expenditure under salaries and wages for 2008-09, however, remained within the projection made by the State Government in Medium Term Fiscal Plan (Rs 9,187 crore).

Pension payments decreased by 4.9 *per cent* (Rs 239 crore) from Rs 4,925 crore in 2007-08 to Rs 4,686 crore in 2008-09. During 2008-09, they exceeded the projections made by the State Government in the Medium Term Fiscal Plan (Rs 4,569 crore) by three *per cent* as well as the assessment made by TFC (Rs 3,750 crore) by 25 *per cent*.

The TFC recommended that States should endeavour to keep interest payments as a ratio of revenue receipts to 15 *per cent* by 2009-10. It was, however, observed that interest payments as a percentage of revenue receipts ranged between 19 and 25 *per cent* during the first four years of the TFC award period.

Interest payments increased by 7.6 *per cent* during 2008-09 (Rs 4,660 crore) when compared to the previous year (Rs 4,330 crore).

Payment of subsidies increased steeply from Rs 24 crore in 2005-06 to Rs 202 crore in 2007-08 and again to Rs 355 crore in 2008-09. The increase in payment of subsidies (Rs 153 crore) during 2008-09 over the previous year was mainly due to enhanced payment of subsidy to the Kerala State Civil Supplies Corporation for market intervention operations (Rs 75 crore), enhanced subsidy to agriculture farms (Rs 23 crore), subsidy to handloom industries (Rs 22 crore) and free supply of electricity to small and marginal paddy growers (Rs 20 crore).

The ratio of salaries, interest payments, pensions and subsidies to revenue receipts of the State during the current year was 77 *per cent*, a decrease of five percentage points from the previous year.

1.4.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.9**.

Table 1.9: Financial assistance to local bodies, etc

(Rupees in crore)

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2071.80	2144.52	2666.63	2812.88	3306.81
Municipal Corporations and Municipalities	286.96	318.94	385.43	485.85	966.99
Zilla Parishads and Other Panchayati Raj Institutions	1496.21	1719.53	2219.28	2421.93	2600.11
Development Agencies	25.01	14.52	6.15	1.36	1.95
Hospitals and Other Charitable Institutions	28.04	34.28	43.32	53.98	56.66
Other Institutions ⁴	798.07	1307.30	916.46	468.50	658.83
Total	4706.09	5539.09	6237.27	6244.50	7591.35
Assistance as percentage of revenue expenditure	27	30	30	25	27

(Source: Finance Accounts and vouchers compiled by Accountant General (A&E)).

The financial assistance to local bodies and other institutions constituted 25 to 30 per cent of revenue expenditure during the period 2004-09. The increase in financial assistance to Zilla Parishads, Municipalities, Corporations, etc., during the period 2006-07 to 2008-09 compared to the previous year was due to devolution of funds to local bodies towards maintenance of assets, expansion and development and traditional functions based on the recommendations of the Third State Finance Commission.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. Low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective all State's average while low fiscal capacity would be reflected if the State's per capita expenditure is below the respective all State's average even after having a fiscal priority that is more than or equal to the all State's average. **Table 1.10** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

⁴ Other institutions, *inter alia*, include Kerala State Road Transport Corporation (Rs 135.50 crore), State Council for Science Technology and Environment (Rs 46.07 crore) and Kudumbashree (Rs 30 crore).

Table 1.10: Fiscal Priority and Fiscal Capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Kerala's Average (Ratio) 2005-06	17.49	54.80	30.87	4.18
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Kerala's Average (Ratio)* 2008-09	17.14	51.49	31.24	5.49
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average Per capita Expenditure 2005-06	3010	1490	692	
Kerala's Per Capita Expenditure (Amount in Rupees) in 2005-06	3233	1821	247	
Adjusted Per Capita ** Expenditure (Amount in Rupees) in 2005-06	4041	NR	930	
All States Average Per capita Expenditure 2008-09	5030	2520	1254	
Kerala's Per Capita Expenditure (Amount in Rupees) in 2008-09	4694	2847	500	
Adjusted Per Capita ** Expenditure (Amount in Rupees) in 2008-09	6896	3455	1719	
*As per cent to GSDP				
**Calculated as per the methodology explained in the Appendix 1.2				
AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure				
Population of Kerala: 3.31 crore in 2005-06 and 3.39 crore in 2008-09.				
# Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed				
Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics				
(2) Population figures were taken from Projection 2001-2006 of the Registrar General and Census Commissioner, India (Website : http://www.censusindia.gov.in) Population = Average of Projected population for 2005 and 2006				
NR = No adjustment required since the State is giving adequate fiscal priority.				
Data for Arunachal Pradesh has not been included in all States Average				

In Table 1.10, we are comparing the fiscal priorities given to various categories of expenditure and the fiscal capacity of the State in 2005-06 (first year of the Award Period of the TFC) and the current year (2008-09). In both years under consideration, the Government of Kerala spent less as a percentage of GSDP compared to the all States Average. The fiscal priority given to Development Expenditure (DE) and Capital Expenditure (CE) in 2005-06 and 2008-09 was inadequate as the ratio of DE and CE in terms of Aggregate Expenditure was less than the all States Average. However, in 2005-06, the fiscal priority given to Social Sector Expenditure (SSE) was marginally higher than the all States Average. In the current year, the situation worsened since Development Expenditure, Social Sector Expenditure and Capital Expenditure were given less fiscal priority when compared to the all States Averages.

In 2005-06, the per capita expenditure of DE (Rs 3233) and SSE (Rs 1821) was higher than the all States Average per capita expenditure in these categories (Rs 3010 and Rs 1490 respectively), which indicates that these schemes were more effectively implemented. However, the per capita expenditure of CE (Rs 247) was much lower than all States Average (Rs 692), indicating low priority accorded for capital expenditure. The position deteriorated further in 2008-09, as the per capita expenditure of DE and CE was lower than the all States Average (Rs 4694 and Rs 500 against the all States' Average per capita expenditure of Rs 5030 and Rs 1254 respectively)

but the per capita expenditure of SSE was higher at Rs 2847, than the all States Average per capita expenditure of Rs 2520. This indicates that the per capita expenditure on Economic Services in Kerala is very low.

Since the priority given to CE was lower than the all States Average during 2005-06 and 2008-09, the State may consider enhancing the priority it gives to CE as a proportion of AE and also improve the effectiveness of CE programmes/schemes so that the benefits are realised by the people. One way to achieve this is by timely completion of projects so that the money spent is actually translated into capital assets.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁵. Apart from improving the allocation towards development expenditure⁶, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.11** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.12** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

⁵ *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁶ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table 1.11: Development expenditure

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actuals
Development Expenditure (a to c)						
a. Development Revenue Expenditure	9186 (50.9)	9668 (49.5)	9190 (41.6)	10609 (38.9)	13209	13292 (43.0)
b. Development Capital Expenditure	640 (3.5)	747 (3.8)	863 (3.9)	1418 (5.2)	1540	1643 (5.3)
c. Development Loans and Advances	192 (1.1)	282 (1.4)	343 (1.6)	887 (3.3)	764	979 (3.2)

Figures in parentheses indicate percentage to aggregate expenditure

(Source: Finance Accounts and Annual Financial Statement of the State Government for 2008-09)

Development revenue expenditure increased by 25 per cent (Rs 2,683 crore) from Rs 10,609 crore in 2007-08 to Rs 13,292 crore in 2008-09. The increase was mainly due to increase in expenditure under the accounts heads; General Education (Rs 797 crore), Roads and Bridges (Rs 325 crore), Urban Development (Rs 295 crore), Medical and Public Health (Rs 260 crore), Crop Husbandry (Rs 165 crore), Food Storage and Warehousing (Rs 82 crore), Other Rural Development Programmes (Rs 73 crore), Water Supply and Sanitation (Rs 68 crore) and Technical Education (Rs 61 crore).

Development capital expenditure increased by 16 per cent (Rs 225 crore) from Rs 1,418 crore in 2007-08 to Rs 1,643 crore in 2008-09. The increase was mainly due to increase in expenditure under the accounts heads; Housing (Rs 121 crore), Irrigation and Flood Control (Rs 69 crore) and Industry and Minerals (Rs 82 crore), partly offset by decrease in expenditure under Transport (Rs 91 crore).

Table 1.12 Efficiency of expenditure in selected Social and Economic Services

Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of CE to TE	In RE, the share of S & W	Ratio of CE to TE	In RE, the share of S & W
Social Services (SS)				
General Education	0.2	90	0.2	89
Health and Family Welfare	3.6	74	2.8	73
Water Supply, Sanitation, Housing and Urban Development	1.1	4	10.7	3
Total (SS)	1.6	67	2.8	66
Economic Services (ES)				
Agriculture and Allied Activities	8.2	41	5.7	34
Irrigation and Flood Control	39.2	51	42.4	40
Power and Energy	--	3	--	0.2
Transport	50.4	14	36.2	11
Total (ES)	29.7	32	24.1	26
Total (SS+ES)	11.0	58	10.3	54

TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages.

(Source: Finance Accounts and information furnished by Accountant General (A&E))

During the current year, the ratio of capital expenditure to total expenditure under Social Services increased from 1.6 per cent to 2.8 per cent over the

previous year. The increase was mainly due to assigning priority to capital expenditure under Water Supply, Sanitation, Housing and Urban Development which increased from 1.1 per cent to 10.7 per cent. The percentage of capital expenditure to total expenditure under Economic Services decreased from 29.7 per cent in 2007-08 to 24.1 per cent in 2008-09. The lower priority of capital expenditure under Economic Services was mainly under Agriculture and Allied activities and Transport where capital expenditure as a percentage of total expenditure decreased from 8.2 per cent and 50.4 per cent to 5.7 per cent and 36.2 per cent respectively.

The share of salaries and wages in revenue expenditure under Economic Services decreased from 32 per cent in 2007-08 to 26 per cent in 2008-09 due to decrease in the share of salaries and wages, mainly under Agriculture and Allied Activities, Irrigation and Flood Control and Transport.

1.6 Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.6.1 Financial results of Irrigation Works

In the case of eight irrigation projects, which have been declared commercial, with a cumulative capital outlay of Rs 123.26 crore at the end of 31 March 2009, the revenue realised from them during 2008-09 was Rs 1.56 crore which was one per cent of the total outlay. After considering the working and maintenance expenses of Rs 28.02 crore and interest charges of Rs 12.60 crore, these projects suffered a net loss of Rs 39.06 crore.

1.6.2 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above Rupees one crore) as on 31 March 2009 is given in **Table 1.13**.

Table 1.13: Status of incomplete projects in the State

<i>(Rupees in crore)</i>						
Sl. No	Name of the department/project	No. of incomplete projects/ works	Initial budgeted cost	Revised cost of projects	Cost over-runs	Expenditure as on 31.3.2009
1.	Water Resources Department – (Major irrigation project)	5	66.78	1920.77	1853.99	1293.31
2.	Water Resources Department – (Irrigation and Minor Irrigation Works)	2	4.19	4.76	0.57	2.12
3.	Public Works Department – (Roads and Bridges)	68	256.43	302.66	46.23	165.51
4.	Public Works Department – (Buildings)	35	102.48	121.35	18.87	77.68
5.	Harbour Engineering Department	11	122.12	137.53	15.41	114.70
	Total	121	552	2487.07	1935.07	1653.32

(Source: Details furnished by Departments)

As per the information made available by the Irrigation Department, five⁷ projects which were commenced between 1974 and 2004 were incomplete even after incurring Rs 1293.31 crore. The delays in completion of these projects also resulted in a huge cost overrun of Rs 1854 crore at the close of the current year. Besides, 116 other capital works on which Rs 360.01 crore spent up to March 2009 also remained incomplete in the Public Works, Harbour Engineering and Water Resources Departments, involving cost overruns amounting to Rs 81.08 crore as on 31 March 2009. The reasons attributed by the departments for the slow implementation of projects/works were paucity of funds, shortage of staff, delay in getting land, changes in alignment, delays in sanctioning revised estimates, delays in getting designs approved, slackness on the part of contractors, labour problems, protests from local people, etc.

The amount blocked in these projects was 11 *per cent* of the cumulative capital outlay of the State. Due to their non-completion within the stipulated time frame, not only were the benefits to be accrued to the society delayed but the cost to the exchequer also increased due to time overruns involved in their completion.

1.6.3 Investment and returns

As of 31 March 2009, Government had invested Rs 2754.17 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (Table 1.14). The average return on these investments was 1.2 *per cent* in the last five years while the Government paid an average interest rate ranging from 7.5 *per cent* to 8.7 *per cent* on its borrowings during 2004-2009.

Table 1.14: Return on Investments

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rs in crore)	2105.84	2145.04	2392.03	2483.99	2754.17
Return (Rs in crore)	29.11	18.19	30.17	28.63	33.53
Return (<i>per cent</i>)	1.4	0.8	1.3	1.2	1.2
Average rate of interest on Government borrowing (<i>per cent</i>)	8.7	8.3	8.4	7.9	7.5
Difference between interest rate and return (<i>per cent</i>)	7.3	7.5	7.1	6.7	6.3

(Source: Finance Accounts of the State Government)

During 2008-09, the State Government invested Rs 175.50 crore in Statutory Corporations, Rs 68.83 crore in Government Companies, Rs 0.52 crore in Other Joint Stock Companies and Rs 34.43 crore in Co-operative Banks and Societies. Two Statutory Corporations and 56 Government Companies with aggregate Government investments of Rs 968.37 crore were incurring losses and their accumulated losses amounted to Rs 4002.76 crore as per the latest accounts furnished by these Companies. Of the loss-making Companies, six Companies with an investment of Rs 13.42 crore up to 31 March 2009 were under liquidation and one Company with an investment of Rs 1.35 crore was under lockout from June 1993.

1.6.4 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by three Government departments. The department-wise position of the investments made by the Government up to the year for which *pro forma* accounts were finalised, net

⁷ Banasurasagar, Idamalayar, Karappuzha, Muvattupuzha and Palakappandy.

profit/loss as well as return on capital invested in these undertakings are given in **Appendix 1.6**. The following was observed:

- An amount of Rs 137.92 crore had been invested by the State Government in three undertakings at the end of the financial year up to which their accounts were finalised.
- Of the three undertakings, only one undertaking viz. the Kerala State Insurance Department could earn a net profit amounting to Rs 68.64 crore against the capital of Rs 14.48 lakh invested by the Government.
- The two loss making undertakings viz. State Water Transport Department and Text Book Office were incurring losses continuously for more than five years.
- The accumulated losses of the State Water Transport Department were Rs 119.44 crore as against the total investment of Rs 127.41 crore.

In view of the heavy losses of the two undertakings, Government should review their working.

1.6.5 Loans and advances by the State Government

In addition to investments in co-operative societies, Corporations and Companies, the Government has also been providing loans and advances to many institutions/ organisations. **Table 1.15** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last five years.

Table 1.15: Average interest received on loans advanced by the State Government

Quantum of Loans/Interest Receipts/ Cost of Borrowings	(Rupees in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Opening balance	5,042	5,210 ⁸	5,431 ⁹	5,562 ¹⁰	6,280 ¹¹
Amount advanced during the year	196	287	349	893	984
Amount repaid during the year	95	52	66	45	36
Closing balance	5,143	5,445	5,714	6,410	7228
Net addition	101	235	283	848	948
Interest receipts	30	31	28	51	48
Interest receipts as a percentage of outstanding loans and advances	0.6	0.6	0.5	0.9	0.7
Interest payments as a percentage of outstanding fiscal liabilities of the State Government.	8.7	8.3	8.4	7.9	7.5
Difference between interest payments and interest receipts (per cent)	(-) 8.1	(-) 7.7	(-) 7.9	(-) 7.0	(-) 6.8

(Source: Finance Accounts of the State Government)

Total outstanding loans and advances as on 31 March 2009 increased by Rs 948 crore compared to those of the previous year. The major disbursement of loans during the current year was to the Kerala Water Authority for implementing the Water Supply Project assisted by the Japan Bank for International Co-operation (Rs 379 crore), the Kerala State Housing Board for

⁸ Difference of Rs 66.55 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2005-06.

⁹ Difference of Rs 13.89 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2006-07.

¹⁰ Difference of Rs 152.42 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2007-08.

¹¹ Difference of Rs 130.26 crore with reference to the previous years closing balance was on account of *pro forma* adjustments vide footnotes b, d and e of Statement 5 of the Finance Accounts 2008-09.

settlement of dues to HUDCO (Rs 255 crore) and the Kerala State Road Transport Corporation (Rs 136 crore). Interest received against these loans remained less than one *per cent* during the period 2004-05 to 2008-09 and was 0.7 *per cent* during 2008-09 as against the cost of borrowing of 7.5 *per cent* during the year.

1.6.6 Cash Balances and Investment of Cash Balances

Table 1.16 depicts the cash balances and investments made by the State Government out of the cash balances during the year.

Table 1.16: Cash Balances and Investment of Cash balances

(Rupees in crore)

Particulars	As on 1 April 2008	As on 31 March 2009	Increase/ Decrease(-)
Cash balances	973.79	2629.56	1655.77
Investments from cash balances (a + b)	850.05	2589.73	1739.68
a. GOI Treasury Bills	838.75	2579.24	1740.49
b. GOI Securities	11.30	10.49	(-) 0.81
Fund-wise break-up of investments from earmarked balances (a to c)	374.07	758.26	384.19
a. Reserve funds bearing interest	-	-	-
b. Reserve funds not bearing interest	374.07	758.26	384.19
c. Deposit bearing interest	-	-	-
d. Deposit not bearing interest	-	-	-
Interest realised	7.34	22.71	15.37

(Source: Finance Accounts of the State Government)

The interest received against investments on the cash balances was 0.9 *per cent* during 2008-09 while Government paid interest at 7.5 *per cent* on its borrowings during the year. The State Government's investment of cash balances at the end of the current year amounted to Rs 2590 crore. It increased by Rs 1740 crore over the previous year. It was observed that Rs 2590 crore was invested in GOI securities, which earned an interest of Rs 23 crore during the year. Further, Rs 758 crore was invested in earmarked funds. However, deposits with the Reserve Bank of India were Rs 14.02 crore as on 31 March 2009.

The efficiency of handling of cash balances by the State can also be assessed by monitoring the trends in the monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.17** presents the trends of monthly average daily cash balances and the investments in 14 day Treasury Bills for the last three years (2006-09).

Table 1.17: Trends in Monthly Average Daily Cash Balances and Investments in Treasury Bills

(Rupees in crore)

Month	Monthly Average Daily Cash Balances			Investment in 14 day Treasury Bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	(-) 155.20	332.16	26.26	186.63	620.69	319.81
May	197.58	(-) 318.13	(-) 52.53	1261.53	...	941.15
June	173.68	(-) 104.16	273.52	641.72	219.54	1101.57
July	(-) 31.43	(-) 101.21	156.33	160.36	179.46	608.35
August	(-) 163.47	(-) 248.19	566.80	66.05	217.15	1879.57
September	(-) 274.49	(-) 324.55	(-) 107.36	...	156.28	263.70
October	(-) 155.03	(-) 98.45	75.29	272.31	226.95	576.34
November	(-) 316.08	(-) 37.55	(-) 50.18	...	557.01	525.27
December	(-) 354.21	(-) 174.39	66.05	191.58	171.11	873.50
January	(-) 348.40	(-) 61.43	1158.73	...	442.96	3068.55
February	123.00	170.31	1338.03	918.80	770.47	2694.07
March	676.22	605.12	2060.49	1975.46	2059.98	4825.69

(Source : Information received from State Government and Accountant General(A&E))

Government of India Treasury Bills amounting to Rs 17677.58 crore were purchased and Rs 15937.09 crore were discounted during 2008-09. Resultantly, the investment from cash balances increased by Rs 1740 crore over the previous year.

1.7 Assets and Liabilities

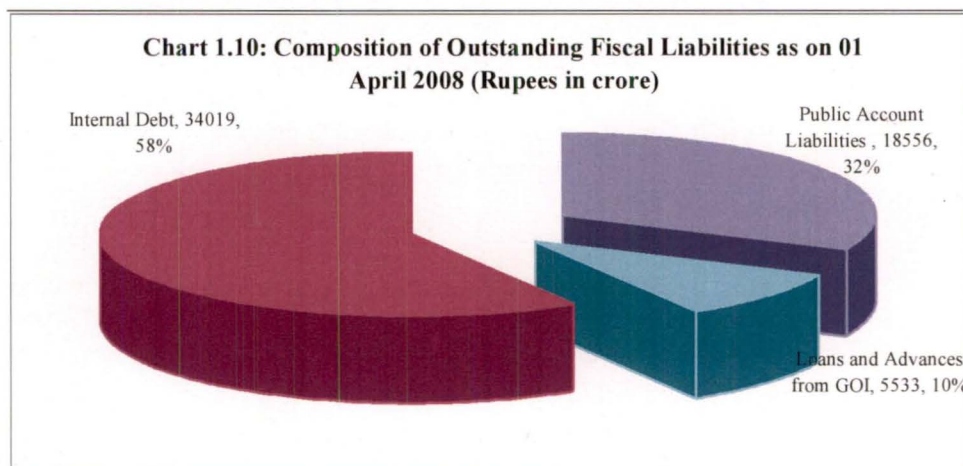
1.7.1 Growth and composition of Assets and Liabilities

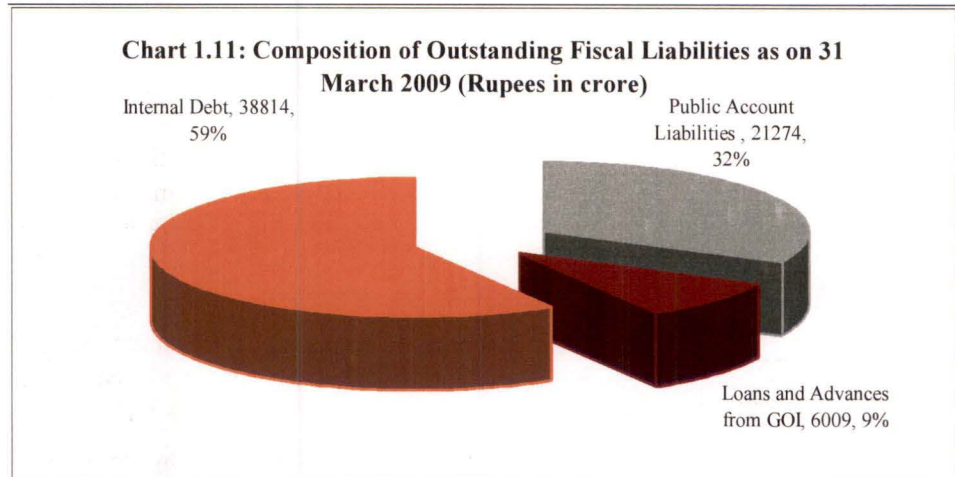
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GOI, receipts from the Public Account and Reserve Funds, the assets mainly comprise the capital outlay and loans and advances given by the State Government and its cash balances.

According to the definition given in the Kerala Fiscal Responsibility Act, 2003, total liabilities means liabilities upon the Consolidated Fund and the Public Account of the State.

1.7.2 Fiscal Liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.4**. The composition of fiscal liabilities during the current year vis-à-vis the previous year are presented in **Charts 1.10** and **1.11**.





The overall fiscal liabilities of the State increased from Rs 43,692 crore in 2004-05 to Rs 66,097 crore in 2008-09. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. As at the end of March 2009, the Consolidated Fund liabilities (Rs 44,823 crore) comprised market loans (Rs 21,263 crore), loans from Government of India (Rs 6,009 crore) and other loans (Rs 17,551 crore). The Public Account liabilities (Rs 21,274 crore) comprised Small Savings, Provident Fund, etc., (Rs 18,447 crore), interest bearing obligations (Rs 33 crore) and non-interest bearing obligations like deposits and other earmarked funds (Rs 2,794 crore). The growth rate was 13.7 *per cent* during 2008-09 over the previous year. The ratio of fiscal liabilities to GSDP increased from 35.8 in 2007-08 to 36.7 in 2008-09. The ratio of fiscal liabilities to GSDP was 36.7 *per cent* in 2008-09 and was higher than the norms of 30 *per cent* recommended by TFC for the terminal year (2009-10). These liabilities stood at 2.7 times the revenue receipts at the end of 2008-09 compared to 2.8 times at the end of 2007-08.

The State Government had set up a Consolidated Sinking Fund during 2005-06 for amortisation of open market loans. A revised scheme of Consolidated Sinking Fund came into effect from 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities. The rate of contribution to the Consolidated Sinking Fund was 0.5 *per cent* of the outstanding liabilities as at the end of the previous year. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the open market loans of the Government in 2010-11 and 2011-12 and for redemption of all outstanding liabilities of the Government from 2012-13 onwards as per the revised scheme. During the year, the State Government contributed Rs 344.34 crore to the Fund. As on 31 March 2009, the outstanding balance in the Sinking Fund was Rs 753.70 crore.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by borrowers for whom the guarantees have been extended. Section 3 of the Kerala Ceiling on Government Guarantees Act, 2003 which came into effect on 5 December 2003 stipulates that the total outstanding

Government Guarantees as on the first day of April every year shall not exceed Rs 14,000 crore. As per Section 6 of the Act, Government was to constitute a Guarantee Redemption Fund. The guarantee commission charged under Section 5 of the Act was to form the corpus of the Fund. However, the Fund had not been constituted and consequently, guarantee commission of Rs 250.62 crore collected during 2003-04 to 2008-09 could not be credited to the Fund but was treated as non-tax revenue and used for meeting the revenue expenditure of the Government.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2004-05 is given in **Table 1.18**.

Table 1.18: Guarantees given by the Government of Kerala

Guarantees	2004-05	2005-06	2006-07	2007-08	2008-09
Maximum amount guaranteed (Principal only)	14783.36	13751.80	12646.70	14871.08	11385.54
Outstanding amount of guarantees (including interest)	12315.96	11934.69	9405.33	8317.34	7603.32
Percentage of maximum amount guaranteed to total revenue receipts	110	90	70	70	46
Criteria as per Kerala Ceiling on Government Guarantees Act, 2003 (Outstanding amount of guarantees as on the first day of April)	14,000	14,000	14,000	14,000	14,000

(Rupees in crore)

(Source: Finance Accounts of the State Government)

The outstanding guarantees at the end of the past five years i.e. 2004-09 ranged between Rs 7603 crore and Rs 12316 crore, which were well within the ceiling prescribed by the Kerala Ceiling on Government Guarantees Act.

The arrears of guarantee commission receivable as of March 2009 were Rs 58.36 crore. Out of this, Rs 53.14 crore related to 11 institutions which had arrears exceeding Rupees one crore in each case.

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability¹² of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹³; sufficiency of non-debt receipts¹⁴; net availability

¹² The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that the rise in fiscal deficits should match the increase in the capacity to service the debts.

¹³ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt x rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, their debt-GSDP ratio would be constant or their debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling.

¹⁴ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

of borrowed funds¹⁵; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.19** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2006-07.

Table 1.19: Debt Sustainability: Indicators and Trends

(Rupees in crore)

Indicators of Debt Sustainability	2006-07	2007-08	2008-09
Debt Stabilisation (Quantum Spread + Primary Deficit)	3286	1412	347
Sufficiency of Non-debt Receipts (Resource Gap)	(+) 359	(-) 2278	(-) 247
Net Availability of Borrowed Funds	152	1629	3334
Burden of Interest Payments (IP/RR <i>per cent</i>)	23	21	19
Maturity Profile of State Debt (In Years)			
0 - 1		1.65	1.59
1 - 3	Details not included in the Finance Accounts	4913.86 (12.4)	5852.42 (13.1)
3 - 5		4863.95 (12.3)	5349.27 (11.9)
5 - 7		5447.94 (13.8)	6241.10 (13.9)
7 and above		23385.70 (59.1)	26576.50 (59.3)
Information not furnished by State Government		938.69 (2.4)	801.97 (1.8)
Figures in parentheses indicate the percentage to total State debt.			

(Source: Finance Accounts of the State Government)

The quantum spread together with the primary deficit was positive during the period 2006-07 to 2008-09, indicating a declining trend in debt-GSDP ratio. These trends indicate that the State is moving towards debt stabilisation, which, if continued would eventually improve the debt sustainability position of the State. However, the non-debt-receipts (resource gap) indicated a declining trend in 2007-08 compared to the previous year. But, during 2008-09, non-debt receipts increased by Rs 3397 crore while the total expenditure increased by Rs 3644 crore. The net funds available from borrowings after providing for interest and repayment increased from Rs 152 crore in 2006-07 to Rs 3334 crore in 2008-09. The ratio of interest payments to revenue receipts decreased from 23 *per cent* in 2006-07 to 19 *per cent* in 2008-09.

1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the

¹⁵ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under the Fiscal Responsibility Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Chart 1.12 and 1.13 presents the trends in deficit indicators over the period 2004-09.

Chart 1.12: Trends in Deficit Indicators (Rupees in crore)

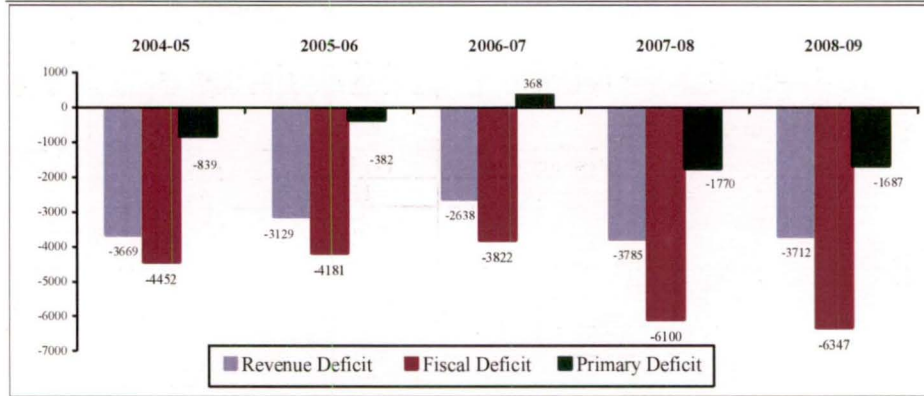
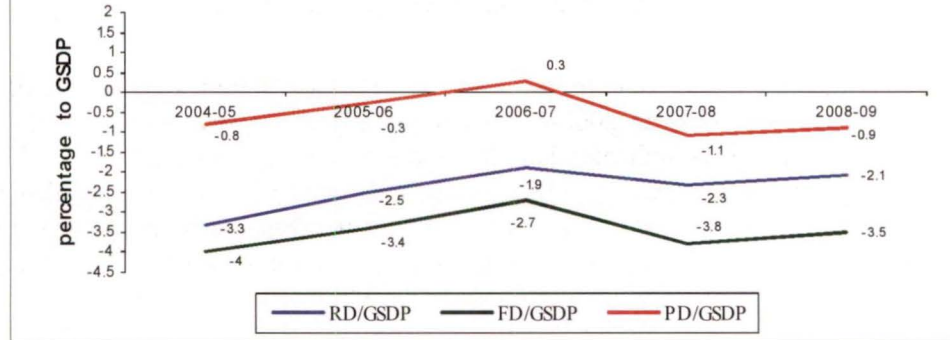


Chart 1.13: Trends in Deficit Indicators Relative to GSDP



The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts showed inter-year variations during 2004-09. However, it decreased steadily from 2004-05 to 2006-07 and increased to Rs 3785 crore in 2007-08 but then decreased to Rs 3,712 crore in 2008-09. The marginal decrease in revenue deficit during the current year was due to increase of 16.1 per cent in revenue receipts when compared to 13.4 per cent increase in revenue expenditure.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased steadily from Rs 3,822 crore in 2006-07 to Rs 6,347 crore in 2008-09. The increase in Capital Expenditure (Rs 221 crore) and loans and advances disbursed (Rs 91 crore) led to the increase in fiscal deficit during the year when compared to the previous year.

As a proportion of GSDP, the revenue deficit has come down to 2.1 per cent and the fiscal deficit to 3.5 per cent in 2008-09 from 3.3 per cent and 4 per cent in 2004-05.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.20**.

Table 1.20: Components of Fiscal Deficit and its Financing Pattern

		<i>(Rupees in crore)</i>				
	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
1	Revenue Deficit	3669 (3.3)	3129 (2.5)	2638 (1.9)	3785 (2.3)	3712 (2.1)
2	Net Capital Expenditure	682 (0.6)	817 (0.7)	901 (0.6)	1467 (0.9)	1687 (0.9)
3	Net Loans and Advances	101 (0.1)	235 (0.2)	283 (0.2)	848 (0.5)	948 (0.5)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	1376 (1.2)	1456 (1.2)	1786 (1.3)	3634 (2.2)	4782 (2.7)
2	Loans from GOI	(-) 217 (-0.2)	6.0 (¹⁶)	(-) 46 (0.03)	161 (0.1)	476 (0.3)
3	Special Securities Issued to NSSF**	2795 (2.5)	2649 (2.1)	2177 (1.5)	107 (0.07)	(-) 102 (-0.06)
4	Loans from Financial Institutions	84 (0.08)	(-) 111 (-0.09)	336 (0.2)	309 (0.2)	116 (0.06)
5	Small Savings, PF etc	388 (0.4)	50 (0.04)	(-) 306 (-0.2)	1324 (0.8)	2589 (1.4)
6	Deposits and Advances	(-) 82 (-0.07)	(-) 29 (-0.02)	428 (0.3)	492 (0.3)	132 (0.07)
7	Suspense and Misc	96 (0.08)	375 (0.3)	319 (0.2)	118 (0.07)	(-) 85 (-0.05)
8	Remittances	21 (0.02)	(-) 37 (-0.03)	(-) 4 (¹⁶)	49 (0.03)	23 (0.01)
9	Others	124 (0.1)	131 (0.1)	(-) 43 (-0.03)	(-) 160 (-0.10)	72 (0.04)
10	Overall Surplus/Deficit	(-) 133 (-0.1)	(-) 309 (-0.2)	(-) 825 (-0.6)	66 (0.04)	(-) 1656 (-0.9)

Figures in brackets indicate the *per cent* to GSDP.
 *All these figures are net of disbursements/outflows during the year
 **National Small Savings Fund

(Source: Finance Accounts of the State Government)

During 2004-05 to 2006-07, market borrowings and special securities issued to NSSF financed a major part of fiscal deficit. However, during 2007-08 and 2008-09, the special Securities issued to NSSF showed a declining trend and the fiscal deficit was financed mainly by Provident Funds, Small Savings and market borrowings.

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.21**) indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.21: Primary deficit/Surplus – Bifurcation of factors

<i>(Rupees in crore)</i>							
Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-) / surplus (+)	Primary deficit (-) / surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	13595	13556	682	196	14434	(+) 39	(-) 839
2005-06	15347	14625	817	287	15729	(+) 722	(-) 382
2006-07	18255	16635	903	349	17887	(+) 1620	(+) 368
2007-08	21160	20562	1475	893	22930	(+) 598	(-) 1770
2008-09	24557	23564	1696	984	26244	(+) 993	(-) 1687

(Source: Finance Accounts of the State Government)

¹⁶ Insignificant.

The ratio of revenue deficit to fiscal deficit declined steadily from 82.4 per cent in 2004-05 to 58.5 per cent in 2008-09, indicating improvement in the quality of deficit during the period. As a proportion of GSDP, revenue deficit has come down to 2.1 per cent and fiscal deficit to 3.5 per cent in 2008-09 from 3.3 per cent and 4 per cent respectively in 2004-05.

Bifurcation of the factors leading to primary deficit or surplus of the State reveals that the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure requirements in the revenue account during 2004-09. However, the surplus non-debt receipts were not enough to meet the expenditure requirements under the capital account during the period 2004-09 except during 2006-07, which resulted in the primary deficit. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which to some extent may be desirable to improve the productive capacity of the State's economy.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which deficit correction is achieved by the State on account of improvements in its own resources, which is an indicator of the durability of the correction in deficit indicators. Table 1.22 presents the changes in revenue receipts of the State and the correction of the deficit during the last three years.

Table 1.22: Changes in revenue receipts and correction of deficit
(Per cent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)				
a. State's Own Tax Revenue	8.4	8.4	9.6	8.9
b. State's Own Non- tax Revenue	0.7	0.8	0.8	0.9
c. State's Share in Central Taxes and Duties	2.2	2.5	2.9	2.4
d. Grants-in-Aid	1.5	1.3	1.9	1.5
Revenue Expenditure	14.6	15.3	17.2	15.7
Revenue Deficit/Surplus	(-) 1.9	(-) 2.3	(-) 2.0	(-) 2.1
Fiscal Deficit/Surplus	(-) 2.7	(-) 3.8	(-) 3.4	(-) 3.5

(Source : Finance Accounts, Annual Financial Statement for 2008-09, Government of Kerala and information furnished by Director of Economics and Statistics, Government of Kerala)

The Fiscal Responsibility Act, 2003 enacted on 5 December 2003 envisaged elimination of revenue deficit and reduction of fiscal deficit to two per cent of the estimated GSDP by 31 March 2007. Though TFC recommended elimination of revenue deficit and reduction of fiscal deficit to three per cent of GSDP by March 2009, the State Government could not adhere to the targets primarily due to the financial impact of the State Pay Commission's award. However, State Government aims to achieve these targets by the end of 2010-11 in the Medium Term Fiscal Plan presented to the Legislature with the budget for 2008-09. Necessary amendments to the Kerala Fiscal Responsibility Act were to be made to bring about a postponement in achieving deficit targets. Achieving targets of zero revenue deficit by 2010-11 would require pruning down of unproductive expenditure and improved resource mobilisation.

1.10 Conclusions

During the current year, the revenue deficit decreased only marginally by Rs 73 crore as the growth of revenue receipts was 16.1 *per cent* while growth of revenue expenditure was 13.4 *per cent* over the previous year. Tax revenue and non-tax revenue receipts fell short of the normative assessment made by the Twelfth Finance Commission (TFC) by Rs 622 crore and Rs 172 crore respectively.

The Non-Plan revenue expenditure increased by 10.6 *per cent* over the previous year and exceeded by 20.3 *per cent* against the normative assessment made by TFC. The Plan revenue expenditure also showed an increase of 41 *per cent* over the previous year.

The expenditure on salaries and wages at 49 *per cent* of the revenue expenditure net of interest and pension payment was higher than the norm of 35 *per cent* recommended by TFC. Pension payments exceeded the normative assessment made by TFC by 25 *per cent*.

Capital expenditure increased during the year by 15 *per cent* over the previous year.

The return on investments made by the State Government ranged between 0.8 and 1.4 *per cent* in the last five years against an average interest of 7.5 to 8.7 *per cent* on its borrowings.

The ratio of fiscal liabilities to GSDP at 36.7 *per cent* during 2008-09 was higher than the norm of 30 *per cent* recommended by the TFC.

Government of India directly transferred Rs 913.47 crore to State implementing agencies during the year. Direct transfer of funds from the Government of India to the State implementing agencies ran the risk of improper utilisation of funds by these agencies.

1.11 Recommendations

The State Government had not achieved the Kerala Fiscal Responsibility Act, 2003 targets in reducing the revenue deficit to nil and the fiscal deficit to two *per cent* of the GSDP, which needs urgent attention by effective revenue collection and curtailing unproductive expenditure.

Government may consider enhancing the priority to capital expenditure, as the proportion of capital expenditure to aggregate expenditure in Kerala is lower than the all State's average.

The performance of Public Sector undertakings needs to be monitored to improve the average rate of returns on the capital invested.

Systems have to be built to monitor funds directly received by the State implementing agencies from the Government of India.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice to ensure transparency and accountability.

2. The second section outlines the procedures for handling discrepancies between the recorded amounts and the actual cash received. It states that any such variance must be investigated immediately and reported to the appropriate authority.

3. The third part of the document details the process of reconciling the accounts at the end of each month. It requires that the total amount recorded in the books must match the total amount shown in the bank statements.

4. The fourth section discusses the role of the auditor in verifying the accuracy of the financial records. It notes that the auditor has the right to request any documents or information necessary to perform their duties.

5. The fifth part of the document addresses the consequences of non-compliance with these regulations. It states that any individual found to be deliberately falsifying records or concealing information may face severe penalties, including fines and imprisonment.

6. The sixth section provides information on the reporting requirements for large transactions. It requires that any transaction exceeding a certain threshold must be reported to the relevant authorities for monitoring.

7. The seventh part of the document discusses the importance of maintaining the confidentiality of financial information. It states that all records and documents must be stored securely and access restricted to authorized personnel only.

8. The eighth section outlines the process for resolving disputes or complaints related to the financial records. It provides a clear timeline and procedure for filing a complaint and seeking a resolution.

9. The ninth part of the document discusses the role of the internal control system in preventing fraud and errors. It emphasizes that a strong internal control system is essential for the integrity of the financial records.

10. The tenth and final section of the document provides a summary of the key points and reiterates the importance of adhering to these regulations. It concludes by stating that compliance with these rules is a fundamental requirement for all individuals involved in the financial process.

CHAPTER II

Financial Management and Budgetary Control



CHAPTER II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Acts. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-09 against 47 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised position of Actual Expenditure vis-à-vis Original/Supplementary provisions

(Rupees in crore)

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted					
I Revenue	23086.04	1839.66	24925.70	23463.17	(-) 1462.53
II Capital	1568.82	661.85	2230.67	1694.82	(-) 535.85
III Loans and Advances	772.09	488.08	1260.17	983.69	(-) 276.48
Total Voted	25426.95	2989.59	28416.54	26141.68	(-) 2274.86
Charged					
IV Revenue	5490.44	165.55	5655.99	5132.87	(-) 523.12
V Capital	0.57	31.22	31.79	31.51	(-) 0.28
VI Public Debt Repayment	10491.87	...	10491.87	5571.31	(-) 4920.56
Total Charged	15982.88	196.77	16179.65	10735.69	(-) 5443.96
Appropriation to Contingency Fund (if any)	...	...	...	...	...
Grand Total	41409.83	3186.36	44596.19	36877.37¹⁷	(-) 7718.82

(Source: Appropriation Accounts of the State Government, 2008-09)

¹⁷ These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure (revenue: Rs 372.18 crore and capital: Rs 30.73 crore, Total: Rs 402.91 crore).

The overall savings of Rs 7718.82 crore were the result of savings of Rs 7867.81 crore in 35 grants and 19 appropriations under the Revenue Section and 22 grants and six appropriations under the Capital Section, offset by excess of Rs 148.99 crore in eight grants under the Revenue Section and two grants and one appropriation under the Capital Section.

The status of savings/excesses (as per Appropriation Accounts) were intimated (7-15 July 2009) to the Controlling Officers, requesting them to explain the significant variations. Out of 2073 sub-heads, explanations for variations were not received (August 2009) in respect of 1732 sub-heads (Savings: 1174 sub-heads and Excess: 558 sub-heads).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of appropriation audit reveals that in three cases, savings exceeded Rs 10 crore in each case and also by more than 20 per cent of the total provision (**Appendix 2.1**). Against the total savings of Rs 7867.81 crore, savings of Rs 852.49 crore (10.83 per cent¹⁸) occurred in five cases relating to four grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of Grants/Appropriation with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Original	Supplementary/ Surrender (-)	Total	Actual expenditure	Savings
Revenue (Voted)						
1.	XI District Administration and Miscellaneous	241.52	117.34/(-)8.10	350.76	250.05	100.71
2.	XVI Pensions and Miscellaneous	5000.59	265.33	5265.92	5169.93	95.99
3.	XXV Social Welfare including Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	1147.65	237.44/(-)68.36	1316.73	1234.59	82.14
Revenue (Charged)						
4.	Debt charges	5392.95	126.85/(-)4.90	5514.90	5004.49	510.41
Capital (Voted)						
5.	XV Public Works	653.45	69.63/(-)18.20	704.88	641.64	63.24
	Total					852.49

(Source: Appropriation Accounts of the State Government, 2008-09)

The concerned departments could not furnish reasons for the savings under 'Pensions and Miscellaneous', 'Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes', 'Debt charges'. However, the savings under 'District Administration and Miscellaneous (Revenue Section)' were due to reclassification of expenditure incurred under the head of account 2053-00-800-94-Tsunami Rehabilitation Programme (other Additional Central Assistance) and the savings under 'Public Works (Capital Section)' were mainly due to delays in starting works under the Kerala State Transport Project and overestimation of the

¹⁸ Exceeding Rs 50 crore in each case.

requirement for rehabilitation and reconstruction of roads under the ‘Tsunami Rehabilitation Programme’.

2.3.2 Expenditure without provision

As per the Kerala Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 23.86 crore was incurred in 11 cases as detailed in Table 2.3 without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.3: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Head of Account	Amount of expenditure without provision
1.	XXV Social Welfare including Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	2235-02-800-85	2.11
2.	XXIX Agriculture	2401-00-800-33	6.67
3.		6401-00-190-87	0.90
4.	XXXI Animal Husbandry	2403-00-800-68	4.00
5.	XXXII Dairy	2404-00-195-92	1.00
6.		2404-00-195-91	0.50
7.		2404-00-800-77	3.48
8.	XXXIV Forest	2406-01-102-90	1.00
9.	XXXVII Industries	4851-00-195-63	1.03
10.		6860-04-101-95	2.00
11.	XLI Transport	3056-00-800-98	1.17
	Total		23.86

(Source: Detailed Appropriation Accounts 2008-09)

2.3.3 Drawal of funds to avoid lapse of budget grant

As per the provision of Article 40 (c) of the Kerala Financial Code Volume I, no money is to be drawn from the treasury unless it is required for immediate disbursement. In respect of the cases mentioned below, the amounts were drawn at the fag end of the financial year and were credited to Treasury Savings Bank accounts or kept as Demand Drafts for eventual transfer to other institutions, to avoid lapse of budget provision. The departments could not furnish the details of utilisation of these cases as of July 2009.

(i) Directorate of Health Services

Rupees one crore was drawn on 30 March 2009 and deposited in the Treasury Savings Bank account of the Director for release to the ‘Society for Medical Assistance to the poor’. However, the lists of beneficiaries were finalised only in July 2009.

(ii) Directorate of Fisheries

The Director of Fisheries drew (31 March 2009) Rs 9.50 crore and transferred the amount to the Special Treasury Savings Bank account in the District Treasury, Thiruvananthapuram for meeting the financial requirement of the Kerala Fishermen Debt Relief Commission. The amount remained unutilised as of July 2009.

(iii) Directorate of Sports and Youth Affairs

- The Director of Sports and Youth Affairs withdrew Rupees one crore on 30 March 2009 in the form of a demand draft in favour of the

Managing Director, Kerala Police Housing and Construction Corporation for carrying out the work of 'Renovation of Jimmy George Indoor Stadium'. The demand draft was retained (August 2009) in the Directorate.

- Three demand drafts for Rupees one crore each were drawn on 30/31 March 2009 by the Director of Sports and Youth Affairs for construction of stadia at Nedumkandom Grama Panchayat, Alappuzha and Muvattupuzha Municipalities. The demand drafts were transferred to the Secretary, Nedumkandom Grama Panchayat and Muvattupuzha Municipality in May 2009. The demand draft meant for Alappuzha stadium was not transferred as of July 2009.
- The Director of Sports and Youth Affairs drew Rs 1.50 crore and Rs 1.30 crore on 31 March 2009 for renovation of a swimming pool at Thiruvananthapuram and for maintenance and development of playfields respectively. The amounts were kept in Treasury Savings Bank accounts pending sanction of the Government to transfer the amount to the National Games Secretariat in the first case and non-identification of the list of beneficiaries in the second case.

2.3.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). However, excess expenditure amounting to Rs 7421.30 crore for the years 1990-91 to 2007-08 was still to be regularised (September 2009) as summarised in **Table 2.4**. The year-wise and grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in **Appendix 2.2**.

Table 2.4: Excess over provisions relating to the previous years requiring regularisation
(Rupees in crore)

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
1990-91	1	...	0.36
1992-93	1	...	0.04
1993-94	1	1	0.73
1995-96	6	...	22.92
1996-97	1	1	0.01
1997-98	2	...	4.16
1998-99	1	..	7.88
2000-01	1	...	14.65
2001-02	2	...	29.08
2002-03	3	1	25.60
2003-04	7	3	1292.75
2004-05	2	2	5839.91
2005-06	1	...	21.27
2006-07	2	1	7.16
2007-08	1	3	154.78
Total	32	12	7421.30

(Source: As per records maintained by Principal Accountant General (Audit))

Non-regularisation of excesses over grants/appropriations over the years is a breach of legislative control over appropriations.

2.3.5 Excess over provision during 2008-09 requiring regularisation

The Appropriation Accounts disclosed excess of Rs 148.99 crore over the authorisation from the Consolidated Fund of the State during 2008-09 in 10 grants and one appropriation. Out of this, excess of Rs 44.52 crore in Grant No.XXXIV-Forest (Rs 0.17 crore) and in Grant No.XL-Ports (Rs 44.35 crore) did not require regularisation because the excess occurred due to booking of expenditure by the Accountant General (A&E) under these grants to adopt the authorised classification even though a provision was actually available under another Grant (No.XI-District Administration and Miscellaneous). Excess of Rs 104.47 crore over authorisation from the Consolidated Fund of the State in respect of eight grants and one appropriation require regularisation under Article 205 of the Constitution and are summarised in **Table 2.5** below:

Table 2.5: Excess over provision requiring regularisation during 2008-09

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
Voted Grants – Revenue				
1.	I State Legislature	29.59	30.01	0.42
2.	VII Stamps and Registration	82.18	85.73	3.55
3.	IX Taxes on Vehicles	29.84	30.08	0.24
4.	XII Police	959.92	960.20	0.28
5.	XV Public Works	1243.50	1342.73	99.23
6.	XLIII Compensation and Assignments	2269.69	2270.13	0.44
Voted Grants-Capital				
7.	XII Police	0.27	0.47	0.20
8.	XIX Family Welfare	0.14	0.18	0.04
Total Voted		4615.13	4719.53	104.40
Charged Appropriation-Capital				
9.	XXXVIII Irrigation	30.37	30.44	0.07
Total Charged		30.37	30.44	0.07
Grand Total		4645.50	4749.97	104.47

(Source: Appropriation Accounts of the State Government, 2008-09)

Note: The actual excess expenditure in the above nine grants/appropriation would be Rs 114.91 crore when the surrender of funds amounting to Rs 10.44 crore made in Grant Nos.I, VII, IX and XII is also taken into account. However, the excess disclosed in Appropriation Accounts (Rs 104.47 crore) only has been shown in the above Table as requiring regularisation.

A scrutiny of transactions under Grant No.XV Public Works revealed that the Finance Department authorised (June 2008 to February 2009) the Public Works Department to spend Rs 102.31 crore additionally under the heads of account ‘3054-80-800-93 Sabarimala Works’ (Rs 26.84 crore), ‘3054-80-800-95 Road Safety Works’ (Rs 0.54 crore), ‘3054-80-800-96 Flood Damage Repairs’ (Rs 24.64 crore) and ‘3054-80-800-97 Special Repairs to Communications’ (Rs 50.29 crore) during 2008-09 under the provisions of Paragraph 95 (3) of the Kerala Budget Manual before the close of the financial year. According to this provision, the expenditure had to be regularised during the year either by re-appropriation or by obtaining supplementary grants and that grants as a whole were not to be exceeded before the supplementary

grants had been made by the Legislature. However, the Public Works Department did not obtain sufficient funds either through re-appropriation or by supplementary grants to regularise the expenditure, with the result that the revenue portion of the grant was exceeded by Rs 99.23 crore due to incurring of expenditure based on the additional authorisation, the responsibility for which vested with the Chief Controlling Officer.

2.3.6 Unnecessary/Excessive/Inadequate Supplementary provision

Supplementary provisions aggregating Rs 537.36 crore obtained in 20 cases of Rs 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come upto the level of the original provisions as detailed in **Appendix 2.3**.

In 13 cases, against the additional requirement of Rs 699.47 crore, supplementary grants of Rs 1351.74 crore were obtained, resulting in savings (in spite of surrender of Rs 319.85 crore at the fag end of the year) exceeding Rs one crore and above in each case, aggregating Rs 332.42 crore. (**Appendix 2.4**)

In two cases, supplementary provisions of Rs 273.37 crore proved insufficient by more than Rupees one crore in each case, leaving an aggregate uncovered excess expenditure of Rs 102.78 crore (**Appendix 2.5**).

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. The excesses/savings were more than Rupees two crore in 72 sub-heads as detailed in **Appendix 2.6**. Reasons for the variations were not furnished by the department/Government.

A few cases are discussed below:

In Grant No. XV, Rupees 30.68 crore was provided under '3054-80-800-97 Special Repairs to Communications'. Further, an amount of Rs 3.23 crore was augmented through re-appropriation for clearance of pending bills of contractors up to 31 December 2007 bringing the total provisions to Rs 33.91 crore. However, the year ended with an excess expenditure of Rs 55.86 crore.

In Grant No. XVII, under '2202-03-104-99 Salaries to staff under direct payment system', Rs 154.70 crore was withdrawn on the last working day of the financial year 2008-09 through re-appropriation, thereby reducing the original provision to Rs 302.81 crore. However, the final expenditure was Rs 429.07 crore, resulting in excess over the provision by Rs 126.27 crore.

2.3.8 Unexplained re-appropriations

Para 86 (3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy himself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as 'based on actual requirement', 'based on trend of expenditure', 'expenditure is less than that anticipated', etc., as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 617 items (30.28

per cent) scrutinised out of 2037 items, the reasons given for withdrawal of provisions in re-appropriation orders were of general nature like ‘expenditure is less than anticipated’, ‘reduced provision is sufficient to meet the expenditure’, etc.

2.3.9 Substantial surrenders

Substantial surrenders (where more than 50 per cent of the total provisions¹⁹ were surrendered) were made in respect of 372 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to Rs 1357.86 crore in these 372 sub-heads, Rs 1033.64 crore (76 per cent) was surrendered, which included cent per cent surrender in 26 sub-heads, the details of which are given in **Appendix 2.7**.

A few cases of substantial surrenders are discussed below:

Rupees eight crore was provided for ‘Development of schools under NABARD assisted scheme (2202-02-800-74). The entire provision was withdrawn due to non-implementation of the scheme. During 2006-07 and 2007-08 also, the entire provision of Rs five crore and Rs 15 crore respectively remained unutilised.

2.3.10 Surrender in excess of actual saving

In 20 cases (grants) the amounts surrendered (Rs.50 lakh or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control. As against savings of Rs 581.67 crore, the amount surrendered was Rs 692.69 crore, resulting in excess surrender of Rs 111.02 crore. Details are given in **Appendix 2.8**.

A case where surrender was made in excess of the actual saving is discussed below:

Under Grant no. XX, Rs 315.39 crore was surrendered on 31 March while the grant showed a saving of Rs 270.65 crore (excess surrender of Rs 44.74 crore). This grant showed substantial savings during 2006-07 and 2007-08 which indicated that the budget provisions were not made in a realistic way.

2.3.11 Anticipated savings not surrendered

As per Para 91 of the Kerala Budget Manual, spending departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, five grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs 176.29 crore (2.24 per cent of the total savings) (**Appendix 2.9**).

Similarly, out of the total savings of Rs 6581.85 crore under 29 other grants/appropriations (savings of Rupees one crore and above in each grant/appropriation) amounts aggregating Rs 901.69 crore (13.7 per cent of savings) were not surrendered, details of which are given in **Appendix 2.10**. Besides, in 33 cases, (surrender of funds in excess of Rs 10 crore), Rs 1509.87 crore (**Appendix 2.11**) was surrendered on the last two working days of

¹⁹ Total provision refers to Original plus Supplementary.

March 2009 indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.12 Rush of expenditure

According to Para 91 (2) of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 25 sub-heads listed in **Appendix 2.12**, expenditure of Rs 10 crore and above and also more than 50 per cent of the total expenditure for the year was incurred in March 2009. **Table 2.6** also presents the Major Heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.6: Cases of rush of expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2053-District Administration	152.22	89.56	59	58.96	39
2.	2217-Urban Development	553.16	453.84	82	363.95	66
3.	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	508.17	279.36	55	161.40	32
4.	2501-Special Programmes for Rural Development	37.18	24.20	65	19.00	51
5.	2505-Rural Employment	24.20	13.17	54	10.30	43
6.	2506-Land Reforms	5.21	5.21	100	5.04	97
7.	2551-Hill Areas	14.10	11.76	83	9.42	67
8.	3055-Road Transport	24.41	19.34	79	19.31	79
9.	3435-Ecology and Environment	3.37	2.09	62	1.37	41
10.	4215-Capital Outlay on Water Supply and Sanitation	30.00	22.68	76	22.68	76
11.	4217-Capital Outlay on Urban Development	20.00	20.00	100	20.00	100
12.	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	31.29	21.36	68	20.95	67
13.	4235-Capital Outlay on Social Security and Welfare	2.28	2.06	90	2.06	90
14.	4401-Capital Outlay on Crop Husbandry	0.89	0.54	61	0.49	55
15.	4402-Capital Outlay on Soil and Water Conservation	13.48	11.80	88	7.63	57
16.	4403-Capital Outlay on Animal Husbandry	3.62	2.56	71	1.86	51
17.	4405-Capital Outlay on Fisheries	30.06	17.17	57	13.28	44
18.	4406-Capital Outlay on Forestry and Wildlife	12.52	7.22	58	6.27	50
19.	4700-Capital Outlay on Major Irrigation	107.19	64.78	60	47.37	44
20.	4851-Capital Outlay on Village and Small Industries	26.63	16.08	60	6.73	25
21.	4859-Capital Outlay on Telecommunication and Electronic Industries	39.38	24.38	62	14.38	37
22.	4885-Other Capital Outlay on Industries and Minerals	151.00	131.00	87	131.00	87
23.	5051-Capital Outlay on Ports and Lighthouses	44.93	24.31	54	24.20	54

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
24.	5053–Capital Outlay on Civil Aviation	45.00	45.00	100	25.00	56
25.	5056–Capital Outlay on Inland Water Transport	11.76	8.85	75	3.95	34
26.	5465–Investments in General Financial and Trading Institutions	10.00	10.00	100	10.00	100
27.	6216–Loans for Housing	261.10	259.05	99	258.00	99
28.	6217–Loans for Urban Development	1.70	1.00	59	1.00	59
29.	6405 – Loans for Fisheries	14.11	13.61	96	13.61	96
30.	6408 – Loans for Food Storage and Warehousing	1.56	1.39	89	1.17	75
31.	6425 – Loans for Co-operation	64.87	63.19	97	26.44	41
32.	6515 – Loans for other Rural Development Programmes	1.56	1.56	100	...	...
33.	6801 – Loans for Power Projects	5.71	5.71	100	5.71	100
34.	6857 – Loans for Chemicals and Pharmaceutical Industries	7.00	7.00	100	7.00	100

(Source: Information furnished by Accountant General (A&E))

An example of rush of expenditure is discussed below:

A budget provision of Rs 4.06 crore was made under '2506-800-99-Strengthening of Revenue Machinery and updating of Land Records' (a 50 per cent Centrally sponsored scheme). In July 2008, Rs 4.74 crore was also obtained as a supplementary grant. Even though funds were allotted as early as in July 2008, 97 per cent of the total expenditure (Rs 5.21 crore) was incurred only in March 2009, indicating that the scheme was not implemented at a proper pace. During 2006-07 and 2007-08 also, 56 per cent and 84 per cent of the provisions respectively remained unutilised.

2.4 Non-reconciliation of departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent bills against Abstract Contingent bills

According to Rule 187 (d) of the Kerala Treasury Code, all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the Drawing and Disbursing Officer (DDO) from the treasury by presenting an Abstract Contingent bill in the prescribed form (Form TR 60). Abstract Contingent (AC) bills can be drawn only by an authorised officer for the items of expenditure listed in Appendix 5 to the Kerala Financial Code. The DDO should maintain a register of AC bills and monitor submission of detailed bills thereagainst. The Detailed Contingent (DC) bills in respect of such claims are submitted to the controlling authority for countersignature not later than 10th of the month succeeding that to which they relate. The detailed bills pertaining to a month's claim should reach the Accountant General (A&E) not later than the 20th of the succeeding month.

According to the records of the Accountant General (A&E), 59 AC bills involving Rs 65.51 lakh in four departments were not adjusted as of March

2009 due to non-receipt of DC bills, details of which are enumerated in **Appendix 2.13**. Year-wise details are given in **Table 2.7**.

Table 2.7: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(Rupees in crore)

Year	Amount of AC bills	Amount of DC bills	DC bills as percentage of AC bills	Outstanding AC bills
2001-02	7.46	7.37	99	0.09
2006-07	2.75	2.65	96	0.10
2007-08	2.34	2.33	99	0.01
2008-09	3.96	3.51	88	0.45
Total	16.51	15.86		0.65

(Source: Information furnished by Accountant General (A&E))

2.4.2 Unreconciled Expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Para 74 of the Kerala Budget Manual stipulates that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in the Audit Reports, lapses on the part of the Controlling Officers in this regard continued to persist during 2008-09 also. Sixty-nine Controlling Officers did not reconcile expenditure amounting to Rs 6328.70 crore as of July 2009. In respect of the following Controlling Officers, amounts exceeding Rs 10 crore in each case remained unreconciled during 2008-09, the details of which are given in **Table 2.8**.

Table 2.8: List of controlling officers where amounts exceeding Rs 10 crore in each case remained unreconciled during 2008-09

(Rupees in crore)

Sl. No.	Name of the controlling officer	Amount not reconciled
1.	Chief Electoral Officer, Legislature Complex	13.94
2.	Commissioner of Land Revenue	102.99
3.	Secretary to Government, Finance Department	15.53
4.	Secretary to Government, General Administration (BW) Department	88.96
5.	Controller of Stationery	16.55
6.	Director of Printing	42.89
7.	Commandant General, Fire & Rescue Services	38.40
8.	Secretary to Government, Revenue (B) Department	11.98
9.	Secretary to Government, Revenue (SLMC) Department	196.70
10.	Director of Public Instruction	2,211.30
11.	Director of Higher Secondary Education	1,794.17
12.	Director of Medical Education	283.09
13.	Director of Health Services	521.08
14.	Director of Scheduled Castes Development	10.12
15.	Director of Scheduled Tribes Development	26.73
16.	Commissioner of Rural Development	144.23
17.	Secretary to Government, Housing Department	122.79
18.	Director of Tourism	42.49

Sl. No.	Name of the controlling officer	Amount not reconciled
19.	Secretary to Government, Information Technology Department	20.00
20.	Director of Panchayats	16.43
21.	Director, Ground Water Department	15.83
22.	Chief Engineer (Buildings and Local Works)	12.62
23.	Executive Director, Jananidhi	54.08
24.	Registrar, Cochin University of Science & Technology	21.30
	Total	5,824.20

(Source: Information furnished by Accountant General (A&E))

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under The Kerala Contingency Fund Act, 1957 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent nature, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is Rs 100 crore. Till the close of the year, Rs 5.84 crore drawn (17 March 2009) under '2015 Election' was not recouped to the Fund.

2.6 Review of Selected Grants

A review of budgetary procedure and control over expenditure for 2008-09 conducted in July 2009 relating to 'Grant No. XXV Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes' and 'Grant No. XXIX Agriculture' revealed the following:

2.6.1 Defective budgeting and lack of control over expenditure

- According to the provisions of the Kerala Financial Code and the Kerala Budget Manual, the estimates of expenditure prepared by a department should be for the expenditure as anticipated in the ensuing financial year with reference to the existing sanctions and actual requirements. The Chief Controlling Officers are required to keep a constant watch over current and anticipated expenditure. It was noticed that in 'Grant No. XXV' and 'Grant No. XXIX', there were aggregate savings of Rs.177.49 crore and Rs.154.47 crore respectively, indicating that the budgeting was defective and monitoring by the controlling officers was inadequate. Some instances where substantial saving/excess had occurred are indicated in **Appendix 2.14**.
- Para 29 (1) of the Kerala Budget Manual stipulates that provisions for salaries should be worked out based on the number of incumbents likely to be on duty in the coming year (regardless of the sanctioned strength) and the actual pay likely to be drawn by them. Contrary to this, the Drawing and Disbursing Officers under Grant No. XXV and XXIX made provisions for salaries based on sanctioned strength. Hence, considerable savings under the salary head were noticed as indicated in **Appendix 2.15**.

2.6.2 Non-utilisation of provision

As per para 64 (2) of the Kerala Budget Manual, the grants made by the Legislature are to be used in the manner and for the purpose for which these are intended according to laws/rules and regulations made thereunder. However, it was seen that in some cases, almost the entire budgetary provision was re-appropriated without incurring any expenditure. This shows that the budget provisions in these cases were made without assessing the actual requirement. Details are given in **Appendix 2.16**.

2.6.3 Drawal of funds to avoid lapse of budget grant

In the following cases, funds were drawn during the year and parked in Treasury Savings Bank accounts or as demand drafts to avoid their lapse:

2.6.3.1 Directorate of Agriculture

- The Director of Agriculture drew Rupees one crore on 7 March 2009 for implementation of the Kisan Abhiman Scheme and deposited it in the Special TSB account. Subsequently, Rupees four crore was also deposited to this account on 31 March 2009. However, the amount remained unutilised as of July 2009. The department stated (August 2009) that the scheme was intended to disburse monthly pension to 10,000 farmers on a regular basis covering all the 14 districts but because of the declaration of the code of conduct of the Lok Sabha Election, all action towards the implementation of the programme was put on hold. The department also stated that the selection process of the eligible farmers had been started after the election.
- The Additional Director of Agriculture (Crop Protection) drew Rs 5.06 crore on 31 March 2009 for the Crisis Management Fund and deposited it in the Special Treasury Savings Bank account maintained in the District Treasury, Thiruvananthapuram. The amount has not been utilised as of July 2009.

2.6.3.2 Directorate of Scheduled Castes Development

- The Director of Scheduled Castes Development drew Rupees four crore on 31 March 2009 towards core deposit to the welfare fund of Madrasa Teachers and deposited in his Treasury Savings Bank account. The Director stated (July 2009) that the expenditure could be incurred only after receiving directions from the General Administration Department of the Government.
- As part of strengthening of the State and District Level Training and Monitoring Cell, the Director of Scheduled Castes Development drew Rs 22.44 lakh on 30 March 2009 for payment to KELTRON²⁰ for supply of 66 laptops with BSNL modems. The amount was retained as a demand draft in the Directorate for which Government sanction was awaited (July 2009).

²⁰ Kerala State Electronics Development Corporation.

2.7 Outcome of inspection of treasuries

There are 23 District Treasuries and 180 Sub-treasuries in the State as of March 2009. The Accountant General (A&E) inspected 152 treasuries (DT: 23; ST: 129). Some of the irregularities and deficiencies noticed in the functioning of treasuries are mentioned below:

2.7.1 Excess payment of pension

There was excess payment of pension/family pension amounting to Rs 35.32 lakh in 1286 cases in 117 treasuries (including 11 district treasuries) during 2008-09. The main reasons for excess payments were errors in calculation of revised pension, non-reduction of family pension after expiry of authorised period, payment of ineligible festival allowance, medical allowance and incorrect calculation of dearness relief. Out of the excess payment of Rs 35.32 lakh, treasuries²¹ recovered Rupees five lakh and the balance amount of Rs 30.32 lakh remained to be recovered as of March 2009.

2.7.2 Excess retention of cash

In January 2000, Government enhanced the maximum amount of cash balance that could be retained in all the treasuries from Rs 9.72 crore to Rs 12.99 crore. Separate limits were also fixed for each treasury. Rule 309 of the Kerala Treasury Code stipulates that the actual cash balance of the District Treasuries and Sub-treasuries should be kept much below the maximum balance prescribed for it and at all times at a minimum so that the Government's credit balance with the Reserve Bank of India is at the maximum. On verification of the cash balance statement of the treasuries during 2008-09, it was found that the treasuries retained cash in excess of the prescribed limit by Rs 4.06 lakh to Rs 27.04 crore. This resulted in drawal of Ways and Means Advances by Government to that extent. On three days i.e., on 9 June 2008, 25 September 2008 and 26 September 2008, retention of excess cash in treasuries exceeded the quantum of Special Ways and Means Advances which showed that on these days, Special Ways and Means Advances could have been avoided. Thus retention of cash in treasuries in excess of the prescribed limits by the Government resulted in avoidable payment of interest of Rs 9.33 lakh on Ways and Means Advances.

2.7.3 Status of unoperated Treasury Savings Bank account

As per Rules 28 and 40 of the Treasury Savings Bank Rules, Treasury Savings Bank accounts which remain unoperated for more than five completed financial years will cease to earn interest and balance under such accounts should be transfer-credited to Revenue Deposit. It was noticed that 2117 such unoperated accounts in 71 treasuries were not closed and transfer-credited to Revenue Deposit.

2.7.4 Mustering of pensioners

In terms of Rule 280 (a) of the Kerala Treasury Code Vol.I, the Treasury Officer should conduct mustering of pensioners annually in the case of pensioners/family pensioners/Pension Treasury Savings Bank holders and

²¹ 25 treasuries have recovered full amount and in respect of others part recovery has been made.

once in three years, where payment of pension is made through money orders. These provisions are made to prevent fraudulent payments. However, in 118 cases in 28 treasuries as listed in **Appendix 2.17**, mustering of pensioners was pending for two to three years.

2.8 Conclusions

During 2008-09, expenditure of Rs 36877.37 crore was incurred against the total grants and appropriations of Rs 44596.19 crore, resulting in savings of Rs 7718.82 crore. The overall savings were the net result of savings of Rs 7867.81 crore, offset by excess of Rs 148.99 crore. Excess expenditure of Rs 104.47 crore, in eight grants and one appropriation during 2008-09 requires regularisation under Article 205 of the Constitution of India. Apart from this, regularisation of excess expenditure of Rs 7421.30 crore from 1990-91 to 2007-08 was pending as of September 2009 under Article 205 of the Constitution of India. In 33 cases, surrender of funds amounting to Rs 1509.87 crore were made on the last two working days of the financial year, while in 29 grants/appropriations, savings amounting to Rs 901.69 crore were not surrendered. In 20 cases, Rs 111.02 crore was surrendered in excess of actual savings. In 72 cases, augmentation/reduction of provisions by re-appropriation proved either in excess of requirement or insufficient as the final expenditure of the re-appropriated sub-heads resulted in savings/excess by more than Rupees two crore.

2.9 Recommendations

Budgetary controls should be strengthened in all the Government departments. Issuance of re-appropriation/surrender orders at the end of the financial year should be avoided.

CHAPTER III

Financial Reporting



Chapter III Financial Reporting

Sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as timeliness and quality of reporting on the status of such compliances are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/heads of the departments are required to furnish to Audit every year, detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of 32 bodies/authorities received for the year 2007-08, attracted audit by the Comptroller and Auditor General of India and all these bodies/authorities were audited during 2008-09.

As of March 2009, 128 annual accounts of 60 autonomous bodies/authorities due up to 2007-08 had not been received by the Principal Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.1**.

Table 3.1: Age-wise arrears of annual accounts due from Government Bodies

Sl. No.	Delay in number of years	Number of Bodies/ Authorities	Grants received (Rupees in lakh)
1.	0 – 1	20	7,826.95
2.	1 – 3	12	5,229.95
3.	3 – 5	28	53,303.33

(Source: As per records maintained by Principal Accountant General (Audit))

The table disclosed that delays in submission of accounts of 28 (47 per cent) autonomous bodies/authorities ranged between three to five years.

3.2 Delay in submission of accounts/Audit Reports of Autonomous Bodies

There are 23 autonomous bodies in the field of legal aid, human rights, development of khadi, etc. The audit of accounts of those bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports and their placement in the Legislature are indicated in **Appendix 3.2**.

3.3 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually, showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit and the State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood, may also open the system to the risk of fraud and leakage of public money.

Heads of departments in the Government have to ensure that the undertakings prepare such accounts and submit the same to the Principal Accountant General for audit within a specified timeframe. As of 31 March 2009, there were three²² such undertakings, which had not prepared their accounts up to 2007-08. The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government are given in **Appendix 3.3**.

3.4 Misappropriations, losses, defalcations, etc.

Article 297 of the Kerala Financial Code provides that cases of defalcation or loss of public money, stamps, stores or other property should be reported to the Principal Accountant General (Audit) as well as to the heads of departments.

The State Government reported 137 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 7.75 crore up to the period June 2009 on which final action was pending. The department-wise break up of pending cases and age-wise analysis are given in **Appendix 3.4** and the nature of these cases is given in **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.2**.

Table 3.2: Profile of misappropriations, losses, defalcations, etc.

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rupees in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (Rupees in lakh)
0 - 5	45	268.91	Theft	23	11.98
5 - 10	46	280.25			
10 - 15	19	68.53	Misappropriation/loss of material	114	762.57
15 - 20	16	143.39			
20 - 25	6	8.96			
25 and above	5	4.51	Total	137	774.55
			Cases of losses written off during the year	Nil	nil
Total	137	774.55	Total pending cases	137	774.55

(Source: Cases reported by departments of State Government)

²² Kerala State Insurance Department, State Water Transport Department and Text Book Office.

Further analysis indicates that the reasons for which the cases were outstanding could be classified under the four categories listed in the following table.

Table 3.3: Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Sl.No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (Rupees in lakh)
1	Awaiting departmental and criminal investigation	21	150.56
2	Departmental action initiated but not finalised	56	466.38
3	Awaiting orders for recovery or write off	36	86.65
4	Pending in the courts of law	24	70.96
	Total	137	774.55

(Source: Information received from Departments of State Government)

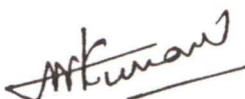
3.5 Conclusion

Annual accounts (128 numbers) in respect of 60 autonomous bodies/authorities due up to 2007-08 had not been received by the Principal Accountant General (Audit), Kerala as of March 2009. Out of 137 cases of misappropriation, loss, defalcation, etc., 21 cases involving Rs 1.51 crore were pending for want of departmental investigation while the others were pending for want of court decisions, write-off sanctions and finalisation of departmental action.

3.6 Recommendation

Departmental enquiries in cases involving misappropriation, loss, defalcation etc. should be expedited. Internal controls in all the organisations should be strengthened to prevent such cases.

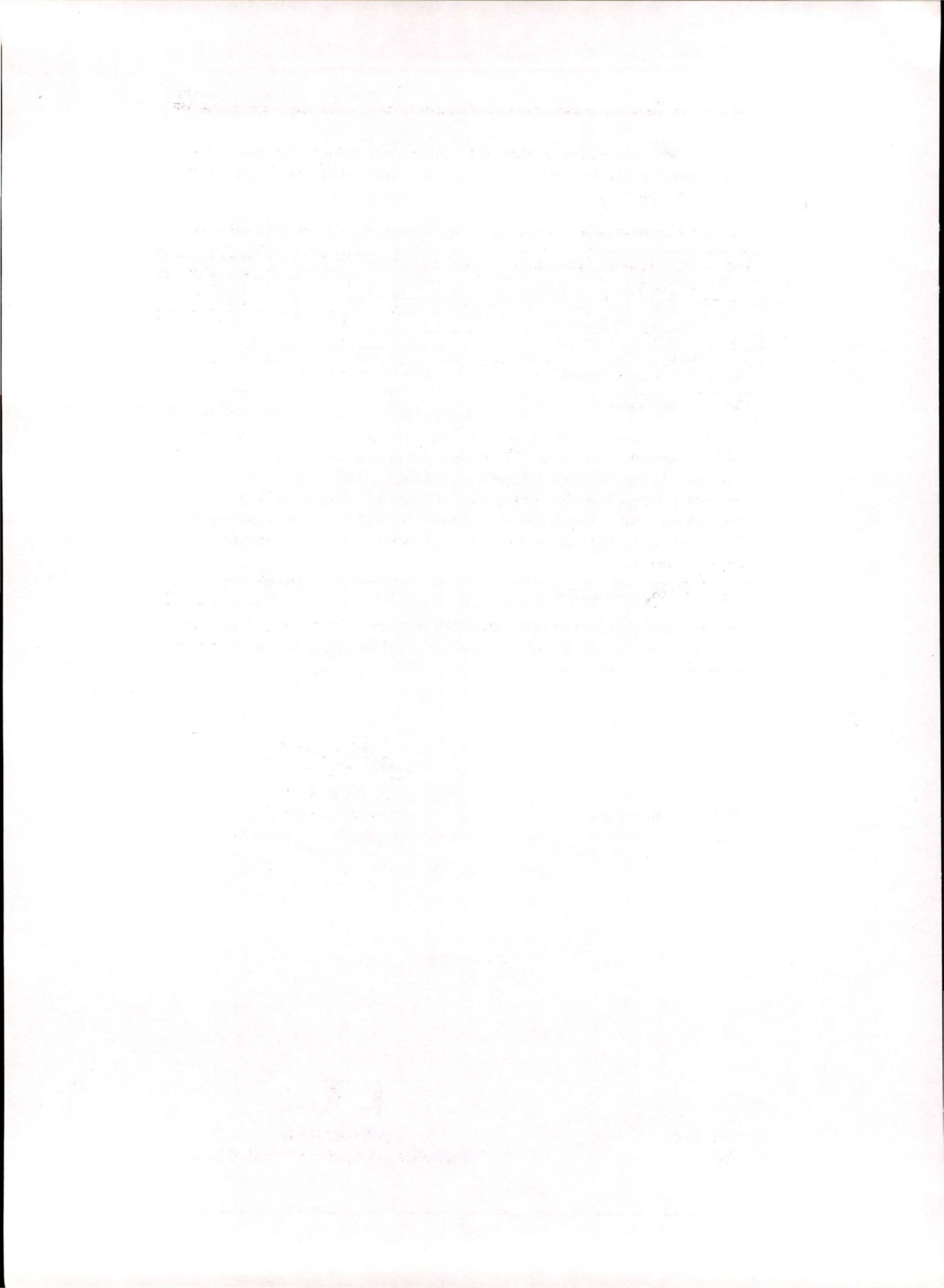
Thiruvananthapuram,
The **14 MAY 2010**


(V.KURIAN)
Accountant General
(Civil and Commercial Audit), Kerala

Countersigned

New Delhi,
The


(VINOD RAI)
Comptroller and Auditor General of India



APPENDICES



Appendix 1.1
Part A: Structure and Form of Government Accounts

(Reference: Page 1)

Structure of Government Accounts: The accounts of the State Government are kept in three parts: (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of the State' established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

PART B: Layout of Finance Accounts

Statement No.	About
1	Summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.
2	Summarised statement of capital outlay showing progressive expenditure to the end of 2008-09.
3	Financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
4	Summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
5	Summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears etc.
6	Summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
7	Summary of cash balances and investments made out of such balances.
8	Summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
9	Revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
10	Distribution between the charged and voted expenditure incurred during the year.
11	Detailed account of revenue receipts by minor heads.
12	Accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head-wise.
13	Detailed capital expenditure incurred during and to the end of 2008-09.
14	Details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09.
15	Capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
16	Detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
17	Detailed account of debt and other interest bearing obligations of the State Government.
18	Detailed account of loans and advances given by the Government of Kerala, the amount of loan repaid during the year, the balance as on 31 March 2009.
19	Details of earmarked balances of reserve funds.

Appendix 1.2 Part A
Methodology Adopted for assessment of the fiscal position
(Reference: Page 1 and Paragraph 1.5.1; Page 15)

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

	2004-05	2005-06	2006-07	2007-08	2008-09
GSDP (Rupees in crore)	1,10,260	1,24,389	1,42,470	1,62,415	1,80,281
Growth rate of GSDP	14.0	12.8	14.5	14.0	11.0

Source: Details furnished by the Director of Economics and Statistics of the State Government

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CE/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, *i.e.*, if

$$\begin{aligned} \text{AE/GSDP} &= x \\ \text{AE} &= x * \text{GSDP} \dots\dots\dots(1) \end{aligned}$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and CE-AE, derive the respective DE, SSE and CE, so that no State is having these ratios less than national average, *i.e.*, if

$$\begin{aligned} \text{DE/AE} &= y \\ \text{DE} &= y * \text{AE} \dots\dots\dots(2) \end{aligned}$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$\text{DE} = y * x * \text{GSDP} \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CE-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CE as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PCDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenues (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Appendix 1.2

Part B - Kerala Fiscal Responsibility Act, 2003

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 which came into force on 5 December 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or thereto. To give effect to the fiscal management principles as laid down in the Act, State Government prescribed the fiscal targets which are as follows:

- reduce revenue deficit to 'NIL' within a period of four years commencing from 1st April 2003 and ending on 31st March 2007 and generate revenue surplus thereafter;
- to reduce fiscal deficit to two *per cent* of the estimated gross State domestic product within a period of four years commencing from 1st April 2003 and ending on 31st March 2007.

The Twelfth Finance Commission (TFC) in its report recommended elimination of State's revenue deficit and reduction of fiscal deficit to three *per cent* of GSDP by March 2009. The Medium Term Fiscal Plan for the years 2007-08 to 2009-10 presented to Legislature with the budget for 2007-08 indicated that the elimination of revenue deficit would be pushed back by a year to March 2010 primarily as a result of the financial impact of the Pay Commission award. However, the Medium Term Fiscal Plan for the years 2008-09 to 2010-11 presented to the Legislature with the budget for 2008-09 set to achieve the target for elimination of revenue deficit and keeping the fiscal deficit below three *per cent* of GSDP by the end of 2010-11. But the Kerala Fiscal Responsibility Act has not been amended till date taking into consideration either the recommendations of the TFC or the projections made in the two medium term fiscal plan.

Outcome indicators given in the Medium Term Fiscal Plan for 2008-09 to 2010-11 are given below.

**Outcome indicators set out in the Medium Term Fiscal Plan for the years
2008-09 to 2010-11**

(Rupees in crore)

Sl. No.	Item	2004-05 Accounts	2005-06 Accounts	2006-07 Accounts	2007-08 Revised Estimates	2008-09 Budget Estimates	Forward estimates	
							2009-10	2010-11
1.	Revenue Receipts	13501	15295	18187	21497	24896	29128	34080
1 (a)	State Own Tax Revenue	8964	9779	11942	13997	15781	18464	21603
1 (b)	Non Tax Revenue	819	937	938	1084	1254	1467	1717
1 (c)	Resources from Centre	3718	4579	5307	6416	7861	9197	10761
2.	Revenue Expenditure	17169	18424	20825	26141	28263	31008	34042
	Non-interest Revenue Expenditure	13556	14625	16635	21383	23119	25453	28042
2 (a)	Interest	3613	3799	4190	4758	5144	5556	6000
2 (b)	Salaries	5346	5610	6560	8340	9187	9922	10716
2 (c)	Pensions	2601	2861	3295	4592	4569	4935	5329
2 (d)	Non SPI Revenue Expenditure	5609	6154	6780	8451	9363	10596	11997
2 (d) (i)	Power Subsidy	0	0	0	0	0	0	0
2 (d) (ii)	Maintenance and repair (Roads, Buildings and Irrigation)							
		318	401	369	521	526	605	696
2 (d) (iii)	Maintenance and repair (Edn., Health, RD, WS, Agriculture and Forest)							
2 (d) (iv)	Devolution to Local Bodies	1783	1565	1911	2275	2430	2673	2940
2 (d) (v)	Administrative Expenditure	950	1023	1210	1602	1649	1847	2069
2 (d) (vi)	Other Revenue Expenditure	2558	3165	3289	4053	4758	5472	6292
3.	Revenue Surplus/ Deficit	-3668	-3129	-2638	-4644	-3367	-1880	38
4.	Capital Expenditure	682	817	903	1499	1562	2499	3999
5.	Net Loan disbursements	-101	-236	-281	-757	-697	-1115	-1784
6.	Fiscal Deficit	-4451	-4182	-3822	-6900	-5626	-5494	-5744
7.	Primary Fiscal Deficit/ Surplus	-838	-383	368	-2142	-482	61	256
8.	End of the period Debt	41878	45929	49875	56056	61975	67469	73213
9.	Debt Service	3613	3799	4190	4758	5144	5350	5525
10.	Salary + Pension + Interest	11559	12270	14045	17690	18900	20412	22045
11.	Explicit Power subsidy	0	0	0	0	0	0	0
12.	Consolidated Capital Expenditure	783	1053	1184	2256	2259	3614	5782
13.	Debt Stock	41878	45929	49875	56056	61975	67469	73213
14.	Government Guarantees	12316	11935	9405	9000	9000	9000	9000
15.	Interest/ Revenue (%)	26.8	24.8	23.0	22.1	20.7	19.1	17.6
16.	Debt/ Revenue (%)	310.2	300.3	274.2	260.8	248.90	231.6	214.80
17.	(Salary + Pension + Interest)/ Revenue (%)	85.6	80.2	77.2	82.3	75.90	70.1	64.70
18.	(Salary + Pension + Interest)/ GSDP (%)	10.8	10.3	10.6	11.9	11.50	11.0	10.60
19.	(Salary + Pension)/ GSDP (%)	7.4	7.1	7.4	8.7	8.3	8.0	7.80
20.	Revenue Deficit/ Revenue Receipt (%)	-27.2	-20.5	-14.5	-21.6	-13.5	-6.5	0.10
21.	RD/GSDP (%)	-3.4	-2.6	-2.0	-3.1	-2.0	-1.0	0.00
22.	FD/GSDP (%)	-4.2	-3.5	-2.9	-4.6	-3.4	-3.0	-2.80
23.	Debt stock / GSDP (%)	39.1	38.6	37.6	37.8	37.6	36.5	35.40
24.	GSDP (in crore)	107054	118998	132739	148485	165000	185000	207000
25.	Nominal GSDP Growth Rate (%)	11.5	11.2	11.50	11.9	11.1	12.1	11.9
26.	Average Interest rate (Interest/ mid-yr Debt) (%)	9.11	8.65	8.75	8.98	8.72	8.58	8.53
27.	Domar Gap (25 minus 26) (%)	2.39	2.50	2.80	2.88	2.41	3.54	3.36

Appendix 1.3
Part A-Abstract of Receipts and Disbursements for the year 2008-09
(Reference: Paragraph 1.1; Page 1)

(Rupees in crore)

Receipts				Disbursements					
2007-08			2008-09	2007-08					2008-09
	<u>Section – A: Revenue</u>					Non-Plan	Plan	Total	
21106.79	1. Revenue Receipts		24512.18	24891.64	1. Revenue Expenditure	25012.00	3211.86	28223.86	28223.86
13668.95	Own Tax Revenue	15990.18		12184.09	General Services	12508.42	158.95	12667.37	
1209.55	Non-Tax Revenue	1559.29		7789.88	Social Services	7452.54	1910.30	9362.84	
4051.70	State's share of Union Taxes and Duties	4275.52		4529.03	Education, Sports, Art and Culture	5098.65	304.68	5403.33	
748.65	Non-plan Grants	588.54		1242.00	Health and Family Welfare	1351.07	176.71	1527.78	
977.67	Grants for State Plan Schemes	1376.03		502.50	Water Supply, Sanitation, Housing and Urban Development	161.90	695.26	857.16	
450.27	Grants for Central Plan and Centrally Sponsored Plan Schemes	722.62		15.00	Information and Broadcasting	9.75	14.34	24.09	
				453.64	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	162.32	343.82	506.14	
				171.15	Labour and Labour Welfare	150.98	49.84	200.82	
				857.18	Social Welfare and Nutrition	492.69	325.65	818.34	
				19.38	Others	25.18		25.18	
				2818.40	Economic Services:	2785.92	1142.61	3928.53	
				1086.61	Agriculture and allied activities	1019.24	468.27	1487.51	
				216.74	Rural Development	134.67	169.70	304.37	
				20.29	Special Areas Programmes		14.10	14.10	
				286.81	Irrigation and Flood control	316.61	28.64	345.25	
				36.24	Energy	2.14	82.31	84.45	
				169.02	Industry and Minerals	99.42	119.26	218.68	
				770.33	Transport	1105.63	56.88	1162.51	
				34.59	Science, Technology and Environment	19.87	29.57	49.44	
				197.77	General Economic Services	88.34	173.88	262.22	
				2099.27	Grants-in-aid and Contributions	2265.12		2265.12	
3784.85	II. Revenue Deficit carried over to Section B		3711.68		Revenue Surplus carried over to Section B				
24891.64	Total - Section A		28223.86	24891.64	Total - Section A				28223.86

Appendix 1.3 Part A – Contd.

(Rupees in crore)

Receipts				Disbursements					
2007-08			2008-09	2007-08		Non-Plan	Plan	Total	2008-09
	Section B: Others								
1039.97	III. Opening Cash Balance including Permanent Advances and Cash Balance Investment		973.79	Nil	III. Opening Overdraft from Reserve Bank of India				
7.54	IV. Miscellaneous Capital Receipts		9.11	1474.58	IV. Capital Outlay	24.84	1670.76	1695.60	1695.60
				57.16	General Services:	4.23	48.44	52.67	
				134.54	Social Services:		290.51	290.51	
				34.23	Education, Sports, Art and Culture		31.07	31.07	
				46.83	Health and Family Welfare		44.74	44.74	
				13.39	Water Supply, Sanitation, Housing and Urban Development		180.10	180.10	
				37.62	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		31.29	31.29	
				1.40	Social Welfare and Nutrition		2.28	2.28	
					Labour and Labour Welfare				
				1.07	Others		1.03	1.03	
				1282.88	Economic Services:	20.61	1331.81	1352.42	
				101.85	Agriculture and allied activities	10.48	85.15	95.63	
				184.87	Irrigation and Flood Control		254.08	254.08	
				154.53	Industry and Minerals		236.14	236.14	
				827.72	Transport	0.14	736.34	736.48	
				13.91	General Economic Services	9.99	17.85	27.84	
				..	Science, Technology and Environment		2.25	2.25	

Appendix 1.3 Part A – Concl'd.

(Rupees in crore)

Receipts			Disbursements			
2007-08			2008-09	2007-08		2008-09
44.85	V. Recoveries of Loans and Advances		35.64	893.16	V. Loans and Advances Disbursed	983.69
..	From Power Projects	..		10.00	For Power Projects	5.71
23.37	From Government Servants	18.52		6.52	To Government Servants	5.03
21.48	From Others	17.12		876.64	To Others	972.95
	VI. Revenue Surplus brought down			3784.85	VI. Revenue Deficit brought down	3711.68
5643.66	VII. Public Debt Receipts		6921.40	1432.79	VII. Repayment of Public Debt	1650.34
5227.23	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	6153.36		1177.22	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	1358.29
	Net transactions under Ways and Means Advances excluding overdraft	...			Net transactions under Ways and Means Advances excluding overdraft	...
416.43	Loans and Advances from Central Government	768.04		255.57	Repayment of Loans and Advances to Central Government	292.05
...	VIII. Appropriation from the Consolidated Fund		..	..	VIII. Appropriation to Contingency Fund	..
	IX. Amount transferred to Contingency Fund		80.00	80.00	IX. Expenditure from Contingency Fund	5.84
48316.26	X. Public Account Receipts		56284.57	46413.11	X. Public Account Disbursements	53627.80
9423.12	Small Savings, Provident Funds, etc.	13218.04		8099.61	Small Savings, Provident Funds, etc.	10628.99
442.33	Reserve Funds	886.09		521.84	Reserve Funds	888.69
4199.18	Deposits and Advances	4184.50		3707.43	Deposits and Advances	4052.59
26970.59	Suspense and Miscellaneous	30669.89		26851.97	Suspense and Miscellaneous ²³	30754.93
7281.04	Remittances	7326.05		7232.26	Remittances	7302.60
NIL	XI.- Closing Overdraft from Reserve Bank of India			973.79	XI. Cash Balance at end	2629.56
				41.63	Cash in Treasuries	28.97
				(-) 10.65	Local Remittances	(-) 4.85
				92.29	Deposits with Reserve Bank	14.02
				0.47	Departmental cash balance including Permanent Advance	1.69
				850.05	Cash Balance Investment	2589.73
55052.28	Total – Section B		64304.51	55052.28	Total – Section B	64304.51

²³ Includes Rs 0.01 crore under '8680 Miscellaneous Government Account'.

Appendix 1.3

Part –B-Summarised financial position of Government of Kerala as on 31 March 2009

(Reference: Paragraphs 1.1; Page 1 and 1.7.1; Page 22)

(Rupees in crore)

As on 31 March 2008	Liabilities		As on 31 March 2009
34019.16	Internal Debt		38814.23
16480.94	Market Loans bearing interest	21262.62	
0.23	Market Loans not bearing interest	0.17	
3135.71	Loans from Life Insurance Corporation of India	3266.83	
323.61	Loans from General Insurance Corporation of India	344.11	
691.15	Loans from National Bank for Agriculture and Rural Development	825.65	
251.05	Loans from National Co-operative Development Corporation	206.38	
1154.45	Loans from other institutions	1028.48	
11,982.02	Special securities issued to National Small Savings Fund of the Central Government	11879.99	
..	Ways and Means Advances from Reserve Bank of India excluding Overdrafts	..	
..	Overdrafts from Reserve Bank of India	..	
5532.63	Loans and Advances from Central Government		6008.62
1.16	Pre 1984-85 Loans	1.16	
37.77	Non-Plan Loans	35.32	
5426.94	Loans for State Plan Schemes	5910.72	
6.80	Loans for Central Plan Schemes	5.73	
59.96	Loans for Centrally Sponsored Plan Schemes	55.69	
20.00	Contingency Fund		94.16
15857.78	Small Savings, Provident Funds, etc.		18446.83
2387.74	Deposits		2519.65
684.57	Reserve Funds		1066.16
780.67	Suspense and Miscellaneous		695.64
59282.55			67645.29

Appendix 1.3 – Part B Concl'd.

(Rupees in crore)

As on 31 March 2008	Assets		As on 31 March 2009
13633.97²⁴	Gross Capital Outlay on Fixed Assets -		15320.46
2557.29	Investments in shares of Companies, Corporations, etc.	2872.46 ²⁵	
11076.68	Other Capital Outlay	12448.00	
6280.21²⁴	Loans and Advances -		7228.26
2655.88	Loans for Power Projects	2661.59	
3568.50	Other Development Loans	4524.33	
55.83	Loans to Government servants and Miscellaneous loans	42.34	
374.07	Reserve Fund Investments		758.26
0.25	Advances		0.25
..	Suspense and Miscellaneous Balances		..
414.70	Remittance Balances		391.25
7.54	Adjustment on account of retirement/disinvestment		16.65²⁶
973.79	Cash -		2629.56
30.98	Cash in Treasuries and Local Remittances	24.12	
92.29	Deposits with Reserve Bank	14.02	
0.24	Departmental Cash Balance	1.44	
0.23	Permanent Advances	0.25	
850.05	Cash Balance Investments	2589.73	
37598.02²⁴	Deficit on Government Account -		41300.60
33820.70	Accumulated deficit at the beginning of the year	37598.02	
3784.85	Add: (i) Revenue Deficit of the current year	3711.68	
0.01	(ii) Miscellaneous Government account	0.01	
7.54	Less: Miscellaneous Capital Receipts	9.11	
59282.55			67645.29

Explanatory Notes

The abridged accounts in Appendix 1.3 have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable, depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and others pending settlement, etc. There was a difference of Rs 330.93 lakh (net credit) between the figures reflected in the accounts (Rs 1402.30 lakh) and that intimated by the Reserve Bank of India (Rs 1071.37 lakh). Out of the difference, an amount Rs 0.01 lakh (net credit) has been cleared and the balance of Rs 330.92 lakh (net credit) is under investigation.

²⁴ Balances as on 31 March 2008 differ from those shown in the previous year's account due to *pro forma* adjustments which were explained in foot note (q) of Statement No.2 and foot notes (b), (d) and (e) of Statement No.5 of Finance Accounts 2008-09.

²⁵ Figures adopted as per Statement No.2 of Finance Accounts 2008-09. However, the figures exhibited in Statement No.14 differs by Rs 118.29 crore owing to exclusion of investment in development of infrastructure facilities to Kannur Airport (Rs 18.09 crore), Thiruvananthapuram Airport Development Society (Rs 81 crore) and expenditure for equity participation in Smart City Project (Rs 19.20 crore) vide foot note (EE) of Statement No.14 of Finance Accounts 2008-09.

²⁶ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital vide foot notes (c), (d), (e), (f), (g) and (j) of Statement No.2.

Appendix 1.4
Time series data on the State Government Finances
(Reference: Paragraphs 1.3; Page 4 and 1.7.2; Page 22)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part A. Receipts					
1. Revenue Receipts	13500	15295	18187	21107	24512
(i) Tax Revenue	8963 (66)	9779 (64)	11942 (66)	13669 (65)	15990 (65)
Taxes on Agricultural Income	5 ⁽²⁷⁾	6 ⁽²⁷⁾	10 ⁽²⁷⁾	22 ⁽²⁷⁾	12 ⁽²⁷⁾
Taxes on Sales, Trade, etc.	6701 (75)	7038 (72)	8563 (72)	9372 (69)	11377 (71)
State Excise	746 (08)	841 (9)	953 (8)	1169 (9)	1398 (9)
Taxes on Vehicles	610 (07)	629 (6)	708 (6)	853 (6)	937 (6)
Stamps and Registration fees	775 (09)	1101 (12)	1520 (13)	2028 (15)	2003 (13)
Land Revenue	44 ⁽²⁷⁾	44 ⁽²⁷⁾	47 ⁽²⁷⁾	47 ⁽²⁷⁾	48 ⁽²⁷⁾
Other Taxes	82 (01)	120 (1)	141(1)	178 (01)	215 (01)
(ii) Non Tax Revenue	819 (06)	937 (6)	938(5)	1210 (6)	1559 (6)
(iii) State's share in Union taxes and duties	2405 (18)	2518 (17)	3212(18)	4052 (19)	4276 (18)
(iv) Grants in aid from Government of India	1313 (10)	2061 (13)	2095(11)	2176 (10)	2687 (11)
2. Miscellaneous Capital Receipts	--⁽²⁸⁾	--	2	8	9
3. Recovery of Loans and Advances	95	52	66	45	36
4. Total revenue and Non debt capital receipts (1+2+3)	13595	15347	18255	21160	24557
5. Public Debt Receipts	6596	5823	5336	5644	6921
Internal Debt (excluding Ways & Means Advances and Overdraft)	5114	5220	5131	5227	6153
Net transactions under Ways and Means Advances excluding Overdraft	--	--	...	...	...
Loans and advances from Government of India	1482	603	205	417	768
6. Total receipts in the Consolidated Fund (4+5)	20191	21170	23591	26804	31478
7. Contingency Fund Receipts	92	15	2	...	80
8. Public Account receipts	33681	37779	41868	48316	56285
9. Total receipts of State (6+7+8)	53964	58964	65461	75120	87843
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	17169 (95)	18424 (94)	20825 (94)	24892 (91)	28224 (91)
Plan	3106 (18)	3223 (17)	2309 (11)	2277 (9)	3212 (11)
Non Plan	14063(82)	15201 (83)	18516 (89)	22615 (91)	25012 (89)
General Services (incl. Interest payment)	7986 (47)	8756 (48)	9723 (47)	12184 (49)	12667 (45)
Social Services	5879 (34)	5896 (32)	6478 (31)	7790 (31)	9363 (33)
Economic Services	3307 (19)	3772 (20)	2712 (13)	2819 (11)	3929 (14)
Grants-in-aid and Contributions	(-) 03	--	1912 (9)	2099 (9)	2265 (8)
11. Capital Expenditure	682 (04)	817 (4)	903 (4)	1475 (6)	1696 (6)
Plan	657 (96)	817 (100)	886 (98)	1452(98)	1671 (99)
Non Plan	25 (4)	--	17 (2)	23 (2)	25 (1)
General Services	42 (6)	70 (9)	40 (4)	57 (4)	53 (3)
Social Services	90 (13)	133 (16)	116 (13)	135 (9)	291 (17)
Economic Services	550 (81)	614 (75)	747 (83)	1283 (87)	1352 (80)
12. Disbursement of Loans and Advances	196 (01)	287 (2)	349 (2)	893 (3)	984 (3)
13. Total (10+11+12)	18047	19528	22077	27260	30904

²⁷ Less than one per cent.²⁸ Only Rs 2,28,800.

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part B. Expenditure/Disbursement					
14. Repayment of Public Debt	2277	1822	1083	1433	1650
Internal Debt (excluding Ways and Means Advances and Overdrafts)	529	990	832	1177	1358
Net transactions under Ways and Means Advances excluding Overdrafts	49	235	...	...	...
Loans and Advances from Government of India	1699	597	251	256	292
15. Appropriation to Contingency Fund	75	--	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	20399	21350	23160	28693	32554
17. Contingency Fund disbursements	15	2	...	80	6
18. Public Account disbursements	33136	37302	41477	46413	53628
19. Total disbursement by the State (16+17+18)	53550	58654	64637	75186	86188
Part C. Deficits					
20. Revenue Deficit (1-10)	(-) 3669	(-) 3129	(-) 2638	(-) 3785	(-) 3712
21. Fiscal Deficit (4-13)	(-) 4452	(-) 4181	(-) 3822	(-) 6100	(-) 6347
22. Primary Deficit (-)/Surplus (+) (21+23)	(-) 839	(-) 382	(+) 368	(-) 1770	(-) 1687
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	3613	3799	4190	4330	4660
24. Financial Assistance to local bodies, etc.	4707	5539	6237	6245	7591
25. Ways & Means Advances/Overdrafts availed (days)	354	243	226	214	90
Ways and Means Advances availed (days)	193	182	165	167	90
Overdraft availed (days)	161	61	61	47	nil
26. Interest on WMA/Overdraft	21	12	12	13	5
27. Gross State Domestic Product (GSDP) at current prices ²⁹	1,10,260	1,24,389	1,42,470	1,62,415	1,80,281
28. Outstanding Fiscal Liabilities (year end)	43692	47832	52161	58108	66,097
29. Outstanding guarantees including interest (year end)	12316	11935	9405	8317	7,603
30. Maximum amount guaranteed (year end)	14783	13752	12647	14871	11,386
31. Number of incomplete projects/works	98	100	136	140	121
32. Capital blocked in incomplete projects/works ³⁰	1250	1366	1544	1628	1653

²⁹ GSDP figures communicated by State Government adopted.

³⁰ Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	8.1	7.9	8.4	8.4	8.9
Own non-tax revenue/GSDP	0.74	0.75	0.65	0.75	0.86
Central Transfers/GSDP	3.4	3.7	3.7	3.8	3.9
II Expenditure Management					
Total Expenditure/GSDP	16.4	15.7	15.5	16.8	17.1
Total Expenditure/Revenue Receipts	134	128	121	129	126
Revenue Expenditure/Total Expenditure	95.1	94.3	94.3	91.3	91.3
Revenue Expenditure on Social Services/Total Expenditure	32.6	30.2	29.3	28.6	30.3
Revenue Expenditure on Economic Services/Total Expenditure	18.3	19.3	12.3	10.3	12.7
Capital Expenditure/Total Expenditure	3.8	4.2	4.1	5.4	5.5
Capital Expenditure on Social and Economic Services/Total Expenditure.	3.5	3.8	3.9	5.2	5.3
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 3.3	(-) 2.5	(-) 1.9	(-) 2.3	(-) 2.1
Fiscal deficit/GSDP	(-) 4.0	(-) 3.4	(-) 2.7	(-) 3.8	(-) 3.5
Primary Deficit (surplus) /GSDP	(-) 0.8	(-) 0.3	0.3	(-) 1.1	(-) 0.9
Revenue Deficit/Fiscal Deficit	82.4	74.8	69.0	62.0	58.5
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	39.6	38.5	36.6	35.8	36.7
Fiscal Liabilities/RR	323.6	312.7	286.8	275.3	269.7
Primary deficit vis-à-vis quantum spread	1240	1584	3286	1412	347
Debt Redemption (Principal + Interest)/ Total Debt Receipts (in per cent)	93.0	96.2	99.1	91.7	86.8
V Other Fiscal Health Indicators					
Return on Investment	1.4	0.8	1.3	1.2	1.2
Balance from Current Revenue (Rupees in crore)	(-) 1496	(-) 575	(-) 1332	(-) 2713	(-) 2254
Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

Figures in brackets represents percentages (rounded) to total of each sub-heading.

Appendix 1.5

Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection

(Reference: Paragraph 1.3.1, Page 6)

(Rupees in crore)

Sl. No.	Head of revenue	Year	Budget Estimate	Collection	Expenditure on collection of revenue	Percentage of expenditure to gross collection	All India average percentage
1.	Tax on sales, trade etc.	2004-05	7123	6701.05	52.10	0.78	0.95
		2005-06	8200.01	7037.97	60.96	0.87	0.91
		2006-07	7930.38	8,563.31	78.21	0.91	0.82
		2007-08	10035.51	9,371.76	89.75	0.96	0.83
		2008-09	10616.39	11,377.13	102.59	0.90	
2.	Stamps (non-judicial) and registration fees	2004-05	776.38	727.98	42.35	5.82	3.44
		2005-06	833.91	1048.03	46.81	4.47	2.87
		2006-07	924.63	1,470.73	59.06	4.02	2.33
		2007-08	1449.47	1,946.08	77.64	3.99	2.09
		2008-09	2320.46	1,931.75	82.97	4.30	
3.	State excise	2004-05	750	746.45	43.72	5.86	3.34
		2005-06	825.82	841.00	48.78	5.80	3.40
		2006-07	944.73	953.07	58.07	6.09	3.30
		2007-08	986.86	1,169.25	69.40	5.94	3.27
		2008-09	1299.85	1,397.64	72.84	5.21	
4.	Taxes on vehicles	2004-05	620	610.48	16.52	2.71	2.74
		2005-06	771.02	628.51	17.73	2.82	2.67
		2006-07	730.00	707.74	21.61	3.05	2.47
		2007-08	835.08	853.17	26.00	3.05	2.58
		2008-09	1008.64	937.45	30.05	3.21	

Appendix 1.6

Summarised financial statement of Departmentally managed
Commercial/Quasi-commercial Undertakings

(Reference: Paragraph 1.6.4; Page 20)

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of accounts	Mean Govt capital	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss	Interest on Capital	Total return	Percentage Return on capital
1	2	3	4	5	6	7	8	9	10 (8+9)	11
1.	State Water Transport	2005-06	12024.99	703.24	14.73	447.15	(-) 1300.34	109.56	(-) 1190.78	Nil
2.	Kerala State Insurance Department	2006-07	14.48	14.72	1.11	13815.83	6863.59	Nil	6863.59	47400
3.	Text Book Office	2003-04	1752.57	..	..	2472.61	(-) 561.10	135.61	(-) 425.49	Nil

Appendix 2.1

Savings in excess of Rs 10 crore each and more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1; Page 32)

(Rupees in crore)

Sl. No.	Grant Number	Name of grant/appropriation	Total Grant/ Appropriation	Savings	Percentage of savings
Revenue Voted					
1.	XI	District Administration and Miscellaneous	358.86	100.71	28
Capital Voted					
2.	XVII	Education, Sports, Art and Culture	63.38	20.12	32
3.	XXXIX	Power	69.50	63.79	92
TOTAL			491.74	184.62	

Appendix 2.2
Excess over Provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 34)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In Rupees)	Stage of consideration by Public Accounts Committee (PAC)
1990-91	1 Grant	Revenue - XXVIII	36,58,715	Final/Revised copies of notes not received. Not yet discussed by PAC.
1992-93	1 Grant	Capital - XXV	3,67,400	Final/Revised copies of notes not received. Not yet discussed by PAC.
1993-94	1 Grant	Capital - XX	8,00,000	Discussed by PAC. Draft Report containing recommendations for regularisation awaited.
	1 Appropriation	Capital - XVII	64,76,968	Final/Revised copies of notes not received. Not yet discussed by PAC.
1995-96	6 Grants	Revenue - XIV	1,31,86,314	Final/Revised copies of notes not received. Not yet discussed by PAC. Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		- XXVI,	21,12,10,533	
		- XLII	57,027	
1996-97	1 Grant 1 Appropriation	Revenue - XLI	2,14,394	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		- XX	34,83,165	
		Capital - XLI	10,54,781	
1996-97	1 Grant 1 Appropriation	Capital - XIV	94,116	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		Capital - XXV	32,791	Final/Revised copies of notes not received. Not yet discussed by PAC.
1997-98	2 Grants	Capital - XVIII	23,51,990	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		- XXV	3,92,65,631	Final/Revised copies of notes not received. Not yet discussed by PAC.
1998-99	1 Grant	Revenue - XXV	7,87,64,570	Final/Revised copies of notes not received. Not yet discussed by PAC.
2000-01	1 Grant	Revenue - XXV	14,65,60,697	Final/Revised copies of notes not received. Not yet discussed by PAC.
2001-02	2 Grants	Revenue - XI Capital - XVIII	19,35,59,472 9,72,09,059	Final/Revised copies of notes not received. Not yet discussed by PAC.
2002-03	3 Grants	Revenue - I	59,86,857	Final/Revised copies of notes not received. Not yet discussed by PAC.
		Capital - XVIII	18,22,48,978	
	1 Appropriation	Revenue - III	6,22,58,589	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
2003-04	7 Grants	Revenue - I	1,21,89,740	Final/Revised copies of notes not received. Not yet discussed by PAC.
		- III	4,70,33,333	Discussed by PAC
		- V	2,94,25,435	Final/Revised copies of notes not received. Not yet discussed by PAC.
		- XVII	1,21,86,09,617	Final/Revised copies of notes not received. Not yet discussed by PAC.
	3 Appropriations	Revenue - XI - XLIII	4,11,22,987 2,64,00,000	Initial Notes not received. Not yet discussed by PAC.
		Capital - XII	12,030	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		Revenue - II	55,71,880	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
		Debt charges Public Debt Repayment	2,29,70,62,290 9,25,00,45,175	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess (In Rupees)	Stage of consideration by Public Accounts Committee (PAC)
2004-05	2 Grants	Revenue - XIX	14,82,58,936	Final/Revised copies of notes not received. Not yet discussed by PAC.
		Capital - XV	1,02,31,142	Initial Notes not received. Not yet discussed by PAC.
	2 Appropriations	Capital - XXIX	24,695	Initial Notes not received. Not yet discussed by PAC
		Public Debt Repayment	58,24,05,63,898	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
2005-06	1 Grant	Revenue - XIX	21,27,48,025	Final/Revised copies of notes not received. Not yet discussed by PAC.
2006-07	2 Grants	Revenue - XIX, - XLII	5,88,05,425 1,27,72,873	Final/revised copies of notes not received Initial Notes not received. Not yet discussed by PAC
	1 Appropriation	Revenue - I	25,755	Final/Revised copies of notes not received. Not yet discussed by PAC.
2007-08	1 Grant	Revenue - XVI	1,54,78,10,307	Final/revised copies of notes not received
	3 Appropriations	Revenue - XXIX	2,849	Initial Notes not received. Not yet discussed by PAC
		Capital - XVIII, - XXIX	1,932 8,337	
Total			74,21,30,44,937	

Appendix 2.3

Cases where Supplementary Provision (Rs 50 lakh or more in each case)
proved unnecessary

(Reference: Paragraph 2.3.6, Page 36)

(Rupees in crore)

Sl. No.	Number and name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
Revenue (Voted)					
1.	II Heads of States, Ministers and Head quarters staff	223.34	199.17	24.17	12.36
2.	VI Land revenue	184.62	174.48	10.14	5.06
3.	VIII Excise	77.75	72.85	4.90	3.48
4.	XIII Jails	41.76	41.41	0.35	12.98
5.	XIV Stationery and Printing and other Administrative Services	158.58	150.69	7.89	6.34
6.	XVII Education, Sports, Art and Culture	5618.82	5469.31	149.51	124.10
7.	XX Water Supply and Sanitation	529.41	274.78	254.63	16.03
8.	XXXIII Fisheries	117.57	87.12	30.45	24.49
9.	XXXVI Community Development	246.05	211.52	34.53	21.91
10.	XXXVII Industries	245.23	219.39	25.84	50.18
11.	XLI Transport	29.76	26.90	2.86	1.80
Revenue (Charged)					
12.	Debt charges	5392.95	5004.49	388.46	126.85
Capital (Voted)					
13.	XV Public Works	653.45	641.64	11.81	69.63
14.	XVII Education, Sports, Art and Culture	34.57	33.32	1.25	28.81
15.	XXV Social Welfare including Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	58.55	33.66	24.89	2.02
16.	XXIX Agriculture	61.52	30.55	30.97	19.66
17.	XXXI Animal Husbandry	6.20	3.62	2.58	1.14
18.	XXXIV Forest	16.00	13.52	2.48	1.00
19.	XL Ports	51.20	44.93	6.27	3.05
20.	XLII Tourism	25.26	17.57	7.69	6.47
Total		13772.59	12750.92	1021.67	537.36

Appendix 2.4

Cases of excessive Supplementary Grants/Appropriations

(Reference: Paragraph 2.3.6, Page 36)

(Rupees in crore)

Sl. No.	Number and name of grant	Original Grant	Supplementary Grant/ Surrender (-)	Total	Expenditure	Savings
Revenue(Voted)						
1.	XI District Administration	241.52	117.34/(-) 8.10	350.76	250.05	100.71
2.	XVI Pension and Miscellaneous	5000.59	265.32	5265.91	5169.92	95.99
3.	XXI Housing	23.90	25.78/(-) 1.17	48.51	43.82	4.69
4.	XXV Social Welfare including Welfare of Scheduled Castes, Scheduled Tribes and Other Backward classes	1147.65	237.44/(-) 68.36	1316.73	1234.59	82.14
5.	XXIX Agriculture	728.38	168.72/(-) 98.78	798.32	793.27	5.05
6.	XXXV Panchayat	86.26	25.07/(-) 5.33	106	91.35	14.65
7.	XXXVIII Irrigation	173.34	44.04/(-) 9.50	207.88	199.76	8.12
Revenue (Charged)						
8.	II Heads of States, Ministers and Headquarters staff	48.65	1.69/(-) 0.10	50.24	48.93	1.31
9.	XVI Pension and Miscellaneous	10.02	8.00	18.02	14.76	3.26
Capital (Voted)						
10.	XVIII Medical and Public Health	34.60	25.40/(-) 12.97	47.03	44.54	2.49
11.	XXVIII Miscellaneous Economic Services	0.12	11.22	11.34	10.28	1.06
12.	XXXVII Industries	103.54	290.90/(-) 14.77	379.67	368.03	11.64
13.	XXXVIII Irrigation	179.52	130.82/(-)100.77	209.57	208.26	1.31
	Total	7778.09	1351.74/(-) 319.85	8809.98	8477.56	332.42

Appendix 2.5

Statement of various grants where Supplementary Provision proved insufficient by more than Rupees one crore each

(Reference: Paragraph 2.3.6, Page 36)

(Rupees in crore)

Sl. No.	Number and name of grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
Revenue (Voted)						
1.	VII Stamps and Registration	65.99	16.20	82.19	85.74	3.55
2.	XV Public Works	986.32	257.17	1243.49	1342.72	99.23
	Total	1052.31	273.37	1325.68	1428.46	102.78

Appendix 2.6
Excess/Unnecessary/Insufficient reappropriation of funds
(Reference: Paragraph 2.3.7; Page 36)

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
1.	II	Heads of States, Ministers and Head quarters staff	2052-00-090-99	(-) 34.44	327.04
2.			3451-00-101-53	1927.00	(-) 714.00
3.	V	Agricultural Income Tax and Sales Tax	2040-00-101-97	(-) 155.83	458.40
4.	VI	Land Revenue	2029-00-101-99	(-) 287.46	876.74
5.			2029-00-102-95	(-) 1272.12	453.86
6.	VIII	Excise	2039-00-001-98	(-) 66.94	(-) 543.11
7.	XI	District Administration	2053-00-800-94	(-) 0.32	(-) 10324.40
8.	XII	Police	2055-00-101-99	(-) 174.48	531.66
9.	XIV	Stationery and Printing and Other Administrative Services	2070-00-104-99	(-) 88.33	416.64
10.			XV	Public Works	3054-04-337-99	(-) 333.31	235.30
11.		3054-80-800-99	11240.34		(-) 1671.07
12.		3054-80-800-97	322.88		5586.42
13.		5054-03-337-98	5498.67		(-) 565.08
14.		5054-04-800-98	23763.18		(-) 949.36
15.		5054-80-001-99	2638.36		(-) 3087.94
16.		5054-80-052-99	425.96		(-) 216.15
17.		5054-80-800-75	(-) 6564.44		(-) 200.00
18.	XVI	Pensions and Miscellaneous	2075-00-103-98		159.86	1344.24
19.	XVII	Education, Sports, Art and Culture	2202-01-101-99	(-) 101.21	1044.61
20.			2202-01-101-98	(-) 20.86	(-) 5008.57
21.			2202-01-102-99	(-) 59.35	10208.50
22.			2202-01-196-50	235.73	(-) 462.64
23.			2202-01-198-50	(-) 3852.02	(-) 350.91
24.			2202-01-800-98	1404.49	(-) 211.34
25.			2202-02-109-99	(-) 78.83	(-) 6181.76
26.			2202-02-109-93	(-) 1.85	(-) 348.91
27.			2202-02-109-86	1.78	(-) 8614.79
28.			2202-02-109-82	(-) 409.63	508.46
29.			2202-02-110-99	(-) 74.89	(-) 3601.76
30.			2202-02-110-94	6.55	2982.55
31.			2202-02-800-87	(-) 7.66	(-) 1392.28
32.			2202-03-103-99	(-) 2970.85	2590.76
33.			2202-03-104-99	(-) 15472.64	12626.83
34.			2203-00-105-99	(-) 716.77	915.59
35.			2203-00-112-82	(-) 366.12	458.22
36.			2203-00-112-81	(-) 331.10	221.54

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
37.	XVIII	Medical and Public Health	2210-01-110-99	757.06	201.40
38.			2210-01-110-98	(-) 30.60	638.25
39.			2210-01-110-96	255.55	(-) 832.80
40.			2210-02-102-99	(-) 62.81	(-) 370.12
41.			2210-03-103-99	123.92	3248.14
42.			2210-03-110-99	229.63	384.10
43.			2210-05-105-98	47.28	(-) 1480.55
44.			2210-05-105-95	50.43	437.57
45.			2210-05-105-94	50.26	(-) 203.79
46.			2210-05-105-75	1.10	(-) 249.40
47.			2210-06-003-97	(-) 28.82	1067.64
48.			2210-06-101-98	(-) 19.95	237.06
49.			2210-06-101-91	(-) 15.95	(-) 1231.61
50.			2210-06-101-79	(-) 0.60	(-) 258.02
51.	XIX	Family Welfare	2211-00-101-99	(-) 2.23	(-) 567.06
52.	XX	Water Supply and Sanitation	2215-01-800-83	(-) 2964.97	1106.13
53.	XXII	Urban Development	2217-05-800-89	(-) 14227.65	2653.23
54.	XXIV	Labour and Labour Welfare	2230-03-101-99	(-) 124.34	210.86
55.	XXV	Social Welfare including welfare of SC/ST	2225-01-197-50	(-) 153.59	(-) 248.79
56.			2225-02-197-50	(-) 34.08	222.63
57.			2235-02-101-99	(-) 0.19	(-) 261.87
58.			2235-02-102-98	917.23	1503.21
59.			2235-60-198-50	(-) 355.55	(-) 1146.99
60.			2235-60-200-76	(-) 129.01	(-) 7084.72
61.	XXIX	Agriculture	2401-00-001-96	386.66	489.47
62.			2702-01-001-99	(-) 143.00	(-) 762.54
63.	XXXI	Animal Husbandry	2403-00-101-98	(-) 154.97	707.22
64.			2403-00-101-97	(-) 0.10	234.27
65.			2403-00-102-99	(-) 29.84	(-) 228.20
66.			2403-00-103-99	3.35	(-) 204.51
67.	XXXV	Panchayat	2515-00-800-81	(-) 52.60	(-) 1436.80
68.	XXXVIII	Irrigation	2701-80-001-97	(-) 371.79	(-) 403.97
69.			4711-01-001-99	(-) 1.24	471.09
70.			4711-02-001-99	(-) 380.38	600.00
71.		Debt charges	2049-03-104-99	2672.53	(-) 1453.89
72.			2049-04-101-99	108.26	(-) 2442.19

Appendix 2.7
Results of review of substantial surrenders made during the year
(Reference: Paragraph 2.3.9; Page 37)

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount surrendered (Rupees in lakh)	Percentage of surrender	Remarks
1.	II Heads of states, Ministers and Headquarters Staff	Strengthening of the Activities of District Planning Committee (ACA) (3451-00-101-54)	600	100	Due to non-sanctioning of the funds in time on account of variation in the plan write up with the nomenclature of the scheme
2.	V Agricultural Income Tax and Sales Tax	Traders' Welfare Fund (2040-00-800-98)	100	100	No reason available
3.	XIV Stationery and Printing and Other Administrative Services	Malayalam Mission (2070-00-119-96)	100	100	No reason available
4.	XVII Education, Sports, Art and Culture	Development of schools under NABARD Assistance Scheme (RIDF) (2202-02-800-74)	800	100	Due to non-implementation of the scheme
5.		Institute of Aesthetics (2205-00-800-56)	100	100	One time additional central assistance. Resumption of the entire provision was due to non-implementation of the scheme
6.		Scheme for small Hydro Generation (RIDF assisted) (2810-60-800-91)	500	100	Due to non-implementation of the scheme
7.		Bio-Technology Development (3425-60-200-70)	100	100	Reasons not available
8.	XVIII Medical and Public Health	Grant-in-aid to the Oushadhi (2210-04-101-89)	200	100	Due to providing assistance to the Corporation as share capital contribution
9.		Construction and Renovation of Medical and Paramedical College Hostels for undergraduate and postgraduate students (4210-03-105-72)	300	100	Reason not available
10.	XX Water Supply and Sanitation	PVC pipe factory at Chavara (2215-01-800-69)	100	100	Non-commencement of the project due to technical reasons
11.	XXV Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	Educational expenses of SC/ST students studying in Self Financing colleges (2225-80-800-97)	300	100	Reason not available
12.		Nutritional programme for adolescent girls (2235-02-102-71)	584	100	Reason not available
13.		Renewal of assets in social welfare department – Expenditure met out of Asset Renewal Fund (2235-02-800-86)	500	100	Reason not available
14.	XXVII Co-operation	Assistance for schemes under Macro management (2425-00-107-76)	120	100	Due to non-implementation of the scheme
15.		Investments in schemes under Macro Management (4425-00-107-87)	120	100	Reason not available

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount surrender (Rupees in lakh)	Percentage of surrender	Remarks
16.	XXIX Agriculture	Rural Infrastructure Development Fund (2705-00-101-76)	200	100	Reason not available. During 2007-08 also entire provision remained unutilised
17.		Restoration of Water Bodies (2705-00-101-78)	100	100	Reason not available
18.		Rural Infrastructure Development Fund (4401-00-104-96)	500	100	Reason not available
19.		Drainage and Flood protection project by KLDC (4402-00-800-83)	185	100	Reason not available
20.	XXXI Animal Husbandry	Implementation of new projects (4403-00-800-97)	200	100	Reason not available
21.	XXXIII Fisheries	Integrated Coastal Area Development Project (2405-00-800-33)	500	100	Due to non-presentation of the bill in the treasury in time
22.	XXXVII Industries	Strengthening of Handloom Organisations (4851-00-195-64)	554	100	Reason not available
23.	XXXVIII Irrigation	NABARD Assisted Banasura Sagar Project (4700-28-800-87)	700	100	Due to non-approval of the scheme by NABARD
24.		NABARD assistance for Chamravattom (4701-18-800-87)	2100	100	Due to non-approval of the scheme by NABARD
25.	XLI Transport	Establishment of vehicle testing station (5055-00-800-87)	125	100	Reason not available
26.		Development of feeder canals connecting the national waterway III (RIDF) (5075-60-800-86)	400	100	Due to non approval of the scheme by NABARD

Appendix 2.8

Surrender (Rs 50 lakh or more in each case) in excess of actual savings

(Reference: Paragraph 2.3.10; Page 37)

(Rupees in crore)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue (Voted)					
1.	III Administration of justice	176.46	0.95	1.94	0.99
2.	IV Elections	22.01	0.69	1.38	0.69
3.	V Agricultural Income Tax and Sales Tax	114.12	2.40	6.57	4.17
4.	VI Land Revenue	189.68	15.20	24.98	9.78
5.	XIII Jails	54.74	13.33	13.42	0.09
6.	XIV Stationery and Printing and Other Administrative Services	164.92	14.24	18.88	4.64
7.	XX Water Supply and Sanitation	545.44	270.66	315.39	44.73
8.	XXII Urban Development	701.33	148.16	171.65	23.49
9.	XXIII Information and Publicity	24.53	0.40	1.01	0.61
10.	XXIV Labour and Labour Welfare	233.85	30.70	32.91	2.21
11.	XXVII Co-operation	142.00	11.95	14.33	2.38
12.	XXVIII Miscellaneous Economic Services	50.98	1.82	4.01	2.19
13.	XXXI Animal Husbandry	190.90	2.39	11.22	8.83
14.	XXXII Dairy	47.28	4.19	7.18	2.99
15.	XLI Transport	31.56	4.66	5.97	1.31
16.	XLII Tourism	124.40	13.13	13.93	0.80
Capital (Voted)					
17.	XXI Housing	413.01	21.81	21.89	0.08
18.	XXVII Co-operation	98.14	13.45	13.64	0.19
19.	XXX Food	34.48	8.06	8.59	0.53
20.	XXXIV Forest	17.00	3.48	3.80	0.32
Total		3376.83	581.67	692.69	111.02

Appendix 2.9

Statement of grants/appropriations in which savings occurred but no part of which had been surrendered

(Reference: Paragraph 2.3.11, Page 37)

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Saving
	Revenue (Voted)	
1.	XVI -Pensions and Miscellaneous	95.99
2.	XXXIX – Power	12.19
	Capital (Voted)	
3.	XXVIII- Miscellaneous Economic Services	1.06
4.	XXXIX – Power	63.79
	Revenue (Charged)	
5.	XVI - Pensions and Miscellaneous	3.26
	Total	176.29

Appendix 2.10

Details of saving of Rupees one crore and above not surrendered

(Reference: Paragraph 2.3.11, Page 37)

(Rupees in crore)

Sl. No.	Number and name of grants/ appropriation	Saving (Rs 1 crore and above)	Surrender	Saving which remained to be surrendered
Revenue (Voted)				
1.	II Heads of States, Ministers and Headquarters Staff	36.53	30.93	5.60
2.	VIII Excise	8.37	1.85	6.52
3.	XI District Administration and Miscellaneous	108.81	8.10	100.71
4.	XVIII Medical and Public Health	32.38	31.76	0.62
5.	XIX Family Welfare	10.99	1.43	9.56
6.	XXI Housing	5.86	1.17	4.69
7.	XXV Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	150.50	68.36	82.14
8.	XXVI Relief on Account of Natural Calamities	11.06	10.75	0.31
9.	XXIX Agriculture	103.84	98.78	5.06
10.	XXXIII Fisheries	54.94	41.40	13.54
11.	XXXV Panchayat	19.98	5.33	14.65
12.	XXXVI Community Development	56.44	33.91	22.53
13.	XXXVII Industries	76.03	72.30	3.73
14.	XXXVIII Irrigation	17.63	9.50	8.13
Revenue (Charged)				
15.	II Heads of States, Ministers and Headquarters Staff	1.41	0.10	1.31
16.	Debt charges	515.31	4.91	510.40
Capital (Voted)				
17.	XV Public Works	81.44	18.21	63.23
18.	XVII Education, Sports, Art and Culture	30.05	9.94	20.11
19.	XVIII Medical and Public Health	15.46	12.97	2.49
20.	XXV Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	26.91	24.64	2.27
21.	XXIX Agriculture	50.63	42.05	8.58
22.	XXXI Animal Husbandry	3.72	3.63	0.09
23.	XXXVII Industries	26.41	14.77	11.64
24.	XXXVIII Irrigation	102.08	100.77	1.31
25.	XL Ports	9.32	9.20	0.12
26.	XLI Transport	87.74	86.76	0.98
27.	XLII Tourism	14.16	14.12	0.04
28.	XLV Miscellaneous Loans and Advances	3.29	3.00	0.29
Capital (Charged)				
29.	Public Debt Repayment	4920.56	4919.52	1.04
Total		6581.85	5680.16	901.69

Appendix 2.11
Cases of surrender of funds in excess of Rs 10 crore and above on 30 and
31 March 2009
(Reference: Paragraph 2.3.11, Page 37)

(Rupees in crore)

Sl. No.	Grant No.	Major head	Amount of surrender	Percentage of total provision
1.	II	3451 Secretariat Economic Services	28.19	21
2.	VI	2029 Land Revenue	21.36	12
3.	XIII	2056 Jails	13.42	25
4.	XIV	2070 Other Administrative Services	14.05	15
5.	XV	5054 Capital outlay on Roads and Bridges	15.24	2
6.	XVII	2202 General Education	240.67	5
7.	XVII	2203 Technical Education	22.64	9
8.	XVII	2810 Non-conventional sources of energy	14.41	61
9.	XVII	3425 Other Scientific Research	17.62	28
10.	XVIII	2210 Medical and Public Health	39.85	3
11.	XVIII	4210 Capital outlay on Medical and Public Health	12.97	22
12.	XX	2215 Water Supply and Sanitation	315.39	58
13.	XXI	4216 Capital outlay on Housing	21.89	14
14.	XXII	2217 Urban Development	171.65	24
15.	XXIV	2230 Labour and Employment	32.81	14
16.	XXV	2225 Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	37.51	7
17.	XXV	4225 Capital outlay on Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	22.08	40
18.	XXV	2235 Social Security and Welfare	30.80	4
19.	XXVI	2245 Relief on account of Natural Calamities	10.75	5
20.	XXVII	2425 Co-operation	14.33	10
21.	XXIX	2551 Hill Areas	12.13	46
22.	XXIX	2401 Crop Husbandry	52.36	10
23.	XXIX	2702 Minor Irrigation	19.31	52
24.	XXIX	4702 Capital outlay on Minor Irrigation	26.40	61
25.	XXXI	2403 Animal Husbandry	11.22	6
26.	XXXIII	2405 Fisheries	41.40	29
27.	XXXVI	2505 Rural Employment	26.90	53
28.	XXXVII	2851 Village and Small Industries	24.17	13
29.	XXXVIII	4700 Capital outlay on Major Irrigation	19.84	19
30.	XXXVIII	4701 Capital outlay on Medium Irrigation	57.27	57
31.	XXXVIII	4711 Capital outlay on Flood Control Projects	23.66	17
32.	XLI	5075 Capital outlay on Other Transport Services	83.65	85
33.	XLII	3452 Tourism	13.93	11
Total			1509.87	

Appendix 2.12
Rush of Expenditure towards the end of the year
(Reference: Paragraph 2.3.12, Page 38)

(Rupees in crore)

Sl. No.	Number and name of grant	Head of account	Expenditure incurred during January-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						January-March 2009	March 2009
1.	II – Heads of States, Ministers and Headquarters Staff	3451 – Secretariat – Economic Services 101 – Planning Commission / Planning Board 62 – National E-Governance Action Plan	15.29	15.29	20.00	76	76
2.	XV – Public Works	5054 – Capital Outlay on Roads and Bridges 80 – General 800 – Other Expenditure 75 – Rehabilitation and Reconstruction of roads under Tsunami rehabilitation programme	10.98	8.28	10.98	100	75
3.	XVII – Education, Sports, Art and Culture	2202 – General Education 02 – Secondary Education 800 – Other Expenditure 63 – Assistance to the recognised institutions providing care to mentally challenged children	10.00	10.00	10.00	100	100
4.		2202 – General Education 02 – Secondary Education 800 – Other Expenditure 73 – Information and Communication Technology in Schools	20.00	20.00	33.54	60	60
5.		2203 – Technical Education 800 – Other Expenditure 77 – Cost of acquisition of land transferred to Indian Institute of Space Science and Technology	14.31	14.31	14.31	100	100
6.	XVIII – Medical and Public Health	2210 – Medical and Public Health 03 – Rural Health Services – Allopathy 800 – Other Expenditure 91 – Flagship Programme (One Time ACA)	13.25	13.25	20.00	66	66
7.	XX – Water Supply and Sanitation	2215 – Water Supply and Sanitation 01 – Water Supply 800 – Other Expenditure 73 – Tsunami Rehabilitation Programme (ACA)	31.30	24.30	33.80	93	72
8.		4215 – Capital Outlay on Water Supply and Sanitation 01 – Water Supply 800 – Other Expenditure 99 – NABARD – assisted rural water supply scheme (RIDF)	22.68	22.68	30.00	76	76
9.	XXII – Urban Development	2217 – Urban Development 03 – Integrated Development of Small and Medium Towns 191 – Assistance to Municipal Corporations 75 – Urban Infrastructure Development Scheme for Small and Medium Towns (90 per cent Centrally Sponsored Scheme)	157.16	157.16	157.16	100	100

Sl. No.	Number and name of grant	Head of account	Expenditure incurred during January-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						January-March 2009	March 2009
10.	XXII- Urban Development	4217 - Capital Outlay on Urban Development 60 - Other Urban Development Schemes 050 - Land 99 - Acquisition of land for Kozhikode City Improvement Plan	20.00	20.00	20.00	100	100
11.		2217 - Urban Development 05 - Other Development Schemes 800 - Other Expenditure 89 - Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	191.95	191.95	191.95	100	100
12.	XXVII - Co-operation	2425 - Co-operation 107 - Assistance to Credit Co-operatives 75 - Compensation to Co-operative Societies on Interest loss for Agricultural loans during the moratorium period as per the Kerala Agricultural Debtors (Temporary Relief) Act, 2001	20.00	20.00	20.00	100	100
13.		2425 - Co-operation 800 - Other Expenditure 97 - Net Profits of Sahakarana Navaratnam Bumper Lottery transferred to Co-operation Department	15.28	15.28	15.28	100	100
14.	XXVIII - Miscellaneous Economic Services	5465 - Investments in General, Financial & Trading Institutions 01 - Investments in General Financial Institutions 190 - Investments in Public Sector and other Undertakings, Banks, etc. 97 - Kerala State Financial Enterprises Ltd. investment	10.00	10.00	10.00	100	100
15.	XXIX - Agriculture	2401 - Crop Husbandry 119 - Horticulture and Vegetable Crops 86 - State Horticulture Mission	13.27	11.27	13.27	100	85
16.	XXXIII - Fisheries	2405 - Fisheries 800 - Other Expenditure 24 - Debt Relief Programme for Fishermen outside Tsunami Area	10.00	10.00	10.00	100	100
17.		6405 - Loans for Fisheries 195 - Loans to Fishermen's Co-operatives 99 - Loans to MATSYAFED for integrated pilot project for fisheries development (NCDC assisted)	13.61	13.61	13.61	100	100
18.	XXXV - Panchayat	2515 - Other Rural Development Programmes 800 - Other Expenditure 48 - Kudumbasree	30.00	30.00	30.00	100	100

Sl. No.	Number and name of grant	Head of account	Expenditure incurred during January-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						January-March 2009	March 2009
19.	XXXVII – Industries	2851 – Village and Small Industries 103 – Handloom Industries 95 – Rebate on sale of Handloom cloth	7.60	7.60	11.29	67	67
20.		2852 – Industries 06 – Engineering Industries 800 – Other Expenditure 99 – Outstanding balance in the investment Head of the erstwhile Kerala Hitech Industries – Write Off	20.56	20.56	20.56	100	100
21.		4885 – Other Capital Outlay on Industries and Minerals 01 – Investments in Industrial Financial Institutions 190 – Investments in Public Sector and Other Undertakings 97 – KFC Special Capital Investments	130.00	130.00	150.00	87	87
22.	XLI – Transport	3055 – Road Transport 800 – Other Expenditure 95 – Transfers to Kerala Road Safety Fund (<i>Charged</i>)	19.31	19.31	24.31	79	79
23.		5053 – Capital Outlay on Civil Aviation 02 – Airports 190 – Investments in Public Sector and Other Undertakings 98 – Thiruvananthapuram Airport Development Society – Share Capital Contribution	45.00	25.00	45.00	100	56
24.	XLII – Tourism	3452 – Tourism 80 – General 800 – Other Expenditure 51 – Tsunami Rehabilitation Programme - ACA	20.00	15.50	27.50	73	56
25.	Public Debt Repayment	6003 – Internal Debt of the State Government 106 – Compensation and other bonds 95 – Power Bonds	57.91	115.82	115.82	50	100

Appendix 2.13

Status of Detailed Contingent bills against Abstract Contingent (AC)
bills upto 2008-09

(Reference: Paragraph 2.4.1, Page 40)

(In Rupees)

Sl. No.	Department	Number of AC bills	Amount
1.	2056 – Jails	25	13,30,000
2.	2225 – Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	15	8,62,000
3.	2235 – Social Security and Welfare	7	11,09,400
4.	2401 – Crop Husbandry	12	32,50,050
	Total	59	65,51,450

Appendix 2.14

Details of cases where Savings/Excess occurred

(Reference: Paragraph 2.6.1, Page 41)

(a) Cases of substantial saving

(Rupees in crore)

Sl. No.	Head of account	Final grant	Expenditure	Saving	Percentage of saving
Grant No. XXV - Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes					
1.	2225-01-198-50	0.19	0.08	0.11	58
2.	2235-02-101-99	5.63	3.01	2.62	47
3.	2235-02-902-00	5.00	0.00	5.00	100
4.	2235-60-107-99	66.06	54.74	11.31	17
5.	2235-60-200-76	95.91	25.06	70.85	74
6.	3456-00-797-99	0.30	0.15	0.15	50
7.	4225-01-277-92	0.29	0.01	0.28	97
Grant No XXIX - Agriculture					
8.	2401-00-104-98	6.17	5.09	1.08	18
9.	2702-01-001-99	38.15	30.53	7.62	20
10.	2702-02-005-96	1.20	0.18	1.02	85
11.	2705-00-101-79	2.60	1.06	1.54	59
12.	2705-00-101-80	1.49	0.39	1.10	74
13.	4402-00-800-82	7.35	0.00	7.35	100
14.	4702-00-101-92	0.75	0.37	.38	51
Total		231.09	120.67	110.41	

(b) Cases of excess expenditure

(Rupees in crore)

Sl. No.	Head of account	Final grant	Expenditure	Excess	Percentage of excess
Grant No. XXV - Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes					
1.	2225-02-197-50(V/P)	5.18	7.40	2.22	43
2.	2235-02-001-99(V/NP)	0.76	1.00	0.24	32
3.	2235-02-101-98(V/NP)	0.96	1.18	0.22	23
4.	2235-02-102-67(V/P)	1.50	1.75	0.25	17
5.	2235-60-110-98(V/NP)	3.29	3.93	0.64	19
6.	2235-60-110-99(V/NP)	2.11	2.48	0.37	18
7.	3456-00-001-99(V/NP)	2.69	2.99	0.30	11
Grant No XXIX - Agriculture					
8.	2401-00-103-93(V/NP)	0.77	0.88	0.11	14
9.	2401-00-109-98(V/NP)	0.80	0.90	0.10	13
10.	2401-00-113-90(V/NP)	0.66	0.78	0.12	18
11.	2401-00-119-99(V/NP)	1.5	1.85	0.35	23
TOTAL		20.22	25.14	4.92	

V/P - Voted Plan.
V/NP - Voted Non-Plan.

Appendix 2.15
Saving on Salary heads
(Reference: Paragraph 2.6.1, Page 41)

(Rupees in crore)

Sl. No.	Head of account	Final grant	Actual expenditure	Saving	Percentage of saving
Grant No.XXV - Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and other Backward Classes					
1.	2235-02-101-99-00-01	5.21	2.66	2.55	49
Grant No XXIX - Agriculture					
2.	2401-00-001-97-00-01	2.06	1.67	0.39	19
3.	2401-00-102-92-00-01	0.63	0.47	0.16	25
4.	2401-00-102-99-00-01	0.85	0.45	0.40	47
5.	2401-00-104-98-00-01	1.37	1.01	0.36	26
6.	2401-00-107-99-00-01	1.59	1.16	0.43	27
7.	2401-00-108-98-00-01	1.67	1.04	0.63	38
8.	2401-00-113-96-00-01	2.72	2.41	0.31	11
9.	2401-00-113-97-00-01	0.96	0.53	0.43	45
10.	2401-00-113-99-00-01	0.90	0.69	0.21	23
11.	2702-01-001-99-00-01	37.03	29.57	7.46	20
12.	2702-02-005-96-00-01	1.18	0.18	1.00	85

Appendix 2.16

**Non-utilisation of Budgetary Provision
(Reference: Paragraph 2.6.2, Page 42)**

(a) Cases where the entire provision has been re-appropriated to other heads

(Rupees in crore)

Sl No	Head of account	Original provision plus supplementary	Amount reappropriated
Grant No.XXV - Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes			
1.	2225-01-800-34(V/P)	0.25	0.25
2.	2225-01-800-98(V/P)	0.50	0.50
Grant No XXIX - Agriculture			
3.	2401-00-110-95(V/P)	1.00	1.00
4.	2702-01-800-89(V/P)	22.00	22.00
5.	2702-01-800-95(V/P)	2.05	2.05
6.	2702-01-800-97(V/P)	1.00	1.00
7.	4402-00-800-91(V/P)	1.00	1.00

(b) Cases where the entire provision remained unutilised

Sl No,	Head of account	Amount (Rupees in crore)
Grant No.XXV - Social Welfare including Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes		
1.	3456-00-001-90(V/NP)	0.30
2.	4225-01-277-93(V/P)	0.14
3.	4225-02-277-86(V/P)	0.60
Grant No XXIX - Agriculture		
4.	4402-00-800-82(V/P)	7.35

Note: V/P – Voted Plan.
V/NP – Voted Non-Plan.

Appendix 2.17
Non-mustering of pensioners
(Reference: Paragraph 2.7.4; Page 44)

Sl.No.	Name of Treasury	Number of cases
1.	Ettumanur	3
2.	Chavara	4
3.	Karunagappally	3
4.	Kunnamkulam	5
5.	Triprayar	7
6.	Annammanada	4
7.	Chalakudy	3
8.	Kodungallur	4
9.	Pudukkad	2
10.	Pension Payment Sub Treasury, Kozhikode	5
11.	Wandoor	4
12.	Makkaraparamba	2
13.	Areacode	5
14.	Kondotty	4
15.	Changaramkulam	2
16.	Alathur	4
17.	Chittur	5
18.	Kollengode	8
19.	Rural District Treasury, Cherpulassery	5
20.	Shoranur	4
21.	Koottanad	9
22.	Koothuparamba	4
23.	Panoor	4
24.	Thalassery	5
25.	Irritty	4
26.	Manathavady	1
27.	Dwaraka	5
28.	Karimannoor	3
	Total	118

Appendix 3.1
Statement showing names of Bodies and Authorities, the accounts of which had not
been received
(Reference: Paragraph 3.1; Page 45)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
Planning and Economic Affairs			
1.	Centre for Development Studies, Thiruvananthapuram	2005-06	133.00
		2006-07	138.51
		2007-08	136.47
Personnel and Administrative Reforms			
2.	Institute of Management in Government, Thiruvananthapuram	2005-06	302.51
		2006-07	100.00
		2007-08	285.85
Higher Education			
3.	Institute of Human Resources Development in Electronics, Thiruvananthapuram	2007-08	75.00
4.	Kerala State Audio Visual and Reprographic Centre, Thiruvananthapuram	2007-08	35.00
5.	Food Craft Institute, Kalamassery	2006-07	134.37
		2007-08	@
6.	Cochin University of Science and Technology, Kochi	2005-06	2191.00
		2006-07	2238.99
		2007-08	2085.89
7.	Calicut University, Calicut	2005-06	3640.00
		2006-07	4064.70
		2007-08	4370.00
8.	Sree Sankaracharya University of Sanskrit, Kalady, Ernakulam	2007-08	150.00
General Education			
9.	Kerala State Sports Council, Thiruvananthapuram	2005-06	1027.00
		2006-07	1047.99
		2007-08	1735.00
10.	Kerala State Literacy Mission, Thiruvananthapuram	2007-08	200.00
11.	State Council of Educational Research and Training, Trivandrum	2006-07	322.00
		2007-08	@
12.	Sarva Shiksha Abhiyan	2007-08	4690.97
13.	Rajiv Gandhi Academy for Aviation Technology, Thiruvananthapuram	2005-06	244.04
		2006-07	@
		2007-08	56.50
14.	State Institute of Educational Technology, Thiruvananthapuram	2007-08	75.00
15.	Kerala State Youth Welfare Board	2007-08	33.35
Cultural Affairs			
16.	State Institute of Children's Literature, Thiruvananthapuram	2005-06	67.79
		2006-07	65.24
		2007-08	93.76
17.	Kerala State Chalachitra Academy, Thiruvananthapuram	2007-08	342.06

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
18.	Guru Gopinath Natana Gramom Society, Thiruvananthapuram	2007-08	26.50
19.	Kerala Sahitya Academy	2006-07	146.62
		2007-08	74.78
Power			
20.	Agency for Non-conventional Energy and Rural Technology, Thiruvananthapuram	2005-06	568.00
		2006-07	1105.35
		2007-08	766.00
21.	Energy Management Centre, Thiruvananthapuram	2006-07	84.00
		2007-08	190.00
Health and Family Welfare			
22.	Kerala State Pollution Control Board, Thiruvananthapuram	2007-08	@
23.	Society for Medical Assistance to Poor, Thiruvananthapuram	2007-08	520.00
24.	Kerala Health Research and Welfare Society, Thiruvananthapuram	2005-06	@
		2006-07	@
		2007-08	@
25.	Kerala Heart Foundation, Thiruvananthapuram	2005-06	@
		2006-07	25.00
		2007-08	@
26.	Ayurvedic Medical College, Ollur	2005-06	231.00
		2006-07	@
		2007-08	310.67
27.	Child Development Centre, Thiruvananthapuram	2005-06	50.00
		2006-07	62.00
		2007-08	@
28.	Regional Cancer Centre, Thiruvananthapuram	2007-08	900.00
Social Welfare			
29.	National Institute of Speech and Hearing, Thiruvananthapuram	2007-08	70.00
30.	C H Mohammed Koya State Institute for the Mentally Handicapped, Thiruvananthapuram	2007-08	50.00
Local Self Government			
31.	Attappady Hill Area Development Society, Palakkad	2007-08	59.07
32.	State Poverty Eradication Mission, Thiruvananthapuram	2005-06	5000.00
		2006-07	6049.00
		2007-08	2502.24
Fisheries and Ports			
33.	Kerala Fishermen's Welfare Fund Board, Thrissur	2006-07	275.00
		2007-08	730.08
34.	Coastal Area Development Agency, Thiruvananthapuram	2006-07	50.00
		2007-08	888.00
35.	Kerala State Co-operative Federation for Fisheries Development Limited, Thiruvananthapuram (MATSYAFED)	2005-06	1100.00
		2006-07	110.56
		2007-08	@
Industries			
36.	Kerala Cashew Workers Relief and Welfare Fund Board, Kollam	2005-06	200.01
		2006-07	634.00
		2007-08	1222.77

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
37.	Kerala Coir Workers Welfare Fund Board, Alappuzha	2005-06	@
		2006-07	@
		2007-08	@
38.	Kerala State Sericulture Co-operative Federation Limited, Thiruvananthapuram	2006-07	250.00
		2007-08	@
39.	Kerala Handloom Workers Welfare Fund Board, Kannur	2005-06	58.00
		2006-07	164.42
		2007-08	126.96
40.	Public Sector Restructuring and Internal Audit Board, Thiruvananthapuram	2005-06	50.00
		2006-07	40.00
		2007-08	30.00
Revenue			
41.	Malabar Devaswom Management Fund, Kozhikode	2005-06	@
		2006-07	300.00
		2007-08	300.00
42.	Kerala Wakf Board, Kochi	2007-08	100.00
Tourism			
43.	Thenmala Eco-Tourism Promotion Society, Thiruvananthapuram	2006-07	@
		2007-08	@
Information and Technology			
44.	Kerala State Information Technology Mission, Thiruvananthapuram	2005-06	@
		2006-07	746.00
		2007-08	552.94
45.	Info Parks, Kochi	2006-07	2000.00
		2007-08	@
Housing			
46.	Kerala State Nirmithi Kendra, Thiruvananthapuram	2007-08	200.00
Co-operative			
47.	Co-operative Academy for Professional Education, Thiruvananthapuram	2005-06	@
		2006-07	100.00
		2007-08	110.00
Science and Technology			
48.	Kerala Forest Research Institute, Peechi	2005-06	@
		2006-07	@
		2007-08	@
49.	National Transportation Planning and Research Centre, Thiruvananthapuram	2005-06	@
		2006-07	@
		2007-08	@
Parliamentary Affairs			
50.	Institute of Parliamentary Affairs, Thiruvananthapuram	2007-08	@
Public Works			
51.	Kerala Road Fund Board, Thiruvananthapuram	2007-08	@
Agriculture			
52.	State Horticulture Mission, Thiruvananthapuram	2006-07	@
		2007-08	@

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
53.	Vegetable and Fruit Promotion Council of Kerala, Kochi	2005-06	@
		2006-07	@
		2007-08	50.01
Irrigation			
54.	Kerala Rural Water Supply and Sanitation Agency, Thiruvananthapuram	2005-06	6000.00
		2006-07	114.33
		2007-08	@
Environment			
55.	Kerala State Biodiversity Board, Thiruvananthapuram	2006-07	33.50
		2007-08	@
Labour and Rehabilitation			
56.	Kerala Agriculture Workers Welfare Fund Board, Thrissur	2007-08	300.00
Rural Development			
57.	State Institute of Rural Development, Kottarakkara, Kollam	2005-06	36.77
		2006-07	100.00
		2007-08	37.25
Scheduled Castes and Scheduled Tribes Development			
58.	Institute of Civil Services Examinations Training Society, Thiruvananthapuram	2005-06	32.50
		2006-07	30.00
		2007-08	@
Taxes			
59.	Centre for Taxation Studies, Thiruvananthapuram	2006-07	25.80
		2007-08	25.80
Information and Public Relations			
60.	Centre for Development of Imaging Technology, Thiruvananthapuram	2005-06	152.31
		2006-07	125.00
		2007-08	86.00
Total number of Annual Accounts:128			

@ Details not received from the institutions.

Appendix 3.2
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.2; Page 45)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report(SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
1.	Kerala Khadi and Village Industries Board, Thiruvananthapuram	Up to 2007-08	2004-05	2004-05	2002-03	05.09.2007	5.5.2008	2 years and 10 months
2.	Command Area Development Authority, Thrissur	2009-10	2007-08	2006-07	2005-06	11.3.2008	24.6.2009	One year
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Up to 2011-12	2007-08	2006-07	2002-03 and 2003-04	25.11.2008	22.5.2009	11 months
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	Up to 2011-12	2005-06	2005-06		Information not received	29.5.2008	One year and 11 months
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2006-07	2005-06	2004-05	11.3.2008	23.6.2009	2 years
6.	Kerala State Human Right Commission, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2008-09	2007-08	2006-07	01.07.2008	June 2009	Nil
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards Act enacted by Parliament	2007-08	2007-08	2007-08	01.07.2009	19.9.2008	3 months
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2007-08	2007-08	2006-07	07.07.2008	30.12.2008	6 months
9.	District Legal Services Authority, Kollam	1998-99 onwards Act enacted by Parliament	2006-07	2006-07	2006-07	17.2.2009	26.12.2007	6 months
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards Act enacted by Parliament	2008-09	2007-08	2006-07	23.7.2008	4.6.2009	Nil
11.	District Legal Services Authority, Alappuzha	1998-99 onwards Act enacted by Parliament	2008-09	2007-08	2005-06	26.2.2008	10.09.2009	2 months
12.	District Legal Services Authority, Kottayam	1998-99 onwards Act enacted by Parliament	2007-08	2007-08	2006-07	26.2.2008	01.07.2008	Nil
13.	District Legal Services Authority, Idukki	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2006-07	24.6.2008	27.07.2009	One month

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report(SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
14.	District Legal Services Authority, Ernakulam	1998-99 onwards enacted Parliament Act by	2007-08	2007-08	2007-08	25.11.2008	02.04.2009	9 months
15.	District Legal Services Authority, Thrissur	1998-99 onwards enacted Parliament Act by	2007-08	2007-08	2007-08	23.6.2009	11.9.2008	2 months
16.	District Legal Services Authority, Palakkad	1998-99 onwards enacted Parliament Act by	2008-09	2007-08	2006-07	24.6.2008	18.09.2009	3 months
17.	District Legal Services Authority, Malappuram	1998-99 onwards enacted Parliament Act by	2008-09	2007-08	2006-07	23.7.2008	22.05.2009	Nil
18.	District Legal Services Authority, Kozhikode	1998-99 onwards enacted Parliament Act by	2008-09	2007-08	2005-06	26.2.2008	20.08.2009	2 months
19.	District Legal Services Authority, Wayanad	1998-99 onwards enacted Parliament Act by	2007-08	2006-07	2006-07	24.6.2008	25.08.2009	One year and 2 months
20.	District Legal Services Authority, Kannur	1998-99 onwards enacted Parliament Act by	2006-07	2006-07	2006-07	23.06.2009	11.9.2008	One year and 2 months
21.	District Legal Services Authority, Kasargod	1998-99 onwards enacted Parliament Act by	2007-08	2007-08	2006-07	17.02.2009	19.12.2008	6 months
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards enacted Parliament Act by	2007-08	2007-08		Information not received	19.09.2008	3 months
23.	Kerala Water Authority	Up to 2013-14	2005-06	2004-05	2004-05	23.06.2009	16.02.2009	2 years and 5 months

Appendix 3.3
Statement of finalisation of Proforma accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
(Reference: Paragraph 3.3; Page 46)

Sl. No.	Name of the undertaking	Accounts finalised up to	Investment as per the last accounts finalised (Rupees in crore)	Reasons for delay in preparation of accounts
1.	State Water Transport Department	2005-06	127.41	Not received
2.	Kerala State Insurance Department	2006-07	0.14	Not received
3.	Text Book Office	2003-04*	21.26	Not received

* Government decided (9 December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 is pending with the Government.

Appendix 3.4
Department-wise/duration-wise break-up of cases of
misappropriation, defalcation, etc,
(Reference: Paragraph 3.4; Page 46)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and above	Total number of cases
1.	Agriculture	2 (9.02)	3 (3.14)	2 (1.76)	3 (88.21)	...	...	10 (102.13)
2.	Animal Husbandry	1 (0.04)	3 (3.66)	...	...	...	...	4 (3.70)
3.	Co-operation	...	...	1 (11.30)	...	...	...	1 (11.30)
4.	Archives	...	...	...	...	...	1 (0.2)	1 (0.20)
5.	Finance-National Savings	...	...	...	1 (0.45)	...	...	1 (0.45)
6.	Finance – Treasuries	5 (77.60)	3 (19.62)	5 (39.38)	1 (50.07)	2 (1.54)	2 (0.66)	18 (188.87)
7.	Fisheries and Ports	...	1 (2.38)	1 (1.32)	...	...	...	2 (3.7)
8.	Forest and Wildlife	1 (0.73)	7 (32.03)	...	2 (1.21)	...	...	10 (33.97)
9.	General Education	3 (11.92)	7 (0.75)	2 (2.17)	2 (0.16)	1 (1.10)	2 (3.65)	17 (19.75)
10.	Health and Family Welfare – Health Services	4 (9.39)	3 (151.16)	2 (4.98)	3 (2.37)	1 (0.55)	...	13 (168.45)
11.	Medical Education	...	2 (17.96)	...	...	...	...	2 (17.96)
12.	Indian System of Medicine	1 (0.08)	...	1 (1.84)	...	...	...	2 (1.92)
13.	Higher Education – Collegiate Education	2 (0.58)	5 (5.60)	2 (0.19)	...	...	...	9 (6.37)
14.	Technical Education	...	1 (7.44)	...	...	...	...	1 (7.44)
15.	Home Department – Police	...	...	...	2 (0.41)	...	...	2 (0.41)
16.	Industries	...	1 (0.16)	1 (0.31)	...	...	...	2 (0.47)
17.	Local Self Government	1 (0.82)	4 (6.46)	1 (1.85)	...	...	...	6 (9.13)
18.	Public Works Department – Buildings Wing	1 (4.37)	1 (2.50)	...	...	...	...	2 (6.87)
19.	Public Works Department – Roads and Bridges Wing	...	1 (3.31)	...	...	...	...	1 (3.31)
20.	Revenue – Land Revenue	...	...	...	1 (0.03)	...	...	1 (0.03)
21.	Revenue – Survey and Land Records	...	...	...	...	1 (5.60)	...	1 (5.60)
22.	Scheduled Castes and Scheduled Tribes Development	1 (1.05)	...	...	1 (0.48)	1 (0.17)	...	3 (1.70)
23.	Social Welfare	2 (9.21)	...	...	...	...	...	2 (9.21)
24.	Taxes – Lotteries	...	...	1 (3.43)	...	...	...	1 (3.43)
25.	Commercial Taxes	...	1 (3.58)	...	...	...	...	1 (3.58)
26.	Motor Vehicles	...	1 (10.20)	...	...	...	...	1 (10.20)
27.	Vigilance	1 (3.93)	...	...	...	...	...	1 (3.93)
28.	Water Resources	20 (140.17)	2 (10.30)	...	...	...	...	22 (150.47)
	Total	45 (268.91)	46 (280.25)	19 (68.53)	16 (143.39)	6 (8.96)	5 (4.51)	137 (774.55)

(Figures in brackets indicate rupees in lakh)

Appendix 3.5

**Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material
(Reference: Paragraph 3.4; Page 46)**

Name of Department	Theft		Misappropriation/ loss of Government material		Total	
	Number of cases	Amount (Rupees in lakh)	Number of cases	Amount (Rupees in lakh)	Number of cases	Amount (Rupees in lakh)
Agriculture			10	102.13	10	102.13
Animal Husbandry	3	0.05	1	3.65	4	3.70
Co-operation			1	11.30	1	11.30
Archives			1	0.2	1	0.2
Finance-National Savings			1	0.45	1	0.45
Finance – Treasuries			18	188.87	18	188.87
Fisheries and Ports			2	3.70	2	3.70
Forest and Wildlife			10	33.97	10	33.97
General Education	9	1.05	8	18.70	17	19.75
Health and Family Welfare – Health Services	2	2.16	11	166.29	13	168.45
Medical Education			2	17.96	2	17.96
Indian System of Medicine			2	1.92	2	1.92
Higher Education – Collegiate Education	2	0.22	7	6.15	9	6.37
Technical Education			1	7.44	1	7.44
Home Department – Police			2	0.41	2	0.41
Industries			2	0.47	2	0.47
Local Self Government			6	9.13	6	9.13
Public Works Department – Buildings Wing			2	6.87	2	6.87
Public Works Department – Roads and Bridges Wing			1	3.31	1	3.31
Revenue – Land Revenue			1	0.03	1	0.03
Revenue – Survey and Land Records			1	5.60	1	5.60
Scheduled Castes and Scheduled Tribes Development			3	1.70	3	1.70
Social Welfare	1	0.32	1	8.89	2	9.21
Taxes – Lotteries			1	3.43	1	3.43
Commercial Taxes	1	3.58			1	3.58
Motor Vehicles			1	10.20	1	10.20
Vigilance			1	3.93	1	3.93
Water Resources	5	4.6	17	145.87	22	150.47
Total	23	11.98	114	762.57	137	774.55