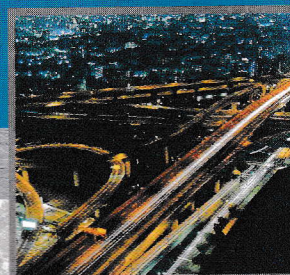
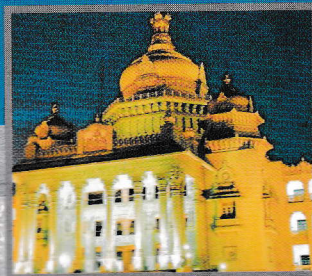
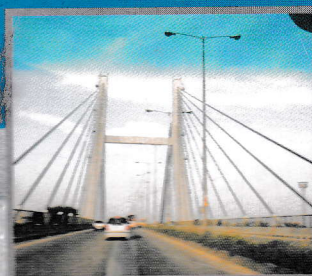


Report of the
**Comptroller and Auditor
General of India**

on
STATE FINANCES
For the year ended 31 March 2009



Government of Karnataka

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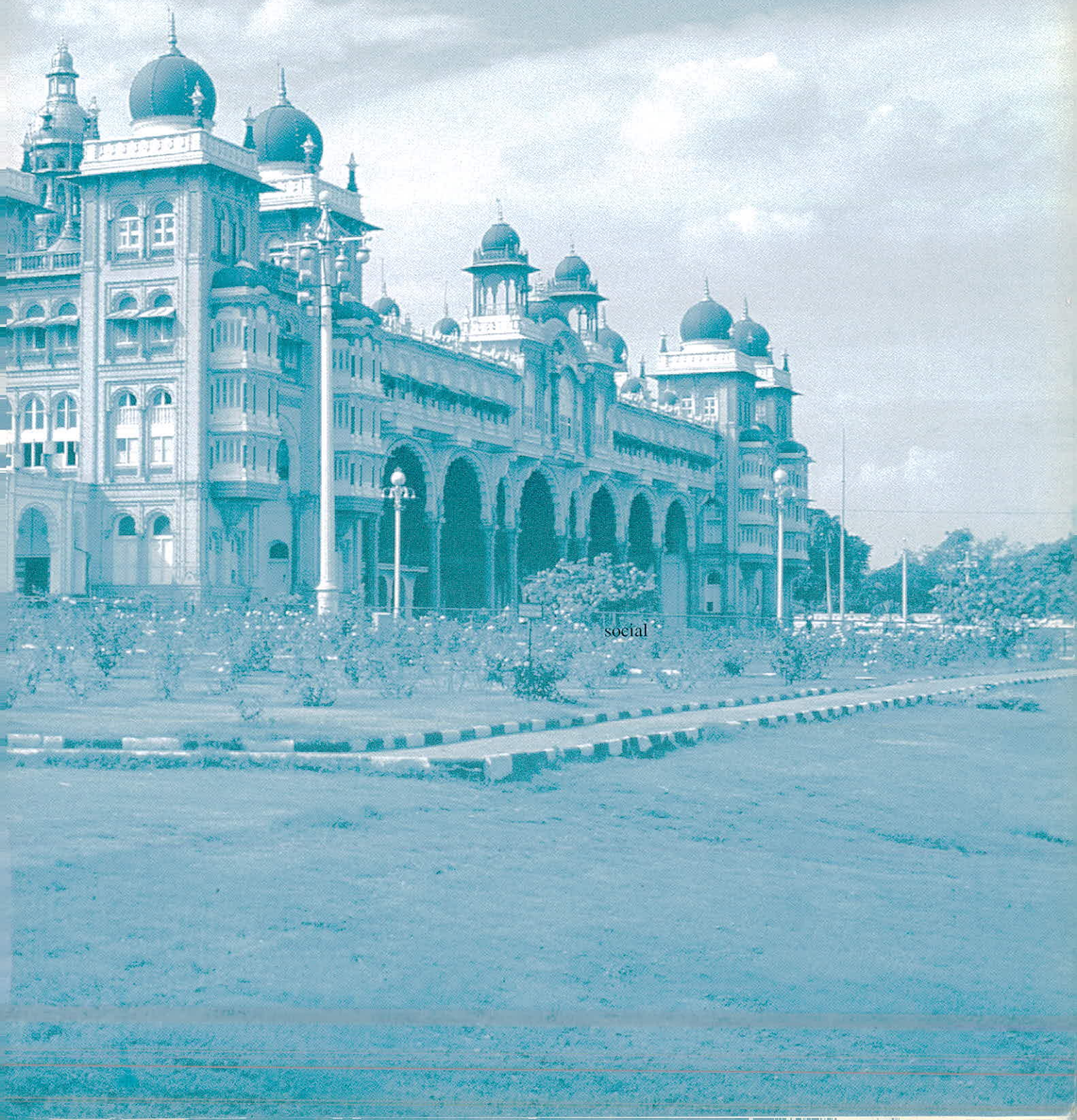




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Preface

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

Chapters 1 and 2 of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009. Information has also been obtained from the Government of Karnataka, wherever necessary.

Chapter 3 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.

The reports containing the findings of performance audit, results of audit of transactions in various departments, observations arising from audit of Government companies, Statutory corporations, boards and Panchayat raj institutions and points arising from audit of revenue receipts are presented separately.



EXECUTIVE SUMMARY

Background

In Karnataka, fiscal reforms and consolidation were brought to the forefront with the State Government formulating the first Medium Term Fiscal Plan (MTFP) for the period 2000-05 based on broad parameters of fiscal correction laid down by the Eleventh Finance Commission (EFC). MTFP became a rolling annual document and the fiscal targets and policies set out in MTFP were dovetailed to the annual budgetary exercises to operationalise the restructuring plan. Karnataka was the first State to enact (September 2002) Fiscal Responsibility Act (FRA) providing statutory backing to MTFP. The Act aims at ensuring fiscal stability and sustainability, enhance the scope for improving social and physical infrastructure and human development by achieving revenue surplus, reducing fiscal deficit, removing impediments to effective conduct of fiscal policy and prudent debt management through limits on borrowings, debt and deficits, greater transparency in fiscal operations by the use of medium-term fiscal framework.

By adhering to the policy changes in revenue generation strategies and expenditure control envisaged in MTFPs, the State achieved the fiscal targets laid down in the Act one year ahead, with the year 2004-05 ending in revenue surplus and fiscal deficit for the year at less than three *per cent* of GSDP. During the period 2005-09 also, the State continued to maintain the revenue surplus and kept the fiscal deficit relative to GSDP below the limit laid down under the Act. Outstanding guarantees given by the Government were within the limit prescribed under the Karnataka Ceiling to Government Guarantees Act. The ratio of fiscal liabilities to GSDP continued to decline from 2004-05 and was around 27 *per cent* in 2008-09. As a result of these achievements, the State received the full benefit of incentive grants of Rs 286 crore for the EFC award period. Under GOI's scheme of States' Debt Consolidation and Relief Facility (DCRF) recommended by the Twelfth Finance Commission (TFC), the State got the benefit of interest relief of Rs 1,051 crore for the period 2005-09 along with waiver of GOI loan of Rs 1,433 crore.

The civil audit report of the Comptroller and Auditor General (CAG) of India hitherto included two chapters on State finances. In the scenario of increased emphasis on public financial management particularly in the aftermath of FRA, a stand alone report on State Government finances is considered appropriate by the CAG. Accordingly, from the report year 2009 onwards, it is decided to bring out a separate volume titled 'Report on State Finances'.

The Report

Based on the audited accounts of the Government of Karnataka for the year ending March 2009, this report provides an analytical review of the annual accounts of the State Government. This report is structured in three chapters.

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

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

Chapter 3 is an inventory of Karnataka 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 these findings.

Audit findings and recommendations

Fiscal position

The fiscal position of the State viewed in terms of trends in deficit indicators revealed deterioration in 2007-08 and 2008-09 relative to 2006-07 as revenue surplus declined and fiscal and primary deficits increased.

The deterioration in fiscal performance during 2007-09 was on account of a relatively lower growth rate in the State's own resources due to global economic slow down and higher expenditure on salaries and pensions on account of implementation of State's fifth pay commission award.

State's own resources

The ratio of State's tax revenue to GSDP remained more or less constant during the period. However, the ratio of non-tax revenue to GSDP declined from three *per cent* in 2004-05 to one *per cent* in 2008-09 due to inadequate cost recoveries from non-merit public services. *A de novo review of user charges and a radical rationalisation of levies is necessary.*

Revenue expenditure

The revenue expenditure was around 80 *per cent* of the total expenditure in 2008-09. Non-plan revenue expenditure (NPRE) constituted 75 *per cent* of total revenue expenditure and it exceeded the normative projection of TFC for the State by Rs 7,555 crore (32 *per cent*) for the year. Salary expenditure, pension liabilities, interest payments and

subsidies together constituted around 71 per cent of NPRE. Expenditure on salaries and pensions witnessed substantial increase during 2007-09 due to implementation of the State's fifth pay commission award.

As the expenditure on salaries and pensions is expected to stabilize in the coming years as stated in the State's MTFP, the State Government should take action to restrict the other components of NPRE by phasing out implicit subsidies and resort to need based borrowings to cut down interest payments.

Adequate thrust to development expenditure

The share of expenditure on general services (considered non-developmental in nature) in total expenditure decreased from 33 per cent in 2004-05 to 24 per cent in 2008-09, while that of social services increased from 27 to 35 per cent. The share of economic services increased from 35 per cent in 2004-05 to 41 per cent in 2006-07 but showed declining trend thereafter and was 34 per cent in 2008-09.

The fiscal space created by adhering to fiscal targets laid down in FRA and MTFPs and debt consolidation enabled the Government in reprioritizing its expenditure in favour of social and economic services and other social security measures during the period 2006-09, thus creating an environment for better delivery of essential services.

The aggregate expenditure as a percentage of GSDP in Karnataka (19.49 per cent) was marginally lower than the all States average (19.86 per cent) in 2008-09. However, there was adequate priority for social sector expenditure compared to the National average. The per capita expenditure in all categories viz., development expenditure, social service expenditure and capital expenditure was higher than the National average, indicating effective fiscal capacity of the State.

Quality of capital expenditure

Repayment of off-budget borrowings (Rs 8,595 crore) during 2004-09 was treated as capital expenditure. The State Government in compliance with the commitment in MTFP gradually phased out off-budget borrowings resulting in their complete elimination in 2008-09.

Funds aggregating Rs 1,107 crore remained blocked in projects pending completion as at the end of 2008-09. *There is a need to review the existing guidelines to bring them in line with the current concerns so that there would be a gradual change-over from detailed procedural controls to controls based on systemic checks and balances.*

Review of Government investments

The State invested Rs 10,820 crore in Government companies / Statutory corporations which were under perennial loss during 2004-09. Return on investment during the period was negligible. *The State Government should ensure better value for money in investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial return. Adequate evaluation mechanisms need to be put in place to ensure that non-viable projects are filtered out.*

Cash management

Surplus cash balance, mainly due to market borrowings of Rs 7,417 crore raised during the last quarter of 2008-09 was invested in fourteen days treasury bills at an interest rate of five per cent per annum on an average as against interest paid at an average rate of seven per cent per annum on market borrowings resulting in net interest burden of Rs 41.85 crore up to the end of June 2009. *The State Government should resort to borrowings based on necessity and affordability rather than availability.*

Oversight of funds transferred directly from the Union to the State implementing agencies

The Central Government transferred a sizeable quantum of funds (Rs 2,437 crore during 2008-09) directly to the State implementing agencies for implementation of Central plan schemes. Funds flowing directly to the implementing agencies through off-budget routing inhibits FRA requirements of transparency and therefore, escape accountability. There is no single agency monitoring its use and there is no readily available data on the amounts spent in any particular year on major flagship and other important schemes. *A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).*

Financial management and budgetary control

There was an over-all unspent provision of Rs 13,660.83 crore off-set by an excess expenditure of Rs 65.85 crore over provision during 2008-09. The excess expenditure requires regularisation under Article 205 of the Constitution of India. Large unspent provisions were in areas viz., urban development, water resources, debt servicing, public works, finance, agriculture and horticulture, etc. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Besides, there was a rush of expenditure at the end of the year. In many cases, the anticipated unspent provisions were either not surrendered or surrendered on the last two days of the year leaving no scope for utilizing these funds for other development purposes. *Budgetary controls should be strictly followed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be minimised.*

Financial reporting

The State Government's compliance with various rules and regulations, procedures and directives was unsatisfactory as evident from huge pendency of utilization certificates for grants given to various institutions. The Government provided grants-in-aid to various bodies and institutions without ensuring that expenditure there from was incurred for the intended purposes. *To improve accountability and transparency further grants should not be provided to institutions which failed to submit utilization certificates within the stipulated time.* Delay was noticed in submission of *pro forma* accounts by departmentally managed commercial undertakings. There were instances of losses and misappropriations. *The departmental enquiries in such cases should be expedited to bring the guilty to book.* Internal controls should be strengthened to prevent such cases in future.

MAIN REPORT



Finances of the State Government

This chapter provides a broad perspective of the finances of the Government of Karnataka 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 analysis is based on the Finance Accounts and the information obtained from the State Government. The structure of Government accounts and the layout of Finance Accounts is shown in **Box -1.1**. **Appendix 1.1** gives methodology adopted for assessment of fiscal position.

1.1 Summary of 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.1.2 provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1: Summary of fiscal transactions

(Rupees in crore)

| Receipts | | | Disbursements | | | | |
|--|--------------------|--------------------|---------------------------------|--------------------|-----------|-----------|--------------------|
| | 2007-08 | 2008-09 | | 2007-08 | 2008-09 | | |
| Section-A: Revenue | | | | | Non Plan | Plan | Total |
| Revenue receipts | 41,151.14 | 43,290.67 | Revenue expenditure | 37,374.77 | 31,128.98 | 10,530.31 | 41,659.29 |
| Tax revenue | 25,986.76 | 27,645.66 | General services | 10,871.78 | 12,165.37 | 110.20 | 12,275.57 |
| Non-tax revenue | 3,357.66 | 3,158.99 | Social services | 13,123.68 | 9,947.55 | 5,925.44 | 15,872.99 |
| Share of union taxes/ duties | 6,779.23 | 7,153.77 | Economic services | 11,453.31 | 7,437.94 | 3,698.70 | 11,136.64 |
| Grants-in-aid from Government of India | 5,027.49 | 5,332.25 | Grants-in-aid and contributions | 1,926.00 | 1,578.12 | 795.97 | 2,374.09 |
| Section-B: Capital and others | | | | | | | |
| Misc. Capital receipts | 245.78 | 181.14 | Capital outlay | 8,648.94 | 735.02 | 9,135.27 | 9,870.29 |
| | | | General services | 339.02 | 52.63 | 422.74 | 475.37 |
| | | | Social services | 2,147.68 | 140.69 | 2,414.47 | 2,555.16 |
| | | | Economic services | 6,162.24 | 541.70 | 6,298.06 | 6,839.76 |
| Recoveries of loans and advances | 52.07 | 56.65 | Loans and advances disbursed | 756.74 | 507.76 | 223.58 | 731.34 |
| Public debt receipts* | 2,278.55 | 8,592.16 | Repayment of public debt* | 1,250.64 | 1,777.90 | 0 | 1,777.90 |
| Contingency Fund | 13.28 | --- | Contingency Fund | --- | 2.10 | --- | 2.10 |
| Public Account receipts | 56,159.75 | 60,603.55 | Public Account disbursements | 54,054.80 | 0 | 0 | 54,782.85 |
| Opening cash balance | 6,104.77 | 3,919.45 | Closing cash balance | 3,919.45 | | 0 | 7,819.85 |
| Total | 1,06,005.34 | 1,16,643.62 | Total | 1,06,005.34 | | | 1,16,643.62 |

*Excluding net transactions under ways and means advances and overdraft.

Source : Finance Accounts

Box 1.1

Structure of Government accounts

The accounts of the State Government are kept in three parts viz., Consolidated Fund, Contingency Fund and 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 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.

Layout of Finance Accounts

| Statement number | Layout |
|------------------|---|
| 1 | Summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in 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 including 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 and repayments made, recoveries in arrears etc. |
| 6 | Summary of guarantees given by the Government for repayment of loans etc. raised by 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 of expenditure between charged and voted categories. |
| 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 | Details of 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 Government of Karnataka. |
| 18 | Detailed account of loans and advances given by the Government of Karnataka, the amount of loan repaid during the year, the balance as on 31 March 2009. |
| 19 | Details of earmarked balances of reserve funds. |

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

- Revenue receipts grew by Rs 2,139 crore (5 per cent) due to increase in own tax revenue (Rs 1,658 crore), State's share of Union taxes and duties (Rs 375 crore) and Government of India (GOI) grants (Rs 305 crore) off set by fall in non-tax revenue (Rs 199 crore). However, revenue receipts during the current year fell short of projection in the Medium Term Fiscal Plan (MTFP) 2007-11 by Rs 2,492 crore.
- Revenue expenditure increased by Rs 4,284 crore (11 per cent). Increase was mainly under social services sector (Rs 2,749 crore), general services sector (Rs 1,403 crore) and grants-in-aid (Rs 448 crore) off-set by decrease under economic services sector (Rs 316 crore). It fell short of MTFP projection for the year by Rs 3,109 crore.
- Miscellaneous capital receipts (Rs 181 crore) represented the sale proceeds of Government land as in previous year. The projection made in MTFP for the year, however, was Rs 3,000 crore.
- Capital outlay was more by Rs 1,221 crore (14 per cent). Increase was mainly under economic services sector (Rs 678 crore) and social services sector (Rs 407 crore).
- Public debt receipts (excluding ways and means advances) increased by Rs 6,313 crore (277 per cent) due to increase in internal debt receipts (Rs 6,523 crore) offset by decrease in loans and advances from GOI (Rs 210 crore).
- Cash balance of the State Government increased by Rs 3,900 crore (100 per cent).

Box 1.2

Fiscal reforms path in Karnataka

In Karnataka, fiscal reforms and consolidation were brought to the forefront with the State Government formulating the first MTFP for the period 2000-05 based on broad parameters of fiscal correction laid down by the Eleventh Finance Commission (EFC). MTFP became a rolling annual document to report on the actual performance of the State against fiscal targets of the previous year and to put in place a multi-year medium term reform framework dovetailed to the budgetary exercise.

Karnataka was the first State to enact (September 2002) Fiscal Responsibility Act (FRA) providing statutory backing to MTFP. The Act aims to ensure fiscal stability and sustainability, enhance the scope for improving social and physical infrastructure and human development by achieving revenue surplus, reducing fiscal deficit, removing impediments to the effective conduct of fiscal policy and prudent debt management through limits on borrowings, debt and deficits, greater transparency in fiscal operations by the use of medium-term fiscal framework. To give effect to the fiscal management principles, the Act prescribed following fiscal targets for the State Government.

- Elimination of revenue deficit by the end of the financial year 2005-06.
- Reduction of fiscal deficit to not more than three per cent of the estimated GSDP by the end of the financial year 2005-06.
- Limiting the total liabilities to not more than 25 per cent of the estimated GSDP within a period of 13 financial years, i.e., by the end of the financial year 2014-15.
- Maintaining outstanding guarantees within the limit stipulated under the Karnataka Ceiling to Government Guarantees Act, 1999.

Revenue and fiscal deficits may exceed the specified limits due to unforeseen demands on the State finances on account of natural calamities to the extent of actual fiscal costs attributable to the situation.

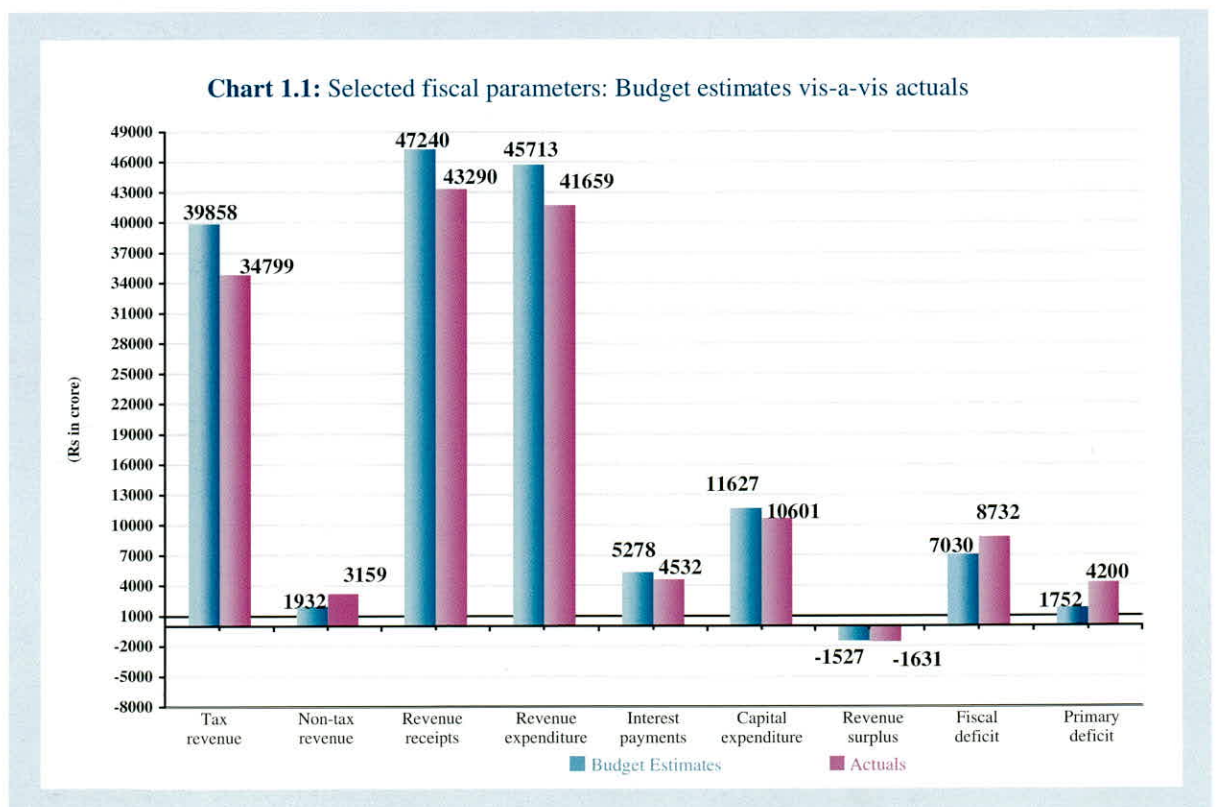
Outcome indicators for the period 2004-10 are given in **Appendix 1.3**

By adhering to the policy changes in revenue generation strategies and expenditure control envisaged in MTFPs, the State achieved the fiscal targets laid down in FRA one year ahead, with the year 2004-05 ending in revenue surplus and fiscal deficit for the year at less than three per cent of GSDP. During the period 2005-09 also, the State continued to maintain the revenue surplus and kept the fiscal deficit relative to GSDP below the limit laid down under FRA. Outstanding guarantees given by the Government were within the limit prescribed under the Karnataka Ceiling to Government Guarantees Act, 1999. The ratio of fiscal liabilities to GSDP continued to decline from 2004-05 and was around 27 per cent in 2008-09. As a result of these achievements, State received the full benefit of incentive grants of Rs 286 crore for the EFC award period. Under GOI's scheme of States' Debt Consolidation and Relief Facility (DCRF) recommended by the Twelfth Finance Commission (TFC), the State got the benefit of interest relief of Rs 1,051 crore for the period 2005-09 along with waiver of GOI loan of Rs 1,433 crore.

1.2 Actuals vis-à-vis budget estimates

Budget papers presented by the State Government provide description about estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from budget estimates are indicative of non-attainment and non-optimisation of desired fiscal objectives.

Chart 1.1 presents the budget estimates and actuals of some important fiscal parameters for the year 2008-09.



Source: Annual Financial Statement and Finance Accounts

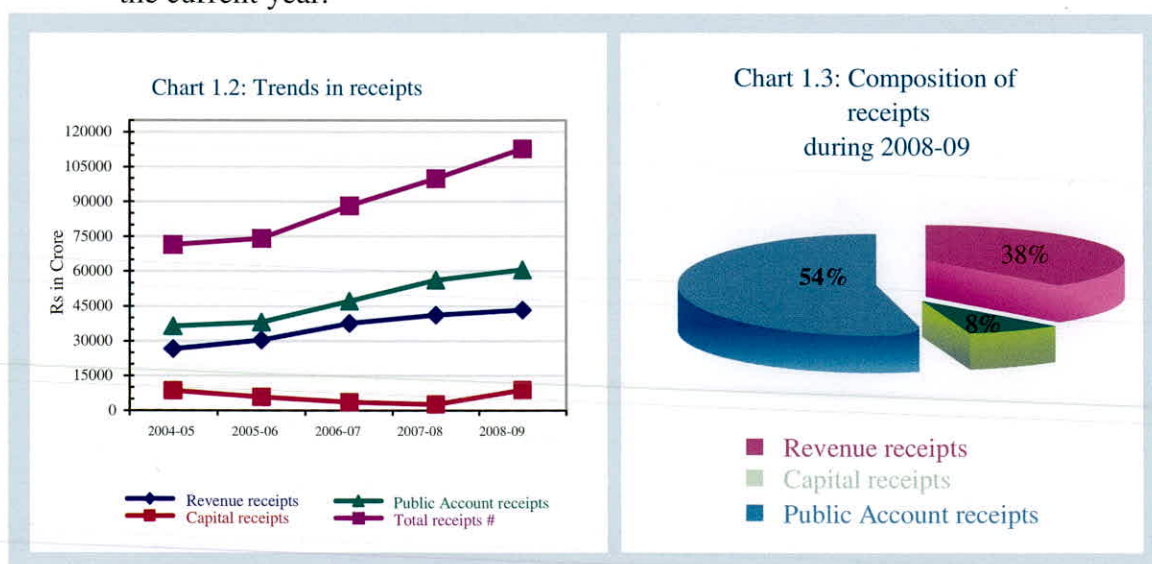
The State's revenue receipts fell short of the budget estimates by Rs 3,950 crore (8 per cent) mainly due to shortfall in tax revenue. The State's tax revenue (inclusive of State's share of Union taxes and duties) was less than the budget estimates by Rs 5,059 crore (13 per cent), while non-tax revenue was more than the budget estimates by Rs 1,227 crore (64 per cent). Revenue expenditure and capital expenditure were less than the budget estimates by Rs 4,054 crore (9 per cent) and Rs 1,026 crore (9 per cent) respectively. Interest payments were less than the budget estimates by Rs 746 crore (14 per cent). Revenue surplus, fiscal deficit and primary deficit were more than the budget estimates by Rs 104 crore, Rs 1,702 crore and Rs 2,448 crore respectively.

1.3 Resources of the State

1.3.1. 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 revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from 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 Public Account. **Table 1.1** presents receipts and disbursements of the State during the current year as recorded in Finance Accounts.

Chart 1.2 depicts the trends in various components of receipts during 2004-09, while **Chart 1.3** depicts the composition of resources of the State during the current year.



Excluding Contingency Fund receipts
Source: Finance Accounts

Total receipts increased by 58 per cent from Rs 71,451 crore in 2004-05 to Rs 1,12,724 crore in 2008-09, of which increase of revenue receipts was by 63 per cent from Rs 26,570 crore to Rs 43,290 crore during the period.

Capital receipts increased by three *per cent* from Rs 8,556 crore to Rs 8,830 crore. Public Account receipts increased by 67 *per cent* from Rs 36,325 crore to Rs 60,604 crore.

During the current year, revenue receipts accounted for 38 *per cent* of total receipts while capital and Public Account receipts accounted for 8 and 54 *per cent* respectively. Public debt receipts which create future re-payment obligation were 97 *per cent* of total capital receipts.

1.3.2 Funds transferred by Central Government to the State implementing agencies outside the State budget

The Central Government transferred a sizeable quantum of funds directly to the State implementing agencies¹ for implementation of various schemes/programmes in social and economic services sectors recognized as critical. As these funds were not routed through the State budget/State treasury system, Finance Accounts do not capture the flow of these funds and to that extent State's receipts and expenditure as well as other fiscal variables/parameters derived from these are understated. Information available in respect of a few Central plan schemes where funds were directly transferred to the State implementing agencies is furnished in **Table 1.2**.

Table-1.2: Funds transferred directly to the State implementing agencies

(Rupees in crore)

| Programme / scheme | Implementing agency in the State | 2007-08 | 2008-09 | |
|---|----------------------------------|----------------------|----------------|--------|
| National Rural Employment Guarantee Scheme (NREGA) | Zilla panchyats | | 434.58 | |
| Swarna Jayanthi Gram Swarozgar Yojana (SGSY) | | 71.02 | 101.30 | |
| Indira Awas Yojana (IAY) | | 131.13 | 275.44 | |
| Administration grant to District Rural Development Authority (DRDA) | | 8.82 | 28.10 | |
| Western Ghat Development Programme (WGDP) | | 15.23 | 126.63 | |
| Sampoorna Grameen Rozgar Yojana (SGRY) | | 163.58 | 6.17 | |
| Swajaladhara | | 4.45 | 4.63 | |
| Drought Prone Areas Programme (DPAP) | | 46.88 | 58.62 | |
| Desert Development Programme (DDP) | | 35.07 | 51.36 | |
| Total Sanitation Campaign (TSC) | | 48.17 | 27.52 | |
| Integrated Wasteland Development Project (IWDP) | | 20.54 | 49.91 | |
| Sarva Siksha Abhiyan (SSA) | | SSA Society | | 774.97 |
| Members of Parliament Local Area Development Scheme (MPLAD) | | District authorities | | 62.00 |
| National Rural Health Mission (NRHM) | State Health Society | | 436.00 | |
| Total | | 791.30 | 2437.23 | |

Source : e-lekha portal of the Controller General of Accounts, Ministry of Finance, Government of India. The list is not exhaustive.

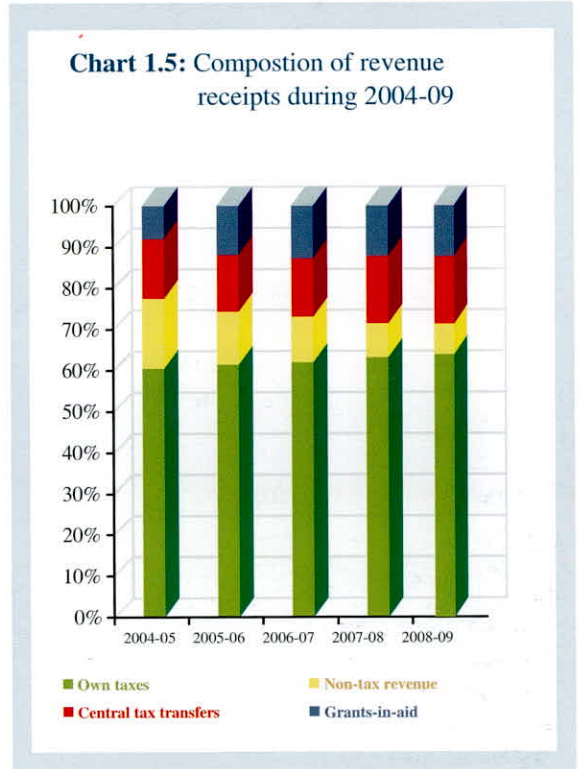
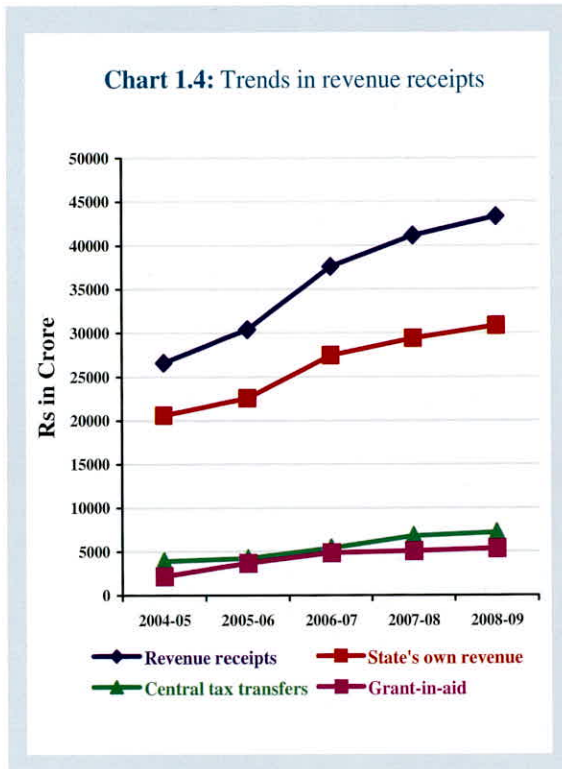
Direct transfer from the Union to the State implementing agencies runs the risk of poor oversight of utilisation of funds by these agencies. Unless

¹ State implementing agency includes any organization/institution including non-governmental organization which is authorized by the State Government to receive funds from GOI for implementing specific programmes in the State, e.g. State implementation society for SSA.

uniform accounting practices are diligently followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.4 Revenue receipts

Revenue receipts consist of 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.



Source: Finance Accounts

Revenue showed progressive increase from Rs 26,570 crore in 2004-05 to Rs 43,290 crore in 2008-09 with inter-year fluctuations in the growth rate. On an average 73 per cent of the revenue came from State's own resources during the period 2004-09. The balance was from transfers from GOI in the form of State's share of taxes and grants-in-aid.

The trends in revenue receipts relative to 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) (Rs in crore) | 26,570 | 30,352 | 37,587 | 41,151 | 43,290 |
| Rate of growth of RR (<i>per cent</i>) | 28.0 | 14.2 | 23.8 | 9.5 | 5.2 |
| GSDP (Rs in crore) | 1,56,254 | 1,86,209 | 2,00,922 | 2,33,802 | 2,68,138 |
| R R/GSDP (<i>per cent</i>) | 17.0 | 16.3 | 18.7 | 17.6 | 16.1 |
| Buoyancy ratios² | | | | | |
| Revenue buoyancy w.r.t GSDP | 1.4 | 0.7 | 3.0 | 0.6 | 0.3 |
| State's own tax buoyancy w.r.t GSDP | 1.4 | 0.8 | 3.2 | 0.7 | 0.4 |
| Revenue buoyancy with reference to State's own taxes | 1.0 | 0.9 | 0.9 | 0.8 | 0.8 |

Source: Finance Accounts.

GSDP : State's Economic Survey 2008-09

Revenue buoyancy widely fluctuated during the period with reference to growth rate of GSDP. In 2006-07, the growth rate of revenue receipts was three times more than that of GSDP but in the next two years the low growth rate of revenue receipts relative to GSDP pushed the revenue buoyancy ratio down. The revenue buoyancy ratio was at its lowest at 0.3 in 2008-09.

1.4.1 State's own resources

As 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 and Central assistance for plan schemes etc, the State's performance in mobilization of additional resources should be assessed in terms of revenue from its own tax and non-tax sources.

Actual State's tax and non-tax receipts for the year 2008-09 vis-à-vis assessment made by TFC and the State Government in FCP and MTFP (2006-10) are given in **Table 1.4**

Table 1.4

(Rupees in crore)

| | TFC projection | FCP projection | MTFP projection | Actual |
|-----------------|-------------------|-------------------|--------------------|--------|
| Tax revenue | 27,684 | 26,488 | 28,471 | 27,645 |
| Non-tax revenue | 3,846 | 5,491 | 5,765 | 3,159 |

The tax revenue of the State in 2008-09 was less than the projection made in the State's MTFP, marginally less than the normative assessment made by TFC, but exceeded the projection in FCP. Non-tax revenue was less than the TFC assessment as well as MTFP and FCP projections.

² Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.5 implies that revenue receipts tend to increase by 0.5 percentage points, if the GSDP increases by one *per cent*.

Tax revenue

Tax on sales, trade, etc. was the main source of State's tax revenue with a contribution of 53 *per cent* of the State's tax revenue followed by State excise (21 *per cent*) and stamps and registration fees (10 *per cent*). The trend in the major constituents of tax revenue during the period 2004-09 is shown in **Table 1.5**.

Table 1.5: Tax revenue (Rupees in crore)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|------------------------------|---------|---------|---------|---------|----------|
| Taxes on sales, trade, etc. | 8,700 | 9,870 | 11,762 | 13,894 | 14,623 |
| <i>Rate of growth</i> | 30.85 | 13.45 | 19.17 | 18.13 | 5.25 |
| State excise | 2,806 | 3,397 | 4,495 | 4,767 | 5,749 |
| <i>Rate of growth</i> | 20.22 | 21.06 | 32.32 | 6.05 | 20.60 |
| Stamps and registration fees | 1,760 | 2,213 | 3,206 | 3,409 | 2,927 |
| <i>Rate of growth</i> | 29.79 | 25.74 | 44.87 | 6.33 | (-)14.14 |
| Taxes on vehicles | 983 | 1,105 | 1,375 | 1,650 | 1,681 |
| <i>Rate of growth</i> | 22.88 | 12.41 | 24.43 | 20.00 | 1.88 |

Source : Finance Accounts

The rate of growth of taxes on sales, trade, etc witnessed a steep fall in 2005-06 following the introduction of value added tax with effect from April 2005. Though the growth rate ranged between 18 and 19 *per cent* in the next two years, it again decreased to five *per cent* in 2008-09 due to reduction of Central sales tax from three to two *per cent* and fall in sale of industrial inputs and goods due to general slowdown of economy.

Due to ban on arrack, the growth rate of State excise witnessed steep fall from 32 *per cent* in 2006-07 to six *per cent* in 2007-08. The growth rate increased to 21 *per cent* in 2008-09 due to increase in the consumption of Indian made foreign liquor of lower price band.

Negative growth rate of stamps and registration fees in 2008-09 was due to economic slow down which stressed the real estate market and led to fall in the number of registrations.

The fall in the growth rate of tax on vehicles was also due to fall in sale of vehicles on account of general economic slow-down.

Non-tax revenue

During 2004-09, only 43 *per cent* of the non-tax revenue on an average was on account of interest receipts, dividends, fees and fines and user charges for socio-economic services. The balance 57 *per cent* on an average represented receipts (gross) from State lotteries, amount received from GOI under the scheme of DCRF, amounts written back from Public Account and pooling of cess collection under the head 1475 -Other General Economic Services. Thus non-tax revenue reflected in Finance Accounts stood inflated as revealed by the details of composition of non-tax revenue shown in **Table 1.6**.

Table 1.6: Composition of non-tax revenue

| | (Rupees in crore) | | | | | Average percentage composition during 2004-09 | |
|---------------------------------------|--|----------------------|----------------------|----------------------|----------------------|--|-----------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | Interest, dividends, user charges, fees, fines | Others |
| | Interest and dividends receipts | 162 (4) | 300 (8) | 396 (10) | 399 (12) | 377 (12) | 9 |
| General services | 2,098 (47) | 2,030 (52) | 2,127 (52) | 679 (20) | 675 (21) | | |
| Receipts (gross) from State lotteries | 1,826 (41) | 1,767 (46) | 1,128 (28) | --- | --- | | 23 |
| Relief under DCRF | --- | --- | 716 (17) | 358 (11) | 358 (11) | | 8 |
| Fees, fines etc, | 272 (6) | 263 (7) | 283 (7) | 321 (10) | 317 (10) | 8 | |
| Economic services | 2,066 (46) | 1,416 (37) | 1,428 (35) | 2,099 (63) | 1,921 (61) | | |
| Write-back from Public Account | 1,050 (23) | 426 (11) | 299 (7) | 749 (22) | 484 (15) | | 16 |
| Pooling of cess collections | 516 (12) | 275 (7) | 357 (9) | 377 (11) | 365 (12) | | 10 |
| User charges | 500 (11) | 715 (18) | 772 (19) | 973 (29) | 1,072 (34) | 22 | |
| Social services –user charges | 147 (3) | 129 (3) | 148 (3) | 181 (5) | 186 (6) | 4 | |
| Total | 4,473 | 3,875 | 4,099 | 3,358 | 3,159 | 43 | 57 |

Figures in parenthesis denote percentage composition in non-tax revenue

Source : Finance Accounts.

According to FRA, the State Government had to pursue non-tax revenue policies with due regard to cost recovery and equity. The ratio of non-tax revenue to non-plan revenue expenditure is considered as an indicator of cost-recovery from socio-economic services.

The details of recovery of current cost as ratio of non tax revenue receipts to non-plan revenue expenditure in respect of Education, Health and Family Welfare, Water Supply and Sanitation and Irrigation during 2008-09 are given in Table 1.7.

Table 1.7: Cost-recovery from socio-economic services

| Service | (Rupees in crore) | | |
|------------------------------------|--------------------------------|-------------------------------------|--|
| | Non tax revenue receipts (NTR) | Non plan revenue expenditure (NPRE) | Cost recovery (ratio of NTR/ NPRE in per cent) |
| Education, sports, art and culture | 73.56 | 6607.96 | 1 |
| Health and family welfare | 40.84 | 1,105.12 | 4 |
| Water supply and sanitation | 0.19 | 11.92 | 2 |
| Irrigation | 38.43 | 169.57 | 23 |

Source: Finance Accounts.

The State Government stated in MTFP (2007-11) that the condition and quality of public services made the task of making any appreciable changes in user charges difficult as a result of which user charges were yet to be rationalised.

Grants-in-aid from GOI

Grants-in-aid from GOI increased from Rs 2,147 crore in 2004-05 to Rs 5,332 crore in 2008-09 as shown in **Table 1.8**.

Table 1.8: Grant-in-aid from GOI

| | | (Rupees in crore) | | | | |
|-----------------|---------------------|-------------------|--------------|--------------|--------------|--------------|
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Non-plan | | 263 | 1,736 | 2,224 | 1,531 | 1,694 |
| | State | 1,089 | 915 | 1,284 | 1,916 | 2,020 |
| Plan | Central | 46 | 37 | 43 | 71 | 94 |
| | Centrally sponsored | 749 | 944 | 1,262 | 1,509 | 1,524 |
| Total | | 2,147 | 3,632 | 4,813 | 5,027 | 5,332 |

Source : Finance Accounts.

The increase of GOI grants by Rs 305 crore in 2008-09 over the previous year was due to increase in non-plan grants (Rs 163 crore), grants for State plan schemes (Rs 104 crore), Central plan schemes (Rs 23 crore) and Centrally sponsored schemes (Rs 15 crore).

Central tax transfers

Increase of State's share of Union taxes by Rs 375 crore over the previous year was mainly under corporation tax (Rs 194 crore), taxes on income other than corporation tax (Rs 29 crore), customs (Rs 86 crore) and service tax (Rs 96 crore) partly off-set by decrease in share under Union excise duties (Rs 31 crore).

1.4.2 Arrears of revenue

As of March 2009, arrears of revenue pertaining to taxes on sales, trade, etc., entry tax, entertainment tax, agricultural income tax, profession tax and luxury tax, stamp duty and registration fees and tax and duties on electricity aggregated Rs 3,129 crore. Revenue of Rs 124 crore relating to taxes and duties on electricity (Rs 61 crore) and stamps duty and registration fees (Rs 63 crore) was outstanding for more than five years.

1.5 Application of resources

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

1.5.1 Growth and composition of expenditure

Growth rates of total expenditure during 2004-09, its ratio and buoyancy with reference to GSDP and revenue receipts are presented in **Table 1.9**.

Table 1.9: Total expenditure – Basic parameters

(Rupees in crore, ratio in per cent)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|---------|---------|---------|---------|---------|
| Total expenditure (TE)* | 30,217 | 34,163 | 42,335 | 46,781 | 52,260 |
| Rate of growth | 19.3 | 13.1 | 23.9 | 10.5 | 11.7 |
| TE/GSDP (ratio) | 19.3 | 18.3 | 21.1 | 20.0 | 19.5 |
| Revenue receipts / TE (ratio) | 87.9 | 88.8 | 88.8 | 88.0 | 82.8 |
| Buoyancy of total expenditure with | | | | | |
| GSDP(ratio) | 1.0 | 0.7 | 3.0 | 0.6 | 0.8 |
| Revenue receipts (ratio) | 0.7 | 0.9 | 1.0 | 1.2 | 2.2 |

*Total expenditure includes revenue expenditure, capital expenditure including loans and advances

Source : Finances Accounts.

Total expenditure increased by 73 per cent from Rs 30,217 crore in 2004-05 to Rs 52,260 crore in 2008-09 due to increase in revenue expenditure (Rs 16,727 crore), capital outlay (Rs 5,196 crore) and increase in disbursement of loans and advances (Rs 120 crore).

During the period 2004-09, the growth rate of total expenditure was at the highest (24 per cent) in 2006-07 and at the lowest (11 per cent) in 2007-08. In 2008-09, the growth rate of total expenditure was 12 per cent.

During 2008-09, the growth rate of total expenditure was more than twice the growth rate of revenue receipts over the previous year. As a result, the buoyancy ratio of total expenditure with revenue receipts was more than two. This meant that the incremental total expenditure (Rs 5,479 crore) could not be met by the incremental revenue receipts (Rs 2,139 crore).

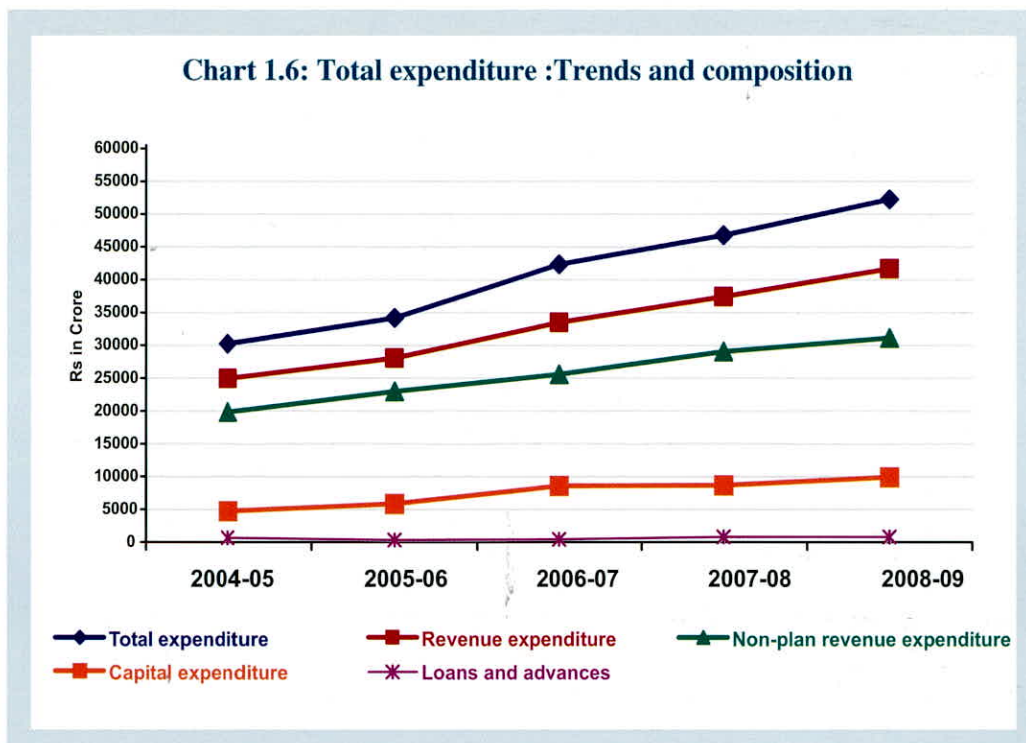
During the period 2004-09, revenue expenditure ranged between 79 and 83 per cent of the total expenditure. Decrease in committed expenditure, mainly expenditure on interest and subsidies helped in stabilizing revenue expenditure in the current year.

As a part of its expenditure strategy, the State identified agriculture, rural development, power, education and health as high priority sectors with greater capital outlay. Though capital outlay increased from Rs 4,674 crore in 2004-05 to Rs 9,870 crore in 2008-09, there was decrease (Rs 96 crore) in the capital outlay in the priority sectors of health and family welfare (Rs 54 crore), rural development (Rupees three crore) and agriculture and allied activities (Rs 39 crore) during 2008-09 relative to the previous year.

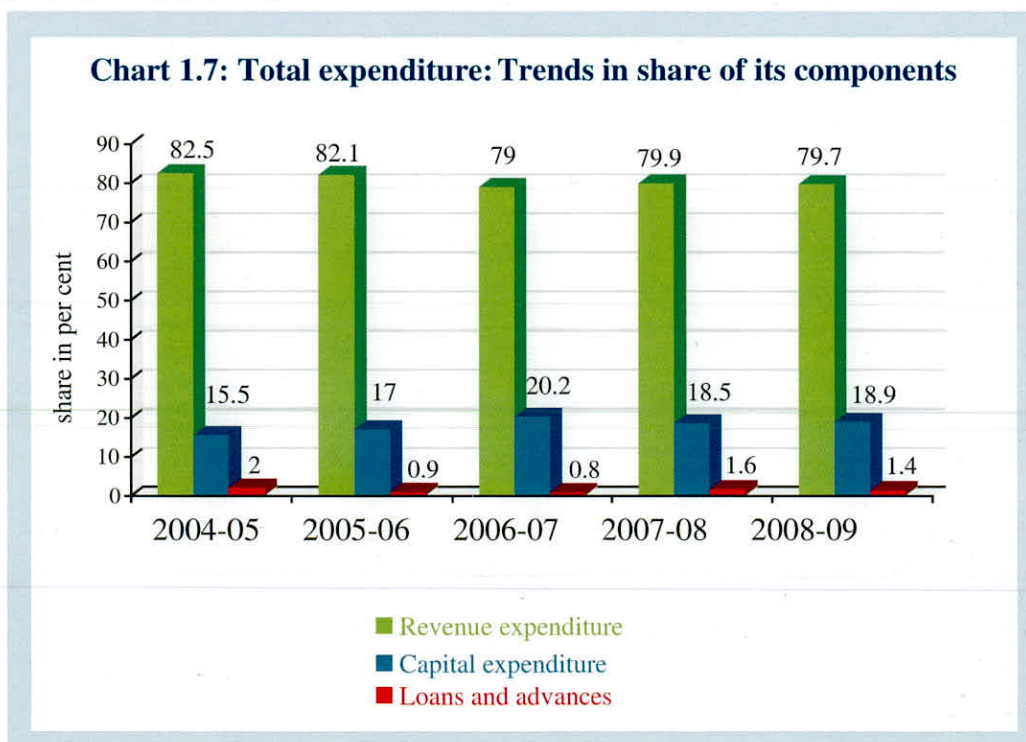
During the years 2005-06, 2007-08 and 2008-09, the growth rate of expenditure was less than that of GSDP and the buoyancy of total expenditure to GSDP was less than one.

Revenue receipts as a ratio of total expenditure stood at 83 per cent in 2008-09 which meant that 83 per cent of the total expenditure could be met out of revenue receipts.

Chart 1.6 presents the trends in total expenditure under revenue, capital and loans and advances, while **Chart 1.7** exhibits the share of these components in total expenditure.



Source: Finance Accounts.



Source: Finance Accounts.

1.5.2 Incidence of revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and make payment for past obligations and as such does not result in any addition to the State's infrastructure and services network.

Revenue expenditure increased by 67 per cent from Rs 24,932 crore in 2004-05 to Rs 41,659 crore in 2008-09. While plan expenditure increased by 105 per cent from Rs 5,125 crore to Rs 10,530 crore, non-plan expenditure increased by 57 per cent from Rs 19,807 crore to Rs 31,129 crore.

Increase of plan revenue expenditure by Rs 2,217 crore over the previous year was mainly under Education, Sports, Arts and Culture (Rs 475 crore), Health and Family Welfare (Rs 211 crore), Social Welfare and Nutrition (Rs 504 crore) and Transport (Rs 224 crore). Plan revenue expenditure included devolutions (Rs 4,321 crore) to Panchayat Raj Institutions (PRI) and Urban Local Bodies (ULB), Subsidies (Rs 464 crore) and Salaries (Rs 658 crore).

Non-plan revenue expenditure (NPRE) was 75 per cent of revenue expenditure and 72 per cent of revenue receipts during 2008-09. It included devolutions to PRIs and ULBs (Rs 9,246 crore), interest payments (Rs 4,532 crore), subsidies (Rs 2,935 crore), pension payments (Rs 4,113 crore) salaries (Rs 9,254 crore) and maintenance expenditure (Rs 584 crore).

The trend in non-plan revenue expenditure vis-à-vis the normative assessment made by TFC about NPRE while estimating the pre-devolution non-plan revenue deficit/surplus for the State indicated that actual NPRE exceeded TFC's projections during 2005-09 as shown in **Table 1.10**.

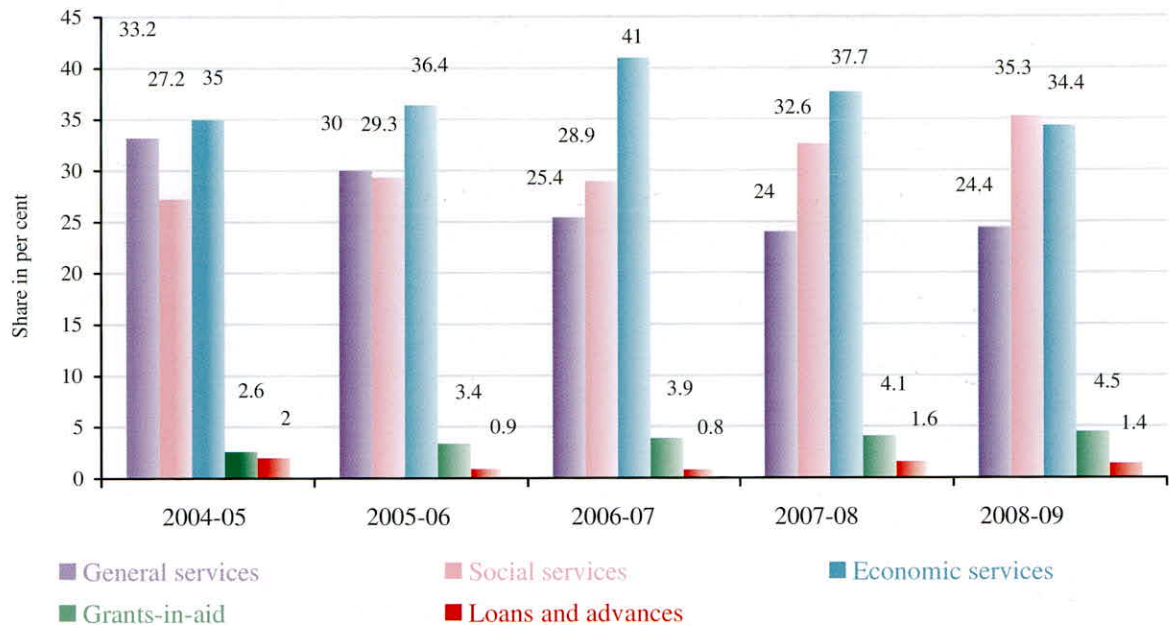
Table 1.10: Non-plan revenue expenditure-Actuals vis-à-vis TFC projection

| | Normative assessment of TFC | Actual expenditure | Percentage variation |
|---------|-----------------------------|--------------------|----------------------|
| 2005-06 | 17,001 | 22,972 | 35 |
| 2006-07 | 18,473 | 25,583 | 38 |
| 2007-08 | 21,735 | 29,062 | 34 |
| 2008-09 | 23,574 | 31,129 | 32 |

Source: TFC Report and Finance Accounts.

1.5.3 Trends in expenditure by activities

In terms of activities, total expenditure could be considered as being composed of expenditure on general services (including interest payments), social and economic services, grant in aid and loans and advances. Relative share of these components in total expenditure (including loans and advances) is indicated in **Chart 1.8**

Chart 1.8: Total expenditure: Trends by activities


Source : Finance Accounts.

The movement of the relative share of these components indicates that the share of social services in total expenditure increased from 27 in 2004-05 to 35 per cent in 2008-09 and that of general services decreased from 33 to 24 per cent. The share of economic services increased from 35 in 2004-05 to 41 per cent in 2006-07 but showed declining trend thereafter and was 34 per cent in 2008-09.

1.5.4 Committed expenditure

Committed expenditure of the State Government on revenue account mainly consisted of interest payments, expenditure on salaries, pensions and subsidies. **Table 1.11** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

Table 1.11: Committed expenditure

(Rupees in crore)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Salaries*, of which | 5,392 (20.3) | 5,932 (19.5) | 6,426 (17.1) | 8,169 (19.8) | 9,912 (22.9) |
| Non-plan head | 5,075 | 5,597 | 6,111 | 7,705 | 9,254 |
| Plan head** | 317 | 335 | 315 | 464 | 658 |
| Interest payments | 3,794 (14.3) | 3,765 (12.4) | 4,236 (11.3) | 4,506 (10.9) | 4,532 (10.5) |
| Expenditure on pensions | 2,157 (8.1) | 2,237 (7.4) | 2,496 (6.6) | 3,241 (7.9) | 4,113 (9.5) |
| Subsidies | 2,732 (10.3) | 3,712 (12.2) | 4,355 (11.6) | 5,420 (13.2) | 3,399 (7.8) |
| Total committed expenditure | 14,075 (52.97) | 15,646 (51.55) | 17,513 (46.59) | 21,336 (51.85) | 21,956 (50.72) |

Finances of the State Government

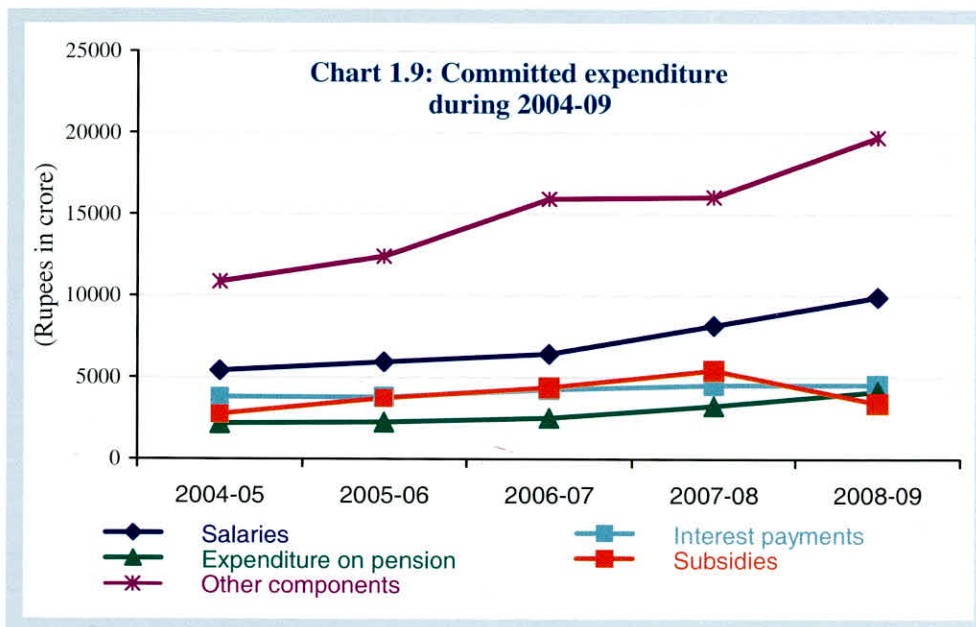
| | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Other than committed expenditure *** | 10,857 (40.9) | 12,395 (40.8) | 15,922 (42.4) | 16,039 (39.0) | 19,703 (45.5) |
| Total revenue expenditure | 24,932 | 28,041 | 33,435 | 37,375 | 41,659 |
| Revenue receipts | 26,570 | 30,352 | 37,587 | 41,151 | 43,290 |

Figures in the parentheses indicate percentage to revenue receipts

* Includes salaries paid out of grants-in-aid released to PRIs and others

** Includes the salaries paid under Centrally sponsored schemes.

*** Included expenditure on administrative services (Rs 2,705 crore), Organs of State viz., Governor, Council of Ministers, Legislature, State Judiciary etc., (Rs 455 crore), fiscal services (Rs 444 crore), pensions under social services sector (Rs 982 crore), inter account transfers (Rs 2,214 crore) etc.,.



Source: Finance Accounts.

Expenditure on salaries

Expenditure on salaries as a percentage of revenue receipts increased from 20 in 2007-08 to 23 in 2008-09 due to implementation of fifth pay commission (FPC) award. It was, however, 30 per cent of revenue expenditure (net of pensions and interest payments), within the limit of 35 per cent recommended by TFC. The expenditure on salaries for 2008-09 was less than the MTFP-2007-11 projection of Rs 10,528 crore by Rs 616 crore.

Pension payments

Expenditure on pension (Rs 4,113 crore) pre-empted 10 per cent of total revenue receipts of the State during the year. The expenditure on pension during the year was less than MTFP (2007-11) projection by Rs 144 crore. Increase of Rs 872 crore over the previous year was due to implementation of FPC award.

Adopting budget estimates (Rs 2,214 crore) of pension expenditure for 2004-05 as base figure, TFC projected growth rate of 10 per cent per annum during the forecast period. The pension expenditure was less than TFC projection

during 2005-06 and 2006-07 while it was more than TFC projection during 2007-08 and 2008-09 as shown in **Table 1.12**.

Table 1.12: Pension expenditure vis-à-vis TFC projection

| | (Rupees in crore) | | |
|---------|-------------------|--------------------|----------------------|
| | TFC Projection | Actual expenditure | Percentage variation |
| 2005-06 | 2,435 | 2,237 | (-) 8 |
| 2006-07 | 2,679 | 2,496 | (-) 9 |
| 2007-08 | 2,947 | 3,241 | 10 |
| 2008-09 | 3,242 | 4,113 | 27 |

Interest payments

Interest payments increased by Rs 738 crore from Rs 3,794 crore in 2004-05 to Rs 4,532 crore in 2008-09.

During 2004-05, interest payment on GOI loans was 34 *per cent* of total interest payments. The percentage of interest payments on GOI loans fell to 17 *per cent* on an average during 2005-09 as a result of implementation of DCRF scheme.

The ratio of interest payments to revenue receipts determines the debt sustainability of the State. During the year, interest payments pre-empted 10 *per cent* of total revenue receipts of the State which was below the TFC norm of 15 *per cent*.

Subsidies

In any welfare State, it is not uncommon to provide subsidies/subventions to disadvantaged sections of the society. Subsidies are dispensed not only explicitly but also implicitly by providing subsidised public service to the people. Budgetary support to financial institutions, inadequate returns on investments and poor recovery of user charges from social and economic services provided by the Government fall in the category of implicit subsidies. Finance Accounts (**Appendix V**) showed an explicit subsidy of Rs 3,399 crore during the year. Test check revealed implicit subsidies aggregating Rs 30 crore on electricity used by ice plants and cold storages (Rs 2 crore) and assistance to Karnataka State Financial Corporation towards waiver of interest due from small and marginal farmers (Rs 28 crore).

Subsidy provided by the State may also be classified as merit and non-merit subsidy. Subsidy (Rs 233 crore)³ on education, housing, health, social welfare and nutrition, rural and urban development, land reforms, non-conventional energy, agriculture and village and small industries considered to be merit

³ Education-Rs 4.43 crore, urban development-Rs 65.75 crore, social welfare and nutrition-Rs 1.63 crore, village and small industries-Rs 20.52 crore, agriculture-Rs 140.66 crore and non-conventional energy-Rs 0.03 crore

subsidy constituted around sevenper cent of the total subsidy expenditure of the State during the year.

Subsidy payments during the year were mainly in the areas of power (Rs 1,943 crore), food (Rs 726 crore), co-operation (Rs 187 crore) and transport (Rs 143 crore). The details are given in **Box 1.3**.

Box 1.3

Major subsidies

Power

During the year budgetary subsidy to power sector (Rs 1,943 crore) accounted for *57 per cent* of the total subsidy (Rs 3,399 crore). It included financial assistance to electricity supply companies to cover loss due to rural electrification (Rs 1,743 crore) and contribution towards pension (Rs 200 crore).

Power subsidy on rural electrification during the year, however, did not include subsidy of Rs 87 crore given to the Karnataka Power Transmission Corporation (KPTCL) for meeting the debt servicing obligations of Power Finance Corporation (PFC) and Rural Electrification Corporation (REC). Finance Accounts did not show this liability as these loans were not taken over by the Government. The State Government had also paid subsidy of Rs 243 crore in 2006-07 (Rs 130 crore) and 2007-08 (Rs 113 crore). The Government stated (November, 2007) that debt would be included on off-budget side in 2008-09. MTFPs 2007-11 to 2009-13, however, did not exhibit this liability on off-budget side.

Food

Food subsidy to meet the differential cost of food grains under Public Distribution System (PDS) increased from Rs 650 crore in 2007-08 to Rs 726 crore in 2008-09. Against annual food subsidy of Rs 53 crore recommended for Karnataka by TFC for the award period 2005-10, the amount of food subsidy was Rs 714 crore per annum, on an average during 2005-09, exceeding by *237 per cent*.

Co-operation

Subsidy in the co-operative sector predominantly represented waiver of overdue loans (principal as well as interest) given to farmers. Such waiver of loans and interest aggregated Rs 3,511 crore in 2005-06 (Rs 917 crore), 2006-07 (Rs 801 crore) and 2007-08 (Rs 1,793 crore)

According to Vaidyanathan Committee Report (March 2008), the Governments both at the Centre and in the States should desist from the practices of waiver of recovery of loans and interest to prevent deterioration of co-operative credit system. The aggregate amount of loan and interest waived during 2008-09 decreased to Rs 186 crore, *90 per cent* less than that of previous year.

Transport

Transport subsidy declined from Rs 230 crore in 2007-08 to Rs 143 crore in 2008-09. Fifty four *per cent* of the subsidy (Rs 77 crore) during 2008-09 was towards fare concession extended to students, freedom fighters, physically challenged, etc.

1.5.5 Financial assistance to local bodies

The quantum of assistance provided by way of grants to local bodies and others during the current year relative to the previous years is presented in **Table 1.13.**

Table 1.13: Financial assistance to local bodies and other institutions

| | (Rupees in crore) | | | | | | |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | | |
| | | | | | Budget estimate | Actuals | Percentage variation |
| Panchayat Raj Institutions | 4,956.93 | 6,088.61 | 7,767.93 | 9,122.39 | 11,297.12 | 10,949.27 | 3 |
| Urban Local Bodies | 1,169.85 | 1,605.85 | 2,113.48 | 2,468.20 | 3,370.89 | 2,618.59 | 22 |
| Educational Institutions (including universities) | 688.93 | 695.62 | 750.27 | 878.23 | 918.57 | 882.27 | 4 |
| Co-operative societies and co-operative institutions | 167.65 | 955.45 | 882.98 | 1,895.60 | 506.98 | 372.70 | 26 |
| Other institutions and bodies (including statutory bodies) | 1,745.28 | 1,837.43 | 2,400.54 | 2,361.00 | 2,449.26 | 1,979.32 | 19 |
| Assistance as a percentage of revenue expenditure | 35 | 40 | 42 | 45 | 40 | 40 | |
| Total | 8,728.64 | 11,182.96 | 13,915.20 | 16,725.42 | 18,542.82 | 16,802.15 | 9 |

Source : Finance Accounts.

The assistance to PRIs increased from Rs 4,957 crore in 2004-05 to Rs 10,949 crore in 2008-09 while the assistance to ULBs increased from Rs 1,170 crore to Rs 2,619 crore. Out of the total devolution of Rs 10,949 crore to PRIs during 2008-09, Rs 5,839 crore (53 per cent) were towards salaries as the State Government's functions viz., Education, Water Supply and Sanitation, Housing, Health and Family Welfare etc., were transferred to PRIs. Assistance to other institutions (Rs 1,979 crore) included subsidy of Rs 1,943 crore to electricity supply companies. The assistance to Urban Local Bodies, Co-operatives and other institutions was less than the budget estimates by 22 per cent, 26 per cent and 19 per cent respectively during the year 2008-09.

Sequel to the Second State Finance Commission's recommendation, the State Government decided (June 2006) to increase devolution of funds to ULBs from six to eight per cent of non loan net own revenue receipts (NLNORR) during the period 2005-10. The devolution to ULBs which was seven and eight per cent of NLNORR during 2005-08 increased to nine per cent in 2008-09.

1.6 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The 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 the effectiveness (assessment of outlay-outcome relationship for select services).

1.6.1 Adequacy of public expenditure

The expenditure responsibilities relating to social sector and 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. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average, while the low fiscal capacity would be reflected if the State's *per capita* expenditure is below the respective National average even after having a fiscal priority that is more than or equal to the National average. **Table 1.14** presents a comparison of fiscal priority given to different categories of expenditure and fiscal capacity of Karnataka in 2005-06 (the first year of TFC award period) and 2008-09.

Table-1.14: Fiscal priority and fiscal capacity of the State in 2005-06 and 2008-09
(Amount in rupees, ratio in per cent)

| Fiscal priority by the State | AE/GSDP | DE/AE | SSE/AE | CE/AE |
|--|---------|-------|--------|-------|
| 2005-06 | | | | |
| All States/National average* (ratio) | 19.50 | 61.44 | 30.41 | 14.13 |
| Karnataka's average (ratio) | 20.41 | 66.54 | 29.66 | 17.92 |
| 2008-09 | | | | |
| All States/National average* (ratio) | 19.16 | 67.68 | 33.90 | 16.87 |
| Karnataka Average (ratio)* | 19.49 | 71.05 | 35.58 | 20.29 |
| Fiscal capacity of the State | DE# | SSE | CE | |
| 2005-06 | | | | |
| All States average per capita expenditure | 3,010 | 1,490 | 692 | |
| Karnataka's per capita expenditure | 4,070 | 1,790 | 1,042 | |
| Adjusted per capita** expenditure | NR | 1,859 | NR | |
| 2008-09 | | | | |
| All States' average per capita expenditure | 5,030 | 2,520 | 1,250 | |
| Karnataka's per capita expenditure | 6,425 | 3,188 | 1,708 | |

* As per cent to GSDP

** Calculated as per the methodology explained in **Box 1.4**

AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure

CE: Capital Expenditure.

Population of Karnataka: 5.59 crore in 2005-06 and 5.78 crore in 2008-09.

Development expenditure includes development revenue expenditure, development capital expenditure and development loans and advances disbursed.

Source : (1) *GSDP : State's economic survey 2008-09*

(2) Population figures: Projection 2001-2026 of the Registrar General & Census Commissioner, India
Data of Arunachal Pradesh has not been included in All States average.

NR: Not required

Box - 1.4

Methodology adopted.

For working out the fiscal capacity of the State Government, the following methodology given in TFC report is 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 AEGSDP 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 is calculated, *i.e.*,

$$\text{PCDE} = \text{DE/P} \dots\dots\dots(4)$$

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

Substituting (3) in (4), we get

$$\text{PDE} = (y * x * \text{GSDP})/P \dots\dots\dots(5)$$

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.

In 2005-06, Karnataka Government gave adequate fiscal priority to AE, DE and CE as AE/GSDP, DE/AE and CE/AE was higher than the National average. The priority given to SSE was, however, not adequate as the SSE/AE ratio (29.66 *per cent*) was marginally lower than the all States average of 30.41 *per cent*. In 2008-09, however, there was adequate priority for all categories of expenditure compared to the National average including SSE.

In 2005-06, *per capita* DE (Rs 4,070), SSE (Rs 1,790) and CE (Rs 1,042) were higher than the National average *per capita* expenditure in these categories (Rs 3,010, Rs 1,490 and Rs 692 respectively). This means that the absorptive capacity⁴ was relatively high and that effective systems were in place to benefit people. Had the Government spent as much on SS as the

⁴ Absorptive capacity in this case refers to the ability of a State to implement a development scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of schemes are well planned with careful risk mitigation strategy in place, administrative costs are low, operation maintenance, monitoring and control mechanisms are in place etc., so that the State is able to effectively achieve targeted outcomes.

National average, then the adjusted *per capita* expenditure on SS (calculated as per methodology given in **Box 1.4**) would have been even higher at Rs 1,859. In 2008-09, it was observed that the *per capita* expenditure in all categories viz DE, SSE and CE continued to be higher than the National average.

As the AE/GSDP ratio was lower in 2008-09 than the National average, an adjustment factor was applied to increase AE/GSDP ratio at least to the National average. *Per capita* expenditure in all categories viz., DE, SSE and CE was higher than the National average in 2008-09, once again indicating continued higher absorptive fiscal capacity of the State.

1.6.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads for social and economic development, it is imperative for the State Governments to take appropriate expenditure rationalization 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 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, the better would be the quality of expenditure. While **Table 1.15** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* that of previous years, **Table 1.16** 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 citizen's 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, economic and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table-1.15: Development expenditure

| | (Rupees in crore) | | | | |
|---------------------------------------|-------------------|---------|---------|---------|---------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Development expenditure (DE) | 19,323 | 22,734 | 29,953 | 33,642 | 37,134 |
| Percentage of DE to total expenditure | 64 | 67 | 71 | 72 | 71 |
| Components of DE | | | | | |
| Revenue | 14,234 | 16,846 | 21,377 | 24,577 | 27,010 |
| | (74) | (74) | (71) | (73) | (73) |
| Capital | 4,538 | 5,604 | 8,222 | 8,310 | 9,395 |
| | (23) | (25) | (27) | (25) | (25) |
| Loans and advances | 551 | 284 | 354 | 755 | 729 |
| | (3) | (1) | (1) | (2) | (2) |

Figures in parentheses indicate percentage to development expenditure

Source: Finance Accounts.

Development expenditure comprising revenue, capital and expenditure on loans and advances on socio-economic services increased from Rs 19,323 crore in 2004-05 to Rs 37,134 crore in 2008-09. As a percentage of total expenditure, it increased from 64 in 2004-05 to 71 in 2008-09. In the current year, development expenditure as a percentage of aggregate expenditure, decreased by one *per cent* relative to the previous year due to decrease in development revenue expenditure and loans disbursed. On an average, 73 *per cent* of the development expenditure was on revenue account while capital expenditure including loans and advances accounted for the balance during 2004-09.

In 2008-09, development revenue expenditure included, inter alia, expenditure on salary (Rs 7,367 crore), subsidy (Rs 3,384 crore) and financial assistance to local bodies and other institutions (Rs 9,142 crore).

Table 1.16: Efficiency of expenditure use in selected social and economic services

| | (Ratios in per cent) | | | |
|---|----------------------|---|-------------------|---|
| | 2007-08 | | 2008-09 | |
| | Ratio of CE to TE | Share of salaries (excluding wages and O&M) in RE | Ratio of CE to TE | Share of salaries (excluding wages and O&M) in RE |
| Social services (SS) | | | | |
| Education, sports, art and culture | 0.26 | 10.01 | 0.38 | 11.40 |
| Health and family welfare | 0.77 | 2.29 | 0.58 | 2.35 |
| Water supply, sanitation, housing and urban development | 4.32 | 0.05 | 3.72 | 0.05 |
| Others | 0.52 | 0.85 | 0.54 | 1.00 |
| Total (SS) | 5.87 | 13.20 | 5.22 | 14.80 |
| Economic services (ES) | | | | |
| Agriculture & allied activities | 0.22 | 1.57 | 0.14 | 1.61 |
| Irrigation and flood control | 7.36 | 0.24 | 5.71 | 0.24 |
| Power & energy | 0.94 | -- | 2.75 | --- |

Finances of the State Government

| | | | | |
|----------------------|--------------|--------------|--------------|--------------|
| Transport | 3.23 | 0.06 | 4.30 | 0.06 |
| Others | 1.77 | 0.94 | 1.25 | 0.98 |
| Total (ES) | 13.52 | 2.81 | 14.15 | 2.89 |
| Total (SS+ES) | 19.39 | 16.01 | 19.37 | 17.69 |

TE: Total expenditure; CE: Capital expenditure; RE: Revenue expenditure

Expenditure on social services

Capital expenditure on social services decreased from Rs 2,743 crore in 2007-08 to Rs 2,728 crore in 2008-09 and there was a corresponding decrease in ratio of capital expenditure to total expenditure by about one *per cent*.

Capital expenditure on social services during 2008-09 included Rs 331 crore (13 *per cent*) on account of repayment of off budget borrowings.

The share of salary expenditure (under social services) in total revenue expenditure increased from 13 per cent in 2007-08 to 15 *per cent* in 2008-09.

While projecting the expenditure requirements for estimating the pre-devolution non-plan revenue deficit/surplus of the States during its award period 2005-10, TFC assigned different growth rates to NPRES in various sectors implicitly suggesting the changes in the expenditure pattern of the States. *Trends emerging from Finance Accounts, however, revealed that salary expenditure under NPRES in education and health and family welfare sectors increased by 25 and nine per cent respectively as against six per cent and five per cent recommended by TFC. Non-salary component increased only by 16 per cent and six per cent respectively as against 30 per cent recommended for both these sectors.*

Expenditure on economic services

Capital expenditure on economic services increased from Rs 6,323 crore in 2007-08 to Rs 7,395 crore in 2008-09 with a growth rate of 17 per cent.

The priority sectors identified by the Government in respect of economic services were agriculture, power and rural development. In 2008-09, the capital outlay on power (Rs 937 crore) was more than twice the outlay in 2007-08. Capital outlay on power (Rs 937 crore) in 2008-09 included expenditure of Rs 87 crore on REC and PFC loans of KPTCL taken over by the Government. In 2008-09, capital outlay on agriculture and rural development was less by Rs 42 crore compared to 2007-08.

The share of salary expenditure (under economic services) in total revenue expenditure remained at three per cent in 2007-09.

Capital expenditure on economic services in 2008-09 included expenditure of Rs 557 crore (8 *per cent*) on repayment of off budget borrowings. It also included Rs 750 crore released to Karnataka Power Corporation (Rs 500 crore) and Karnataka Road Development Corporation (Rs 250 crore) which remained parked in public sector banks/Public Account as of March, 2009.

1.6.3 Effectiveness of expenditure, i.e., outlay-outcome relationship

Besides stepping up expenditure on key social and economic services, enhancing human development required the Government to improve the delivery mechanism to obtain the desired outcomes. To assess the effectiveness of the expenditure in terms of output/outcome, a critical analysis of two programmes is given at **Box 1.5**

Box -1.5

PDS aimed at ensuring availability of adequate food grains to public at affordable prices as well as enhancing food security to the poor. An expenditure of Rs.3,452.44 crore was incurred during 2004-09. Non-observance of GOI guidelines for identification of families living Below Poverty Line (BPL) resulted in inclusion of 75.40 lakh extra families in the BPL list over and above the 31.29 lakh families identified by GOI. Besides, lack of basic infrastructure in the wholesale godowns, non-viability of Fair Price Shops and weak monitoring of transportation and distribution of food grains affected the implementation of PDS.

NRHM aimed at carrying out necessary architectural corrections in the basic health care delivery system. An expenditure of Rs 1,065.56 crore was incurred on the programme. There were gaps in community participation in planning and preparation of village and block plans. Upgradation and construction of health care centres was delayed, centres lacked essential equipment and medical/para-medical staff affecting the service delivery at primary health centre and community health centre levels.

▶ 1.7 Analysis of Government expenditure and investments

In the post-FRA framework, the Government is expected to keep its fiscal deficit (borrowing) 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 return on its investments and recover cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy 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.

1.7.1 Incomplete projects

Blocking of funds on incomplete works which include works stopped due to reasons like litigation, etc. impinge negatively on the quality of expenditure. The department-wise information pertaining to incomplete projects as of March 2009 is given in **Table 1.17**.

Table 1.17: Incomplete projects

| Department | (Rupees in crore) | | | | | Cumulative expenditure as of March 2009 |
|---------------------|---------------------|-----------------|-----------------|-----------|----------------|---|
| | Incomplete projects | | | | Cost over run* | |
| | Number | Budgeted cost | Revised cost | Number | | |
| Public works | | | | | | |
| Buildings | 96 | 529.79 | 582.06 | 11 | 59.00 | 467.77 |
| Roads & bridges | 79 | 773.54 | 779.87 | 17 | 13.58 | 581.23 |
| Irrigation | 22 | 60.06 | 72.25 | 7 | 12.54 | 57.82 |
| Total | 197 | 1,363.39 | 1,434.18 | 35 | 85.12 | 1,106.82 |

Source: Finance Accounts

The initial budgeted cost of 197 works stipulated to be completed on or before March 2009 was Rs 1,363 crore and the progressive expenditure was Rs 1,107 crore. In 35 cases, the cost over run aggregated Rs 85.12 crore. No reasons for delay in completion of the works were given by the Public Works and Irrigation Departments.

1.7.2 Investment and returns

As of March 2009, Government had invested Rs 26,672 crore in 82 Government companies (Rs 24,052 crore); 17 statutory corporations (Rs 1,747 crore); 45 joint stock companies (Rs 534 crore) and co-operative societies (Rs 339 crore). The return from investment was negligible (Table 1.18).

Table-1.18: Return on investment

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--|-----------|-----------|-----------|-----------|-----------|
| Investment at the end of the year (Rs in crore) | 10,741.40 | 14,052.53 | 18,698.37 | 22,279.35 | 26,672.11 |
| Return (Rs in crore) | 16.7 | 16.9 | 19.5 | 23.4 | 40.2 |
| Return (per cent) | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Average rate of interest on Government borrowings (per cent) | 8.5 | 7.6 | 7.7 | 7.6 | 6.9 |
| Difference between interest rate and return (per cent) | 8.3 | 7.5 | 7.6 | 7.5 | 6.8 |

Source: Finance Accounts.

Out of the total investment of Rs 26,672 crore to end of 2008-09, investment of Rs 18,498 crore (69 per cent) during 2004-09 was in 19 Government companies and Statutory corporations under irrigation sector (Rs 12,264 crore), transport sector (Rs 1,964 crore), infrastructure sector (Rs 1,072 crore), power sector (Rs 1,050 crore), industries sector (Rs 854 crore), housing sector (Rs 758 crore), financing sector (Rs 224 crore), construction sector (Rs 182 crore) and social security sector (Rs 130 crore).

* includes 22 cases where expenditure over run of Rs 14.33 crore was on the budgeted cost (buildings Rs 6.71 crore in nine cases ; roads and bridges Rs 7.26 crore in 12 cases ; irrigation Rs 0.36 crore in one case).

The investment included Rs 10,820 crore (58 per cent) to the following companies/corporations under perennial loss (Table 1.19).

Table 1.19: Investment in companies/corporations under perennial loss

| (Rupees in crore) | | |
|--|---------------------------|-----------------|
| Company/Corporation | Investment during 2004-09 | Cumulative loss |
| Krishna Bhagya Jala Nigam Limited | 8,822 | 65 |
| Karnataka Road Development Corporation Ltd | 1,664 | 79 |
| Karnataka State Road Transport Corporation, Bangalore | 132 | 125 |
| North Western Karnataka Road Transport Corporation | 112 | 265 |
| North Eastern Karnataka Road Transport Corporation | 56 | 264 |
| D.Devraj Urs Backward Classes Development Corporation Ltd, Bangalore | 34 | 27 |
| Total | 10,820 | 825 |

Source : Finance Accounts.

During the year, Government invested Rs 4,393 crore in Government companies (Rs 3,317 crore), Statutory corporations (Rs 575 crore), joint stock companies (Rs 500 crore) and (Rupees one crore) in co-operative institutions. This included

- Rs 224 crore invested in Karnataka State Financial Corporation which had a negative net-worth (Rs 200 crore) and for conversion of corporation's dividend liability to the Government into equity (Rs 24 crore).
- Repayment of off-budget borrowings aggregating Rs 635 crore of seven companies/corporations.

1.7.3 Departmental undertakings

Nineteen undertakings of certain Government departments performed activities of quasi-commercial nature. According to the latest accounts furnished by six undertakings, the State Government's investment was Rs 12.81 crore. The total loss incurred by these undertakings was Rs 5.42 crore. Details are furnished in **Appendix 1.6**.

In view of the continued loss of these undertakings, the Government should review their working so as to wipe out their losses in the short term and make these self sustaining in medium to long term.

1.7.4 Loans and advances by the State Government

In addition to investments in companies, corporations and co-operative institutions, Government also provided loans and advances to many institutions/organizations. Table 1.20 presents the position of outstanding loans and advances as of March 2009 and interest receipts vis-à-vis interest payments during the last five years.

Table-1.20: Average interest received on loans advanced by the State Government
(Rupees in crore)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|--------------|--------------|--------------|--------------|--------------|
| Opening balance | 5,203 | 5,768 | 5,944 | 6,241 | 6,946 |
| Amount advanced during the year | 611 | 300 | 357 | 757 | 731 |
| Amount repaid during the year | 46 | 124 | 60 | 52 | 57 |
| Closing balance | 5,768 | 5,944 | 6,241 | 6,946 | 7,620 |
| Net addition | 565 | 176 | 297 | 705 | 674 |
| Interest receipts | 88 | 95 | 38 | 58 | 103 |
| Interest receipts as <i>per cent</i> to outstanding loans and advances | 1.5 | 1.6 | 0.6 | 0.8 | 1.3 |
| Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government. | 8.1 | 7.2 | 7.3 | 7.5 | 6.3 |
| Difference between interest payments and interest receipts (<i>per cent</i>) | -6.6 | -5.6 | -6.7 | -6.7 | -5.0 |

Source: Finance Accounts.

Total loans outstanding as of March 2009 aggregated Rs 7,620 crore. Interest spread of government borrowings was negative during 2004-09 which meant that the State's borrowings were more expensive than the loans advanced by it.

Loans aggregating Rs 731 crore were disbursed during 2008-09 which included interest free loan of Rs 500 crore to KPTCL. Terms and conditions of repayment were not received for loans amounting to Rs 728 crore.

Recovery of loans and advances aggregating Rs 1,579 crore (principal: Rs 629 crore and interest: Rs 950 crore) was overdue as of March 2009, from 34 institutions (detailed accounts of which were kept by the Accountant General, (Accounts and Entitlements). Around 71 *per cent* of this pertained to five major defaulters viz., Karnataka Urban Water Supply and Drainage Board, Bangalore Water Supply and Sewerage Board, Karnataka Housing Board, New Government Electric Factory and Mysore Sugar Company. In these cases the overdue interest (Rs 763 crore) was more than twice the amount of the principal (Rs 363 crore) due for recovery.

1.7.5 Cash balances and investment of cash balances

Table 1.21 depicts the cash balances and investments made there from by the State Government during the year.

Table-1.21: Cash balances and investment of cash balances

| | (Rupees in crore) | | |
|--|---------------------|---------------------|------------------------------|
| | As of March 2008 | As of March 2009 | Increase(+)/ Decrease (-) |
| Cash balances | 3,919.45 | 7,819.85 | 3,900.40 |
| Investments from cash balances | 3,480.49 | 7,519.31 | 4,038.82 |
| GOI treasury bills | 3,480.16 | 7,518.98 | 4,038.82 |
| GOI securities | 0.21 | 0.32 | 0.11 |
| Other securities | 0.11 | | -0.11 |
| Other investments | 0.01 | 0.01 | --- |
| Funds-wise break-up of investment from earmarked balances | 343.15 | 652.92 | 309.77 |
| Sinking fund | 0.09 | -0.06 | -0.15 |
| Industrial development fund | 0.01 | 0.01 | --- |
| Co-operative development fund | 0.49 | 0.49 | --- |
| Other development and welfare fund | 342.55 | 652.47 | 309.92 |
| Miscellaneous deposits | 0.01 | 0.01 | |
| Interest realized | 315.87 | 232.53 | -83.34 |

Source : Finance Accounts.

The efficiency of handling cash balances by the State Government can also be assessed by monitoring the trends in monthly average daily cash balances held to meet normal banking transactions. **Table 1.22** presents the trends in monthly average daily cash balances and the investments in treasury bills for the last three years (2006-09).

Table 1.22: Trends in monthly average daily cash balances and the investments in treasury bills

| Month | Monthly average daily cash balances | | | Investment in 14 days treasury bills | | |
|-----------|-------------------------------------|---------|----------|--------------------------------------|---------|----------|
| | 2006-07 | 2007-08 | 2008-09 | 2006-07 | 2007-08 | 2008-09 |
| April | 35.83 | 416.71 | 877.76 | 451.82 | 479.28 | 447.76 |
| May | 43.06 | 334.29 | 721.55 | 338.96 | 410.45 | 346.96 |
| June | 37.30 | 334.47 | 729.43 | 282.95 | 452.19 | 287.18 |
| July | 34.62 | 341.07 | 734.67 | 323.60 | 280.22 | 238.25 |
| August | 40.37 | 381.10 | 814.56 | 358.90 | 415.95 | 384.51 |
| September | 54.89 | 443.90 | 836.56 | 359.40 | 438.90 | 295.59 |
| October | 77.97 | 452.91 | 959.49 | 448.21 | 156.48 | 347.01 |
| November | 71.08 | 488.56 | 910.38 | 446.13 | 291.17 | 344.50 |
| December | 111.39 | 499.26 | 984.06 | 515.24 | 559.18 | 246.06 |
| January | 129.20 | 569.21 | 955.82 | 414.49 | 349.17 | 479.88 |
| February | 152.33 | 541.82 | 1048.98 | 696.32 | 348.44 | 542.49 |
| March | 233.72 | 645.40 | 1,004.47 | 1,341.00 | 530.90 | 1,123.77 |

Source: Statement of daily transactions from Reserve Bank of India(RBI)

Except for 2004-05 and 2007-08, when the Government availed of ways and means advances for 61 and four days respectively, the cash-balance position of the Government during the period 2004-09 improved relative to the pre-FRA period. The improved position was reflected by its ways and means and over-draft position as these are resorted to when the Government daily balance with

the RBI was below the prescribed limit. The State did not avail of over-draft facility in any year during this period.

The cash surplus of the State at the end of the year was Rs 7,820 crore, an increase of 100 *per cent* over the previous year. The cost of holding the surplus balances is brought out in the **Box 1.6**.

Box – 1.6

Cost of holding surplus cash balances

Surplus cash balance was mainly due to market borrowings of Rs 7,417 crore raised during 2008-09 on 14 January (Rs 1,500 crore), 2 March (Rs 3,000 crore) and 18 March (Rs 2,917 crore).

The entire loan amount was invested in fourteen days intermediate treasury bills of RBI with an interest rate of 5 *per cent* per annum as against an average rate of 7 *per cent* per annum on market borrowings. The amount of investments at the year end was Rs 7,533 crore. The average balance of investments in April, May and June 2009 was Rs 4,802 crore, Rs 5,116 crore and Rs 4,886 crore respectively. The balance at the end of June 2009 after meeting all short term liabilities of the State Government was Rs 4,277 crore.

In view of the comfortable position of cash balances, the open market borrowings, could have been limited to Rs 3,140 crore to meet the short term liabilities of the Government. Additional borrowings of Rs 4,277 crore at the close of the financial year resulted in net interest burden of Rs 41.85 crore up to the end of June 2009.

1.8 Assets and liabilities

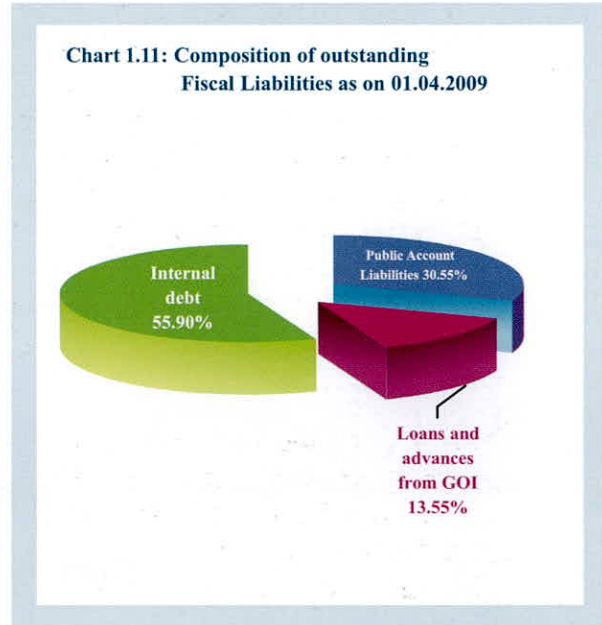
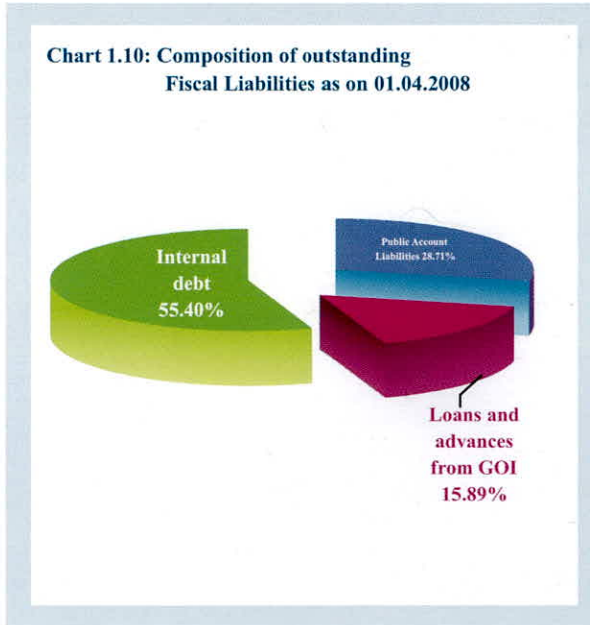
1.8.1 Growth and composition of assets and liabilities

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 1.5** gives an abstract of such liabilities and assets as on 31 March 2009 compared with the corresponding position as on 31 March 2008. While liabilities consist mainly of internal borrowings, loans and advances from GOI, receipts from Public Account and Reserve funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and cash balances. Total liabilities, as defined in the Karnataka Fiscal Responsibility Act, 2002 are the liabilities under the Consolidated Fund and the Public Account of the State. The liabilities of the State as depicted in Finance Accounts, however, did not include pension, other retirement benefits payable to retired/retiring State Government employees/guarantees/letters of comfort issued by the State Government and borrowings through special purpose vehicles, termed off-budget borrowings.

The growth rate of assets increased from 12 per cent in 2007-08 to 23 per cent in 2008-09, while that of liabilities increased from six per cent in 2007-08 to 20 per cent in 2008-09.

1.8.2 Fiscal liabilities

The trends in 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**.



Source: Finance Accounts.

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the annual financial statements under the Consolidated Fund – capital account. It includes market loans, special securities issued to RBI and loans and advances from GOI. The Constitution of India provides that State may borrow within the territory of India upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by an Act of the Legislature and give guarantees within such limits as may be fixed. Other liabilities which are a part of Public Account include deposits under small savings scheme, provident funds, and other deposits.

Fiscal liabilities of the State, their rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources as well as buoyancy of fiscal liabilities with respect to these parameters is brought out in **Table 1.23**.

Finances of the State Government

Table 1.23: Fiscal liabilities –basic parameters

| | (Rupees in crore and ratios in per cent) | | | | |
|--|--|---------|---------|---------|---------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Fiscal liabilities | 46,940 | 52,236 | 57,682 | 60,142 | 71,550 |
| Rate of growth (<i>per cent</i>) | 11.8 | 11.3 | 10.4 | 4.3 | 19.0 |
| Ratio of fiscal liabilities to | | | | | |
| GSDP | 30.04 | 28.05 | 28.71 | 25.72 | 26.68 |
| Revenue receipts | 176.7 | 172.1 | 153.5 | 146.1 | 165.3 |
| Own resources | 228.5 | 232.1 | 210.5 | 204.9 | 232.3 |
| Buoyancy ratio of fiscal liabilities to | | | | | |
| GSDP | 0.61 | 0.59 | 1.32 | 0.26 | 1.29 |
| Revenue receipts | 0.4 | 0.8 | 0.4 | 0.5 | 3.6 |
| Own resources | 0.4 | 1.2 | 0.5 | 0.6 | 3.8 |

Source: Finance Accounts.

Fiscal liabilities of the State increased by 52 *per cent* from Rs 46,940 crore in 2004-05 to Rs 71,550 crore in 2008-09 comprising Consolidated Fund liabilities (Rs 49,688 crore) and Public Account liabilities (Rs 21,862 crore).

Consequent upon the implementation of FRA and restriction on borrowings (fiscal deficit) to three *per cent* of GSDP, the rate of growth of fiscal liabilities of the State decreased from 12 *per cent* in 2004-05 to 4 *per cent* in 2007-08. With the announcement of economic stimulus package by GOI and consequent amendment to FRA raising the limit of fiscal deficit to 3.5 *per cent* of GSDP during the year 2008-09, the growth rate of fiscal liabilities increased to 19 *per cent*. As a result, buoyancy of fiscal liabilities to GSDP which was less than one during 2007-08, increased to more than one in 2008-09. The ratio of fiscal liabilities to GSDP was 27 *per cent* at the end of 2008-09.

1.8.3 Contingent liabilities -status of guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The details of last three years are given in **Table 1.24**.

Table-1.24: Guarantees given by the State Government

| | (Rupees in crore) | | |
|--|-------------------|---------|---------|
| | 2006-07 | 2007-08 | 2008-09 |
| Maximum amount guaranteed | 19,793 | 23,109 | 18,732 |
| Outstanding amount of guarantees (including interest) | 9,879 | 10,786 | 8,693 |
| Percentage of outstanding amount guaranteed to total revenue receipts of the second preceding year | 37 | 36 | 23 |

Source: Finance Accounts.

The Karnataka Ceiling on Government Guarantees Act, 1999 provides for a cap on outstanding guarantees extended by the Government at the end of any year at 80 *per cent* of the State's revenue receipts of the second preceding year. The outstanding guarantees at the end of the years 2006-07, 2007-08 and 2008-09 were within the prescribed limit.

The outstanding guarantees of Rs 8,693 crore at the end of the year 2008-09 included guarantees extended to 18 institutions/companies under irrigation sector (Rs 1,863 crore), co-operative sector (Rs 1,818 crore), financing sector (Rs 852 crore), power sector (Rs 845 crore), housing sector (Rs 739 crore), transport sector (Rs 684 crore) and water supply and urban development sector (Rs 567 crore). Outstanding guarantees extended to institutions⁷ which were either closed or sick/liquidated/under liquidation amounted to Rs 59.33 crore.

Outstanding guarantees as reported by the Government included liability of Rs 7.77 crore pertaining to Malaprabha co-operative spinning mill discharged by the Government.

To provide for sudden discharge of States' obligations on guarantees, TFC recommended that States should set up Guarantee Redemption Fund through earmarked guarantee fees. The State had set up a Guarantee Reserve Fund in 1999-2000 with a corpus of one crore. However, there was no transaction though there were guarantee commission receipts and expenditure on account of discharge of guarantee obligation. The State Government stated (April 2009) that transfer of receipts and expenditure pertaining to the fund would be considered at the appropriate time.

1.8.4 Off- budget borrowings

The borrowings of the State Government are governed under Article 293 of the Constitution of India. In addition to the contingent liabilities shown in **Table 1.25**, the State guaranteed loans availed of by Government companies/corporations. These companies/corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Funds for these programmes were to be met out of resources mobilized by these companies/corporations outside the State budget but in reality the borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings' and the Government had been repaying the loans availed of by these companies/corporations including interest through regular budget provision under capital account. Thus, the capital expenditure of the State during the current year included interest expenditure (Rs 595 crore) which was revenue in nature.

Table 1.25 captures the trend in the off-budget borrowings of the State during 2004-09 while **Table 1.26** gives the entity-wise position of borrowings to the end of 2008-09.

Table 1.25: Trend in off-budget borrowings

| Year | (Rupees in crore) | | | | |
|---|-------------------|---------|---------|---------|-----------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Amount as per MTFP 2007-11 [*] | 838 | 1,078 | 242 | 103 | ---Nil--- |

^{*} figures are yet to be reconciled with those of the financial institutions.

⁷ Raibagh Sahakara Sakkare Kharkhane -liquidated (Rs 53.88 crore), Coorg Orange Growers Society Ltd.-Sick(Rs 0.14 crore), KAIC- closed(Rs 0.91 crore), Gangavati Sugars- under liquidation (Rs 4.40 crore)

Table 1.26: Entity-wise position of off-budget borrowings

| Company/Corporation/Board | Off-budget borrowings | (Rupees in crore) | |
|---|-----------------------|-------------------|---------------|
| | | Principal | Interest |
| Krishna Bhagya Jala Nigam Limited | 2,483.17 | 1.94 | 0.51 |
| Karnataka Neeravari Nigam Limited | 638.00 | 31.00 | 44.80 |
| Karnataka Road Development Corporation | 805.63 | 318.23 | 300.68 |
| Rajiv Gandhi Rural Housing Corporation | 588.34 | 70.40 | 46.87 |
| Karnataka Slum Clearance Board | 250.55 | 41.23 | 17.21 |
| Karnataka Police Housing Corporation | 280.93 | 30.55 | 0.39 |
| Karnataka Land Army Corporation | 160.00 | 75.33 | 113.63 |
| Karnataka Renewable Energy Development Limited | 0.39 | 0.19 | 0.05 |
| Cauvery Neeravari Nigam Limited | 789.55 | 51.00 | 61.41 |
| Karnataka Residential Education Institution Society | 76.30 | 10.87 | 8.10 |
| Karnataka State Industrial Investment Development Corporation | 7.39 | 7.39 | 0.23 |
| Karnataka State Electronics Development Corporation Limited | 61.35 | | - |
| Mahithi bonds | 60.00 | | - |
| Sarva Siksha Abhiyan Samithi | 20.00 | 2.22 | 1.03 |
| Total | 6,221.60 | 640.35 | 594.91 |

Source: As reported by the concerned entities.

In compliance with the commitment made in MTFP 2009-13, off-budget borrowings were eliminated from 2008-09 to ensure transparency in fiscal performance.

Taking into account the off-budget borrowings of the State, the total liabilities at the end of March 2009 worked out to Rs 77,131 crore⁸ as against Rs 71,550 crore shown in **Table 1.23** and the ratio of fiscal liabilities (inclusive of off-budget borrowings) to GSDP would increase to 29 per cent at the end of the year as against 28 per cent in the previous year

1.9 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyze various indicators that determine the debt sustainability⁹ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization¹⁰; sufficiency of non-debt receipts¹¹; net availability

⁸ Total fiscal liabilities: Rs 71,550 crore plus balance of off-budget borrowings; Rs 5,581 crore.

⁹ 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 balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

¹⁰ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided

of borrowed funds¹²; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the State Government securities. **Table 1.27** analyzes the debt sustainability of the State according to these indicators for the period 2004-09.

Table 1.27: Debt sustainability: Indicators and trends

| Debt sustainability indicators | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--|---------|---------|---------|---------|------------|
| Debt stabilization (Rs in crore) (Quantum spread +/- Primary deficit/ surplus) | 5,264 | 6,137 | -337 | 4,466 | 1,381 |
| Sufficiency of incremental non-debt receipts (resource gap) (Rs in crore) | 2,146 | 750 | 1,777 | -138 | -2,205 |
| Net availability of borrowed Funds | 4 | 6 | 5 | --- | 21 |
| Burden of interest payments (IP/RR Ratio) | 14.3 | 12.4 | 11.3 | 10.9 | 10.5 |
| Maturity profile of State debt (in years) | | | | | |
| 0 – 1 | | | | | 1,046 (6) |
| 1 – 3 | | | | | 3,866 (21) |
| 3 – 5 | | | | | 3,998 (21) |
| 5 – 7 | | | | | 1,494 (8) |
| 7 and above | | | | | 8,168 (44) |

Figures in parenthesis denote the percentage to market borrowings of Rs 18,573 crore

Source: Finance Accounts.

1.9.1 Debt stability

An important condition for debt sustainability is stabilization in terms of debt/GSDP ratio. According to Domar's debt stability equation, if the rate of growth of economy exceeds the cost of borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are positive /zero/moderately negative. Primary revenue balance is the difference between revenue receipts and primary revenue expenditure and indicates whether the balance of revenue receipts left out after meeting current revenue expenditure is sufficient for meeting the interest expenditure. During 2004-09, the primary revenue balance was positive and sufficient to meet interest expenditure and the debt-GSDP ratio was less than one.

When the quantum spread and primary deficit are negative, debt-GSDP ratio will be high indicating unsustainable levels of public debt and when the

primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹¹ 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.

¹² 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.

quantum spread and primary deficit are positive, debt-GSDP ratio will be low indicating sustainable levels of public debt.

Interest spread is the difference between average lending rate and average borrowing rate. In terms of GSDP growth rate, it is the difference between the growth rate of economy and the average interest rate (Domar's gap). When GSDP growth rate exceeds the average interest rate, the interest spread and quantum spread will be positive and when it is less than the average interest rate, the interest spread and quantum spread will be negative.

During the period 2004-06, the GSDP growth rate was more than the average interest rate and the State had a positive interest spread and quantum spread.

In 2006-07, slow down in the growth rate of GSDP and shift to primary deficit brought down debt sustainability though the interest spread and quantum spread remained positive. In the current year, GSDP growth rate as well as the interest rate decreased over the previous year and the quantum spread was Rs. 5,581 crore and this positive gap absorbed the primary deficit of Rs 4,200 crore.

1.9.2 Sufficiency of incremental non-debt receipts

Another indicator of debt sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary revenue expenditure. Debt sustainability could be facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Negative resource gap indicates non-sustainability of debt while positive resource gap indicates sustainability of debt. The resource gap which turned negative in 2007-08 continued to be negative in 2008-09 and the amount of negative resource gap increased due to fall in incremental non-debt receipts and increase in primary expenditure.

1.9.3 Net availability of borrowed funds

Debt sustainability also depends on the ratio of debt redemption (principal + interest payments) to total debt receipts and application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Debt redemption ratio which was more than one in 2007-08 reduced to less than one (0.79) in 2008-09 as debt redemption was lower than debt receipts indicating availability of 21 *per cent* of debt receipts for productive expenditure.

1.9.4 Maturity profile

In terms of maturity profile, around 44 *per cent* of the outstanding stock of Government securities at the end of the year belonged to maturity bracket of seven years and above. Repayment obligation of the State would increase from 2012-13 due to huge market borrowings during 2002-03 and 2004-05 under Debt Swap Scheme. Repayment obligations would increase more than two-fold in 2018-19 compared to 2017-18 due to huge market borrowings in 2008-09.

The Government created a sinking fund for open-market loans and the fund consists of two components-sinking fund (amortisation) and sinking fund (depreciation). The amortisation fund was to accommodate contributions from revenue for repayment of loans on maturity while the depreciation fund was to be fed annually by loans. However, there had been no accretion to the sinking fund since 1999-2000. *The Government should revive the fund in compliance to the recommendation of TFC which would help the State to meet the sudden increase in the amount of debt-servicing from 2013 onwards when huge chunk of market borrowings starts maturing.*

1.9.5 Burden of interest payments

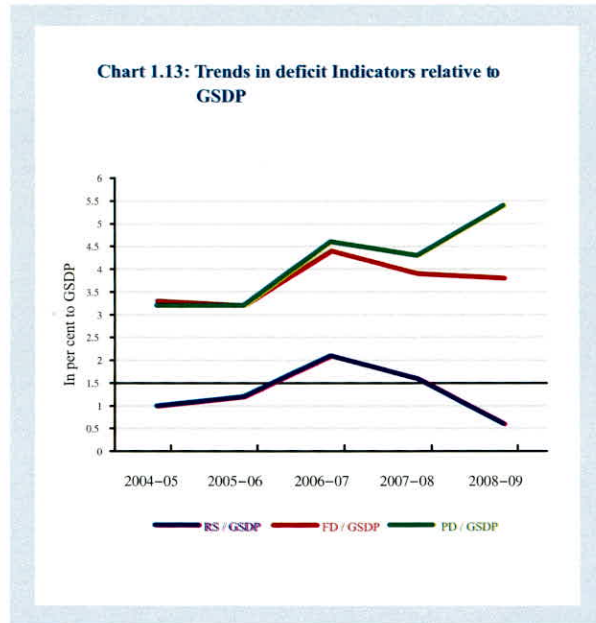
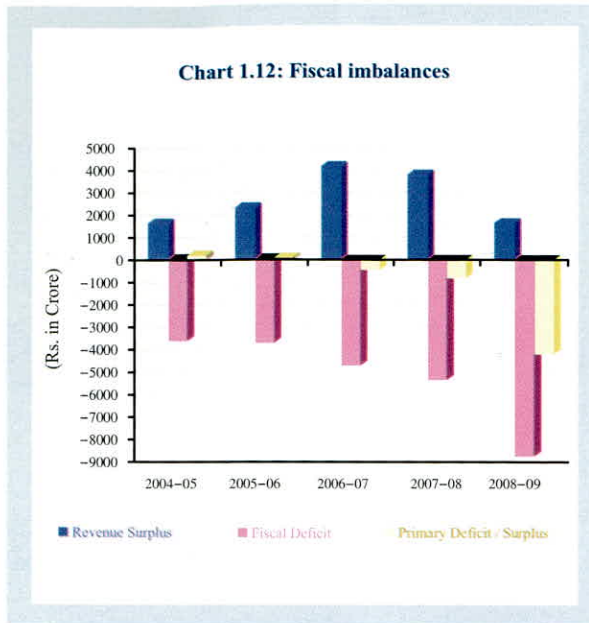
The ratio of interest payments to revenue determines the debt sustainability of the State. *During the year, interest payments pre-empted 10 per cent of the total revenue receipts of the State which was below the norm of 15 per cent prescribed by TFC.* On account of achievement of targets under FRA, the State benefited in terms of interest relief (Rs 1,051 crore) under DCRF scheme during 2005-09 which helped in stabilization of interest payments as a ratio of revenue receipts.

1.10 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits, indicate the extent of overall fiscal imbalances in the State finances during a specified period. The deficit in the Government account represents the gap between 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 fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRA for the financial year 2008-09.

1.10.1 Trends in deficits

Charts 1.12 and 1.13 present the trends in deficit indicators over the period 2004-09



The fiscal target of wiping out revenue deficit by March 2006 as laid down in FRA was achieved by the State one year ahead in 2004-05. Thereafter the State maintained revenue surplus till 2008-09 with inter-year variation. The decrease in the amount of revenue surplus began in 2007-08 and in 2008-09 revenue surplus further decreased by Rs 2,145 crore over the previous year.

The deterioration in revenue account of the State in 2008-09 was due to growth of revenue expenditure by Rs 4,285 crore (11 per cent) as against increase in revenue receipts by Rs 2,140 crore (five per cent). The low growth rate of own tax revenue (six per cent) and negative growth rate of non-tax revenue reduced the revenue surplus of the State.

FRA target of reducing fiscal deficit –GSDP ratio to less than three per cent was also achieved one year ahead in 2004-05. Buoyant revenue receipts during 2004-07, realisation of capital receipts from sale of land in 2007-08 and restricted borrowings were some factors that helped in reducing fiscal deficit-GSDP ratio to less than three per cent.

In 2008-09, decrease in revenue surplus (Rs 2,145 crore), decrease in non-debt capital receipts (Rs 60 crore) and increase in capital expenditure including loans and advances (Rs 1,195 crore) increased the fiscal deficit by Rs 3,400 crore over the previous year. During the year, fiscal deficit of Rs 8,732 crore as a ratio of GSDP was more than the previous year but was within the revised FRA limit of 3.5 per cent.

Increase in fiscal deficit by Rs 3,400 crore and a marginal increase in interest payments by Rs 26 crore during the year increased the primary deficit by Rs 3,374 crore. Primary deficit of Rs 4,200 crore at the end of the year implied that revenue and non-debt receipts were sufficient for meeting only primary revenue expenditure and underlined the need for augmentation of own revenue for fiscal correction and consolidation.

1.10.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in the Table 1.28.

Table 1.28: Components of fiscal deficit and its financing pattern

| | | (Rupees in crore) | | | | | | | | | |
|---|---|-------------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | | 2004-05 | | 2005-06 | | 2006-07 | | 2007-08 | | 2008-09 | |
| | | Amount | per cent of GSDP | Amount | per cent of GSDP | Amount | per cent of GSDP | Amount | per cent of GSDP | Amount | Per cent of GSDP |
| Decomposition of fiscal deficit | | -3,600 | 2.4 | -3,687 | 2.0 | -4,688 | 2.3 | -5,332 | 2.2 | -8,732 | 3.3 |
| 1 | Revenue surplus | 1,638 | 1.0 | 2,311 | 1.2 | 4,152 | 2.1 | 3,776 | 1.6 | 1,631 | 0.6 |
| 2 | Net capital expenditure | 4,674 | 3.0 | 5,822 | 3.1 | 8,543 | 4.3 | 8,403 | 3.5 | 9,689 | 3.6 |
| 3 | Net loans and advances | 564 | 0.4 | 176 | 0.1 | 297 | 0.1 | 705 | 0.3 | 674 | 0.3 |
| Financing pattern of fiscal deficit* | | | | | | | | | | | |
| 1 | Market borrowings | 2,116 | 1.4 | 165 | 0.1 | -233 | -0.1 | 287 | 0.1 | 6,583 | 2.5 |
| 2 | Loans from GOI | -1,851 | -1.2 | 251 | 0.1 | -83 | 0 | 357 | 0.2 | 135 | 0.1 |
| 3 | Special securities issued to NSSF | 4,386 | 2.8 | 4,272 | 2.3 | 2,478 | 1.2 | 209 | 0.1 | -164 | -0.1 |
| 4 | Loans from financial institutions | -171 | -0.1 | 164 | 0.1 | -366 | -0.2 | 174 | 0.1 | 260 | 0.1 |
| 5 | Small savings, PF etc | 585 | 0.4 | 656 | 0.4 | 659 | 0.3 | 749 | 0.3 | 1,176 | 0.4 |
| 6 | Deposits and advances | -562 | -0.4 | -368 | -0.2 | 1,805 | 0.9 | -62 | 0 | 1,554 | 0.6 |
| 7 | Suspense and misc | 265 | 0.2 | 523 | 0.3 | 237 | 0.1 | 1,498 | 0.6 | 968 | 0.4 |
| 8 | Remittances | 109 | 0.1 | 40 | 0 | 514 | 0.2 | -828 | -0.4 | -52 | 0 |
| 9 | Reserve funds | 465 | 0.3 | 473 | 0.3 | 1,188 | 0.6 | 750 | 0.3 | 2,174 | 0.8 |
| 10 | Increase (-) / decrease (+) in cash balance | -1,744 | -1.1 | -2,528 | -1.4 | -1,498 | -0.7 | 2,185 | 0.9 | -3,900 | -1.5 |
| 11 | Net of Contingency Fund transactions | 2 | | 39 | | -13 | | 13 | | -2 | |
| Total | | 3,600 | 2.4 | 3,687 | 2.0 | 4,688 | 2.3 | 5,332 | 2.2 | 8,732 | 3.3 |

* All these figures are net disbursements/outflows during the year

Source: Finance Accounts.

Fiscal deficit is the total borrowing requirement of the State and is the excess of revenue expenditure and capital expenditure including loans and advances over revenue and non-debt capital receipts. Decomposition of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above revenue and non-debt receipts.

The extent to which revenue surplus of the State financed its fiscal deficit decreased with the declining trend of revenue surplus from 2007-08. While the percentage of fiscal deficit financed by surplus revenue was 89 in 2006-07, it was 71 and 19 in 2007-08 and 2008-09 respectively.

There was also a compositional shift in the pattern of financing fiscal deficit in 2008-09 relative to the previous years. The role of market borrowings and NSSF loans in financing fiscal deficit underwent significant change in the current year.

NSSF loans were the major player in financing fiscal deficit during 2004-05 and 2005-06. Market borrowings by the State Government based on necessity rather than availability during 2005-08 resulted in these borrowings financing less than five *per cent* of the fiscal deficit of the State during that period. In contrast, in 2008-09 market borrowings emerged as the main source of financing fiscal deficit.

On account of build-up of funds in Public Account - debts, deposits and advances, small savings, provident fund, etc. 67 *per cent* of the fiscal deficit was financed by Public Account receipts. These are receipts in respect of which the Government has a liability in future.

Loans from GOI financed a small portion of fiscal deficit on account of phasing out of GOI loans in accordance with the recommendations of TFC.

1.10.3 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) 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 ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.29**) indicates the extent to which the deficit was on account of enhancement in capital expenditure which might be desirable to improve the productive capacity of the State's economy.

Table 1.29: Primary deficit/surplus – Bifurcation of factors

(Rupees in crore)

| Year | Non-debt receipts | 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 | 26,617 | 21,138 | 4,674 | 611 | 26,423 | 5,479 | 194 |
| 2005-06 | 30,476 | 24,276 | 5,822 | 300 | 30,398 | 6,200 | 78 |
| 2006-07 | 37,647 | 29,199 | 8,543 | 357 | 38,099 | 8,448 | -452 |
| 2007-08 | 41,449 | 32,869 | 8,649 | 757 | 42,275 | 8,580 | -826 |
| 2008-09 | 43,528 | 37,127 | 9,870 | 731 | 47,728 | 6,401 | -4,200 |

Source : Finance Accounts.

Primary surplus showed declining trend in 2005-06 and turned negative in 2006-07 and primary deficit showed increasing trend thereafter.

During the period 2006-09, non-debt receipts of the State were sufficient to meet only primary revenue expenditure but were not sufficient to meet the expenditure on capital account including loans and advances. In 2008-09, primary deficit was Rs 4,200 crore which was the extent of gap between non-debt receipts and primary expenditure of the State arising on account of capital expenditure and disbursement of loans and advances.

Deficit arising on account of capital expenditure and loans and advances implied that capital expenditure was not always productive or healthy as it included debt-servicing expenditure and disbursement of interest free loans.

1.10.4 State's own revenue and deficit correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators.

Table 1.30 presents receipts and expenditure on revenue account of the State as a *per cent* of GSDP to examine the source of fiscal imbalance, revenue and deficit correction.

Table 1.30: Change in revenue receipts and correction of deficit
(per cent of GSDP)

| | 2006-07 | 2007-08 | 2008-09 | |
|---|---------|---------|---------|--------|
| | | | BE | Actual |
| Revenue receipts | 18.7 | 17.6 | 19.4 | 16.1 |
| State's own tax revenue | 11.6 | 11.1 | 13.1 | 10.3 |
| State's own non- tax revenue | 2.0 | 1.4 | 0.8 | 1.2 |
| State's share in Central taxes and duties | 2.7 | 2.9 | 3.3 | 2.6 |
| Grants-in-aid | 2.4 | 2.2 | 2.2 | 2.0 |
| Revenue expenditure | 16.6 | 16.0 | 18.7 | 15.5 |
| Revenue surplus | 2.1 | 1.6 | 0.6 | 0.6 |
| Fiscal deficit | 2.3 | 2.3 | 2.9 | 3.2 |

Total revenue receipts of the State as a *per cent* of GSDP was on declining trend from 2006-07 onwards. The ratio fell from 19 *per cent* of GSDP in 2006-07 to 16 *per cent* in 2008-09 mainly due to deceleration in the growth rate of State's own tax revenue and non-tax revenue.

Tax revenue was 10 *per cent* of GSDP in 2008-09 as against estimated 13 *per cent* on account of reduced buoyancy of taxes on sales, trade, etc, motor vehicles tax and stamps and registration fee.

Negligible returns from investments coupled with non-revision of user charges pertaining to socio-economic services resulted in fall in non-tax revenue from two *per cent* of GSDP in 2006-07 to one *per cent* in 2008-09.

Revenue expenditure decreased from 17 *per cent* GSDP in 2006-07 to 16 *per cent* in 2008-09 while there was no increase in capital expenditure, including loans and advances, as a *per cent* of GSDP.

There was a decrease in the revenue surplus of the State by Rs 2,521 crore from Rs 4,152 crore in 2006-07 to Rs 1,631 crore in 2008-09. It came down from two *per cent* of GSDP in 2006-07 to one *per cent* in 2008-09.

Fiscal deficit increased from 2.3 *per cent* of GSDP in 2006-07 to 3.2 *per cent* in 2008-09 but was within the FRA limit of 3.5 *per cent*.

1.11 Conclusion and recommendations

● Fiscal position

The State continued to maintain revenue surplus during 2004-09 and kept fiscal deficit relative to GSDP below the limit laid down under FRA. The fiscal position of the State viewed in terms of trends in deficit indicators revealed deterioration in 2007-08 and 2008-09 relative to 2006-07 as revenue surplus declined and fiscal and primary deficits increased. The deterioration in fiscal performance during the current year was primarily on account of a relatively lower growth rate in the State's own resources.

Recommendations: The State Government should mobilize additional resources both through tax and non-tax sources by expanding the tax base and rationalising the user charges. It should also make efforts to collect revenue arrears.

● Revenue expenditure

The expenditure pattern of the State revealed that the revenue expenditure as a *per cent* to total expenditure continued to dominate with around 80 *per cent* of the total expenditure in 2008-09.

Non-plan revenue expenditure exceeded the normative projection of TFC for the State for the year.

Expenditure on salary, pension, interest and subsidies together constituted around 71 *per cent* of non-plan revenue expenditure.

The expenditure on salaries during 2008-09 was within the ceiling of 35 *per cent* recommended by TFC.

Interest payments on GOI loans constituted 34 *per cent* of the total interest payments in 2004-05. With the benefit the State got under DCRF, the percentage, however, came down to 17 on an average, during 2005-09.

Recommendations: Expenditure on salaries and pensions witnessed substantial increase during 2007-09 due to implementation of the pay commission award. As the expenditure on these is expected to stabilize in the coming years as stated in the State's MTFP, the State should take action to restrict the other components of non-plan revenue expenditure by phasing out implicit subsidies and resort to need based borrowings to cut down interest payments.

● Quality of capital expenditure

Repayment of off-budget borrowings (Rs 8,595 crore) during 2004-09 was treated as capital expenditure. The State Government in compliance with the commitment in MTFP gradually phased out off-budget borrowings resulting in their complete elimination in 2008-09.

Funds aggregating Rs 1,107 crore were blocked in incomplete projects as at the end of 2008-09.

The State Government invested Rs 10,820 crore during 2004-09 in Government companies/Statutory corporations incurring losses continuously. Return on Government investments during the period was negligible.

Recommendations: The State Government should ensure better value for money in investments otherwise, high cost borrowed funds will continue to be invested in projects with low financial return. The State Government should also review the working of State public sector undertakings incurring huge losses and work out either a revival strategy or close down such units.

The State Government should formulate guidelines for quick completion of incomplete projects and strictly monitor reasons for time and cost over runs with a view to take corrective action.

● Financial management

The State Government paid interest at an average rate of 6.9 *per cent* on borrowings as against 0.1 *per cent* of return on investments made in Government companies / statutory corporations / co-operative societies etc.

Interest payments constituted six *per cent* of the total fiscal liabilities while interest receipts constituted only one *per cent* of total outstanding loans and advances disbursed by the State Government.

Surplus cash balance, mainly due to market borrowings of Rs 7,417 crore raised during 2008-09 was invested in fourteen days treasury bills at an interest rate of five *per cent* per annum as against interest paid at an average rate of seven *per cent* per annum on market borrowings.

Recommendations: The State Government should resort to borrowings based on necessity and affordability rather than availability in compliance with the commitment made in State's MTFPs.

The above points were referred (December 2009) to the Government; reply had not been received (January 2010).



Chapter 2

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 the 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 reappropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus, facilitate management of finances and monitoring of budgetary provisions and are therefore, supplementary to Finance Accounts.

2.1.2 Audit of appropriation by the Comptroller and Auditor General (CAG) of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorization 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 so incurred is in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 29 grants/appropriations was as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions

| Nature of expenditure | | (Rupees in crore) | | | | |
|-----------------------|-------------------------|----------------------------------|---------------------------------------|-----------|--------------------|-------------------|
| | | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure | Unspent provision |
| Voted | I Revenue | 40,940.66 | 3,495.81 | 44,436.47 | 37,436.02 | 7,000.45 |
| | II Capital | 11,822.58 | 2,186.72 | 14,009.30 | 10,363.85 | 3,645.45 |
| | III Loans and advances | 1,007.09 | 537.51 | 1,544.60 | 731.34 | 813.26 |
| Total Voted | | 53,770.33 | 6,220.04 | 59,990.37 | 48,531.21 | 11,459.16 |
| Charged | IV Revenue | 5,366.16 | 21.58 | 5,387.74 | 4,631.20 | 756.54 |
| | V Public debt-repayment | 3,157.18 | --- | 3,157.18 | 1,777.90 | 1,379.28 |
| Total Charged | | 8,523.34 | 21.58 | 8,544.92 | 6,409.10 | 2,135.82 |
| Grand Total | | 62,293.67 | 6,241.62 | 68,535.29 | 54,940.31 | 13,594.98 |

Source: Appropriation Accounts.

The overall unspent provision of Rs 13,594.98 crore was the result of unspent provision of Rs 13,660.83 crore in 27 grants and nine appropriations under revenue section, 25 grants under capital section and 11 grants and one appropriation (public debt-repayments) under loans section, offset by excess expenditure of Rs 65.85 crore over provision in one grant and one appropriation under revenue section.

The unspent provision / excesses (Detailed Appropriation Accounts) were intimated (July 2009) to the Controlling Officers requesting them to explain the significant variations. No explanations were received (October 2009).

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

Out of total unspent provision of Rs 13,660.83 crore, unspent provisions of more than Rs 100 crore occurred in 24 cases relating to 18 grants / appropriations during 2008-09. Large unspent provisions were in areas like urban development, water resources, debt servicing, public works, finance, agriculture and horticulture, etc as indicated in **Table 2.2**.

Table 2.2: Grants/appropriations with unspent provision of Rs 100 crore and above

| Sl. No | Grant | Provision | | | Expenditure | Unspent provision |
|--------|--|-----------|---------------|----------|-------------|-------------------|
| | | Original | Supplementary | Total | | |
| 1 | 01-Agriculture and Horticulture Revenue Voted | 2,083.25 | 62.65 | 2,145.90 | 1,316.27 | 829.63 |
| 2 | 02-Animal Husbandry and Fisheries Revenue Voted | 623.05 | 16.19 | 639.24 | 479.94 | 159.30 |
| 3 | 03-Finance Revenue Voted | 5,094.91 | 2,015.45 | 7,110.36 | 6,255.87 | 854.49 |
| 4 | 05-Home and Transport Revenue Voted | 2,091.76 | 3.63 | 2,095.39 | 1,923.54 | 171.85 |
| 5 | 06-Infrastructure Development Capital Voted | 495.89 | -- | 495.89 | 369.26 | 126.63 |
| 6 | 07-Rural Development and Panchayat Raj Revenue Voted | 1,759.53 | 87.87 | 1,847.40 | 1,484.12 | 363.28 |
| | Capital Voted | 1,599.51 | 286.02 | 1,885.53 | 1,501.88 | 383.65 |
| 7 | 09-Co-Operation Revenue Voted | 546.20 | 3.79 | 549.99 | 362.44 | 187.55 |
| 8 | 10-Social Welfare Revenue Voted | 1,501.93 | 27.56 | 1,529.49 | 1,318.93 | 210.56 |
| 9 | 16- Housing Capital Voted | 381.18 | -- | 381.18 | 240.95 | 140.23 |
| 10 | 17 - Education Revenue Voted | 8,668.46 | 127.79 | 8,796.25 | 8,420.93 | 375.32 |
| | Capital Voted | 276.29 | 3.70 | 279.99 | 178.63 | 101.36 |
| 11 | 18 - Commerce and Industries Revenue Voted | 1,362.86 | 55.98 | 1,418.84 | 855.05 | 563.79 |
| 12 | 19- Urban Development Revenue Voted | 4,719.21 | 5.99 | 4,725.20 | 3,116.70 | 1,608.50 |
| | Capital Voted | 1,126.78 | -- | 1,126.78 | 597.88 | 528.90 |

Financial Management and Budgetary Control

| Sl. No | Grant | Provision | | | Expenditure | Unspent provision |
|--------|---|------------------|-----------------|------------------|------------------|-------------------|
| | | Original | Supplementary | Total | | |
| 13 | 20 – Public Works | | | | | |
| | Revenue Voted | 1,521.11 | 136.17 | 1,657.28 | 1,343.25 | 314.03 |
| | Capital Voted | 2,318.36 | 1,067.28 | 3,385.64 | 2,326.74 | 1,058.90 |
| 14 | 21 – Water Resources | | | | | |
| | Capital Voted | 4,426.64 | 56.68 | 4,483.32 | 2,973.57 | 1,509.75 |
| 15 | 22 – Health and Family Welfare Services | | | | | |
| | Revenue Voted | 1,884.30 | 6.66 | 1,890.96 | 1,704.27 | 186.69 |
| | Capital Voted | 457.93 | -- | 457.93 | 337.91 | 120.02 |
| 16 | 24 – Energy | | | | | |
| | Revenue Voted | 2,437.24 | 1.35 | 2,438.59 | 1,952.84 | 485.75 |
| 17 | 26 – Planning, Statistics, Science and Technology | | | | | |
| | Revenue Voted | 410.96 | 102.53 | 513.49 | 278.26 | 235.23 |
| 18 | 29 – Debt Servicing | | | | | |
| | Revenue Charged | 5,278.10 | -- | 5,278.10 | 4,532.03 | 746.07 |
| | Capital Charged | 3,157.18 | -- | 3,157.18 | 1,777.90 | 1,379.28 |
| | Total | 54,222.63 | 4,067.29 | 58,289.92 | 45,649.16 | 12,640.76 |

Source: Appropriation Accounts.

Major heads of account under which the unspent provision was more than Rs 10 crore in these 18 grants / appropriations are detailed in **Appendix 2.1**.

The reasons furnished by eight departments for unspent provision under a few major heads of account are given below:

Home and Transport

- Unspent provision of Rs 25 crore and Rs 26.06 crore were due to non-receipt of approval from the Government and non-finalisation of tenders/delay in receiving bills from suppliers/contractors respectively under the major head '2055'.
- Provision of Rs 45.98 crore for vacant posts under the major head '2070' remained unspent.

Education

- Unspent provision of Rs 13.67 crore under the major head '2058' was mainly due to reduced number of free text books printed for the year 2009-10 through Government press.
- Delay in approval for implementation of 'Nali Kali' programme resulted in Rs 53.67 crore under the major head '2202' remaining unspent.
- Delay in filling up of vacant posts and approval to 28 colleges against 314 aided colleges proposed, contributed to unspent provision of Rs 46 crore and Rs 16.61 crore under the major head '2202'.

Commerce and Industries

- Unspent provision of Rs 13.83 crore under the major head '2851' was due to non-filling of vacant posts and transfer of employees to other departments.

Health and Family Welfare Services

- Non-achievement of targets under different project components was the reason for the unspent provision of Rs 11.22 crore under the major head '2210'.

Public Works

- Under the major head '5054' unspent provision of Rs 50 crore was due to non-commencement of works.

Water Resources

- Unspent provision of Rs 289.88 crore under the major head '4702' was due to delay in finalisation of tenders/executing agencies, pending bills, non-payment of bills in respect of incomplete projects, non-clearance of projects in some districts and non-availability of staff to execute the work.

Energy

- Transfer of expenditure of Rs 350 crore from the revenue head of account '2801' to the capital head of account '6801' led to unspent provision under the former head of account.

Debt Servicing

- Unspent provision of Rs 362.34 crore was on account of providing more funds than required under the major head '2049'.
- Under the major head '6003', provision of Rs 1,350 crore remained unutilised due to non-availment of ways and means advances / overdraft from the Reserve Bank of India during the year.
- Provision of more funds than required was the reason for the unspent provision of Rs 39.14 crore under the major head '6004'.

2.3.2 There was unspent provision aggregating Rs 280.11 crore in 26 cases relating to eight grants due to non / short / late release of funds and non / late receipt of sanctions from the Government (**Appendix 2.2**). The unspent provision was surrendered on the last day of the financial year.

2.3.3 *Persistent unspent provision*

In four grants, there was persistent unspent provision of more than Rs 100 crore in each case during the last five years as detailed in **Table 2.3**.

Table 2.3: Persistent unspent provision

| Sl. No. | Major head | Year | | | | |
|---------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| 1 | 03 –Finance (Revenue Voted) 2070-800-11 | 1,340.91 | 1,492.33 | 2,297.35 | 228.53 | 854.49 |
| | Filling up of vacant posts (District Sector) | 111.87 | 121.75 | 111.99 | 110.73 | 450.00 |
| 2 | 19 –Urban development (Revenue Voted) 2217-05-191-1 | 124.67 | 258.75 | 1,092.32 | 1,194.95 | 1,608.50 |
| | Bangalore Metropolitan Regional Development Authority | 122.33 | 199.15 | 195.00 | 319.24 | 503.45 |
| 3 | 20 –Public works (Revenue Voted) 3054-80-797-03 | 327.03 | 274.73 | 418.13 | 344.25 | 314.03 |
| | Transfer of cess to Rural Road Development Fund | 194.25 | 161.58 | 100.00 | 145.00 | 150.00 |
| 4 | 29 –Debt servicing (Capital Charged) 6003-110-2 | - | 1,491.85 | 555.02 | 1,320.70 | 1,379.28 |
| | Overdraft with Reserve Bank of India | 350.00 | 350.00 | 350.00 | 350.00 | 350.00 |

Source : Appropriation Accounts.

2.3.4 Excess expenditure

In 25 cases, expenditure in excess of Rs 10 crore of the budget provision was incurred under 16 major heads of account pertaining to nine grants. (Appendix 2.3)

2.3.5 Persistent excess expenditure

Persistent excess expenditure over provision was incurred under five major heads of account pertaining to four grants during the last five years (Appendix 2.4).

2.3.6 Expenditure without provision

An expenditure of Rs 94.85 crore was incurred in 13 cases in seven grants without either provision or reappropriation (Appendix 2.5).

▶ Excess expenditure requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, but the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

2.3.7 Excess over provision relating to previous years

The excess expenditure aggregating Rs 8,508.34 crore for the years 1989-90 to 2007-08 was yet to be regularized as detailed in Appendix 2.6.

2.3.8 Excess over provision during 2008-09

Details of excess expenditure of Rs 65.85 crore incurred against one grant and one appropriation during 2008-09 required to be regularized are given in Table 2.4.

Table 2.4: Excess over provisions requiring regularization during 2008-09

| (Amount in rupees) | | | | |
|--------------------|--|------------------------|------------------------|---------------------|
| Sl. No. | Grant | Provision | Expenditure | Excess |
| 1. | 08 Forest, Ecology and Environment (Revenue Charged) | 10,72,98,000 | 12,00,86,189 | 1,27,88,189 |
| 2. | 14 Revenue (Revenue Voted) | 22,61,93,66,000 | 23,26,50,54,198 | 64,56,88,198 |
| Total | | 22,72,66,64,000 | 23,38,51,40,387 | 65,84,76,387 |

Source : Appropriation Accounts.

- Amount transferred from Consolidated Fund to the Karnataka Forest Development Fund in Public Account was more than the provision. This resulted in excess over provision under Grant 8 – Forest, Ecology and Environment.
- Non-provision in the budget to account for the transfer of NCCF grants from Consolidated Fund to Public Account was the reason for excess over provision under Grant No.14 – Revenue.

2.3.9 New service/New instrument of service

Article 205 of the Constitution provides that expenditure on a 'New Service' not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. The Government issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of 'New Service/New Instrument of Service'. These, *inter alia*, stipulate that the expenditure over the grant/appropriation exceeding twice the provision or Rupees one crore, whichever is more, should be treated as an item of 'New Service'.

In 35 cases involving seven grants, expenditure totaling Rs 271.52 crore which should have been treated as 'New Service/New Instrument of Service' was incurred without the approval of the Legislature (**Appendix 2.7**).

Supplementary provision

Supplementary provision (Rs 6,241.62 crore) made during the year constituted 10 per cent of the original provision (Rs 62,293.67 crore) as in the case of previous year. In view of the overall unspent provision of Rs 13,594.98 crore at the end of the financial year, supplementary provision appeared largely unnecessary.

2.3.10 Unnecessary supplementary provision

Supplementary provision of Rs 203.71 crore made under 62 detailed / object heads relating to 14 grants proved unnecessary. (**Appendix 2.8**)

2.3.11 Excessive supplementary provision

Supplementary grant of Rs 3,503.14 crore obtained under 79 detailed heads relating to 19 grants proved excessive resulting in unutilised provision of Rs 782.01 crore. (**Appendix 2.9**)

2.3.12 Inadequate supplementary provision

Supplementary provision of Rs 155.22 crore obtained under 47 detailed heads relating to six grants proved insufficient leaving uncovered excess expenditure of Rs 36.17 crore. (**Appendix 2.10**)

▶ **Reappropriation of funds**

A grant or appropriation for disbursements is distributed by sub-head / detailed head / object head under which it is accounted for. The competent executive authority may approve reappropriation of funds between the primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Reappropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or will result in unspent provision in the unit of appropriation.

2.3.13 Injudicious reappropriation of funds

In 52 cases, reappropriation of funds was made injudiciously resulting either in un-utilised provision or excess over provision of more than Rupees one crore in each case (**Appendix 2.11**).

- In two cases, additional funds of Rs 27.88 crore provided through reappropriation proved insufficient as the final expenditure exceeded the provision by Rs 29.39 crore.
- In 36 cases, the unutilised provision was not properly assessed as even after the withdrawal of Rs 377.70 crore through reappropriation Rs 640.80 crore remained unutilised.
- In 12 cases, additional funds of Rs 170.11 crore provided by reappropriation resulted in overall unutilised provision of Rs 230.69 crore and the reappropriation made was unnecessary.
- In two cases, withdrawal of Rs 13.14 crore through reappropriation resulted in final expenditure exceeding the net provision by Rs 16.31 crore.

2.3.14 Defective reappropriation

During 2008-09, 364 reappropriation orders for an amount of Rs 1,320.92 crore were issued of which, 44 reappropriation orders for Rs 132.10 crore were not considered in accounts. These orders were found either exceeding the power of sanction or not self balanced or not signed by the competent authority or the reappropriation was between different grants. Illustrative cases are listed in (**Appendix 2.12**).

Surrender of unspent provision

Spending departments are required to surrender the grants/appropriations or a portion thereof to the Finance Department as and when the unspent provision is anticipated.

2.3.15 Unspent provision not surrendered

In the case of 16 grants/appropriations, the entire unspent provision aggregating Rs 4,913.68 crore was not surrendered (**Appendix 2.13**).

Further, in the case of 22 other grants/appropriations, there was only partial surrender and around 84 *per cent* (Rs 7,353.47 crore) of the total unspent provision (Rs 8,747.10 crore) was not surrendered. Details are given in **Appendix 2.14**. Besides, in 21 grants where surrender of funds was in excess of Rupees one crore, Rs 1,403.28 crore were surrendered on the last two working days of financial year indicating inadequate financial control (**Appendix 2.15**).

2.3.16 Substantial surrenders

Out of the total provision of Rs 1,003.20 crore in 52 cases, Rs 823.82 crore (82 *per cent*) were surrendered, which included cent *per cent* surrender in 13 cases (Rs 35.95 crore). Illustrative cases are given in **Appendix 2.16**. These surrenders were stated to be due to non-receipt of sanctions from Government, non-implementation of scheme, non-receipt of claims/bills, etc.

2.3.17 Rush of expenditure

The financial rules require that expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. Contrary to this, in 18 cases listed in **Appendix 2.17**, the expenditure during the last month ranged between 27 and 100 *per cent* of the total expenditure during the year.

2.4 Un-reconciled expenditure and receipts

To enable the controlling officers to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, expenditure recorded in their books have to be reconciled by them

every month during the financial year with that recorded in the books of the Accountant General (Accounts and Entitlement).

Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continued to persist during 2008-09 also. Out of 212 controlling officers, 30 officers had not reconciled expenditure of Rs 25,389.57 crore (49 *per cent* of the expenditure of Rs 51,679.58 crore incurred by them).

Further, the controlling officers should arrange to obtain from their subordinates, monthly accounts and returns in suitable form claiming credit for the amount paid into the treasury or otherwise accounted for and compare these with the statements of treasury credits furnished by the Accountant General to see that the amounts reported as collected have been duly credited to Government account. Also, the disbursing officers and subordinate officers should reconcile their departmental figures including receipts with the treasury figures. Eighteen controlling officers did not reconcile receipts amounting to Rs 891.36 crore as of October 2009. In respect of loans and advances, none of the controlling officers reconciled their figures.

2.5 Contingency Fund

The Contingency Fund of the State has been established under the Contingency Fund Act, 1957 in terms of provisions of Articles 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 character, postponement of which till its authorization by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is Rs 80 crore.

During 2008-09, 33 sanctions aggregating Rs 85.90 crore were issued. A review of the operations of the Contingency Fund disclosed the following:

- An amount of Rs 2.10 crore pertaining to two sanctions remained unrecouped at the close of the year.
- One sanction involving an amount of Rs 0.05 crore issued in July 2008 was not acted upon.
- There was excess drawal of Rs 0.03 crore against one sanction issued in May 2008.
- In two cases, sanction for advances obtained was in excess of the amount required. The amount drawn in these cases was 12 and 23 *per cent* of the amount sanctioned as detailed in **Table 2.5**.

Table 2.5: Contingency Fund sanctions not fully utilised

| Sl. No. | Head of account | Reference to sanction | Amount | | Per cent |
|---------|----------------------------------|---------------------------------|------------|-------|----------|
| | | | Sanctioned | Drawn | |
| 1 | 2217 – Urban Development | FD 26 BCF 2008 dated 04-11-2008 | 5.00 | 0.60 | 12 |
| 2 | 2014 – Administration of Justice | FD 14 BCF 2008 dated 21-06-2008 | 4.50 | 1.03 | 23 |

2.6 Errors in budgeting

Two cases of errors in budgeting involving an amount of Rs 1.54 crore on account of obtaining supplementary provisions under the grants other than the grants under which original provisions were made were noticed. Further, there were four cases of error in budgeting involving an amount of Rs 730.21 crore due to correction slips not taken into account (Appendix 2.18).

2.7 Personal deposit accounts

The Karnataka Financial Code provides for opening of Personal Deposit (PD) accounts with permission from the Government in cases where the ordinary system of accounting is not suitable for transactions. PD accounts created by debit to Consolidated Fund of the State should be closed at the end of the financial year. Administrators of the accounts should intimate the treasury officer, the balance to be transferred to the Consolidated Fund. For continuation of PD account beyond the period of its currency, administrators are required to seek the permission of the Finance Department. Periodical reconciliation of PD accounts with treasury accounts is the responsibility of the administrators concerned. As of March 2009, there were 244 inoperative PD accounts with an aggregate balance of Rs 183.72 crore.

2.7.1 Funds kept in PD account

The position of deposits, withdrawals and balances in PD accounts during the period 2006-09 is given in Table 2.6.

Table 2.6: Funds in PD accounts

| Year | Opening balance | Receipts/Deposits | Withdrawals | (Rupees in crore) |
|---------|-----------------|-------------------|-------------|-------------------|
| | | | | Closing balance |
| 2006-07 | 502.63 | 1,615.13 | 1,362.82 | 754.94 |
| 2007-08 | 754.94 | 1,381.60 | 1,445.25 | 691.29 |
| 2008-09 | 691.29 | 1,593.31 | 1,438.29 | 846.31 |

Review of 21 PD accounts operated by 13 administrators of seven departments in six districts¹ during 2006-09 was conducted in April-June 2009. The important points noticed are brought out in the succeeding paragraphs.

¹ Bagalkote, Bangalore(Urban), Belgaum, Dharwad, Gulbarga and Mysore

2.7.2 Unspent balances in PD accounts

According to the Government order (September 2004), in case the continuation of PD account is required beyond the period of its currency, the administrator shall approach the Finance Department with justification for continuation of the account and the period. Otherwise, the administrator shall close the PD account at the treasury after its reconciliation.

As of March 2009, the balances pertaining to 18 PD accounts of 13 administrators aggregated Rs 241.48 crore as shown in **Appendix 2.19**.

Further, out of Rs 51.66 crore collected as donation to the Chief Minister's relief fund for tsunami relief, Orissa flood relief and Gujarat earthquake relief, Rs 26.90 crore only was released to the respective State Governments thus defeating the purpose for which the funds were collected. The balance of Rs 24.76 crore was invested in fixed deposit in nationalized banks.

2.7.3 Reconciliation of balances

As of March 2009, 12 administrators did not reconcile the balances in PD accounts with those in the books of the treasury. There was a difference of (-) Rs 51.31 crore in 12 PD accounts and (+) Rs 3.50 crore in other three PD accounts which remained un-reconciled (**Appendix 2.20**).

2.7.4 Utilization certificate furnished for unspent Central grant

Out of Rs 34.46 crore received during 2008-09 from GOI (credited to PD account) for implementation of Special Central Assistance Scheme for SC/ST, Rs 15.62 crore were expended by the Director of Social Welfare. However, the Director furnished (January 2009 & March 2009) utilization certificate for Rs 23.49 crore. The administrator stated (June 2009) that the balance of Rs 7.87 crore would be utilized for implementation of the scheme and that the utilization certificate was furnished to get further grants from GOI.

2.7.5 Unauthorised parking of funds in the PD accounts.

Amounts released for modernization of prisons (Rs 4.72 crore) and funds received in connection with recruitment of jailors and wardens (Rs 1.36 crore) were credited to the PD account authorized in favour of the Superintendent of Police, Central Prison, Bangalore, obviously to avoid lapse of grant. At the end of each financial year, the administrator withdrew the amounts from the treasury in the form of bankers cheque and kept in the currency chest and remitted back the amounts during the next financial year (without incurring any expenditure) to avoid transferring the funds to the Consolidated Fund, thus circumventing the codal provisions. The details are given in the **Table 2.7**

Table 2.7: Drawal and remittance of PD Funds

(Rupees in crore)

| Amount withdrawn | Month of withdrawal | Month of remittance back into treasury |
|------------------|---------------------|--|
| 1.02 | March 2007 | August 2007 |
| 2.03 | March 2008 | July 2008 |
| 1.14 | March 2009 | April 2009 |

The administrator stated (June 2009) that the Finance Department was approached for getting the PD account renewed for the years 2007-08 and 2008-09 and that the response of the Finance Department was awaited (October 2009).

2.8 Conclusion

Against total provision of Rs 68,535.29 crore during 2008-09, an expenditure of Rs 54,940.31 crore was incurred. This resulted in an unspent provision of Rs 13,594.98 crore (20 per cent). An excess of Rs 65.85 crore incurred during 2008-09 and Rs 8,508.34 crore over provision relating to the period 1989-90 to 2007-08, required regularisation under Article 205 of the Constitution. Expenditure aggregating Rs 271.52 crore in 35 cases which should have been treated as 'New Service/New instrument of service' was incurred without the approval of the Legislature. While, supplementary provision of Rs 203.71 crore in 62 cases was unnecessary, reappropriation of funds in 52 cases was made injudiciously resulting in either unutilised provision or excess over provision. In 21 grants, Rs 1,403.28 crore was surrendered in the last two working days of the financial year.

2.9 Recommendations

Budgetary control should be strengthened in all Government departments. Excessive/unnecessary supplementary and reappropriation of funds should be avoided. The reappropriation of funds at the close of the financial year also requires to be avoided.

The above points were referred (December 2009) to the Government; reply had not been received (January 2010).



A sound internal financial reporting system based on compliance with financial rules is one of the attributes of good governance. This Chapter provides an overview and status of compliance of the departments of the State Government to various financial rules, procedures and directives during the current year.

3.1 Non-submission of utilization certificates

Financial rules provide that for the grants provided for specific purposes, utilization certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise. However, 2,658 UCs for an aggregate amount of Rs 1,042.28 crore due in respect of grants paid upto 2007-08 were in arrears. Details of outstanding UCs are given in **Appendix 3.1**.

The age-wise arrears of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of utilization certificates

(Rupees in crore)

| Number of years | Number of UCs | Amount |
|-----------------|---------------|-----------------|
| 9 & above | 344 | 49.56 |
| 7 - 8 | 75 | 10.86 |
| 5 - 6 | 135 | 106.74 |
| 3 - 4 | 263 | 482.69 |
| 1 - 2 | 1,463 | 310.87 |
| Less than 1 | 378 | 81.56 |
| Total | 2,658 | 1,042.28 |

Source: Information furnished by AG(A&E)

Out of 2,658 UCs for Rs 1,042.28 crore outstanding at the end of 2008-09 2,582 UCs for Rs 1,021.02 crore (98 per cent) pertained to grants released under the major heads of account 2515- Other Rural Development Programmes, 2217-Urban Development and 2205-Art and Culture. Details are given in **Table 3.2**.

Table 3.2: Age-wise arrears of UCs under three heads of accounts

(Rupees in crore)

| Number of years | Outstanding UCs | | | | | |
|--------------------|------------------------------------|------------|-------------------|------------|---------------|------------|
| | Other rural development programmes | | Urban Development | | Art & Culture | |
| | No. | Amount | No. | Amount | No. | Amount |
| 9 & above | 229 | 30.80 | 6 | 2.71 | 89 | 3.07 |
| 7 - 8 | 62 | 9.25 | 0 | 0 | 4 | 0.02 |
| 5 - 6 | 109 | 92.38 | 7 | 9.32 | 0 | 0 |
| 3 - 4 | 126 | 85.74 | 38 | 440.61 | 154 | 8.48 |
| 1 - 2 | 49 | 38.37 | 28 | 151.90 | 1317 | 67.27 |
| Less than one year | 60 | 28.27 | 0 | 0 | 304 | 52.83 |
| Total | 635 | 284.81(27) | 79 | 604.54(58) | 1868 | 131.67(13) |

Figures in parenthesis represent percentage of outstanding UCs to total.

Source: Information furnished by AG(A&E)

3.2 Non-receipt of information pertaining to institutions substantially financed by the Government

To identify the institutions which attract audit under Sections 14 and 15 of the CAG's (Duties, Powers and Conditions of service) Act, 1971, heads of the Government departments are required to furnish to Audit every year information about the institutions to which financial assistance of Rs 25 lakh or more was given, the purpose of assistance granted and the total expenditure of the institutions.

Sixteen departments did not furnish the information pertaining to 348 institutions receiving grants aggregating Rs 25 lakh or more for the period ranging from one year to more than 10 years, as detailed in **Appendix 3.2**.

3.3 Status of submission of accounts of autonomous bodies and placement of audit reports before the State Legislature

Several autonomous bodies have been set up by the State Government in the field of village and small industries, urban development, etc. The audit of accounts of nine bodies in the State has been entrusted to the CAG. These are audited with regard to their transactions, operational activities and accounts, conducting regulatory compliance audit, review of internal management and financial control, review of systems and procedures, etc.

Separate audit reports of one autonomous body for the years 2006-07 and 2007-08 and of eight autonomous bodies for the year 2007-08 were yet to be placed in the Legislature.

The status of entrustment of audit, rendering of accounts, issuance of audit reports and their placement before the State Legislature are indicated in **Appendix 3.3**.

▶ 3.4 Departmental commercial undertakings

The departmental undertakings of certain Government departments performing activities of commercial and 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 finalized 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 finalization of accounts, the investment of the Government remains outside the scrutiny of the Audit/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 risk of fraud and leakage of public money.

The heads of departments in the Government are to ensure that the undertakings prepare and submit such accounts to Accountant General for audit within a specified time frame. Out of the nine undertakings which have been closed/transferred to co-operative federation, *pro forma* accounts in respect of two undertakings were due from 1969-70. The position of arrears in preparation of *pro forma* accounts by the undertakings is given in **Appendix 3.4**.

▶ 3.5 Misappropriations, losses, etc.

There were 217 cases of misappropriation, losses, etc. involving Government money amounting to Rs 10.07 crore as at the end of 2008-09 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.5** and nature of these cases is given in **Appendix 3.6**. The age profile of the pending cases with the number of cases pending in each category - theft and misappropriation is given in **Table 3.3**.

Table 3.3: Profile of pending cases of misappropriations and theft

(Rupees in crore)

| Age-profile of the pending cases | | | Nature of the cases | Number of cases | Amount involved |
|----------------------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| Range in years | Number of cases | Amount involved | | | |
| Above 25 | 62 | 0.30 | Theft | 34 | 0.17 |
| 21 - 25 | 10 | 0.03 | Misappropriation | 183 | 9.90 |
| 16 - 20 | 40 | 1.61 | | | |
| 11 - 15 | 77 | 6.21 | | | |
| 06 - 10 | 25 | 1.65 | | | |
| 0 - 05 | 3 | 0.27 | | | |
| Total | 217 | 10.07 | Total | 217 | 10.07 |

Around 76 per cent of the amount involved pertained to departments of Forest, Environment and Ecology (Rs 2.70 crore), Water Resources (Rs 2.56 crore) and Public Works (Rs 2.40 crore).

3.6 Non- receipts of stores and stock accounts

The annual accounts of stores and stock are required to be furnished by various departments to Audit by 15 June of the following year. The half yearly accounts of Public Works, Water Resources and Minor Irrigation Departments are due to be received by 15 December of the year and 15 June of the following year. Delay in receipt of stores and stock accounts was commented upon in successive audit reports. The Public Accounts Committee in its first report (sixth Assembly) presented in February 1980 had also emphasised the importance of timely submission of accounts by the departments. The submission of stores and stock accounts by 91 officers of 10 departments was in arrears for periods ranging from six months to seven years as of September 2009, as detailed in **Appendix 3.7**.

3.7 Conclusion

The Government's compliance with various financial rules and procedures relating to information of UCs, submission of accounts by autonomous bodies and Government undertakings and disposal of cases of losses, misappropriations, etc. was deficient. The UCs amounting to Rs 1,042 crore were not obtained from the grantees.

3.8 Recommendations

Departmental enquiries in all the cases of misappropriations, losses, defalcations, etc., should be expedited to bring the defaulters to book. For this purpose, the internal controls in various departments should be strengthened to prevent recurrence of such cases. Besides, the Government should issue instructions to all the grantees emphasising timely submission of the utilisation certificates.

The above points were referred (December 2009) to the Government; reply had not been received (January 2010).



BANGALORE

The 

(C.H. KHARSHING)
Accountant General
(Civil and Commercial Audit)

COUNTER SIGNED



NEW DELHI

The 

(VINOD RAI)
Comptroller and Auditor General of India



Methodology adopted for the assessment of fiscal position

The norms/ceilings prescribed by TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and commitments/projections made by the State Government in FRA and in other statements required to be laid before the State Legislature are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (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, revenue and fiscal deficits have been presented as percentage to 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 mobilization 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:

Trends in GSDP

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--------------------|----------|----------|----------|----------|----------|
| GSDP (Rs in crore) | 1,56,254 | 1,86,209 | 2,00,922 | 2,33,802 | 2,68,138 |
| Rate of growth | 19.3 | 19.2 | 7.9 | 16.4 | 14.7 |

Source: The State's Economic survey 2008-09

Abstract of receipts and disbursements

(Refer paragraph 1.1; page 3)

(Rupees in Crore)

| 2007-08 | Receipts | | 2008-09 | 2007-08 | Disbursements | | | 2008-09 |
|--|--|-----------|------------------|------------------|--|-----------------|-----------------|------------------|
| | | | | | Non Plan | Plan | Total | |
| Part A: Abstract of Receipts and Disbursements for the year 2008-09 | | | | | | | | |
| Section-A: Revenue | | | | | | | | |
| 41,151.14 | I. Revenue receipts | | 43,290.67 | 37,374.77 | I. Revenue expenditure | 31,128.98 | 10,530.31 | 41,659.29 |
| 25,986.76 | Tax revenue | 27,645.66 | | 10,871.78 | General Services | 12,165.37 | 110.20 | 12,275.57 |
| 3,357.66 | Non-tax revenue | 3,158.99 | | | Social Services- | | | |
| 6,779.23 | State's share of Union Taxes & Duties | 7,153.77 | | 6,811.21 | Education, Sports, Art and Culture | 6,607.97 | 1,884.41 | 8,492.38 |
| 1,530.93 | Non Plan grants | 1,693.59 | | 1,477.94 | Health and Family Welfare | 1,105.12 | 667.58 | 1,772.70 |
| 1,916.25 | Grants for State Plan Schemes | 2,020.37 | | 1,493.06 | Water Supply, Sanitation, Housing and Urban Development | 145.77 | 1,238.56 | 1,384.33 |
| 1,580.31 | Grants for Central and Centrally Sponsored Schemes | 1,618.29 | | 29.47 | Information and Broadcasting | 36.85 | 17.39 | 54.24 |
| | | | | 1,233.66 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 469.55 | 849.38 | 1,318.93 |
| | | | | 143.78 | Labour and Labour Welfare | 62.82 | 119.52 | 182.34 |
| | | | | 1,833.89 | Social Welfare and Nutrition | 1,432.28 | 1,107.97 | 2,540.25 |
| | | | | 100.67 | Others | 87.19 | 40.63 | 127.82 |
| | | | | 13,123.68 | TOTAL | 9,947.55 | 5,925.44 | 15,872.99 |
| | | | | | Economic Services | | | |
| | | | | 4,518.05 | Agriculture and Allied Activities | 1,745.16 | 1,593.26 | 3,338.42 |
| | | | | 959.40 | Rural Development | 358.25 | 583.18 | 941.43 |
| | | | | 327.04 | Special Areas Programmes | 0.20 | 229.73 | 229.93 |
| | | | | 278.52 | Irrigation and Flood Control | 169.97 | 92.26 | 262.23 |
| | | | | 2,307.76 | Energy | 1,944.56 | 7.51 | 1,952.07 |
| | | | | 671.64 | Industry and Minerals | 236.22 | 221.24 | 457.46 |
| | | | | 1,325.53 | Transport | 657.41 | 804.31 | 1,461.72 |
| | | | | 27.47 | Science, Technology and Environment | 0.01 | 22.00 | 22.01 |
| | | | | 1,037.90 | General Economic Services | 2,326.16 | 145.21 | 2,471.37 |
| | | | | 11,453.31 | Total | 7,437.94 | 3,698.70 | 11,136.64 |
| | | | | 1,926.00 | Grants-in-aid and Contributions | 1,578.12 | 795.97 | 2,374.09 |
| | | | | 3,776.37 | II Revenue surplus carried over to Sec-B | | | 1,631.38 |
| 41,151.14 | TOTAL | | 43,290.67 | 41,151.14 | TOTAL | | | 43,290.67 |

Appendix 1.2

| 2007-08 | Receipts | 2008-09 | 2007-08 | Disbursements | | | 2008-09 |
|---------------------------------------|--|-----------|---------------|--|---------------|-----------------|-----------------|
| | | | | Non Plan | Plan | Total | |
| Section-B – Capital and others | | | | | | | |
| 6,104.77 | II. Opening Cash balance including Permanent Advances & Cash Balance Investments & investments from earmarked funds. | 3,919.45 | | | | | 9,870.29 |
| 245.78 | III. Miscellaneous Capital receipts | 181.14 | 8,648.94 | III. Capital Outlay | 735.02 | 9,135.27 | |
| | | | 339.02 | General Services | 52.63 | 422.74 | 475.37 |
| | | | | Social Services | | | |
| | | | 120.77 | Education, Sports, Art and Culture | 3.58 | 195.74 | 199.32 |
| | | | 354.24 | Health and Family Welfare | -33.37 | 334.02 | 300.65 |
| | | | 1,431.53 | Water Supply, Sanitation, Housing and Urban Development | 170.48 | 1,601.65 | 1,772.13 |
| | | | 1.04 | Information and Broadcasting | -- | 1.49 | 1.49 |
| | | | 201.25 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | -- | 227.80 | 227.80 |
| | | | 19.57 | Social Welfare and Nutrition | -- | 48.37 | 48.37 |
| | | | 19.28 | Other Social Services | -- | 5.40 | 5.40 |
| | | | 2,147.68 | Total Social Services | 140.69 | 2,414.47 | 2,555.16 |
| | | | | Economic Services | | | |
| | | | 78.93 | Agriculture and Allied Activities | -2.17 | 42.02 | 39.85 |
| | | | 136.91 | Rural Development | 0.28 | 134.07 | 134.35 |
| | | | 3,441.50 | Irrigation and Flood Control | 319.53 | 2,666.36 | 2,985.89 |
| | | | 432.90 | Energy | 86.62 | 850.00 | 936.62 |
| | | | 85.90 | Industry and Minerals | -- | 261.43 | 261.43 |
| | | | 1,511.62 | Transport | 134.13 | 2,112.61 | 2,246.74 |
| | | | 474.48 | General Economic Services | 3.31 | 231.57 | 234.88 |
| | | | 6,162.24 | Total Economic Services | 541.70 | 6,298.06 | 6,839.76 |
| 52.07 | IV. Recoveries of Loans and Advances | 56.65 | 756.74 | IV. Loans and Advances | 507.76 | 223.58 | |
| 6.66 | From Power Projects | 17.26 | 5.55 | For Power Projects | 500.00 | 0.01 | 500.01 |
| 5.13 | From Government Servants | 2.10 | 0.37 | To Government Servants | 2.56 | 0.03 | 2.59 |
| 40.28 | From others | 37.29 | 750.82 | To Others | 5.20 | 223.54 | 228.74 |
| 2,356.68 | V. Public debt receipts | 8,592.16 | 1,328.77 | V. Repayment of Public Debt | | | 1,777.90 |
| 1,472.55 | Internal debt other than Ways and Means Advances and Overdraft | 7,995.99 | 802.08 | Internal debt other than Ways and Means Advances & Overdraft | 1,316.47 | | 1,316.47 |
| 78.13 | Ways and Means advances from Reserve Bank of India | -- | 78.13 | Ways and Means advances from Reserve Bank of India | -- | | -- |
| 806.00 | Loans and Advances from the Central Government | 596.17 | 448.56 | Repayment of Loans and Advances to Central Government | 461.43 | | 461.43 |
| 13.28 | VI. Contingency Fund (recoupment) | -- | | VI. Contingency Fund Disbursements | 2.10 | -- | 2.10 |
| 56,159.75 | VII. Public Account Receipts | 60,603.55 | 54,054.80 | VII. Public Account Disbursements | | | 54,782.85 |
| 1,993.69 | Small Savings and Provident Funds etc. | 2,329.27 | 1,245.31 | Small Savings and Provident Funds etc. | | | 1,153.03 |

Appendix 1.2

| 2007-08 | Receipts | | 2008-09 | 2007-08 | Disbursements | | | 2008-09 |
|------------------|---|-----------------|------------------|------------------|--|----------|------|------------------|
| | | | | | | Non Plan | Plan | |
| 1,034.10 | Reserve funds | 2,628.57 | | 284.57 | Reserve Funds | | | 454.72 |
| 19,898.29 | Deposits and Advances | 18,720.45 | | 19,960.71 | Deposits and Advances | | | 17,165.98 |
| 30,714.20 | Suspense and Miscellaneous | 35,745.45 | | 29,216.19 | Suspense and Miscellaneous | | | 34,777.66 |
| 2,519.47 | Remittances | 1,179.81 | | 3,348.02 | Remittances | | | 1,231.46 |
| 3,776.37 | VIII. Revenue Surplus carried over from Sec. -A. | 1,631.38 | | 3,919.45 | VIII. Cash Balance at end | | | 7,819.85 |
| | | | | 0.01 | Cash in Treasuries and Local Remittances | | | 0.01 |
| | | | | 89.89 | Deposits with Reserve Bank | | | -358.46 |
| | | | | 5.91 | Departmental Cash Balance including Permanent Advances | | | 6.08 |
| | | | | 3,480.49 | Cash Balance Investment | | | 7,519.31 |
| | | | | 343.15 | Investment from earmarked funds | | | 652.91 |
| 68,708.70 | Total | | 74,984.33 | 68,708.70 | Total | | | 74,984.33 |

Outcome indicators of the State's own fiscal correction path

(Refer box 1.2; page 5)

| | Accounts 2003-04 (base year) | Budget estimate | | Projection | | | |
|---|-------------------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| State revenue account (Rupees in crore) | | | | | | | |
| 1. Own tax revenue | 12,570 | 14,958 | 18,680 | 20,865 | 23,417 | 26,488 | 32,523 |
| 2. Own non- tax revenue | 2,958 | 4,486 | 4,090 | 4,516 | 5,009 | 5,491 | 6,318 |
| 3. Own tax + non-tax revenue (1+2) | 15,528 | 19,444 | 22,770 | 25,381 | 28,426 | 31,979 | 38,841 |
| 4. Share in central taxes & duties | 3,245 | 3,760 | 3,760 | 4,136 | 4,550 | 5,005 | 6,134 |
| 5. Grants | 1,987 | 2,306 | 2,688 | 2,954 | 3,306 | 3,530 | 5,675 |
| 6. Total central transfer (4 + 5) | 5,232 | 6,066 | 6,448 | 7,090 | 7,856 | 8,535 | 11,809 |
| 7. Total revenue receipts (3+6) | 20,760 | 25,510 | 29,218 | 32,471 | 36,282 | 40,514 | 50,650 |
| 8. Devolution to ULBs | 629 | 799 | 1,160 | 1,428 | 1,743 | 2,130 | 2,657 |
| 9. Major O&M (roads, bridges and irrigation) | 251 | 401 | 513 | 970 | 1,021 | 1,078 | 1,191 |
| 10. Salaries | 5,523 | 5,751 | 6,169 | 6,539 | 6,907 | 8,740 | 9,842 |
| 11. Pensions | 1,901 | 2,214 | 2,427 | 2,661 | 3,209 | 3,518 | 3,864 |
| 12. Interest payments | 3,710 | 3,920 | 4,029 | 4,492 | 5,053 | 5,640 | 6,199 |
| 13. Subsidies – (food, transport, housing & industry) | 525 | 905 | 1,573 | 1,203 | 1,258 | 1,317 | 1,878 |
| 14. Subsidies –power | 1,675 | 1,400 | 1,750 | 1,750 | 2,100 | 2,100 | 1,800 |
| 15. Other O&M (education, health, RD, WS, agriculture, forest) | 2,197 | 2,444 | 2,530 | 3,155 | 3,836 | 4,641 | 6,273 |
| 16. Administrative expenditure | 440 | 442 | 559 | 589 | 621 | 654 | 803 |
| 17. Other Revenue expenditure | 4,434 | 7,163 | 7,654 | 8,296 | 8,913 | 9,251 | 12,050 |
| 18. Total revenue expenditure (8 to 17) | 21,285 | 25,439 | 28,364 | 31,083 | 34,661 | 39,069 | 46,557 |
| 19. Salary + interest+ pensions (10+11+12) | 11,134 | 11,185 | 12,625 | 13,692 | 15,169 | 17,898 | 19,905 |
| 20. As percentage of revenue receipts (19/7) | 54 | 47 | 43 | 42 | 42 | 44 | 39 |
| 21. Revenue surplus / deficit (7-18) | 525 | -71 | -854 | -1,388 | -1,621 | -1,445 | -4,093 |
| 1. Interest payment on off-budget borrowings and SPV borrowing made by PSUs/SPUs outside budget | 801 | 638 | 791 | 1,203 | 817 | 480 | 465 |
| 2. Consolidated revenue deficit. | 1,326 | 567 | 63 | 185 | 804 | 965 | -3,628 |
| Total debt stock | 42,954 | 48,384 | 53,185 | 60,465 | 66,340 | 72,823 | 76,905 |
| 1. Expenditure on capital formation | 2,937 | 2,502 | 3,774 | 4,316 | 5,346 | 6,300 | 9,961 |
| 2. Recovery of loans and advances | 64 | 30 | 30 | 100 | 100 | 100 | 100 |
| Gross fiscal deficit | 4,501 | 4,247 | 4,714 | 5,603 | 5,875 | 6,483 | 7,351 |

(Source : The State Government's communication to Twelfth Finance Commission)

Time series data on the
State Government finances

(Refer paragraphs 1.4, 1.8.2; page 9,33)

| | (Rupees in crore) | | | | |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| <i>Part A. Receipts</i> | | | | | |
| 1. Revenue Receipts | 26,570 | 30,352 | 37,587 | 41,151 | 43,290 |
| (i) Tax Revenue | 16,072(60) | 18,632(61) | 23,301 (62) | 25,987(63) | 27,645(64) |
| Taxes on Agricultural Income | 3 | 2 | 1(-) | 3(-) | 9(-) |
| Taxes on Sales, Trade, etc | 8,700(54) | 9,870(53) | 11,762(50) | 13,894(54) | 14,623(53) |
| State Excise | 2,806(17) | 3,397(18) | 4,495(19) | 4,767(18) | 5,749(21) |
| Taxes on Vehicles | 983(6) | 1,105(6) | 1,375(6) | 1,650(6) | 1,681(6) |
| Stamps and Registration fees | 1,760(11) | 2,213(12) | 3,206(14) | 3,409(13) | 2,927(10) |
| Land Revenue | 118(1) | 117(1) | 109(-) | 145(1) | 256(1) |
| Taxes on Goods and Passengers | 792(5) | 1,041(6) | 1,147(5) | 837(3) | 1,085(4) |
| Taxes and Duties on Electricity | 339(2) | 277(1) | 389(2) | 450(2) | 370(1) |
| Other Taxes | 571(4) | 610(3) | 817(4) | 832(3) | 945(4) |
| (ii) Non Tax Revenue | 4,473(17) | 3,875(13) | 4,099(11) | 3,358(8) | 3,159(7) |
| (iii) State's share of Union taxes and duties | 3,878(15) | 4,213(14) | 5,374(14) | 6,779(17) | 7,154(17) |
| (iv) Grants in aid from Government of India | 2,147(8) | 3,632(12) | 4,813(13) | 5,027(12) | 5,332(12) |
| 2. Miscellaneous Capital Receipts | Nil | Nil | Nil | 246 | 181 |
| 3. Recoveries of Loans and Advances | 47 | 124 | 60 | 52 | 57 |
| 4. Total Revenue and Non debt capital receipts (1+2+3) | 26,617 | 30,476 | 37,647 | 41,449 | 43,528 |
| 5. Public Debt Receipts | 8,509 | 5,664 | 3,546 | 2,279 | 8,592 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 6,953(82) | 4,995(88) | 2,892(82) | 1,473(65) | 7,996(93) |
| Net transactions under Ways and Means Advances and Overdrafts | --- | --- | --- | --- | --- |
| Loans and Advances from Government of India | 1,556(18) | 669(12) | 654(18) | 806(35) | 596(7) |
| 6. Total Receipts in the Consolidated Fund (4+5) | 35,126 | 36,140 | 41,193 | 43,728 | 52,120 |
| 7. Contingency Fund Receipts | 41 | 39 | --- | 13 | --- |
| 8. Public Account Receipts | 36,325 | 38,025 | 47,040 | 56,160 | 60,604 |
| 9. Total Receipts of the State (6+7+8) | 71,492 | 74,204 | 88,233 | 99,901 | 1,12,724 |
| <i>Part B. Expenditure/Disbursement</i> | | | | | |
| 10. Revenue Expenditure | 24,932 | 28,041 | 33,435 | 37,375 | 41,659 |
| Plan | 5,125(21) | 5,069(18) | 7,852(23) | 8,313(22) | 10,530(25) |
| Non Plan | 19,807(79) | 22,972(82) | 25,583(77) | 29,062(78) | 31,129(75) |
| General Services (including interest payments) | 9,900(40) | 10,036(36) | 10,419(31) | 10,872(29) | 12,275(29) |
| Social Services | 7,723(31) | 8,899(32) | 10,937(33) | 13,124(35) | 15,873(38) |
| Economic Services | 6,511(26) | 7,947(28) | 10,440(31) | 11,453(31) | 11,137(27) |
| Grants-in-aid and contributions | 798(3) | 1,159(4) | 1,639(5) | 1,926(5) | 2,374(6) |

Appendix 1.4

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|---------------|---------------|---------------|-----------------|-----------------|
| 11. Capital Expenditure | 4,674 | 5,822 | 8,543 | 8,649 | 9,870 |
| Plan | 4,586(98) | 5,806(100) | 8,411(98) | 7,199(83) | 9,135(93) |
| Non Plan | 88(2) | 16(-) | 132(2) | 1,450(17) | 735(7) |
| General Services | 136(3) | 218(4) | 321(4) | 339(4) | 475(5) |
| Social Services | 486(10) | 1,105(19) | 1,293(15) | 2,148(25) | 2,555(26) |
| Economic Services | 4,052(87) | 4,499(77) | 6,929(81) | 6,162(71) | 6,840(69) |
| | 611 | 300 | 357 | 757 | 731 |
| 12. Disbursement of Loans and Advances | | | | | |
| | 30,217 | 34,163 | 42,335 | 46,781 | 52,260 |
| 13. Total (10+11+12) | 4,029 | 811 | 1,749 | 1,251 | 1,778 |
| 14. Repayments of Public Debt | | | | | |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 622(15) | 393(48) | 1,012(58) | 802(64) | 1,317(74) |
| Net transactions under Ways and Means Advances and Overdraft | --- | --- | --- | --- | --- |
| Loans and Advances from Government of India | 3,407(85) | 418(52) | 737(42) | 449(36) | 461(26) |
| | --- | --- | --- | --- | --- |
| 15. Appropriation to Contingency Fund | | | | | |
| | 34,246 | 34,974 | 44,084 | 48,032 | 54,038 |
| 16. Total disbursement out of Consolidated Fund (13+14+15) | 39 | --- | 13 | --- | 2 |
| 17. Contingency Fund disbursements | 35,463 | 36,702 | 42,637 | 54,055 | 54,783 |
| 18. Public Account disbursements | 69,748 | 71,676 | 86,734 | 1,02,087 | 1,08,823 |
| 19. Total disbursement by the State (16+17+18) | | | | | |
| <i>Part C. Deficits</i> | | | | | |
| 20. Revenue Deficit(-)/Revenue Surplus (+) (1-10) | 1,638 | 2,311 | 4,152 | 3,776 | 1,631 |
| 21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13) | 3,600 | 3,687 | 4,688 | 5,332 | 8,732 |
| 22. Primary Deficit (21+23) | --- | --- | 452 | 826 | 4,200 |
| Primary Surplus (23-21) | 194 | 78 | --- | -- | -- |
| <i>Part D. Other data</i> | | | | | |
| 23. Interest Payments (included in revenue expenditure) | 3,794 | 3,765 | 4,236 | 4,506 | 4,532 |
| 24. Financial Assistance to local bodies etc., | 8,728 | 11,183 | 13,915 | 16,725 | 16,802 |
| 25. Ways and Means Advances/ Overdraft availed (days) | | | | | |
| Ways and Means Advances availed (days) | 61 | --- | --- | 4 | --- |
| Overdraft availed (days) | --- | --- | --- | --- | --- |
| 26. Interest on Ways and Means Advances/ Overdraft | 1.20 | --- | --- | 0.04 | --- |
| 27 Gross State Domestic Product (GSDP)[@] | 1,56,254 | 1,86,209 | 2,00,922 | 2,33,802 | 2,68,138 |
| 28 Outstanding Fiscal liabilities (year end) | 46,940 | 52,236 | 57,682 | 60,142 | 71,550 |
| 29. Outstanding guarantees (year end) (including interest) | 11,574 | 8,984 | 9,879 | 10,786 | 8,693 |

Appendix 1.4

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--|---------|---------|---------|---------|---------|
| 30. Maximum amount guaranteed (year end) | 19,910 | 20,107 | 19,793 | 23,109 | 18,732 |
| 31. Number of incomplete projects | 238 | 120 | 261 | 429 | 197 |
| 32. Capital blocked in incomplete projects | 9,496 | 3,450 | 1,174 | 1,480 | 1,107 |
| Part E: Fiscal Health Indicators | | | | | |
| I Resource Mobilization | | | | | |
| Own Tax revenue/GSDP | 10.29 | 10.00 | 11.60 | 11.11 | 10.31 |
| Own Non-Tax Revenue/GSDP | 2.86 | 2.08 | 2.04 | 1.44 | 1.18 |
| Central Transfers/GSDP | 3.85 | 4.21 | 5.07 | 5.05 | 4.66 |
| II Expenditure Management | | | | | |
| Total Expenditure/GSDP | 19.34 | 18.35 | 21.07 | 20.01 | 19.49 |
| Total Expenditure/Revenue Receipts | 113.73 | 112.56 | 112.63 | 113.68 | 120.72 |
| Revenue Expenditure/Total Expenditure | 82.51 | 82.08 | 78.98 | 78.89 | 79.71 |
| Expenditure on Social Services/Total Expenditure | 27.96 | 29.70 | 29.66 | 33.92 | 35.59 |
| Expenditure on Economic Services/Total Expenditure | 35.99 | 36.84 | 41.09 | 37.99 | 35.46 |
| Capital Expenditure/Total Expenditure | 17.49 | 17.92 | 21.02 | 20.11 | 20.29 |
| Capital Expenditure on Social and Economic Services/Total Expenditure. | 16.84 | 17.24 | 20.26 | 19.39 | 19.37 |
| III Management of Fiscal Imbalances | | | | | |
| Revenue deficit (surplus)/GSDP | 1.05 | 1.24 | 2.07 | 1.61 | 0.61 |
| Fiscal deficit/GSDP | 2.30 | 1.98 | 2.33 | 2.28 | 3.26 |
| Primary Deficit (surplus) /GSDP | 0.12 | 0.04 | 0.22 | 0.35 | 1.57 |
| Revenue Deficit/Fiscal Deficit | --- | --- | --- | --- | --- |
| Primary Revenue Balance/GSDP | 3.5 | 3.3 | 4.2 | 3.7 | 2.4 |
| IV Management of Fiscal Liabilities | | | | | |
| Fiscal Liabilities/GSDP | 30.04 | 28.05 | 28.71 | 25.72 | 26.68 |
| Fiscal Liabilities/RR | 176.66 | 172.10 | 153.46 | 146.15 | 165.28 |
| Primary deficit vis-à-vis quantum spread | --- | --- | -0.08 | -0.20 | --- |
| Debt Redemption (Principal +Interest) / Total Debt Receipts | 0.9 | 0.9 | 0.9 | 1.1 | 0.8 |
| V Other Fiscal Health Indicators | | | | | |
| Return on Investment (Rupees in crore) | 16.7 | 16.9 | 19.5 | 23.4 | 40.2 |
| Balance from Current Revenue (Rs in crore) | 4,879 | 5,483 | 9,415 | 8,593 | 8,523 |
| Financial Assets/Liabilities | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 |

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

@ GSDP figures communicated by the Government adopted.

Summarised financial position of the Government of Karnataka as on 31 March, 2009

(Refer paragraph 1.8.1, page 32)

(Rupees in Crore)

| As on 31.3.2008 | Liabilities | | As on 31.3.2009 |
|--------------------|---------------|---|--------------------|
| 33,316.33 | | Internal Debt * | 39,995.86 |
| | 11,988.42 | Market Loans bearing interest | 18,571.99 |
| | 1.52 | Market Loans not bearing interest | 1.36 |
| | 643.68 | Loans from Life Insurance Corporation of India | 609.09 |
| | 1,168.11 | Loans from other Institutions | 1,462.91 |
| | 19,514.60 | Loans from RBI – Spl. Securities issued to National Small Savings fund of the Central Government. | 19,350.51 |
| 9,557.08 | | Loans and Advances from Central Government - | 9,691.81 |
| | 0.07 | Pre 1984-85 Loans | 0.07 |
| | 105.63 | Non-Plan Loans | 98.92 |
| | 9,250.82 | Loans for State Plan Schemes | 9,407.29 |
| | 32.84 | Loans for Central Plan Schemes | 29.16 |
| | 167.72 | Loans for Centrally Sponsored Plan Schemes | 156.37 |
| 80.00 | | Contingency Fund | 77.90 |
| 8,533.31 | | Small Savings, Provident Funds, etc. | 9,709.55 |
| 4,879.61 | | Reserve Funds | 7,053.46 |
| 4,199.29 | | Deposits | 5,752.41 |
| 3,056.25 | | Suspense and Miscellaneous balances | 3,957.65 |
| 63,621.87 | | Total | 76,238.64 |
| | Assets | | |
| 53,152.98 | | Gross Capital Outlay on Fixed Assets - | 63,023.27 ✓ |
| | 22,277.96 | Investments in shares of Companies, Corporations, etc. | 26,670.72 |
| | 30,875.02 | Other Capital Outlay | 36,352.55 |
| 6,945.50 | | Loans and Advances - | 7,620.19 ✓ |
| | 1,245.73 | Loans for Power Projects | 1,728.48 |
| | 5,699.46 | Other Development Loans | 5,891.28 |
| | 0.31 | Loans to Government servants and Miscellaneous Loans | 0.43 |
| 310.91 | | Remittances | 362.56 |
| 12.30 | | Other Advances | 10.95 |
| 3,919.45 | | Cash - | 7,819.85 ✓ |
| | --- | Cash in treasuries | --- |
| | 5.91 | Departmental Cash Balance including permanent Advances | 6.08 |
| | 89.89 | Deposits with Reserve Bank of India | (-) 358.46 |
| | 0.01 | Remittances in Transit | 0.01 |
| | 3,480.49 | Cash Balance Investments | 7,519.31 |
| | 343.15 | Investment from earmarked funds | 652.91 |
| (-) 719.27 | | Surplus on Government Accounts | -2,598.18 |
| | 3,402.95 | Accumulated Surplus | -719.27 |
| | 3,776.37 | Deduct Revenue Surplus | -1,631.38 |
| | 100.07 | Deduct Other adjustments | -66.39 |
| | 245.78 | Deduct Capital Receipts | -181.14 |
| 63,621.87 | | Total | 76,238.64 |

* The liabilities shown above do not include off budget borrowings.

Appendix 1.5

Explanatory Notes for Appendices 1.3 and 1.5

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the surplus on Government account, as shown in Appendix 1.5, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs.17.63 crore (Net credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". A net difference to the extent of Rs.47.58 crore (Net debit) had been reconciled (June 2009) leaving a balance of net credit of Rs.29.95 crore which was under reconciliation.

Financial position of departmentally managed commercial / quasi commercial undertakings (Refer paragraph 1.7.3, page 29)

(Rupees in crore)

| Undertaking | Year upto which proforma accounts finalised | Mean capital | Total loss |
|--|---|--------------|-------------|
| Government Silk Factory, Mamballi | 2006-07 | 2.84 | 1.26 |
| Government Silk Twisting and Weaving Factory, Mudigundam | 2006-07 | 1.45 | 0.33 |
| Government Silk Factory, Chamarajanagar, | 2007-08 | 2.84 | 1.14 |
| Government Silk Factory, Santhemarahalli, | 2006-07 | 3.37 | 1.14 |
| Government Silk Factory, Kollegal | 2007-08 | 2.25 | 1.40 |
| Government Central workshop, Madikeri | 2005-06 | 0.06 | 0.15 |
| Total | | 12.81 | 5.42 |

Major heads of account under which provision of more than Rs.10 crore remained unspent (Refer paragraph 2.3.1, page 49)

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|--|-------------------------------------|--|--|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1 | 01 | 2401 | Crop Husbandry | |
| | | | - Direction and Administration | |
| | | | - Horticulture Department | 18.84 |
| | | | Crop Husbandry | |
| | | | - Seeds | |
| | | | - Support to Dryland Farmers for Agricultural Inputs | 280.70 |
| | | | Crop Husbandry | |
| | | | - Commercial crops | |
| | | | - Horticulture Department | 11.49 |
| | | | Crop Husbandry | |
| | | | - Crop Insurance | |
| | | | -New crop Insurance Scheme | 79.72 |
| | | | Crop Husbandry | |
| | | | -Assistance to Zilla Panchayats | |
| -Zilla Panchayats (Agriculture) | | | | |
| -CSS/CPS | 19.90 | | | |
| Crop Husbandry | | | | |
| -Other expenditure | | | | |
| -Agriculture Department | 63.70 | | | |
| Crop Husbandry | | | | |
| -Other expenditure | | | | |
| -Horticulture Department | 47.97 | | | |
| Crop Husbandry | | | | |
| -Other expenditure | | | | |
| -Karnataka Agriculture Mission | 94.45 | | | |
| 2402 | Soil and Water Conservation | | | |
| -Assistance to Grama Panchayats | | | | |
| -Grama Panchayats – CSS/CPS | 11.52 | | | |
| Soil and Water Conservation | | | | |
| -Other expenditure | | | | |
| -Rastriya Krishi Vikasa Yojane – Watershed | 30.00 | | | |
| 2415 | Agricultural Research and Education | | | |
| -Crop Husbandry | | | | |
| -Research | | | | |
| -Research in Agricultural Universities | 39.25 | | | |
| Agricultural Research and Education | | | | |
| General | | | | |
| Research | | | | |
| UAS Dharwad | 10.75 | | | |
| 2 | 02 | 2403 | Animal Husbandry | |
| | | | -Other expenditure | |
| | | | -Special Component Plan (State Plan Scheme) | 15.17 |
| | | Animal Husbandry | | |
| | | -Other expenditure | | |
| | | -Rashtriya Krishi Vikasa Yojane – Animal Husbandry | 22.39 | |
| 2404 | Dairy Development | | | |
| -Assistance to Co-operatives and Other Bodies | | | | |
| -Karnataka Milk Producer's Co-operative Federation Limited | 50.61 | | | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|---|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | 2405 | Fisheries -Other expenditure -Rashtriya Krishi Vikasa Yojane-Fisheries | 19.83 |
| 3 | 03 | 2039 | State Excise Direction and Administration Commissioner for Excise and Other Establishments | 19.00 |
| | | | State Excise Other expenditure Enforcement Activities | 14.40 |
| | | 2040 | Taxes on Sales, Trade, etc -Direction and Administration -Commissioner of Commercial Taxes | 25.13 |
| | | 2047 | Other Fiscal Services -Promotion of Small Savings -Director of Small Savings | 22.13 |
| | | 2070 | Other Administrative Services -Other expenditure -Filling up of Vacant Posts (District Sector) Other Administrative Services -Other expenditure -Additional Provision for Salaries | 450.00 615.00 |
| | | 2071 | Pensions and Other Retirement Benefits -Civil -Family Pensions -Other Family Pensions – Karnataka | 112.23 |
| | | 3475 | Other General Economic Services -Transfer to Reserve Fund and Deposit Accounts -Fiscal Management Fund Other General Economic Services -Other expenditure -Augmenting Infrastructure Initiative Fund | 150.00 150.00 |
| 4 | 05 | 2055 | Police -Special Police Karnataka State Reserve Police and Karnataka Armed Reserve Police | 17.39 |
| | | | Police -District Police -Police Force | 12.84 |
| | | | Police State Headquarters Police Traffic Improvement | 25.21 |
| | | | Police Modernisation of Police Force | 23.75 |
| | | 2070 | Other Administrative Services -Fire Protection and Control -Direction and Administration | 27.20 |
| | | 3055 | Road Transport -Other expenditure -Bangalore Mahanagara Transport Corporation | 49.11 |
| | | | Road Transport -Other expenditure -North East Karnataka Regional Transport Corporation | 10.47 |
| 5 | 06 | 5465 | Investments in General Financial and Trading Institutions -Investments in General Financial Institutions -Investment in Public Sector and Other Undertakings, Banks, etc -Investment in Infrastructure | 95.41 |
| | | | Investments in General Financial and Trading Institutions -Investments in General Financial Institutions -Investment in Public Sector and other Undertakings, Banks, etc | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|--|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | -Investment in Bangalore International Airport Limited (BIAL) through KSIIDC | 49.97 |
| 6 | 07 | 2059 | Public Works -General -Maintenance and Repairs -Maintenance Grants from XII Finance Commission | 17.11 |
| | | 2215 | Water Supply and Sanitation -Water Supply -Assistance to Grama Panchayats -Grama Panchayats | 40.87 |
| | | | Water Supply and Sanitation -Water Supply -Assistance to Grama Panchayats -Grama Panchayats-CSS/CPS | 20.22 |
| | | 2501 | Special Programmes for Rural Development -Integrated Rural Development Programmes -Assistance to Grama Panchayats -Village Panchayats-CSS/CPS | 12.47 |
| | | | Special Programme for Rural Development -Integrated Rural Development Programmes -Other expenditure -Desert Development Programme | 19.80 |
| | | | Special Programme for Rural Development -Integrated Rural Development Programmes -Other expenditure -Drought Prone Area Development Programme | 27.50 |
| | | 2505 | Rural Employment -Rural Employment Guarantee Scheme -National Rural Employment Guarantee Scheme -Karnataka Rural Employment Guarantee Scheme | 66.65 |
| | | | Rural Employment -Other programmes -Assistance to Zilla Panchayats -Zilla Panchayats | 63.10 |
| | | 2515 | Other Rural Development Programmes -Panchayati Raj -Karnataka Rural Poverty and Panchayat Project | 18.55 |
| | | | Other Rural Development Programmes -Assistance to Taluk Panchayats -Taluk Panchayats | 44.99 |
| | | 3054 | Roads and Bridges -General -Assistance to Zilla Panchayats -Zilla Panchayats | 12.26 |
| | | | Roads and Bridges Sewerage and Sanitation Other expenditure Suvarna Grama | 30.15 |
| | | 4215 | Capital Outlay on Water Supply and Sanitation -Water supply -Rural Water Supply -Capital Release to Grama Panchayats | 216.60 |
| | | | Capital Outlay on Water Supply and Sanitation Sewerage and Sanitation Other expenditure Suvarna Grama | 30.15 |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | 4702 | Capital outlay on Minor Irrigation -Surface water -Capital release to Grama Panchayats | 12.04 |
| | | 5054 | Capital outlay on Roads and Bridges -District and Other roads -Road Works -Capital Release to Grama Panchayats | 24.91 |
| | | | Capital outlay on Roads and Bridges -District and other roads -Other expenditure -NABARD Assisted Works | 97.94 |
| 7 | 09 | 2425 | Co-operation -Assistance to Credit Co-operatives -General | 126.42 |
| | | | Co-operation - Assistance to Zilla Panchayats – Zilla Panchayats | 20.00 |
| 8 | 10 | 2225 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Scheduled Castes - Assistance to Public Sector and other undertakings -Dr. B.R.Ambedkar Development Corporation Limited | 30.75 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Scheduled Castes - Assistance to Taluk Panchayats -Taluk Panchayats | 39.50 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Scheduled Castes - Assistance to Taluk Panchayats -Taluk Panchayats-CCS/CPS | 58.19 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Scheduled Castes -Other expenditure -Community Irrigation Scheme-Ganga Kalyana | 14.15 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Scheduled Tribes -Assistance to Taluk Panchayats -Taluk Panchayats-CSS/CPS | 25.25 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Backward Classes -Education -Welfare of Other Backward Classes | 10.57 |
| | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes -Welfare of Backward Classes -Other expenditure -Community Irrigation/Individual Irrigation Scheme (Backward Classes) | 12.40 |
| 9 | 16 | 4216 | Capital Outlay on Housing -General -Investments in Public Sector and Other Undertakings -Indira Awaz Yojana- Construction of Anganawadi Buildings | 11.00 |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | 6216 | Loans for Housing -Rural Housing Scheme -Other Loans -Loans to RGRHC Limited for Ashraya Scheme | 30.00 |
| | | | Loans for Housing -Rural Housing Scheme -Special Development Plan | 95.00 |
| 10 | 17 | 2058 | Stationery and Printing -Purchase and supply of Stationery Stores -Stationery Depots | 13.67 |
| | | 2202 | General Education -Elementary Education -Other expenditure -Other Schemes | 86.92 |
| | | | General Education -Secondary Education -Govt. Secondary Schools -High Schools (District Sector Schemes) | 65.57 |
| | | | General Education -Secondary Education -Govt. Secondary Schools -Junior Colleges | 17.62 |
| | | | General Education -Secondary Education -Assistance to Non- Government Secondary Schools -Assistance to Non-Government Secondary Schools (State Sector Schemes) | 31.64 |
| | | | General Education -Secondary Education -Assistance to Zilla Panchayats -Zilla Panchayats | 43.08 |
| | | | General Education -Secondary Education -Other expenditure -Other Schemes | 41.12 |
| | | | General Education -University and Higher Education -Government Colleges and Institutes -Other Government Colleges | 42.12 |
| | | | General Education -General -Other expenditure -Computer Literacy-Awareness in Secondary School | 57.85 |
| | | | General Education -General -Other expenditure -Grants-in-Aid in Education | 15.00 |
| | | 2203 | Technical Education Polytechnics Polytechnics | 20.13 |
| | | 4202 | Capital Outlay on Education, Sports, Art and Culture -General Education -University and Other Higher Education -Buildings | 44.55 |
| | | | Capital Outlay on Education, Sports, Art and Culture | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision | | |
|---|---|------------|--|--|---|---|
| 1 | 2 | 3 | 4 | 5 | | |
| 11 | 18 | 2505 | -Polytechnics -Buildings | 48.69 | | |
| | | | Rural Employment -Other Programmes -Employment Assurance Scheme -Employment in Garment Sector | 44.36 | | |
| | | 2851 | Village and Small Industries -Small Scale Industries -Resource support to KSFC | 55.38 | | |
| | | | Village and Small Industries -Small Scale Industries -Modernisation/Technology Training | 17.06 | | |
| | | | Village and Small Industries -Handloom Industries -Weavers Package | 12.54 | | |
| | | | Village and Small Industries Sericulture Industries State Sericulture Industries | 15.34 | | |
| | | 3475 | Other General Economic Services -Transfers to Reserve Fund and Deposit Accounts -Transfers of Cess to the Infrastructure Initiative Fund | 355.39 | | |
| | | 12 | 19 | 2215 | Water Supply and Sanitation -Water supply -Assistance to Local Bodies, Corporations, etc. -Karnataka Urban Water Supply and Drainage Board | 45.00 |
| | | | | | 2217 | Urban Development -Other Urban Development Schemes Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc. -Bangalore Metropolitan Regional Development Authority |
| | | | | Urban Development -General -Other expenditure -Basic Urban Service Programme – Urban Infrastructure | | 268.47 |
| Urban Development -General -Other expenditure -Sub-Mission for Basic Services for Urban Poor | 195.77 | | | | | |
| 3475 | Other General Economic Services -Urban Oriented Employment Programmes -Swarna Jayanthi Shahari Rojgar Yojana | | | 14.50 | | |
| 3604 | Compensation and Assignment to Local Bodies and Panchayat Raj Institutions -Assistance to Municipal Corporation -Devolution to Municipal Corporations | | | 130.13 | | |
| | Compensation and Assignments to Local Bodies and Panchayat Raj Institutions -Assistance to Municipal Corporation -Bruhat Bangalore Mahanagara Palike | | | 100.00 | | |
| | Compensation and Assignment to Local Bodies and Panchayat Raj Institutions -Assistance to Municipalities/ Municipal Council -Devolution to Municipalities | | | 91.34 | | |
| | Compensation and Assignment to Local Bodies and Panchayat Raj Institutions -Assistance to Municipalities/ Municipal Council | | | | | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|--|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | -Developmental works in Urban Local Bodies | 54.32 |
| | | | Compensation and Assignment to Local Bodies and Panchayat Raj Institutions | |
| | | | -Assistance to Nagara Panchayats / Notified Area Committees | |
| | | | -Devolution for Nagara Panchayats/Notified Area Committees | 175.19 |
| | | | Compensation and Assignment to Local Bodies and Panchayat Raj Institutions | |
| | | | Other Miscellaneous Compensations and Assignments | |
| | | | -Special Grants to Corporations, Municipalities and Town Panchayats | 67.00 |
| | | 6215 | Loans for Water Supply and Sanitation | |
| | | | Water Supply | |
| | | | Loans to Public Sector and Other Undertakings | |
| | | | Bangalore Water Supply and Sewerage Board | 324.20 |
| | | 6217 | Loans for Urban Development | |
| | | | Other Urban Development Schemes | |
| | | | Other Loans | |
| | | | Loans for BMRCL | 300.00 |
| 13 | 20 | 2059 | Public Works | |
| | | | -General | |
| | | | -Direction and Administration | |
| | | | -Execution (C&B North) | 11.45 |
| | | | Public Works | |
| | | | -General | |
| | | | -Suspense | |
| | | | -Debits | 111.26 |
| | | 3051 | Ports and Light Houses | |
| | | | -Minor Port | |
| | | | -Transfer to Reserve Fund /Deposit Accounts | |
| | | | -Transfer of receipts under Ports, Light houses and Shipping | 21.52 |
| | | 3054 | Roads and Bridges | |
| | | | -Road Works | |
| | | | State Highway Maintenance | 49.99 |
| | | | Roads and Bridges | |
| | | | -General | |
| | | | -Transfer to Reserve Fund / Deposit Accounts | |
| | | | -Transfer of Cess to Rural Road Development Fund | 150.00 |
| | | 4059 | Capital Outlay on Public Works | |
| | | | -General | |
| | | | -Construction | |
| | | | -Departmental Buildings | 24.38 |
| | | 4216 | Capital Outlay on Housing | |
| | | | -Government Residential Buildings | |
| | | | -Other Housing | |
| | | | -Construction | 33.63 |
| | | 5054 | Capital Outlay on Roads and Bridges | |
| | | | -State Highways | |
| | | | -Road Works | |
| | | | -Development of State Highways - EAP | 139.09 |
| | | | Capital Outlay on Roads and Bridges | |
| | | | -State Highways | |
| | | | -Road Works | |
| | | | -Other Road Formation | 86.31 |
| | | | Capital Outlay on Roads and Bridges | |
| | | | -State Highways | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|--|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | -Road Works | |
| | | | -Hassan Peripheral Ring Road | 50.00 |
| | | | Capital Outlay on Roads and Bridges | |
| | | | -District and Other Roads | |
| | | | -Other expenditure | |
| | | | -District Roads | 40.03 |
| | | | Capital Outlay on Roads and Bridges | |
| | | | -District and Other Roads | |
| | | | -Other expenditure | |
| | | | -Central Road Fund Works | 520.83 |
| | | | Capital Outlay on Roads and Bridges | |
| | | | -General | |
| | | | -Other expenditure | |
| | | | -Karnataka Road Fund | 250.00 |
| 14 | 21 | 4701 | Capital Outlay on Major and Medium Irrigation | |
| | | | -Medium Irrigation - Commercial | |
| | | | -Anjanapura-NABARD | |
| | | | -Other expenditure | 15.00 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -Medium Irrigation - Commercial | |
| | | | -Karnataka Neeravari Nigam Limited | |
| | | | -Accelerated Irrigation Benefit Programme (AIBP) | 75.00 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -General | |
| | | | -Investment in Public Sector and Other Undertakings | |
| | | | -Krishna Bhagya Jala Nigam Ltd. | 195.31 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -General | |
| | | | -Investment in Public Sector and Other Undertakings | |
| | | | -Karnataka Neeravari Nigam Limited | 461.68 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -General | |
| | | | -Other expenditure | |
| | | | -New Schemes | 79.13 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -General | |
| | | | -Other expenditure | |
| | | | -PM Relief Package for Farmers Suicide - KNNL | 225.00 |
| | | | Capital Outlay on Major and Medium Irrigation | |
| | | | -General | |
| | | | -Other expenditure | |
| | | | -PM Relief Package for Farmers Suicide -KBJNL | 116.15 |
| | | 4702 | Capital Outlay on Minor Irrigation | |
| | | | -Surface Water | |
| | | | -Water Tanks-Construction of New Tanks, Pick ups, etc. | 165.00 |
| | | | Capital Outlay on Minor Irrigation | |
| | | | Surface Water | |
| | | | World Bank Aided Tank Irrigation Projects | 190.00 |
| | | | Capital Outlay on Minor Irrigation | |
| | | | -Surface Water | |
| | | | -Barrages | 23.00 |
| | | | Capital Outlay on Minor Irrigation | |
| | | | -Surface Water | |
| | | | -Capital Release to Grama Panchayats | 26.91 |
| | | 4705 | Capital Outlay on Command Area Development | |
| | | | -Other expenditure | |
| | | | - CADA-SDP | 14.72 |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision | | |
|---------|-----------|------------|--|--|---|--------|
| 1 | 2 | 3 | 4 | 5 | | |
| 15 | 22 | 2210 | Medical and Public Health -Urban Health Services-Allopathy -Hospitals and Dispensaries -Hospitals attached to teaching institutions | 17.48 | | |
| | | | Medical and Public Health -Rural Health Services-Allopathy -Hospitals and Dispensaries -Taluk level General Hospitals | 18.02 | | |
| | | | Medical and Public Health -Medical Education, Training and Research -Allopathy -Education including Education in Pharmacy | 38.66 | | |
| | | | Medical and Public Health -Public Health -Other expenditure -KHSDRP-Project Management and Evaluations | 11.22 | | |
| | | | Medical and Public Health -Public Health -General -Assistance to Zilla Panchayats -Zilla Panchayats | 30.11 | | |
| | | | 4210 | Capital Outlay on Medical and Public Health -Urban Health Services -Hospitals and Dispensaries -Buildings | 52.24 | |
| | | | Capital Outlay on Medical and Public Health -Urban Health Services -Hospitals and Dispensaries -Capital Release to Zilla Panchayats | 42.57 | | |
| | | | Capital Outlay on Medical and Public Health -Medical Education-Training and Research -Allopathy -Buildings | 15.07 | | |
| | | 16 | 24 | 2801 | Power -General -Assistance to Electricity Boards -Karnataka Power Transmission Corporation Limited | 467.27 |
| | | | | | Power -General -Other expenditure -Accelerated Power Development Programme | 16.52 |
| | | | | | Other Rural Development Programmes -Other expenditure -Hyderabad-Karnataka Development Board | 29.95 |
| | | | | | Other Rural Development Programmes -Other expenditure -Malnad Areas Development Board | 22.78 |
| 17 | 26 | 2515 | Other Rural Development Programmes -Other expenditure -Maidan Development Board | 19.05 | | |
| | | | Other Rural Development Programmes -Other expenditure -Maidan Development Board | 19.05 | | |
| | | 2575 | Other Special Area Programmes -Others -Special Area Programme -Legislators Constituency Development Fund | 147.00 | | |
| | | | | Other Special Area Programmes -Others -Special Area Programme -Legislators Constituency Development Fund | 147.00 | |
| 18 | 29 | 2049 | Interest Payments -Interest on Internal Debt | | | |

Appendix 2.1

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Unspent provision |
|---------|-----------|------------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | -Interest on Market Loans | |
| | | | -Interest on Current Loans | 362.34 |
| | | | Interest Payments | |
| | | | -Interest on Internal Debt | |
| | | | -Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government | |
| | | | Interest on Special Securities issued to NSSF of the Central Government by the State Government | 261.15 |
| | | | Interest Payments | |
| | | | -Interest on Small Savings, Provident Funds, etc | |
| | | | -Interest on Insurance and Pension Funds | |
| | | | -State Government Insurance Funds | 37.26 |
| | | | Interest Payments | |
| | | | -Interest on Loans and Advances from Central Government | |
| | | | -Interest on Loans for State/Union Territory Plan Schemes | 130.55 |
| | | 6003 | Internal Debt of the State Government | |
| | | | -Ways and Means Advances from Reserve Bank of India | |
| | | | -Clean and Secured Ways and Means Advances | 1,000.00 |
| | | | Internal Debt of the State Government | |
| | | | -Ways and Means Advances from Reserve Bank of India | |
| | | | -Over-draft with Reserve Bank of India | 350.00 |
| | | 6004 | Loans and Advances from the Central Government | |
| | | | -Loans for State / Union Territory Plan Schemes | |
| | | | -Block Loans | |
| | | | -Normal Assistance | 39.14 |

Unspent provision due to non/short/ late -release of funds and non/late-receipt of sanctions from Government
(Refer paragraph 2.3.2, page 50)

(Rupees in crore)

| Sl. No. | Grant | Head of account | Unspent provision |
|---------|--|--|-------------------|
| 1. | 01 -Agriculture and Horticulture | 2401-105-01- Soil Health Centres -Subsidiary Expenses | 4.33 |
| 2. | | 4402-800-01-RIDF Assisted Watershed Development - NABARD Works | 10.00 |
| 3. | 02- Animal Husbandry and Fisheries | 2403-101-17- Centrally Sponsored Scheme of setting up of State Veterinary Council – Grants in Aid | 0.30 |
| 4. | | 2403-103-17- Assistance to Poultry Farms (CSS) – General Expenses | 0.85 |
| 5. | | 2403-104-02- Karnataka Sheep and Sheep Products Development Board - Grants in Aid | 0.50 |
| 6. | | 2403-113-02-Sample Survey Scheme – Milk, Egg and Wool – Salaries – Staff | 0.51 |
| 7. | | 2403-113-04- Animal Husbandry Statistics and Livestock Census – Subsidiary Expenses | 6.68 |
| 8. | | 2403-113-04- Animal Husbandry Statistics and Livestock Census – General Expenses | 0.73 |
| 9. | | 2403-800-30- Rashtriya Krishi Vikasa Yojane- Animal Husbandry- Grants-in-aid | 0.24 |
| 10. | | 2405-103-06-Remission of Central Excise Duty on HSD used by Mechanical Fish Craft- Financial Assistance/Relief | 2.50 |
| 11. | | 2405-800-20-Matsya Ashraya – Other Expenses | 2.10 |
| 12. | | 4403-101-04-Veterinary College at Shimoga - Major Works | 3.00 |
| 13. | 4403-101-06- Institute for Vaccine Production- Major Works | 1.00 | |
| 14. | 05 – Home and Transport | 2055-001-01-Director General and Inspector General of Police- Other Expenses | 0.32 |
| 15. | | 2055-108-09- Traffic Improvement - Other Expenses | 25.00 |
| 16. | | 2056-800-03- Modernisation of Jails-Modernisation | 0.44 |
| 17. | 08- Forest, Ecology and Environment | 2406-01-101-2 Other Schemes -Utilisation of CAMPA Fund – Major Works | 200.00 |
| 18. | | 2406-02-110-20-Nilgiris Biosphere Reserve-Major Works | 1.79 |
| 19. | | 2406-02-110-02- Central Sector Scheme of Project Tiger, Bandipur -Major Works | 1.10 |
| 20. | 12- Information, Tourism and Youth Services | 2204-104-31- XII Finance Commission Grants for Multi Gyms and Sports Complex - Other Expenses | 10.52 |
| 21. | | 2220-60-001-01- Directorate of Information and Publicity - Other Expenses | 0.91 |
| 22. | | 2220-60-103-01- Press and News Services – General Expenses | 0.26 |
| 23. | | 5452-01-800-05- Tourism Infrastructure at Belur -Capital Expenses | 2.00 |
| 24. | 16- Housing | 6216-03-800-03- Loans to RGRHC Ltd. for Ashraya Scheme - Loans | 3.00 |
| 25. | 17- Education | 2203-112-02-SKSJT Institute, Bangalore – Materials and Supplies | 1.12 |
| 26. | 23- Labour | 2230-01-198-6- Grama Panchayats – CSS/CPS -Block Grants - Lumpsum | 0.91 |
| | | Total | 280.11 |

Appendix 2.3

Major heads of account under which excess expenditure was above Rs.10 crore (Refer paragraph 2.3.4, Page 51)

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Total Provision | Expenditure | Excess |
|---------|-----------|------------|---|-----------------|-------------|--------|
| 1 | 03 | 2071 | Pensions and Other Retirement Benefits Civil Superannuation and Retirement Allowances State Government Pensions | 2,343.03 | 2,568.79 | 225.76 |
| | | | Pensions and Other Retirement Benefits Civil Commutated Value of Pensions Other Payments | 283.00 | 438.20 | 155.20 |
| | | | Pensions and Other Retirement Benefits Civil Gratuities Other Gratuities – Karnataka | 175.40 | 392.12 | 216.72 |
| | | | Pensions and Other Retirement Benefits Civil Pensions of Employees of Local Bodies Payments to Municipal Employees | 87.50 | 104.65 | 17.15 |
| | | | Pensions and Other Retirement Benefits Civil Leave Encashment Benefits General Services | 6.28 | 46.15 | 39.87 |
| | | | Pensions and Other Retirement Benefits Civil Leave Encashment Benefits Social Services | 7.17 | 55.61 | 48.44 |
| | | | Pensions and Other Retirement Benefits Civil Leave Encashment Benefits Economic Services | 4.67 | 30.63 | 25.96 |
| 2 | 05 | 3055 | Road Transport Other expenditure Subsidy to Students and Other Concessions Extended by KSRTC | 51.11 | 66.24 | 15.13 |
| 3 | 14 | 2029 | Land Revenue -Collection charges -Bangalore Division | 108.70 | 124.44 | 15.74 |
| | | 2235 | Social Security and Welfare Other Social Security and Welfare Programmes Pension under Social Security Scheme Old Age Pension Scheme | 387.00 | 408.20 | 21.20 |
| | | 2245 | Relief on Account of Natural Calamities Calamity Relief Fund | | | |

Appendix 2.3

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Total Provision | Expenditure | Excess |
|---------|-----------|------------|---|-----------------|-------------|--------|
| | | | Transfer to Reserve Funds and Deposit Accounts – Calamity Relief Fund | | | |
| | | | Central Share to Calamity Relief Fund | 99.55 | 288.66 | 189.11 |
| 4 | 17 | 2058 | Stationery and Printing | | | |
| | | | Government Press | | | |
| | | | Karnataka Text Book Society | 30.57 | 46.57 | 16.00 |
| | | 2202 | General Education | | | |
| | | | Elementary Education | | | |
| | | | Assistance to Zilla Panchayats | | | |
| | | | Zilla Panchayat | 503.87 | 552.52 | 48.65 |
| | | | General Education | | | |
| | | | Elementary Education | | | |
| | | | Assistance to Taluk Panchayats | | | |
| | | | Taluk Panchayats | 877.41 | 928.83 | 51.42 |
| 5 | 19 | 2217 | Urban Development | | | |
| | | | General | | | |
| | | | Other expenditure | | | |
| | | | Urban Infrastructure Development Scheme for Small and Medium Town | 100.00 | 151.97 | 51.97 |
| | | 4217 | Capital Outlay on Urban Development | | | |
| | | | Other Urban Development Schemes | | | |
| | | | Other expenditure | | | |
| | | | Equity in BMRCL | 400.00 | 500.00 | 100.00 |
| 6 | 20 | 3054 | Roads and Bridges | | | |
| | | | General | | | |
| | | | Transfer to Reserve Fund/Deposit Account | | | |
| | | | Transfer of Grants from Central Road Fund to Deposit Head Subventions | 150.00 | 169.23 | 19.23 |
| | | 5054 | Capital Outlay on Roads and Bridges | | | |
| | | | District and Other Roads | | | |
| | | | Other expenditure | | | |
| | | | NABARD Assisted Works | 324.21 | 384.33 | 60.12 |
| | | | Capital Outlay on Roads and Bridges | | | |
| | | | General | | | |
| | | | Investments in Public Sector and Other Undertakings | | | |
| | | | Karnataka State Roads Development Corporation | 512.13 | 562.13 | 50.00 |
| 7 | 21 | 4701 | Capital Outlay on Major and Medium Irrigation | | | |
| | | | Major Irrigation – Commercial | | | |
| | | | Tungabhadra Project – Left Bank | | | |
| | | | Direction and Administration | 1.43 | 11.68 | 10.25 |
| | | | Capital Outlay on Major and Medium Irrigation | | | |
| | | | Medium Irrigation - Commercial | | | |
| | | | UKP Zones | | | |
| | | | Upper Krishna Project/Krishna Basin | 200.00 | 245.00 | 45.00 |

Appendix 2.3

(Rupees in crore)

| Sl. No. | Grant No. | Major Head | Area | Total Provision | Expenditure | Excess |
|---------|-----------|------------|--|-----------------|-------------|--------|
| | | | Project – AIBP | | | |
| | | 4702 | Capital Outlay on Minor Irrigation Surface Water Barrages | 80.29 | 112.64 | 32.35 |
| 8 | 24 | 4801 | Capital Outlay on Power Projects Hydel Generation Investment in Public Sector and Other Undertakings Karnataka Power Transmission Corporation Limited | 200.00 | 250.00 | 50.00 |
| 9 | 29 | 2049 | Interest Payments Interest on Small Savings, Provident Funds etc Interest on Insurance and Pension Fund State Government Employees Group Insurance Fund | 34.82 | 81.01 | 46.19 |
| | | 6003 | Interest Debt of the State Government Loans from NABARD Loans from Rural Infrastructure Development Fund | 106.16 | 127.24 | 21.08 |

Persistent Excess expenditure over provision

(Refer paragraph 2.3.5, page 51)

(Rupees in crore)

| Sl. No. | Grant & Head of account | 2004-05 | | | 2005-06 | | | 2006-07 | | | 2007-08 | | | 2008-09 | | |
|---------|--|-----------|-------------|--------|-----------|-------------|--------|-----------|-------------|--------|-----------|-------------|--------|-----------|-------------|--------|
| | | Provision | Expenditure | Excess | Provision | Expenditure | Excess | Provision | Expenditure | Excess | Provision | Expenditure | Excess | Provision | Expenditure | Excess |
| 1 | 03-Finance 2071-01-115-2- Social Services | 32.23 | 42.39 | 10.16 | 43.69 | 46.67 | 2.98 | 46.05 | 50.63 | 4.58 | 58.10 | 60.12 | 2.02 | 7.17 | 55.61 | 48.44 |
| 2 | 14 – Revenue 2029-101-1 Bangalore Division | 69.35 | 78.91 | 9.56 | 90.17 | 98.06 | 7.89 | 94.79 | 98.48 | 3.69 | 122.97 | 126.95 | 3.98 | 108.70 | 124.44 | 15.74 |
| 3 | 20 – Public Works 2059-80-001-01 Chief Engineer (C&B South, Bangalore) | 2.55 | 3.57 | 1.02 | 2.71 | 4.27 | 1.56 | 3.10 | 4.60 | 1.50 | 3.23 | 5.23 | 2.00 | 3.98 | 5.94 | 1.96 |
| 4 | 2059-80-001-02 Chief Engineer (C&B North, Dharwad) | 1.57 | 3.23 | 1.66 | 1.70 | 2.26 | 0.56 | 1.91 | 2.30 | 0.39 | 2.27 | 2.81 | 0.54 | 2.62 | 3.49 | 0.87 |
| 5 | 21 –Water Resources 2702-01-101-02 – Maintenance and Repairs | 14.75 | 24.73 | 9.98 | 15.63 | 23.68 | 8.05 | 29.20 | 40.38 | 11.18 | 18.92 | 23.33 | 4.41 | 20.81 | 21.25 | 0.44 |
| 6 | 4701-01-317-1 -Direction and Administration | 1.03 | 8.22 | 7.19 | 1.14 | 9.34 | 8.20 | 1.04 | 8.27 | 7.23 | 1.17 | 10.67 | 9.50 | 1.43 | 11.68 | 10.25 |

Expenditure incurred without provision during 2008-09

(Refer paragraph 2.3.6, page 51)

(Rupees in crore)

| Sl. No. | Grant | Head of Account | Expenditure | Reasons |
|---------|--|--|--------------|--|
| 1 | 2-Animal Husbandry and Fisheries | 2405-800-02 Share of Expenditure on Tunga Bhadra Board Fisheries Scheme | 1.61 | Debit transferred through the Accountant General, Andhra Pradesh |
| 2 | 7- Rural Development and Panchayat Raj | 2215-01-102-7 Scheme with bilateral assistance | 1.63 | Grant released as Additional Central Assistance for externally aided projects in State |
| 3 | 8-Forest, Ecology and Environment | 2406-01-800-08 Rehabilitation Package for Sargod and Masakali Forest Encroachers | 0.23 | --- |
| 4 | 19-Urban Development | 2217-05-191-1-86 Debt Relief – Grants-in-Aid | 0.30 | Payment of additional Central assistance for externally aided projects in the State |
| 5 | | 6217-60-191-6 BMP Karnataka – Loans – Debt Relief | 0.46 | Additional Central Assistance for externally aided projects in State |
| 6 | 21-Water Resources | 4701-01-317-1 Direction and Administration | 10.25 | Adjustment carried out without provision |
| 7 | | 4701-01-359-1 Direction and Administration | 2.51 | Adjustment carried out without provision |
| 8 | 22-Health and Family Welfare Services | 2210-01-110-2-83 Karnataka Health Systems Project, EAP | 1.36 | Additional Central Assistance for externally aided projects |
| 9 | | 6210-01-800-81 Upgrading Health Facility in Karnataka | 3.17 | |
| 10 | 29-Debt Servicing | 2049-01-101-1-71 – 8.40% KG Stock 2018 | 63.00 | --- |
| 11 | | 2049-04-101- Back to Back External Loans – Debt Servicing | 7.24 | Expenditure being debited directly to Government of Karnataka by Controller of Aid Accounts and Audit periodically and adjusted in the books of account. |
| 12 | | 2049-04-101- Back to Back External Loans – Commitment Charges | 2.94 | --- |
| 13 | | 2049-60-701-Miscellaneous | 0.15 | Interest on grants recovered by Government of India that were released during Dec' 06 but remained unutilized. |
| | | Total | 94.85 | |

Excess expenditure over provision
requiring regularisation

(Refer paragraph 2.3.7, page 51)

(Rupees in crore)

| Year | Number of grants/ Appropriation | Grant/Appropriation numbers | Amount of excess required to be regularised as commented in the Appropriation Accounts/Audit Reports | Actual excess | Remarks |
|---------|------------------------------------|--|--|---------------|--|
| 1989-90 | 12/5 | 7,8,10,24,27,46,47,49,53,20,35,56, 23,45,12, Interest payments | 25.89 | 25.89 | |
| 1990-91 | 13/4 | 6,7,10,13,20,32,45,46,47,52,27,33, 35,47,4 | 35.73 | 35.68 | Excess reduced on account of reconciliation of expenditure |
| 1991-92 | 13/3 | 7,11,14,22,23,36,45,46,47,51, 57,27,24,41, 43 | 58.99 | 58.47 | -do- |
| 1992-93 | 12/3 | 6,9,27,32,34,41,43,44,45,46,50,52, 25,33, 34,48 | 107.47 | 107.47 | |
| 1993-94 | 7/3 | 22,36,46,49,54,13,29,49,24,43, Internal debt, Loans and advances from Central Government and Inter State Settlements | 57.47 | 57.47 | |
| 1994-95 | 4/6 | 21,35,3,48,15,24,46,47,55 | 8.35 | 7.95 | Due to erroneous budget provision |
| 1995-96 | 9/2 | 2,33,39,43,45,49,1,46,52,21,44 | 27.79 | 27.79 | |
| 1996-97 | 9/3 | 2,16,33,43,49,51,8,24,25,45,1, 21,43,44 | 104.40 | 104.40 | |
| 1997-98 | 11 | 12,33,37,39,43,49,51,24,27,32,55 | 84.01 | 84.01 | |
| 1998-99 | 12 | 9,17,33,37,39,40,4,25,46,43,52 | 35.86 | 34.74 | Excess reduced on account of reconciliation of expenditure |
| 1999-00 | 11/2 | 10, 16, 19, 33, 34, 39, 48, 49, 65, 66, 8, 43. | 333.22 | 333.22 | |
| 2000-01 | 11 | 5, 15, 24, 35, 38, 49, 7, 10, 42, 30, 44 | 114.46 | 114.46 | |
| 2001-02 | 10 | 5, 10, 13, 15, 24, 30, 35, 42, 44, 50 | 112.64 | 112.64 | |
| 2002-03 | 3/5 | 53,13,60,15,30,44,55,44 | 1,090.49 | 1,090.49 | |
| 2003-04 | 6/1 | 14,16,27,24,8,20,29 | 2,817.82 | 2,811.36 | Reduction of Rs.6.46 crore is the net result of increase of Rs.0.04 crore due to reconciliation and decrease of Rs.6.50 crore due to rectification of misclassification. |
| 2004-05 | 5/1 | 8,17,18,20,24,29 | 1,919.02 | 2,204.68 | Excess increased due to proforma correction of Rs.285.66 crore under Grant 24 on account of book adjustments relating to power subsidy for 2004-05, not shown in the annual accounts 2004-05 |
| 2005-06 | 4/1 | 3,14,18,24,25 | 809.02 | 809.02 | |
| 2006-07 | 4/1 | 8,14,15,18,24 | 483.45 | 483.45 | |
| 2007-08 | 2/2 | 4,8,27 | 5.15 | 5.15 | |
| Total | | | 8,231.23 | 8,508.34 | |

Cases of New service/New Instrument
of service

(Refer paragraph 2.3.9, page 52)

(Rupees in crore)

| Sl. No. | Grant | Head of account | Budget Provision | Expenditure | Excess |
|---------|------------------------------------|---|------------------|-------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | 02- Animal Husbandry and Fisheries | 2405 Fisheries 800 Other Expenditure 02 Share of expenditure on Tungabhadra Board Fisheries Scheme Other Expenses | - | 1.61 | 1.61 |
| 2 | 03 – Finance | 2071 Pensions and other Retirement Benefits 01 Civil 103 Compassionate Allowance 3 Compassionate Allowance, Karnataka | 0.60 | 2.07 | 1.47 |
| 3 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 1 General Services 14 Administration of Justice – Pension and Retirement Benefits | 0.63 | 5.58 | 4.95 |
| 4 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 1 General Services 29 Land Revenue – Pensions and Retirement Benefits | 0.45 | 2.68 | 2.23 |
| 5 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 1 General Services 40 Sales Tax- Pension and Retirement Benefits | 0.33 | 1.89 | 1.56 |
| 6 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 1 General Services 52 Secretariat General Services – Pension and Retirement Benefits | 0.24 | 1.75 | 1.51 |
| 7 | | 2071 Pensions and other Retirement Benefits 01 Civil | | | |

Appendix 2.7

| Sl. No. | Grant | Head of account | Budget Provision | Expenditure | Excess |
|---------|-------|---|------------------|-------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| | | 115 Leave Encashment Benefits | | | |
| | | 1 General Services | | | |
| | | 53 District Administration – Pension and Retirement Benefits | 0.82 | 5.97 | 5.15 |
| 8 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 1 General Services | | | |
| | | 54 Treasury and Accounts Administration-Pension and Retirement Benefits | 0.23 | 1.86 | 1.63 |
| 9 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 1 General Services | | | |
| | | 55 Police – Pension and Retirement Benefits | 1.82 | 15.90 | 14.08 |
| 10 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 1 General Services | | | |
| | | 59 Public Works – Pension and Retirement Benefits | 0.80 | 4.72 | 3.92 |
| 11 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 1 General Services | | | |
| | | 70 Other Administrative Services – Pension and Retirement Benefits | 0.24 | 1.44 | 1.20 |
| 12 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 2 Social Services | | | |
| | | 02 General Education – Pension and Retirement Benefits | 2.82 | 28.16 | 25.34 |
| 13 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 2 Social Services | | | |
| | | 10 Medical and Public Health – Pension and Retirement Benefits | 2.87 | 17.13 | 14.26 |
| 14 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 2 Social Services | | | |

Appendix 2.7

| Sl. No. | Grant | Head of account | Budget Provision | Expenditure | Excess |
|---------|-------|--|------------------|-------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| | | 11 Family Welfare- Pension and Retirement Benefits | 0.27 | 1.81 | 1.54 |
| 15 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 2 Social Services | | | |
| | | 25 Welfare of SC, ST and OBC- Pension and Retirement Benefits | 0.27 | 2.45 | 2.18 |
| 16 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 2 Social Services | | | |
| | | 35 Social Security and Welfare - Pension and Retirement Benefits | 0.19 | 1.63 | 1.44 |
| 17 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 3 Economic Services | | | |
| | | 01 Crop Husbandry- Pension and Retirement Benefits | 0.98 | 7.80 | 6.82 |
| 18 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 3 Economic Services | | | |
| | | 02 Soil and Water Conservation- Pension and Retirement Benefits | 0.26 | 1.58 | 1.32 |
| 19 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 3 Economic Services | | | |
| | | 03 Animal Husbandry- Pension and Retirement Benefits | 0.51 | 2.82 | 2.31 |
| 20 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 3 Economic Services | | | |
| | | 06 Forest and Wildlife- Pension and Retirement Benefits | 0.45 | 3.19 | 2.74 |
| 21 | | 2071 Pensions and other Retirement Benefits | | | |
| | | 01 Civil | | | |
| | | 115 Leave Encashment Benefits | | | |
| | | 3 Economic Services | | | |
| | | 10 Co-operation- Pension and Retirement Benefits | 0.29 | 2.55 | 2.26 |

Appendix 2.7

| Sl. No. | Grant | Head of account | Budget Provision | Expenditure | Excess |
|---------|---------------------------------------|--|------------------|-------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 22 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 3 Economic Services 15 Other Rural Development Programmes - Pension and Retirement Benefits | 0.36 | 2.62 | 2.26 |
| 23 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 3 Economic Services 17 Major and Medium Irrigation - Pension and Retirement Benefits | 0.54 | 3.65 | 3.11 |
| 24 | | 2071 Pensions and other Retirement Benefits 01 Civil 115 Leave Encashment Benefits 4 Capital Heads Major and Medium Irrigation-Pension and Retirement Benefits | 0.24 | 1.65 | 1.41 |
| 25 | 05- Home and Transport | 2056 Jails 001 Direction and Administration 01 Inspector General of Prisons Building Expenses | 0.04 | 1.57 | 1.53 |
| 26 | 7-Rural Development and Panchayat Raj | 2515 Other Rural Development Programme 198 Assistance to Grama Panchayats 6 Grama Panchayats-CSS/CPS 09 Block Grants 402 Bangalore Urban | 0.82 | 5.57 | 4.75 |
| 27 | | 2215 Water Supply and Sanitation 01 Water Supply 102 Rural Water Supply Programmes 7 Schemes with Bilateral Assistance | - | 1.63 | 1.63 |
| 28 | 17 - Education | 2202 General Education 02 Secondary Education 109 Government Secondary Schools 13 Junior Colleges 003 Staff | 14.68 | 153.68 | 139.00 |
| 29 | 20- Public Works | 2059 Public Works 80 General 001 Direction and Administration 03 Government Architect and Other Public Works Offices Salaries | 1.32 | 4.98 | 3.66 |
| 30 | 22-Health and Family Welfare Services | 2210 Medical And Public Health 01 Urban Health Services - Allopathy 001 Direction and Administration 01 Directorate of Health and Family Welfare Services (Medical Branch) | | | |

Unnecessary supplementary provision

(Refer paragraph 2.3.10, page 53)

(Rupees in crore)

| Sl. No. | Grant No. and Section | No. of Detailed Heads | Provision | | Expenditure | Unspent Provision |
|---------|-----------------------|-----------------------|---------------|---------------|---------------|-------------------|
| | | | Original | Supplementary | | |
| 1 | 2 (Revenue Voted) | 03 | 0.00 | 3.74 | 0.00 | 3.74 |
| 2 | 3- (Revenue Voted) | 02 | 22.94 | 1.25 | 8.48 | 15.71 |
| 3 | 5- (Revenue Voted) | 01 | 0.56 | 0.35 | 0.49 | 0.42 |
| 4 | 11- (Revenue Voted) | 15 | 106.96 | 18.55 | 101.96 | 23.56 |
| 5 | 14- (Revenue Voted) | 03 | 27.45 | 1.02 | 22.34 | 6.13 |
| | (Capital Voted) | 01 | 9.00 | 6.00 | 8.40 | 6.60 |
| 6 | 17- (Revenue Voted) | 04 | 20.81 | 3.60 | 18.71 | 5.70 |
| 7 | 18- (Revenue Voted) | 01 | 1.28 | 0.05 | 1.22 | 0.11 |
| | (Capital Voted) | 01 | 13.07 | 13.07 | 12.06 | 14.08 |
| 8 | 20- (Revenue Voted) | 03 | 11.70 | 3.03 | 9.27 | 5.46 |
| | (Capital Voted) | 02 | 35.00 | 19.74 | 33.61 | 21.13 |
| 9 | 21- (Revenue Voted) | 03 | 0.54 | 1.60 | 0.46 | 1.68 |
| | (Capital Voted) | 01 | 412.81 | 27.88 | 271.42 | 169.27 |
| 10 | 22- (Revenue Voted) | 16 | 0.00 | 1.88 | 0.00 | 1.88 |
| 11 | 24- (Revenue Voted) | 01 | 1.30 | 0.40 | 0.03 | 1.67 |
| 12 | 25- (Revenue Voted) | 02 | 0.09 | 1.03 | 0.09 | 1.03 |
| 13 | 26- (Revenue Voted) | 02 | 200.20 | 100.50 | 153.19 | 147.51 |
| 14 | 27- (Revenue Voted) | 01 | 0.04 | 0.02 | 0.03 | 0.02 |
| | Total | 62 | 863.75 | 203.71 | 641.76 | 425.70 |

Excessive supplementary provision

(Refer paragraph 2.3.11, page 53)

(Rupees in crore)

| Sl. No. | Grant No. and Section | No. of detailed Heads | Provision | | Expenditure | Unspent Provision |
|--------------|-----------------------|-----------------------|-----------------|-----------------|-----------------|-------------------|
| | | | Original | Supplementary | | |
| 1 | 1- (Revenue- Voted) | 02 | 0 | 8.75 | 6.59 | 2.16 |
| 2 | 2- (Revenue Voted) | 01 | 0.15 | 5.00 | 5.09 | 0.06 |
| 3 | 3- (Revenue Voted) | 04 | 7.70 | 2,002.15 | 1,859.36 | 150.49 |
| 4 | 4- (Revenue Voted) | 07 | 12.34 | 9.80 | 18.77 | 3.37 |
| 5 | 7- (Revenue Voted) | 02 | 3.70 | 6.29 | 5.79 | 4.20 |
| | (Capital Voted) | 03 | 650.00 | 286.02 | 841.91 | 94.11 |
| 6 | 9- (Revenue Voted) | 01 | 0.39 | 0.10 | 0.47 | 0.02 |
| 7 | 10- (Revenue Voted) | 01 | 2.65 | 0.57 | 2.73 | 0.49 |
| 8 | 11- (Revenue Voted) | 26 | 289.64 | 81.26 | 349.70 | 21.20 |
| 9 | 12- (Capital Voted) | 01 | 25.00 | 20.00 | 35.00 | 10.00 |
| 10 | 14- (Revenue Voted) | 04 | 78.61 | 49.37 | 99.34 | 28.64 |
| 11 | 17- (Revenue Voted) | 03 | 91.41 | 111.45 | 119.72 | 83.14 |
| 12 | 18- (Revenue Voted) | 03 | 0.21 | 7.21 | 0.99 | 6.43 |
| | (Capital Voted) | 01 | 0.05 | 0.34 | 0.34 | 0.05 |
| 13 | 19- (Revenue Voted) | 01 | 0.00 | 5.00 | 0.60 | 4.40 |
| 14 | 20- (Revenue Voted) | 02 | 6.62 | 1.16 | 7.76 | 0.02 |
| | (Capital Voted) | 05 | 281.05 | 873.96 | 793.93 | 361.08 |
| 15 | 21- (Capital Voted) | 03 | 9.00 | 18.80 | 26.10 | 1.70 |
| 16 | 22- (Revenue Voted) | 02 | 0.00 | 0.11 | 0.03 | 0.08 |
| 17 | 23- (Revenue Voted) | 01 | 17.34 | 10.00 | 19.45 | 7.89 |
| | (Capital Voted) | 01 | 3.00 | 3.00 | 3.97 | 2.03 |
| 18 | 24- (Revenue Voted) | 02 | 0.37 | 0.14 | 0.50 | 0.01 |
| 19 | 25 - (Revenue Voted) | 03 | 2.87 | 2.66 | 5.09 | 0.44 |
| Total | | 79 | 1,482.10 | 3,503.14 | 4,203.23 | 782.01 |

(Rupees in crore)

| Sl. No. | Grant No. and Section | No. of detailed heads | Provision | | Expenditure | Excess Uncovered |
|---------|-----------------------|-----------------------|---------------|---------------|---------------|------------------|
| | | | Original | Supplementary | | |
| 1 | 10- (Revenue Voted) | 35 | 175.77 | 17.36 | 205.92 | 12.79 |
| 2 | 14- (Revenue Voted) | 01 | 0.32 | 0.09 | 0.76 | 0.35 |
| 3 | 17- (Revenue Voted) | 03 | 16.02 | 1.20 | 18.18 | 0.96 |
| 4 | 20- (Revenue Voted) | 02 | 251.25 | 131.26 | 404.17 | 21.66 |
| 5 | 24- (Revenue Voted) | 01 | 3.11 | 0.81 | 4.03 | 0.11 |
| 6 | 25- (Revenue Voted) | 05 | 20.22 | 4.50 | 25.02 | 0.30 |
| | Total | 47 | 466.69 | 155.22 | 658.08 | 36.17 |

Injudicious re-appropriation of funds

(Refer paragraph 2.3.13, page 53)

(Rupees in crore)

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|--|---|------------------|-------------|-------------|-----------------------------------|
| 1 | 4210- Capital outlay on Medical and Public Health 01- Urban Health Services 110- Hospital and Dispensaries 1- Buildings 01- State Plan Schemes 139- Major Works | 65.01 | (+)27.00 | 92.01 | 113.00 | (+)20.99 |
| 2 | 2202- General Education 02- Secondary Education 196- Assistance to Zilla Panchayats 1- Zilla Panchayats 01- Block Grants 401- Bangalore (Urban) | 77.12 | (+)0.88 | 78.00 | 86.40 | (+)8.40 |
| | | 142.13 | (+)27.88 | 170.01 | 199.40 | (+)29.39 |
| 3 | 2049- Interest payments 01- Interest on Internal Debt 123- Interest on Special Security issued to National Small Savings Fund of the Central Government by State Government 02- Interest on Special Security issued to National Small Savings Fund of the Central Government by the State Government 240- Debt Servicing | 2167.16 | (-)46.54 | 2120.62 | 1906.02 | (-)214.60 |
| 4 | 5465- Investments in General Financial and Trading Institutions 01- Investments in General Financial Institutions 190- Investment in Public Sector and Other Undertakings, Banks, etc. 1- Investment in Infrastructure 05- Development of Minor Airports 211- Investments | 150.00 | (-)35.41 | 114.59 | 60.00 | (-)54.59 |
| 5 | 2202- General Education 02- Secondary Education | | | | | |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|---|---|------------------|-------------|-------------|-----------------------------------|
| | 196- Assistance to Zilla Panchayats 1- Zilla Panchayats 01- Block Grants 300- Lumpsum-Zilla Parishads | 52.52 | (-)2.46 | 50.06 | | (-)50.06 |
| 6 | 2225- Welfare of Scheduled Castes, Scheduled Tribes and other Backward classes 01- Welfare of Scheduled Castes 197- Assistance to Taluk Panchayats 1- Taluk Panchayats 01- Block Grants 300- Lumpsum-Zilla parishads | 50.00 | (-)0.22 | 49.78 | | (-)49.78 |
| 7 | 4701- Capital outlay on Major & Medium Irrigation 03- Medium Irrigation-Commercial 374- Karnataka Neeravari Nigam Limited 01- Accelerated Irrigation Benefit Programme (AIBP) 139 Major works | 234.00 | (-)45.00 | 189.00 | 159.00 | (-)30.00 |
| 8 | 2202- General Education 01- Elementary Education 800- Other expenditure 1- Other Schemes 35- Activities to promote Universalisation of Primary Education – Akshara Dasoha 059- Other expenses | 200.35 | (-)53.67 | 146.68 | 117.92 | (-)28.76 |
| 9 | 2210- Medical and Public Health 80- General 196- Assistance to Zilla Panchayats 1- Zilla Panchayats 01- Block Grants 300- Lumpsum-Zilla parishads | 43.74 | (-)18.76 | 24.98 | | (-)24.98 |
| 10 | 2235- Social Security and Welfare 60- Other Social Security and Welfare Programmes 001- Direction and Administration 02- New Social Security 059- Other Expenses | 120.00 | (-)2.05 | 117.95 | 93.19 | (-)24.76 |
| 11 | 2047- Other Fiscal Services 103- Promotion of Small Savings 01- Director of Small Savings 015 Subsidiary Expenses | 28.00 | (-)0.60 | 27.40 | 7.05 | (-)20.35 |

Appendix 2.11

| Sl No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|--------|---|---|------------------|-------------|-------------|-----------------------------------|
| 12 | 2202- General Education 02- Secondary Education 109- Government Secondary Schools 03- High Schools (District Sector Schemes) 059 Other Expenses | 70.00 | (-)46.00 | 24.00 | 4.43 | (-)19.57 |
| 13 | 2205- Art & Culture 800- Other Expenses 07- Belgaum Vishwa Kannada Sammelana 059- Other Expenses | 25.00 | (-)5.00 | 20.00 | 0.71 | (-)19.29 |
| 14 | 4215- Capital Outlay on Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply 9- Capital Release to Grama Panchayat 06- Rural Water Supply-SDP 132- Capital expenses | 100.00 | (-)50.00 | 50.00 | 35.38 | (-)14.62 |
| 15 | 4210- Capital outlay on Medical and Public Health 01- Urban Health Services 110- Hospitals and Dispensaries 7- Capital Release to Zilla Panchayats 03- Establishment of Super Speciality Health Complex at Ramanagara 139- Major Works | 43.00 | (-)30.00 | 13.00 | - | (-)13.00 |
| 16 | 2235- Social Security and Welfare 02- Social Welfare 103- Women's Welfare 41- Stree Shakti 059- Other expenses | 18.12 | (-)0.02 | 18.10 | 7.98 | (-)10.12 |
| 17 | 4702- Capital Outlay on Minor Irrigation 101- Surface Water 9- Capital Release to Gram Panchayats 01- New Tanks 132- Capital Expenses | 16.40 | (-)2.71 | 13.69 | 4.12 | (-)9.57 |
| 18 | 2506- Land Reforms 101- Regulation of Land Holding and Tenancy 5- Other Schemes 10- Computerisation of Land Records 125- Modernisation | 10.34 | (-)1.86 | 8.48 | - | (-)8.48 |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|--|---|------------------|-------------|-------------|-----------------------------------|
| 19 | 6216- Loans for Housing 03- Rural Housing Scheme 800- Other Loans 03- Loans to RGRHC Ltd for Ashraya Scheme 394- Loans | 110.00 | (-)3.00 | 107.00 | 100.00 | (-)7.00 |
| 20 | 4210- Capital outlay on Medical and Public Health 03- Medical Education, Training and Research 105- Allopathy 1- Buildings 02- New Medical Colleges 386- Construction | 120.00 | (-)6.45 | 113.55 | 108.78 | (-)4.77 |
| 21 | 2054- Treasury and Accounts Administration 098- Local Fund Audit 02- Fiscal Policy and Analysis Cell (FPAC) 051- General Expenses | 3.81 | (-)0.17 | 3.64 | 0.23 | (-)3.41 |
| 22 | 2851- Village and Small Industries 102- Small Scale Industries 64- Establishments of Mini Tool Room 436- NABARD works | 5.00 | (-)1.81 | 3.19 | - | (-)3.19 |
| 23 | 4702- Capital Outlay on Minor Irrigation 101- Surface Water 3- Lift Irrigation Schemes 01- Chief Engineer, Bangalore (Minor Irrigation) 139- Major works | 23.51 | (-)6.00 | 17.51 | 14.56 | (-)2.95 |
| 24 | 4405- Capital Outlay on Fisheries 104- Fishing Harbour and Landing Facilities 01- Construction of jetties and Landing Centres-Central Sponsored Scheme (50:50) 386- Construction | 12.00 | (-)8.00 | 4.00 | 1.21 | (-)2.79 |
| 25 | 2404- Dairy Development 191- Assistance to Cooperative and other Bodies 1- Karnataka Milk Producers' Cooperative Federation Ltd. 16- Dairy Programme for Women-KMF 059- Other Expenses | 7.50 | (-)0.89 | 6.61 | 4.25 | (-)2.36 |
| 26 | 2851- Village and Small Industries 103- Handloom Industries 59- Integrated Handloom Development Scheme – | | | | | |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|---|---|------------------|-------------|-------------|-----------------------------------|
| | KHDC | | | | | |
| | 059- Other Expenses | 7.00 | (-)0.65 | 6.35 | 4.18 | (-)2.17 |
| 27 | 5452- Capital Outlay on Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 800- Other Expenditure | | | | | |
| | 01- Tourism Infrastructure at Pattadakal | | | | | |
| | 132- Capital Expenses | 4.00 | (-)2.00 | 2.00 | - | (-)2.00 |
| 28 | 5452- Capital Outlay on Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 800- Other expenditure | | | | | |
| | 03- Tourism Infrastructure at Hampi | | | | | |
| | 132- Capital expenses | 4.00 | (-)0.66 | 3.34 | 1.34 | (-)2.00 |
| 29 | 5452- Capital Outlay on Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 800- Other Expenditure | | | | | |
| | 04- Tourism Infrastructure at Bijapur | | | | | |
| | 132- Capital expenses | 4.00 | (-)1.00 | 3.00 | 1.00 | (-)2.00 |
| 30 | 5452- Capital Outlay on Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 800- Other Expenditure | | | | | |
| | 05- Tourism Infrastructure at Belur | | | | | |
| | 132- Capital expenses | 4.00 | (-)2.00 | 2.00 | - | (-)2.00 |
| 31 | 2235- Social Security and Welfare | | | | | |
| | 02- Social Welfare | | | | | |
| | 106- Correctional Services | | | | | |
| | 10- CSS(50:50) A Programme for Juvenile Justice | | | | | |
| | 051- General Expenses | 3.23 | (-)0.02 | 3.21 | 1.36 | (-)1.85 |
| 32 | 2205- Art and Culture | | | | | |
| | 800- Other Expenditure | | | | | |
| | 10- Swathantra Yodhara Gramagala Abhivradhi | | | | | |
| | 059- Other expenses | 5.00 | (-)3.06 | 1.94 | 0.18 | (-)1.76 |
| 33 | 2403- Animal Husbandry | | | | | |
| | 196- Assistance to Zilla Panchayats | | | | | |
| | 1- Zilla Panchayats | | | | | |
| | 01- Block grants | | | | | |
| | 300- Lumpsum-Zilla parishad | 2.15 | (-)0.44 | 1.71 | - | (-)1.71 |
| 34 | 2851- Village and Small Industries | | | | | |
| | 102- Small Scale Industries | | | | | |
| | 69- Modernisation/Technology Training | | | | | |
| | 059- Other expenses | 12.00 | (-)0.48 | 11.52 | 9.94 | (-)1.58 |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|---|---|------------------|-----------------|-----------------|-----------------------------------|
| 35 | 2205- Art and culture | | | | | |
| | 102- Promotion of Art and Culture | | | | | |
| | 4- Other schemes | | | | | |
| | 09- Suvarna Karnataka | | | | | |
| | 059- Other expenses | 3.00 | (-0.25) | 2.75 | 1.31 | (-1.44) |
| 36 | 4701- Capital Outlay on Major and Medium Irrigation | | | | | |
| | 01- Major Irrigation –Commercial | | | | | |
| | 317- Tungabhadra Project-Left Bank | | | | | |
| | 4- Other expenditure | | | | | |
| | 07- Distributories | | | | | |
| | 132- Capital Expenses | 1.39 | (-0.01) | 1.38 | 0.16 | (-1.22) |
| 37 | 2515- Other Rural Development programmes | | | | | |
| | 102- Community Development | | | | | |
| | 11- Agra prashasti | | | | | |
| | 117- Scholarships and Incentives | 1.08 | (-0.01) | 1.07 | | (-1.07) |
| 38 | 3452- Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 101- Tourist centre | | | | | |
| | 01- Development of Beach Resort, Tourism Promotional Councils and Jog Authority | | | | | |
| | 059- Other expenses | 1.50 | (-0.50) | 1.00 | | (-1.00) |
| | | 3,662.80 | (-377.70) | 3,285.10 | 2,644.30 | (-640.80) |
| 39 | 4215- Capital Outlay on Water Supply and Sanitation | | | | | |
| | 01- Water Supply | | | | | |
| | 102- Rural Water Supply | | | | | |
| | 9- Capital release to Grama Panchayat | | | | | |
| | 04- Rural Water Supply Scheme | | | | | |
| | 132- Capital Expenses | 600.00 | (+80.00) | 680.00 | 533.24 | (-146.76) |
| 40 | 5452- Capital Outlay on Tourism | | | | | |
| | 01- Tourist Infrastructure | | | | | |
| | 800- Other expenditure | | | | | |
| | 10- Roads to Tourist places | | | | | |
| | 436- NABARD works | 30.00 | (+5.66) | 35.66 | 15.66 | (-20.00) |
| 41 | 4702- Capital Outlay on Minor Irrigation | | | | | |
| | 101- Surface Water | | | | | |
| | 5- Barrages | | | | | |
| | 01- Construction of Barrages | | | | | |
| | 436- NABARD works | 22.65 | (+35.85) | 58.50 | 42.49 | (-16.01) |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|---|---|------------------|-------------|-------------|-----------------------------------|
| 42 | 4702- Capital Outlay on Minor Irrigation 101- Surface Water | | | | | |
| | 1- Water Tanks – Construction of New Tanks – Pick Ups, etc. | | | | | |
| | 07- Modernisation of Tanks by NABARD | | | | | |
| | 436- NABARD works | 67.34 | (+)14.83 | 82.17 | 69.44 | (-)12.73 |
| 43 | 4405- Capital Outlay on Fisheries 103- Marine Fisheries 6- Construction of Fishing Harbour 01- Project Establishment 059- Other expenses | | | | | |
| | | 1.00 | (+)8.00 | 9.00 | 0.51 | (-)8.49 |
| 44 | 2205- Art and Culture 102- Promotion of Arts and Culture 1- Associations and Academies 44- Special Component Plan for Scheduled Castes/Scheduled Tribes 422- Special Component Plan | | | | | |
| | | 6.07 | (+)7.06 | 13.13 | 4.70 | (-)8.43 |
| 45 | 2852- Industries 08- Consumer Industries 201- Sugar 07- Special package to Sugarcane Growers and Sugar Industries 106- Subsidies | | | | | |
| | | 50.00 | (+)1.81 | 51.81 | 44.77 | (-)7.04 |
| 46 | 4210- Capital Outlay on Medical and Public Health 03- Medical Education, Training and Research 105- Allopathy 1- Buildings 04- Trauma and Emergency Block 386- Construction | | | | | |
| | | 20.00 | (+)9.44 | 29.44 | 24.44 | (-)5.00 |
| 47 | 2210- Medical and Public Health 80- General 196- Assistance to Zilla Panchayats 1- Zilla Panchayats 01- Block Grants 418- Bellary | | | | | |
| | | 20.54 | (+)0.27 | 20.81 | 18.72 | (-)2.09 |
| 48 | 2402- Soil and Water Conservation 198- Assistance to Grama Panchayats 6- Grama Panchayats- CSS/CPC | | | | | |

Appendix 2.11

| Sl. No. | Head of account | Provision (Original plus Supplementary) | Re-appropriation | Final Grant | Expenditure | Excess (+)/ unspent provision (-) |
|---------|---|---|------------------|-------------|-------------|-----------------------------------|
| | 01- Block Grants | | | | | |
| | 414- Bijapur | 2.75 | (+)1.00 | 3.75 | 2.12 | (-)1.63 |
| 49 | 4711- Capital Outlay on Flood control projects | | | | | |
| | 01- Flood Control | | | | | |
| | 103- Civil Works | | | | | |
| | 1- Other Flood Control Works | | | | | |
| | 436 NABARD Works | 2.00 | (+)4.33 | 6.33 | 4.82 | (-)1.51 |
| 50 | 2245- Relief on account of Natural Calamities | | | | | |
| | 02- Floods, Cyclones, etc. | | | | | |
| | 110- Assistances for Repairs and Restoration of damaged water supply and sewerage works | | | | | |
| | 01- Floor Relief Repairs of Flood damages and rescue | | | | | |
| | 100- Financial Assistance/Relief | 117.27 | (+)1.86 | 119.13 | 118.13 | (-)1.00 |
| | | 939.62 | (+)170.11 | 1,109.73 | 879.04 | (-)230.69 |
| 51 | 2049- Interest payments | | | | | |
| | 03- Interest on Small Savings, Provident Funds etc. | | | | | |
| | 104- Interest on State Provident Funds | | | | | |
| | 1- General Provident Fund | | | | | |
| | 240- Debt Servicing | 350.00 | (-)8.14 | 341.86 | 353.17 | (+)11.31 |
| 52 | 2202- General Education | | | | | |
| | 01- Elementary Education | | | | | |
| | 197- Assistance to Taluk Panchayats | | | | | |
| | 1- Taluk Panchayats | | | | | |
| | 01- Block Grants | | | | | |
| | 401- Bangalore (Urban) | 205.63 | (-)5.00 | 200.63 | 205.63 | (+)5.00 |
| | | 555.63 | (-)13.14 | 542.49 | 558.80 | (+)16.31 |

Defective re-appropriation orders (Refer paragraph 2.3.14, page 54)

(Rupees in crore)

| Sl. No. | Grant | Re-appropriation Order | | Amount | Issuing Authority | Reasons for rejection |
|---------|--|------------------------|------------|--------|---|--|
| | | Number | Date | | | |
| 1 | 1 Agriculture and Horticulture | FD 327 BRS 2008 | 06/07/2008 | 0.42 | Under Secretary to GOK, F.D, (FR&BCC) | Provisions pertaining to old budget estimates |
| 2 | | FD 326 BRS 2008 | 06/07/2008 | 0.06 | Under Secretary to GOK, F.D, (FR&BCC) | Provisions pertaining to old budget estimates |
| 3 | | FD 325 (B) BRS 2008 | 21/06/2008 | 0.13 | Under Secretary to GOK, F.D, (FR&BCC) | Provisions pertaining to old budget estimates |
| 4 | | FD 325(A) BRS 2008 | 06/07/2008 | 0.21 | Under Secretary to GOK, F.D, (FR&BCC) | Provisions pertaining to old budget estimates |
| 5 | | FD 395 BRS 2008 | 30/10/2008 | 27.64 | Under Secretary to GOK, F.D, (FR&BCC) | Reappropriation between different grants |
| 6 | | FD 369 BRS 2008 | 10/04/2008 | 0.56 | Under Secretary to GOK, F.D, (FR&BCC) | Reappropriation pertains to ZP |
| 7 | 2 Animal Husbandry and Fisheries | AHF 28 AHP 2009 | 26/02/2009 | 0.17 | Secretary, Animal Husbandry and Fisheries Dept. | Sanction for reappropriation not communicated |
| 8 | | AHF 36 AHP 2009 | 03/06/2009 | 0.13 | Secretary, Animal Husbandry and Fisheries Dept. | Sanction for reappropriation not communicated |
| 9 | | AHF 37 AHP 2009 | 03/05/2009 | 0.10 | Secretary, Animal Husbandry and Fisheries Dept. | Sanction for reappropriation not communicated |
| 10 | 4 Department of Personnel and Administrative Reforms | CIASUE 43 SELOU 2009 | 03/09/2009 | 0.05 | Secretary to GOK, Dept of Personnels & Administrative Reforms, Vidhana Soudha, B'lore | 1) Statement not self balanced. 2)specific reasons. 3)Reappropriation mentioned in the statement not recd. |
| 11 | | A/C REAPP-89 | 26/12/2008 | 0.02 | Registrar Karnataka Lokayukta Bangalore | 1)Statement does not tally. 2)No sanction for reappropriation order. 3)Specific reasons not there. |

Appendix 2.12

| Sl. No. | Grant | | Re-appropriation Order | | Amount | Issuing Authority | Reasons for rejection |
|---------|-------|--|------------------------|------------|--------|---|---|
| | | | Number | Date | | | |
| 12 | 4 | Department of Personnel and Administrative Reforms | EXP 4 REAPP 89 | 26/12/2008 | 0.02 | Registrar Karnataka Lokayukta Bangalore | 1)Reappropriation mentioned in the statement not recd. 2)sanction not there. |
| 13 | 5 | Home and Transport | OE 4 KAS 2009 | 02/12/2009 | 0.33 | Secretary to GOK, Transport Dept. Vidhana soudha, Bangalore - 1 | Not in prescribed Form, Admin dept cannot sanction more than 50 lakh, not signed in ink |
| 14 | | | LPV 18 REAP | 03/11/2009 | 0.04 | Director Karnataka Fire Service, No.1, Annaswamy Mudaliar Road, Bangalore | KFC Form 22A not enclosed, it contains 3 different claims, sanction not indicated |
| 15 | | | OE 45 KAS 2009 | 03/11/2009 | 0.19 | Secretary to Govt. Home Dept, Vidhana Soudha, Bangalore | Not self balanced, Sanction not indicated, head of account not given, not signed in ink |
| 16 | | | FD 758 BRS 2009 | 31/03/2009 | 1.51 | Secretary to GOK, (FR&BCC), Vidhana soudha, Bangalore | Includes an item of New Service |
| 17 | 10 | Social Welfare | FD 686 BRS 2008 | 19/03/2009 | 0.96 | Secretary to GOK, (FR&BCC), Finance Department | Non-plan to Plan without prior concurrence of that Departments |
| 18 | | | ASAME 164 ASAMHO | 24/03/2009 | 0.09 | Secretary to GOK, Social Welfare | Form 22A called for, form not enclosed |
| 19 | | | FD 628 BRS 2008 | 27/02/2009 | 28.82 | Secretary to GOK, (FR&BCC), Finance Department | Non-plan to Plan without prior concurrence of that Departments |
| 20 | 13 | Food and Civil Supplies | ANASA 22 EBATA 09 | 30/01/2009 | 0.15 | Secretary to Govt, Food and Civil Supplies Dept, Vidhana Soudha, B'lore | Sanction for re-appropriation not communicated |
| 21 | 17 | Education | FD 678 BRS 2008 | 17/03/2009 | 0.56 | Pr Sect to GOK, F.D (FR&BCC), Vidhana Soudha B'lore | Budget provision does not tally |
| 22 | | | ED 95 YOYOKE | 04/11/2008 | 0.50 | Dy Sect to GOK, Education Dept. M.S.Buildings, Bangalore | Statement not self balanced. |

Appendix 2.12

| Sl. No. | Grant | | Re-appropriation Order | | Amount | Issuing Authority | Reasons for rejection |
|---------|-------|--|---------------------------|------------|--------|---|---|
| | | | Number | Date | | | |
| 23 | | | FD 372 BRS 2008 | 10/04/2008 | 60.00 | Secretary to GOK,FD(FR&BC C)V.S,B'lore | Partial Amount already re-appd & not self balanced |
| 24 | | | ED 2 UNO 2008 | 17/01/2009 | 0.10 | Dy Sect to GOK, Education Dept. M.S.Buildings, B'lore | Statement not self balanced, specific reasons and sanction not there. |
| 25 | | | ED 01 RAHU 2009 | 21/02/2009 | 0.50 | Secretary to GOK, Education Dept, General, M.S.Buildings, Bangalore | Statement not self balanced |
| 26 | 18 | Commerce & Industries | FD 656 BRS 2008 | 03/11/2009 | 0.008 | Secy to GOK, FD (FR&BCC), Bangalore | Involve transfer of funds with same ZP's |
| 27 | | | FD 657 BRS 2008 | 03/12/2009 | 0.05 | Secy to GOK, FD (FR&BCC), Bangalore | Involve transfer of funds with same ZP's |
| 28 | | | FD 702 BRS 2008 | 20/03/2009 | 0.04 | Secy to GOK, FD (FR&BCC), Bangalore | Involve transfer of funds with same ZP's |
| 29 | 20 | Public Works | PWD 250 PSP 2008 | 27/11/2008 | 0.50 | Secretary to Public Works, Ports and Inland Water Supplies Dept. | Sanction order not communicated, form 22A not enclosed. |
| 30 | 22 | Health & Family Welfare Services | FD 693 BRS 2008 | 19/03/2009 | 0.04 | Pr.Secy to GOK, F.D.(FR&BCC), Vidhana Soudha, B'lore | Re-appropriation within the same ZP's |
| 31 | | | FD 722 BRS 2008 | 21/03/2009 | 0.25 | Pr.Secy to GOK, F.D. (FR&BCC), Vidhana soudha, B'lore | Re-appropriated figures are from the same classification, budget provision does not tally |
| 32 | 23 | Labour | ACT 1 CR 31 | 15/10/2008 | 0.02 | Commissioner of labour, Karnataka Bhavan, B'lore | Statement does not tally. |
| 33 | 26 | Planning, Statistics, Science & Technology | PD 29 PSD 2008 | 06/10/2008 | 0.28 | Under Secretary to Govt, Planning, Programming and Statistics Dept. | Form 22A called for, form not enclosed |
| 34 | | | PD 5 PSD 2009 | 13/02/2009 | 0.03 | Under Secretary to Govt, Planning, Programming and Statistics Dept. | Proper sanction order and reasons for the saving not given. |
| 35 | 27 | Law | KAT ACCTS RAP 08-09 | 06/09/2008 | 0.18 | Registrar, KAT, Bangalore | Exceeds the limit prescribed in Article 311(b) of KFC |

Statement of various grants/appropriations
in which unspent provision occurred but no
part of which was surrendered
(Refer paragraph 2.3.15, page 54)

(Rupees in crore)

| Sl.No. | Grant and section | Unspent provision |
|--------|--|-------------------|
| 1 | 3 <i>Finance</i> (Revenue Charged) | 0.23 |
| 2 | 4 <i>Department of Personnel and Administrative Reforms</i> (Capital Voted) | 5.00 |
| 3 | 5 <i>Home and Transport</i> (Capital Voted) | 62.25 |
| 4 | 6 <i>Infrastructure Development</i> (Revenue Voted) | 0.79 |
| | (Capital Voted) | 126.63 |
| 5 | 7 <i>Rural Development and Panchayat Raj</i> (Capital Voted) | 383.66 |
| 6 | 10 <i>Social Welfare</i> (Revenue Voted) | 210.56 |
| | (Capital Voted) | 68.43 |
| 7 | 11 <i>Women and Child Development</i> (Capital Voted) | 16.03 |
| 8 | 12 <i>Information, Tourism and Youth Services</i> (Capital Voted) | 41.51 |
| 9 | 13 <i>Food and Civil Supplies</i> (Revenue Charged) | 0.03 |
| | (Capital Voted) | 2.47 |
| 10 | 14 <i>Revenue</i> (Revenue Charged) | 0.68 |
| | (Capital Voted) | 48.37 |
| 11 | 15 <i>Information Technology</i> (Revenue Voted) | 1.33 |
| | (Capital Voted) | 17.79 |
| 12 | 16 <i>Housing</i> (Revenue Voted) | 44.24 |
| | (Capital Voted) | 140.23 |
| 13 | 19 <i>Urban Development</i> (Revenue Voted) | 1,608.50 |
| | (Capital Voted) | 528.90 |
| 14 | 20 <i>Public Works</i> (Capital Voted) | 1,058.90 |
| 15 | 23 <i>Labour</i> (Capital Voted) | 2.03 |
| 16 | 24 <i>Energy</i> (Revenue Voted) | 485.75 |
| | (Capital Voted) | 59.37 |
| | Total | 4,913.68 |

Surrender of unspent provision

(Refer paragraph 2.3.15, page 54)

(Rupees in crore)

| Sl. No. | Grant/Section | Amount of unspent provision | Amount surrendered | Amount not surrendered |
|-----------|--|-----------------------------|--------------------|------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | 1 <i>Agriculture and Horticulture</i> | | | |
| | Revenue Voted | 829.63 | 196.94 | 632.69 |
| | Revenue Charged | 0.18 | 0.08 | 0.10 |
| | Capital Voted | 30.27 | 10.02 | 20.25 |
| 2 | 2 <i>Animal Husbandry & Fisheries</i> | | | |
| | Revenue Voted | 159.30 | 39.83 | 119.47 |
| | Revenue Charged | 0.20 | 0.07 | 0.13 |
| | Capital Voted | 52.51 | 10.76 | 41.75 |
| 3 | 3 <i>Finance</i> | | | |
| | Revenue Voted | 854.49 | 38.34 | 816.15 |
| | Capital Voted | 8.67 | 8.51 | 0.16 |
| 4 | 4 <i>Department of Personnel and Administrative Reforms</i> | | | |
| | Revenue Voted | 51.77 | 0.95 | 50.82 |
| | Revenue Charged | 9.87 | 0.47 | 9.40 |
| 5 | 5 <i>Home and Transport</i> | | | |
| | Revenue Voted | 171.85 | 101.03 | 70.82 |
| 6 | 7 <i>Rural Development and Panchayat Raj</i> | | | |
| | Revenue Voted | 363.28 | 1.88 | 361.40 |
| 7 | 8 <i>Forest, Ecology and Environment</i> | | | |
| | Revenue Voted | 62.14 | 33.45 | 28.69 |
| 8 | 9 <i>Co-operation</i> | | | |
| | Revenue Voted | 187.55 | 49.52 | 138.03 |
| | Capital Voted | 2.46 | 0.70 | 1.76 |
| 9 | 11 <i>Women and Child Development</i> | | | |
| | Revenue Voted | 87.30 | 7.24 | 80.06 |
| 10 | 12 <i>Information, Tourism and Youth Services</i> | | | |
| | Revenue Voted | 36.31 | 15.34 | 20.97 |
| 11 | 13 <i>Food and Civil Supplies</i> | | | |
| | Revenue Voted | 9.40 | 1.74 | 7.66 |
| 12 | 17 <i>Education</i> | | | |
| | Revenue Voted | 375.32 | 60.98 | 314.34 |
| | Capital Voted | 101.36 | 10.82 | 90.54 |
| 13 | 18 <i>Commerce and Industries</i> | | | |
| | Revenue Voted | 563.79 | 31.33 | 532.46 |
| | Capital Voted | 68.11 | 19.17 | 48.94 |
| 14 | 20 <i>Public Works</i> | | | |
| | Revenue Voted | 314.03 | 0.12 | 313.91 |
| 15 | 21 <i>Water Resources</i> | | | |
| | Revenue Voted | 57.01 | 10.88 | 46.13 |
| | Capital Voted | 1,509.75 | 237.80 | 1,271.95 |
| 16 | 22 <i>Health and Family Welfare Services</i> | | | |
| | Revenue Voted | 186.69 | 94.85 | 91.84 |
| | Capital Voted | 120.02 | 34.82 | 85.20 |

Appendix 2.14

| Sl. No. | Grant/Section | Amount of unspent provision | Amount surrendered | Amount not surrendered |
|---------|--|-----------------------------|--------------------|------------------------|
| 17 | 23 <i>Labour</i> | | | |
| | Revenue Voted | 73.73 | 0.91 | 72.82 |
| 18 | 25 <i>Kannada and Culture</i> | | | |
| | Revenue Voted | 49.00 | 11.99 | 37.01 |
| | Capital Voted | 3.91 | 0.32 | 3.59 |
| 19 | 26 <i>Planning, Statistics, Science and Technology</i> | | | |
| | Revenue Voted | 235.23 | 8.75 | 226.48 |
| 20 | 27 <i>Law</i> | | | |
| | Revenue Voted | 23.16 | 2.40 | 20.76 |
| 21 | 28 <i>Parliamentary Affairs and Legislation</i> | | | |
| | Revenue Voted | 22.89 | 22.03 | 0.86 |
| | Revenue Charged | 0.57 | 0.55 | 0.02 |
| 22 | 29 <i>Debt Servicing</i> | | | |
| | Revenue Charged | 746.07 | 0.12 | 745.95 |
| | Capital Charged | 1,379.28 | 328.92 | 1,050.36 |
| | Total | 8,747.10 | 1,393.63 | 7,353.47 |

Cases of surrender of funds in excess of Rs. One crore on 30 and 31 March 2009

(Refer paragraph 2.3.15, page 54)

| (Rupees in crore) | | | | | |
|-------------------|-------|--|---------------------|-------------------------------|----|
| Sl. No. | Grant | Total provision | Amount of surrender | Percentage to total provision | |
| 1 | 2 | 3 | 4 | 5 | |
| 1 | 1 | Agriculture and Horticulture | 2,183.77 | 207.03 | 9 |
| 2 | 2 | Animal Husbandry and Fisheries | 721.28 | 43.15 | 6 |
| 3 | 3 | Finance | 7,346.09 | 46.85 | 1 |
| 4 | 4 | Department of Personnel and Administrative Reforms | 517.80 | 1.43 | |
| 5 | 5 | Home and Transport | 2,506.42 | 101.03 | 4 |
| 6 | 7 | Rural Development and Panchayat Raj | 3,732.94 | 1.88 | |
| 7 | 8 | Forest, Ecology and Environment | 534.07 | 33.63 | 6 |
| 8 | 9 | Co-operation | 579.31 | 50.23 | 9 |
| 9 | 11 | Women and Child Development | 1,128.21 | 7.24 | 1 |
| 10 | 12 | Information, Tourism and Youth Services | 327.15 | 15.34 | 5 |
| 11 | 13 | Food and Civil Supplies | 800.77 | 1.74 | |
| 12 | 14 | Revenue | 2,357.20 | 17.96 | 1 |
| 13 | 17 | Education | 9,076.23 | 71.80 | 1 |
| 14 | 18 | Commerce and Industries | 1,544.36 | 50.51 | 3 |
| 15 | 21 | Water Resources | 4,808.07 | 248.69 | 5 |
| 16 | 22 | Health and Family Welfare Services | 2,348.89 | 129.68 | 6 |
| 17 | 25 | Kannada and Culture | 190.11 | 12.31 | 6 |
| 18 | 26 | Planning, Statistics, Science and Technology | 513.49 | 8.75 | 2 |
| 19 | 27 | Law | 268.84 | 2.40 | 1 |
| 20 | 28 | Parliamentary Affairs and Legislation | 67.40 | 22.59 | 34 |
| 21 | 29 | Debt Servicing | 8,435.28 | 329.04 | 4 |
| Total | | 49,987.68 | 1,403.28 | | |

Appendix 2.16

Results of review of substantial surrenders made during the year (Refer paragraph 2.3.16, page 54)

| (Rupees in crore) | | | | | | |
|-------------------|---------------------------------|---|-----------|--------------------|-------------------------|--|
| Sl. No. | Grant | Name of the scheme (Head of Account) | Provision | Amount Surrendered | Percentage of Surrender | Reasons |
| 1. | 01 Agriculture and Horticulture | 2401-103-01 Seed Farms | 4.80 | 2.35 | 49 | |
| 2. | | 2401-105-01 Soil Health Centres | 7.43 | 4.95 | 67 | Non-receipt of sanction from Government for taking up building repair works at Soil Health Centres |
| 3. | | 2401-108-1-13 Mini – Mission II under Technology Mission on Cotton | 3.00 | 1.34 | 45 | |
| 4. | | 2401-800-3-06 Hasiru Habba (Krishi Mela) | 7.50 | 5.74 | 76 | Due to prevailing election code of conduct, the funds were not utilised completely. |
| 5. | | 2402-102-01 Directorate and Other Establishments | 3.60 | 2.01 | 56 | Vacant posts. |
| 6. | | 2401-800-1-53 Agricultural Technology Management Agency (ATMA) Model | 1.25 | 0.75 | 60 | Payment of only 10 per cent share of Government to Extension, Director and Committee, Regional Centre, South, Agricultural University, Bangalore |
| 7. | | 2401-800-3-01 Strengthening of Raitha Samparka Kendras | 62.00 | 39.00 | 63 | |
| 8. | | 2402-800-01 Farm Ponds in Farmer's Field | 0.01 | 0.01 | 100 | |
| 9. | | 2402-800-02 Development of Saline and Alkaline Water Logged Areas | 5.00 | 4.07 | 81 | Non-implementation of Scheme upto expected level due to incidental reasons |
| 10. | | 4402-800-01 RIDF Assisted Watershed Development | 10.00 | 10.00 | 100 | Non-receipt of orders from Government |
| 11. | | 2402-102-25 CSS-Soil conservation in the catchment of River Valley Project by Watershed Development Department-Salaries | 8.90 | 3.99 | 45 | Vacant posts |
| 12. | | 2402-102-87 Comprehensive Watershed Development Project -EAP | 108.35 | 73.78 | 68 | Due to non-implementation of scheme upto expected level |
| 13. | | 2402-109-02 Karnataka | 1.60 | 0.74 | 47 | Vacant posts, non- |

Appendix 2.16

| Sl. No. | Grant | Name of the scheme (Head of Account) | Provision | Amount Surrendered | Percentage of Surrender | Reasons |
|---------|-----------------------------------|--|-----------|--------------------|-------------------------|--|
| | | Watershed Training Centre | | | | receipt of permission to purchase equipment, due to delayed submission of claims |
| 14. | 02 Animal Husbandry and Fisheries | 2403-001-01 Director Animal Husbandry and Veterinary Services | 0.07 | 0.07 | 100 | |
| 15. | | 2403-101-17 CSS of setting up of State Veterinary Council | 0.60 | 0.30 | 50 | Non-release of grants by Government of India |
| 16. | | 2403-101-25 Institute for Vaccine Production | 0.05 | 0.05 | 100 | |
| 17. | | 2403-113-04 Animal Husbandry Statistics and Livestock Census | 10.00 | 7.41 | 74 | Non-release of funds by Government of India |
| 18. | | 2404-191-1-14 Karnataka Milk Federation | 6.00 | 6.00 | 100 | |
| 19. | | 2404-191-1-15 Dairy Science College, Gulbarga | 0.50 | 0.50 | 100 | |
| 20. | | 4403-101-10 Establishment of Veterinary College at Gadag | 0.50 | 0.45 | 90 | Postponement of proposal for opening veterinary college at Gadag |
| 21. | | 4405-800-2-03 Construction of Fisheries, Link Roads, Bridges and Jetties with NABARD Assistance (RIDF) | 10.00 | 5.00 | 50 | |
| 22. | 03 Finance | 2039-00-800-02 Enforcement Activities | 17.00 | 14.40 | 85 | Non-finalisation of the proposal for purchase of necessary equipments such as tools and plants, camera, binocular etc required for enforcement activities due to inadequate financial powers |
| 23. | | 2216-80-103-01 Subsidy to HDFC on House Building Loans to Government Servants | 7.00 | 7.00 | 100 | Due to non-utilisation |
| 24. | | 7610-00-201-0-02 House Building Advance to All India Service Officers | 3.00 | 2.92 | 98 | Non-receipt of sufficient claims |
| 25. | | 7610-00-202-01 Motor Conveyance Advance to Government Servants including AIS officers | 4.00 | 3.63 | 90 | Non-receipt of sufficient claims |
| 26. | | 7610-00-202-03 Motor Conveyance to MLC's | 0.80 | 0.56 | 71 | Non-receipt of sufficient claims |
| 27. | | 7610-00-203 Advance for purchase of other conveyances | 0.50 | 0.50 | 100 | Non-receipt of sufficient claims |
| 28. | | 7610-00-204 Advance for Purchase of Computers | 1.00 | 0.84 | 84 | Non-receipt of sufficient claims |
| 29. | 09 Co-operation | 2425-107-1 Establishment | 0.75 | 0.34 | 46 | |
| 30. | | 2425-107-2-48 Financial Assistance to Women's | 3.00 | 1.91 | 64 | Non-receipt of eligible proposals for claims |

Appendix 2.16

| Sl. No. | Grant | Name of the scheme (Head of Account) | Provision | Amount Surrendered | Percentage of Surrender | Reasons |
|---------|---------------------------------------|---|-----------|--------------------|-------------------------|---|
| 31. | | Milk Producers Co-operative Societies for Construction of Building | | | | |
| | | 2425-108-60 Subsidy under NCDC sponsored integrated co-operative development project (ICDP) | 0.50 | 0.50 | 100 | |
| 32. | | 2425-108-61 Interest subsidy on working Capital to Marketing and Consumer Co-operative Societies | 2.00 | 1.00 | 50 | Due to non-implementation of scheme |
| 33. | | 2425-108-62 Financial Assistance to Scheduled Castes, Scheduled Tribes, BCM and Minorities Co-operative Societies | 3.00 | 3.00 | 100 | Due to non-implementation of scheme |
| 34. | | 3475-800-09 Rashtriya Krishi Vikasa Yojane – Agricultural Marketing | 13.20 | 9.20 | 70 | |
| 35. | 21 Water Resources | 4702-101-1-09 National Project for Repair, Renovation and Restoration of Water Bodies | 50.00 | 46.21 | 92 | Non grant of permission to this proposal from GOI |
| 36. | | 4702-101-2-80 Karnataka Tank Development Project (Jala Samvardhana Yojana Sangha) EAP | 240.00 | 190.00 | 79 | Utilisation of funds pertaining to previous year during the current year as the scheme is season / community based project. |
| 37. | 22 Health and Family Welfare Services | 2210-01-110-2-40 Telemedicine Project Phase II | 2.01 | 1.01 | 50 | |
| 38. | | 2210-01-110-2-41 Geriatric Services | 1.01 | 0.72 | 72 | |
| 39. | | 2210-01-110-2-80 Secondary Level Hospitals | 0.99 | 0.49 | 50 | |
| 40. | | 2210-06-101-4-06 Voluntary Health Organisation for Leprosy Control | 0.27 | 0.15 | 56 | Non-receipt of bills in time |
| 41. | | 2210-06-800-81 KHSDRP Organisation Development | 2.62 | 1.38 | 53 | Non-appointment of Organisational Consultants and non-implementation of the project |
| 42. | | 2210-06-800-82 KHSDRP Public Health Competition Fund (PHCF) | 2.60 | 2.44 | 94 | Non – appointment of NGOs in all the districts for programme implementation |
| 43. | | 2210-06-800-83 KHSDRP Health Financing | 1.30 | 0.95 | 73 | Due to linking of Health Insurance component to 'Suvarna Arogya Scheme' and also taking up |

Appendix 2.16

| Sl. No. | Grant | Name of the scheme (Head of Account) | Provision | Amount Surrendered | Percentage of Surrender | Reasons |
|--------------|---|---|----------------|--------------------|-------------------------|---|
| 44. | | 2210-06-800-84 KHSDRP Project Management and Evaluation | 17.57 | 11.41 | 65 | preliminary activities Non-achievement of targets under different project components |
| 45. | | 4210-01-110-1-86 KHSDRP Project Management and Evaluation | 7.50 | 6.32 | 84 | Purchase of computers at taluk level was postponed |
| 46. | | 4210-03-101-1-01 Buildings ISM&H | 6.90 | 4.37 | 63 | Government Ayurvedic Medical College at Shimoga was not constructed |
| 47. | 25 Kannada and Culture | 2205-103-25 Heritage Museum | 3.00 | 3.00 | 100 | Non-commitment of Civil Works due to administrative and technical reasons. |
| 48. | | 2220-01-800-14 Establishment of Memorial in honour of the late Dr. Rajkumar | 5.00 | 4.00 | 80 | Due to restriction of expenditure to the sanction from Government |
| 49. | | 4202-04-800-1-07 Archeology and Museum | 0.32 | 0.32 | 100 | |
| 50. | 26 Planning, Statistics, Science and Technology | 2575-02-800-0-01 Samavikasa Yojane | 5.00 | 5.00 | 100 | |
| 51. | 29 Debt Servicing | 2049-03-107-1-240 Debt Servicing | 0.20 | 0.12 | 60 | Non receipt of bills from Dy. Commissioners and Tashildars |
| 52. | | 6003-110-2 Overdraft with Reserve Bank of India | 350.00 | 328.92 | 94 | Non-availment of overdraft facility from the Reserve Bank of India |
| Total | | | 1003.20 | 823.82 | 82 | |

Rush of Expenditure

(Refer paragraph 2.3.17, page 54)

(Rupees in crore)

| Sl. No. | Major Head | Expenditure incurred during | | Total expenditure | % of total expenditure incurred during | |
|---------|------------|-----------------------------|------------|-------------------|--|------------|
| | | Jan – Mar 2009 | March 2009 | | Jan-Mar 2009 | March 2009 |
| 1 | 2203 | 58.48 | 42.40 | 145.57 | 40 | 29 |
| 2 | 2215 | 125.89 | 72.02 | 211.47 | 60 | 34 |
| 3 | 2505 | 30.76 | 30.45 | 78.87 | 39 | 39 |
| 4 | 2506 | 2.63 | 1.77 | 4.42 | 60 | 40 |
| 5 | 2701 | 32.57 | 22.34 | 81.35 | 40 | 27 |
| 6 | 2705 | 25.71 | 19.54 | 59.29 | 43 | 33 |
| 7 | 2711 | 0.15 | 0.14 | 0.40 | 37 | 35 |
| 8 | 2810 | 6.78 | 4.96 | 6.98 | 97 | 71 |
| 9 | 4055 | 40.56 | 40.56 | 103.64 | 39 | 39 |
| 10 | 4225 | 191.65 | 103.68 | 227.80 | 84 | 46 |
| 11 | 4235 | 47.45 | 39.49 | 48.37 | 98 | 82 |
| 12 | 4401 | 7.38 | 7.38 | 7.38 | 100 | 100 |
| 13 | 4405 | 3.58 | 2.09 | 4.76 | 75 | 44 |
| 14 | 4702 | 269.97 | 180.63 | 432.56 | 62 | 42 |
| 15 | 4705 | 5.28 | 5.28 | 5.28 | 100 | 100 |
| 16 | 4851 | 31.22 | 28.00 | 35.30 | 88 | 79 |
| 17 | 4860 | 0.99 | 0.65 | 1.59 | 62 | 41 |
| 18 | 5465 | 242.03 | 157.32 | 381.85 | 63 | 41 |

Errors in budgeting

(Refer paragraph 2.6, page 56)

(Rupees in crore)

| Sl. No. | Grant | Head of account | Amount involved | Error |
|---------|----------------------|--|-----------------|---|
| 1 | 9 – Co-operation | 4225 – Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes – Welfare of Scheduled Castes – Investments in Public Sector and Other undertakings – Micro Credit through Self Help Groups (SHGs) – Investments | 1.50 | Provision (Supplementary) was to be made under Grant No.10 |
| 2 | 17-Education | 2204 – Sports and Youth Services- Physical Education-Nationalised Physical Education Institution, Chikkaballapur | 0.04 | Provision (Supplementary) was to be made under Grant No.12 |
| | | Total | 1.54 | |
| 3 | 9 – Co-operation | 2425 – Co-operation | 186.01 | According to correction slip number 620, the provision to be made under 2235 of Grant 10 |
| 4 | 17 – Education | 2202-General Education | 226.00 | According to correction slip number 583 new minor head to be opened to accommodate 'Sarva Shikshna Abhiyan' |
| 5 | 20 – Public Works | 2216 - Housing | 54.99 | According to correction slip number 535, the provision to be made under 2216-05-06-09 |
| 6 | 21 – Water Resources | 4701 – Capital Outlay on Major and Medium Irrigation | 263.21 | According to correction slip number 663, the provision to be made under 2235-04-101. |
| | | Total | 730.21 | |

Balances held in PD account
at the end of the 2008-09

(Refer paragraph 2.7.2, page 57)

(Rupees in crore)

| Sl. No. | Name of the Administrator / Department | Balance |
|---------|--|---------------|
| ✓1 | Deputy Commissioner, Bagalkote | |
| | CRF | 11.18 |
| | Miscellaneous | 9.39 |
| ✓2 | Deputy Commissioner, Belgaum | |
| | CRF | 12.12 |
| ✓3 | Deputy Commissioner, Gulbarga | |
| | CRF | 9.64 |
| 4 | Commissioner, Food and Civil Supplies, Bangalore | 22.02 |
| 5 | Special Land Acquisition Officer, National Highways, Bangalore. | 2.28 |
| 6 | Superintendent of Police, Central Prison, Bangalore. | - |
| 7 | Commissioner, Social Welfare, Bangalore | 25.17 |
| 8 | Commissioner of Textiles, Bangalore. | 23.31 |
| 9 | Director of Investment Tracking, Realisation, Small Savings & State Lottery, Bangalore | 0.27 |
| | Director of Investment Tracking, Realisation, Small Savings & State Lottery, Bangalore | 0.05 |
| ✓10 | Deputy Commissioner, Dharwad Account 1 - Calamity Relief Fund | |
| | CRF | 7.42 |
| | Miscellaneous | 2.75 |
| ✓11 | Deputy Commissioner, Mysore | |
| | CRF | 3.82 |
| | Miscellaneous | 25.61 |
| ✓12 | Deputy Commissioner, Bangalore Urban | |
| | CRF | 5.01 |
| | Miscellaneous | 79.87 |
| ✓13 | Deputy Secretary to Chief Minister (Chief Minister Relief Fund) | 1.57 |
| | Total | 241.48 |

CRF - Calamity Relief Fund

Appendix 2.20

Non reconciliation of balances in PD Account as at the end of March 2009 (Refer paragraph 2.7.3, page 57)

(Rupees in crore)

| Sl. No. | Name of the Administrator / Department | Balance as per Administrator | Balance as per Treasury | Difference |
|---------|---|------------------------------|-------------------------|------------|
| 1 | Deputy Commissioner, Bagalkote | 9.39 | 12.08 | (-)2.69 |
| 2 | Deputy Commissioner, Belgaum | 12.12 | 15.50 | (-)3.38 |
| 3 | Deputy Commissioner, Gulbarga | 9.64 | 9.72 | (-)0.08 |
| 4 | Commissioner, Food and Civil Supplies, Bangalore | 22.02 | 26.64 | (-)4.62 |
| 5 | Special Land Acquisition Officer, National Highways, Bangalore. | 2.28 | 2.12 | 0.16 |
| 6 | Commissioner, Social Welfare, Bangalore | 25.17 | 30.64 | (-)5.47 |
| 7 | Commissioner of Textiles, Bangalore. | 23.31 | 20.99 | 2.32 |
| 8 | Dy. Dir of Invest Tracking, Realisation, Small Savings & State Lottery, Bangalore | 0.27 | 12.32 | (-)12.05 |
| 9 | Dir of Invest Tracking, Realisation, Small Savings & State Lottery, Bangalore | 0.05 | 4.92 | (-)4.87 |
| 10 | Deputy Commissioner, Dharwad | 7.42 | 8.26 | (-)0.84 |
| 11 | Deputy Commissioner, Dharwad | 2.75 | 12.80 | (-)10.05 |
| 12 | Deputy Commissioner, Mysore | 25.61 | 29.95 | (-)4.34 |
| 13 | Deputy Commissioner, Bangalore Urban | 5.01 | 3.99 | 1.02 |
| 14 | Deputy Commissioner, Bangalore Urban | 79.87 | 80.52 | (-)0.65 |
| 15 | Chief Minister Relief Fund | 1.57 | 3.83 | (-)2.26 |

Utilization certificates outstanding
as on 31 March, 2009

(Refer paragraph 3.1, page 61)

(Rupees in lakh)

| Sl. No. | Major head of account | Year | Utilisation certificates outstanding | |
|---------|---|---------|--------------------------------------|----------|
| | | | No. | Amount |
| 1 | 2 | 3 | 4 | 5 |
| 1 | 2203- Technical education | 1992-93 | 3 | 1.33 |
| 2 | 2204- Sports and youth services | 1989-90 | 12 | 5.93 |
| | | 1990-91 | 1 | 0.10 |
| | | 1998-99 | 2 | 94.75 |
| | | | | |
| 3 | 2205- Art and culture | 1986-87 | 3 | 5.30 |
| | | 1987-88 | 5 | 5.01 |
| | | 1988-89 | 23 | 19.48 |
| | | 1990-91 | 21 | 63.70 |
| | | 1991-92 | 3 | 2.25 |
| | | 1993-94 | 25 | 52.48 |
| | | 1999-00 | 9 | 159.65 |
| | | 2000-01 | 4 | 2.07 |
| | | 2003-04 | 131 | 778.40 |
| | | 2004-05 | 23 | 69.81 |
| | | 2005-06 | 534 | 1521.68 |
| 4 | 2217- Urban development | 2006-07 | 783 | 5204.72 |
| | | 2007-08 | 304 | 5282.25 |
| | | 1993-94 | 6 | 271.52 |
| | | 2001-02 | 5 | 293.84 |
| | | 2002-03 | 2 | 638.00 |
| | | 2003-04 | 8 | 8355.00 |
| | | 2004-05 | 30 | 35705.60 |
| 5 | 2220- Information and publicity | 2005-06 | 26 | 14683.59 |
| | | 2006-07 | 2 | 506.65 |
| 6 | 2235- Social security and welfare | 2007-08 | 11 | 44.48 |
| | | 1986-87 | 1 | 1.27 |
| | | 1992-93 | 1 | 0.31 |
| | | 1993-94 | 4 | 1.61 |
| 7 | 2245- Relief on account of natural calamities | 1994-95 | 2 | 0.19 |
| | | 2002-03 | 3 | 140.80 |
| 8 | 2404- Dairy development | 2007-08 | 3 | 4.00 |
| 9 | 2515- Other rural development programmes | 1988-89 | 23 | 428.36 |
| | | 1989-90 | 3 | 24.30 |

Appendix 3.1

| Sl. No. | Major head of account | Year | Utilisation certificates outstanding | |
|--------------|---------------------------------------|---------|--------------------------------------|--------------------|
| | | | No. | Amount |
| 1 | 2 | 3 | 4 | 5 |
| | | 1990-91 | 47 | 484.24 |
| | | 1991-92 | 51 | 431.72 |
| | | 1992-93 | 15 | 172.40 |
| | | 1993-94 | 28 | 352.68 |
| | | 1994-95 | 62 | 1187.14 |
| | | 1999-00 | 25 | 358.39 |
| | | 2000-01 | 37 | 566.35 |
| | | 2001-02 | 93 | 7860.28 |
| | | 2002-03 | 16 | 1377.11 |
| | | 2003-04 | 12 | 1210.74 |
| | | 2004-05 | 57 | 2124.34 |
| | | 2005-06 | 57 | 5239.75 |
| | | 2006-07 | 49 | 3837.01 |
| | | 2007-08 | 60 | 2826.52 |
| 10 | 2851- Village and small industries | 2006-07 | 12 | 93.66 |
| 11 | 3425- Other scientific research | 2003-04 | 2 | 24.78 |
| 12 | 3475- Other general economic services | 1997-98 | 1 | 979.13 |
| | | 1998-99 | 2 | 371.34 |
| | | 2001-02 | 5 | 120.41 |
| | | 2002-03 | 11 | 243.40 |
| Total | | | 2658 | 1,04,228.49 |

Non-receipt of information pertaining to institutions substantially financed by the Government
(Refer paragraph 3.2, page 62)

| Sl. No. | Department | Number of institutions | Years for which information not received |
|--------------|--------------------------------------|------------------------|---|
| 1. | Co-operation | 25 | 1980-81 to 1982-83, 1983-84 to 1985-86 and 1993-94 to 2008-09 |
| 2. | Commerce and industries | 19 | 2000-01 to 2008-09 |
| 3. | Education | 224 | 1992-93 to 2008-09 |
| 4. | Forest, environment and ecology | 36 | 2008-09 |
| 5. | Health & family welfare services | 8 | 1999-2000 to 2008-09 |
| 6. | Labour | 1 | 1999-2000 to 2008-09 |
| 7. | Law | 1 | 2001-02 to 2008-09 |
| 8. | Planning | 3 | 2000-01 to 2008-09 |
| 9. | Public works and CADA | 6 | 2000-01 to 2008-09 |
| 10. | Revenue | 1 | 2001-02 to 2003-04, 2008-09 |
| 11. | Rural development and panchayati raj | 1 | 2000-01 to 2008-09 |
| 12. | Science and technology | 3 | 2000-01 to 2008-09 |
| 13. | Urban development | 9 | 1994-95 to 2008-09 |
| 14. | Youth services and sports | 4 | 1999-2000 to 2008-09 |
| 15. | Animal husbandry & fisheries | 4 | 2003-04 to 2008-09 |
| 16. | Social welfare | 3 | 2003-04 to 2008-09 |
| TOTAL | | 348 | |

Status of submission of accounts of autonomous bodies and placement of audit reports before the State Legislature (Refer paragraph 3.3, page 62)

| Sl. No | Body | Period of entrustment | Year upto which accounts rendered | Year up to which audit report issued | Placement of audit reports before the Legislature |
|--------|--|-----------------------|-----------------------------------|--------------------------------------|---|
| 1. | Karnataka state khadi and village industries board, Bangalore | 2007-08 to 2011-12 | 2007-08 | 2007-08 | <u>2006-07</u> 25-7-08 |
| 2. | Karnataka industrial areas development board, Bangalore | 2004-05 to 2008-09 | 2007-08 | 2007-08 | <u>2006-07</u> 19-1-09 |
| 3. | Karnataka slum clearance board, Bangalore | 2007-08 to 2011-12 | 2008-09 | 2007-08 | <u>2006-07</u> 19-1-09 |
| 4. | Bangalore water supply and sewerage board, Bangalore | 2004-05 to 2008-09 | 2007-08 | 2007-08 | <u>2006-07</u> 25-7-08 |
| 5. | Karnataka housing board, Bangalore | 2006-07 to 2010-11 | 2007-08 | 2007-08 | <u>2006-07</u> 25-6-08 |
| 6. | Karnataka state legal services authority, Bangalore and 30 district legal services authorities | - | 2007-08 | 2007-08 | <u>2005-06</u> 19-1-09 |
| 7. | Karnataka bio diversity board, Bangalore | 2008-09 to 2010-11 | 2008-09 | 2007-08 | <u>2006-07</u> 25-6-08 |
| 8. | Karnataka urban water supply & drainage board | 2007-08 to 2009-10 | 2008-09 | 2007-08 | <u>2006-07</u> 25-6-08 |
| 9. | Bangalore development authority | 2007-08 to 2009-10 | 2008-09 | 2007-08 | <u>2006-07</u> 25-7-08 |

Position of arrears in finalization of proforma accounts by the departmentally managed commercial and quasi-commercial undertakings (Refer paragraph 3.4, page 63)

(Rupees in crore)

| Sl. No. | Undertaking | Accounts finalized upto | Investment as per the last accounts finalized | Remarks |
|---------|--|-------------------------|---|--|
| 1 | Chamarajendra Technical Institute Mysore | 1984-85 | - | Proforma accounts due from 1985-86 |
| 2 | Government Saw Mills, Joida | 1968-69 | - | Proforma accounts due from 1969-70. Undertaking closed w.e.f. 27-4-1971. |
| 3 | Dasara Exhibition Committee, Mysore | 1980-81 | - | Proforma accounts due from 1981-82 |
| 4 | Bangalore Dairy, Bangalore | 1973-74 | - | Company stands transferred to Karnataka Milk Producers Co-operative Federation Limited from November 1984. |
| 5 | Government Milk Supply Scheme, Hubli -Dharwad | 1980-81 | - | Proforma accounts due from 1981-82. Transferred to Karnataka Dairy Development Corporation (KDDC). |
| 6 | Government Milk Supply Scheme, Mysore | 1968-69 | - | Proforma accounts due from 1969-70. Transferred to KDDC |
| 7 | Government Milk Supply Scheme, Belgaum | 1976-77 | - | Proforma accounts due from 1977-78. Transferred to KDDC. |
| 8 | Government Milk Supply Scheme, Gulbarga | 1982-83 | - | Proforma accounts due from 1983-84. Transferred to KDDC. |
| 9 | Government Milk Supply Scheme, Bhadravathi | 1980-81 | - | Proforma accounts due from 1981-82. Transferred to KDDC. |
| 10 | Government Milk Supply Scheme, Mangalore | 1982-83 | - | Proforma accounts due from 1983-84. Transferred to KDDC. |
| 11 | Government Milk Supply Scheme, Kudige | 1972-73 | - | Proforma accounts due from 1973-74. Transferred to KDDC |
| 12 | Vaccine Institute, Belgaum | 1992-93 | - | Proforma accounts due from 1993-94 |
| 13 | Government Silk Filature, Kollegal | 2007-08 | 2.25 | Proforma accounts due for 2008-09 |
| 14 | Government Silk Filature, Chamrajanagar | 2007-08 | 2.84 | Proforma accounts due for 2008-09 |
| 15 | Government Silk Filature, Santhemarahally | 2006-07 | 3.38 | Proforma accounts due for 2007-08 and 2008-09 |
| 16 | Government Silk Filature, Mambally | 2006-07 | 2.84 | Proforma accounts due for 2007-08 and 2008-09 |
| 17 | Government Silk Twisting and Weaving Factory, Mudigundam | 2006-07 | 1.45 | Proforma accounts due for 2007-08 and 2008-09 |
| 18 | Government Central Workshop, Madikeri | 2005-06 | 0.06 | Proforma accounts due from 2006-07 to 2008-09 |
| 19 | Karnataka Government Insurance Department, Bangalore | 2007-08 | No capital account | Proforma accounts due for 2008-09 |

Appendix

3.5

Department wise/duration wise break up of the cases of theft and misappropriation

(Refer paragraph 3.5, page 63)

| Department | Upto 5 years | | Upto 10 years | | Upto 15 years | | Upto 20 years | | Upto 25 years | | More than 25 years | | Total | |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------------|--------------|------------|----------------|
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| Animal husbandry and veterinary services | | | | | | | 1 | 1.1 | | | | | 1 | 1.1 |
| Commerce and industries | | | | | 6 | 17.79 | 2 | 2.39 | | | | | 8 | 20.18 |
| Education | | | | | 3 | 1.74 | | | 1 | 0.08 | 2 | 0.09 | 6 | 1.91 |
| Finance | | | | | 2 | 4.89 | | | 1 | 0.53 | | | 3 | 5.42 |
| Forest, environment and ecology | 2 | 2.93 | | | 8 | 264.47 | | | 1 | 0.1 | 3 | 2.78 | 14 | 270.28 |
| Health and family welfare | | | 1 | 4.90 | 3 | 9.86 | 2 | 1.02 | | | 14 | 4.40 | 20 | 20.18 |
| Home | | | | | 1 | 20.4 | 2 | 65.5 | | | 1 | 0.65 | 4 | 86.55 |
| Horticulture | | | 2 | 26.68 | 5 | 14.52 | | | | | | | 7 | 41.2 |
| Information(No cases), tourism and youth services | | | | | 14 | 32.04 | | | | | | | 14 | 32.04 |
| Labour | | | 2 | 8.16 | 2 | 3.98 | | | 2 | 0.89 | 1 | 0.89 | 7 | 13.92 |
| Law and parliamentary affairs | | | 9 | 3.49 | | | | | | | | | 9 | 3.49 |
| Planning | | | | | 1 | 1.01 | | | | | | | 1 | 1.01 |
| Public works | 1 | 23.82 | 6 | 10.62 | 14 | 168.83 | 4 | 35.54 | | | 2 | 1.09 | 27 | 239.9 |
| Revenue | | | | | 5 | 8.99 | | | | | 5 | 1.19 | 10 | 10.18 |
| Rural development and panchayat raj | | | | | 1 | 0.04 | | | 2 | 0.14 | 6 | 0.19 | 9 | 0.37 |
| Social welfare | | | | | | | | | 1 | 0.25 | 1 | 2.69 | 2 | 2.94 |
| Water resources | | | 5 | 111.28 | 12 | 72.89 | 27 | 54.84 | 1 | 0.97 | 27 | 16.14 | 72 | 256.12 |
| Women and child development | | | | | | | 2 | 0.87 | 1 | 0.01 | | | 3 | 0.88 |
| Total | 3 | 26.75 | 25 | 165.13 | 77 | 621.45 | 40 | 161.26 | 10 | 2.97 | 62 | 30.11 | 217 | 1007.67 |

Department wise and category-wise details of theft and misappropriation cases

(Refer paragraph 3.5, page 63)

(Rupees in lakh)

| Department | Theft | | Misappropriation/Loss of Government Money | | Total | |
|--|--------------|--------------|---|---------------|--------------|-----------------|
| | No. of cases | Amount | No. of cases | Amount | No. of cases | Amount |
| Animal husbandry and veterinary services | 0 | 0 | 1 | 1.10 | 1 | 1.10 |
| Commerce and industries | 1 | 1.42 | 7 | 18.76 | 8 | 20.18 |
| Education | 3 | 0.44 | 3 | 1.47 | 6 | 1.91 |
| Finance | 0 | 0 | 3 | 5.42 | 3 | 5.42 |
| Forest, environment and ecology | 1 | 0.01 | 13 | 270.27 | 14 | 270.28 |
| Health and family welfare | 4 | 1.04 | 16 | 19.14 | 20 | 20.18 |
| Home | 0 | 0 | 4 | 86.55 | 4 | 86.55 |
| Horticulture | 0 | 0 | 7 | 41.20 | 7 | 41.20 |
| Youth services | 0 | 0 | 14 | 32.04 | 14 | 32.04 |
| Labour | 3 | 8.55 | 4 | 5.37 | 7 | 13.92 |
| Law and parliamentary affairs | 8 | 1.44 | 1 | 2.05 | 9 | 3.49 |
| Planning | 0 | 0 | 1 | 1.01 | 1 | 1.01 |
| Public works | 0 | 0 | 27 | 239.90 | 27 | 239.9 |
| Water resources | 7 | 5.32 | 65 | 250.80 | 72 | 256.12 |
| Revenue | 1 | 0.06 | 9 | 10.12 | 10 | 10.18 |
| Rural development and panchayat raj | 6 | 0.29 | 3 | 0.08 | 9 | 0.37 |
| Social welfare | 0 | 0 | 2 | 2.94 | 2 | 2.94 |
| Women and child development | 0 | 0 | 3 | 0.88 | 3 | 0.88 |
| Total | 34 | 18.57 | 183 | 989.10 | 217 | 1,007.67 |

Department wise details of non-submission of stores and stock accounts

(Refer paragraph 3.6, page 64)

| Sl. No. | Department | Officer responsible for furnishing accounts | Period for which accounts are due |
|-----------------------------|--|--|-----------------------------------|
| Annual Accounts | | | |
| 1 | Stamps and Registration | Inspector General of Registration and Commissioner of Stamps | 2001-02 to 2008-09 |
| 2 | Agriculture | Director of Agriculture | 2007-08 & |
| 3 | Animal husbandry & veterinary services | Commissioner of Animal Husbandry & Veterinary Services | 2008-09 |
| 4 | Commerce and industries | Director of Industries and Commerce | |
| 5 | Health and family welfare | Director, Indian System of Medicine and Homeopathy | 2007-08 & 2008-09 |
| | | Director, Health and Family Welfare Services | 2008-09 |
| | | Director, Medical Education | |
| | | Karnataka State Drugs Logistics and Warehousing Society | |
| 6 | Home | Director General and Inspector General of Police | 2008-09 |
| | | Inspector General of Prisons | |
| 7 | Education | Director of Printing & Stationery | |
| Half yearly accounts | | | |
| 8 | Public works | Executive Engineer (EE), National highways special division, Bangalore | 2005-06 to 2008-09 |
| | | EE, National highways, Bangalore | 2006-07 to 2008-09 |
| | | EE, Buildings division, No.1, Bangalore Mysore | 2007-08 and |
| | | EE, NH, Mangalore, Karwar Chitradurga | 2008-09 |
| | | EE, PWD, Tumkur, Kolar, Chamarajnagar, Mandya, Haveri, | October 2007 to March 2008 |

Appendix 3.7

| Sl. No. | Department | Officer responsible for furnishing accounts | Period for which accounts are due |
|---------|-----------------|--|-----------------------------------|
| | | Raichur, Yadgir | and 2008-09 |
| | | EE, PWD, ESI buildings division, Bangalore | |
| | | EE, PWD, Madikeri, Shimoga, Chitradurga, Udupi, Gadag, Belgaum, Bijapur, Gulbarga, Bidar, Chikkodi | 2008-09 |
| | | EE, NH, Bijapur | |
| | | EE, PWD, Quality Control Division, Bangalore | October 2008 to March 2009 |
| | | EE, PWD, Bangalore, Chikmagalur, Davanagere, Dharwad, Karwar, Bagalkot, Bellary, Koppal, Mangalore | |
| | | EE, Ports Division, Karwar | |
| | | EE, NH, Hubli | |
| 9 | Water Resources | EE, No.3, KPC, Bhatambara | October 2006 to March |
| | | CRO, Hydraulic division, KERS Mysore | 2007, 2007-08 and 2008-09 |
| | | CRO, TS wing, KERS, Mysore | |
| | | No. 4, BRLBC, Bhadravathi | |
| | | EE, No.5, CD, Yermarus, Malebennur | 2007-08 and 2008-09 |
| | | EE, CD, Malebennur | |
| | | EE, No.5, Davanagere | |
| | | EE, QC, Munirabad | |
| | | EE, W&M division, Gorur, Hunsagi | October 2007 to March 2008 |
| | | EE, No.3, CD, Sindhanoor | and 2008-09 |
| | | EE, No.1, KPCD, Bidar | 2008-09 |
| | | EE, No.2, KPCD, Bhalki | |
| | | EE, No.1, TRD, Munirabad | |
| | | EE, No.1, CD, Odderahatty | |
| | | EE, No.4, CD, Sirwar | |
| | | EE, No.1, I&I division, Mysore | |
| | | EE, No.6, CD, Bellary | |
| | | EE, I&I, BR project | |
| | | EE, W&M division, Bheemarayanagudi | October 2008 |

Appendix 3.7

| Sl. No. | Department | Officer responsible for furnishing accounts | Period for which accounts are due |
|---------|------------------|--|---|
| | | EE, No.1, Gauging Division, Hassan | to March 2009 |
| | | EE, No.2, Gauging Division, Bagalkot | |
| | | EE, No.4 I&I division, Dharwad | |
| | | EE, QCD, IPZ, Gulbarga | |
| 10 | Minor Irrigation | EE, MI division, Kolar, Belgaum and Bijapur | 2006-07 to 2008-09 |
| | | EE, MI division, Bangalore | October 2006 to March 2007, 2007-08 and 2008-09 |
| | | EE, MI division, Tumkur, Chitradurga Shimoga, Dharwad and Bidar | 2007-08 and 2008-09 |
| | | EE, MI division, Hassan, Mangalore Haliyal, Gulbarga, Kushtagi Bangalore(QC), Dharwad (QC) | October 2007 to March 2009 |
| | | EE, MI division, Mysore and Bellary | 2008-09 |

| 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) | $[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$ |
| Development Expenditure | Social Services + Economic Services |
| Average interest paid by the State | Interest payment/ $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$ |
| Interest spread | GSDP growth – Average Interest Rate |
| Quantum spread | $(\text{Debt stock} * \text{Interest spread}) / 100$ |
| Interest received as <i>per cent</i> to Loans Outstanding | Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$ |
| Revenue Deficit | Revenue Receipt – 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 Revenue (BCR) | Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction or Avoidance of debt |

No
con-







