

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

on

STATE FINANCES

for the year ended 31 March 2014

Government of Kerala

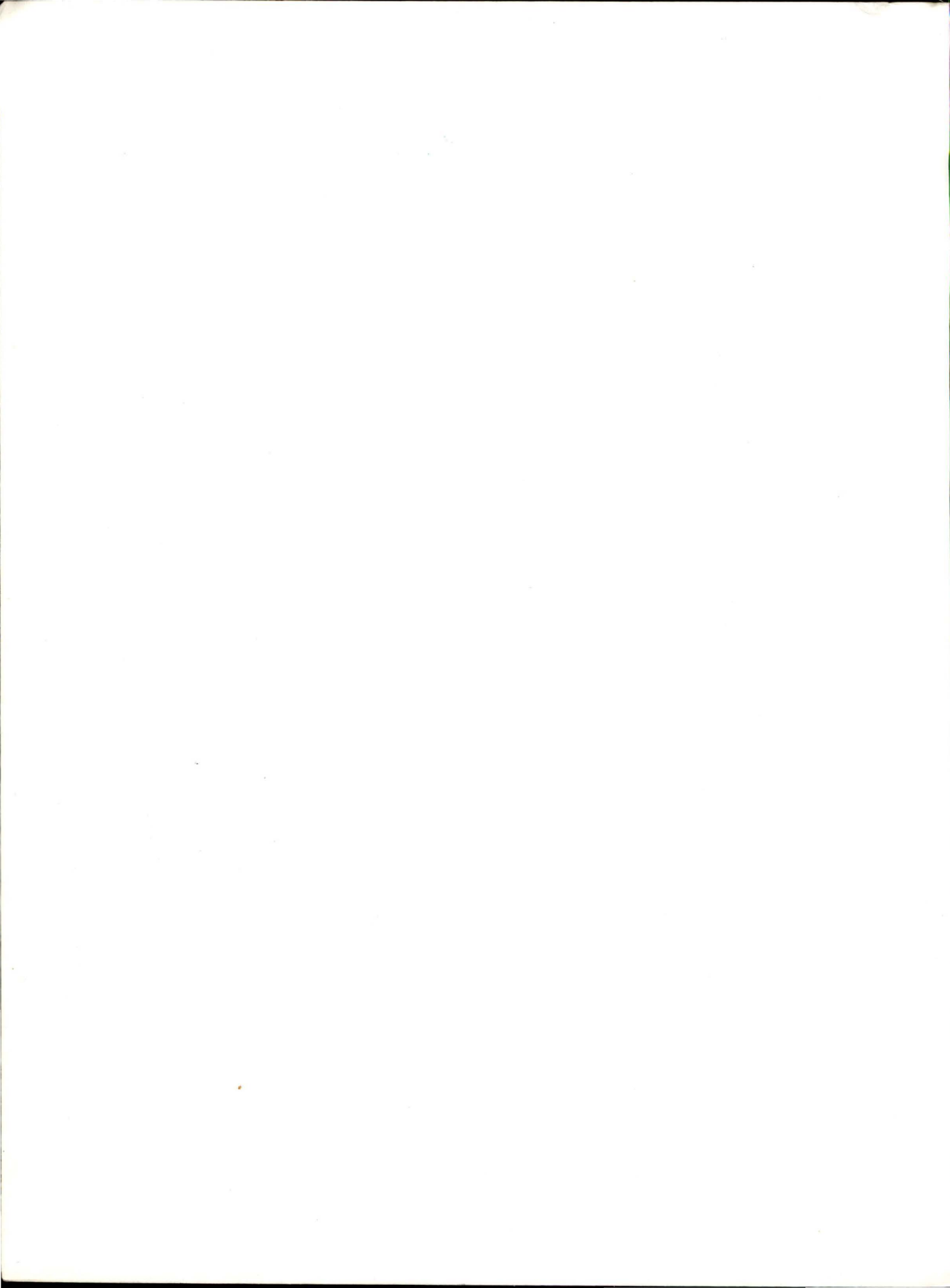


Table of Contents		
	Reference to	
	Paragraph	Page
Preface	-	v
Executive Summary	-	vii
Chapter I		
Finances of the State Government		
Profile of Kerala	-	1
Introduction	1.1	1
Resources of the State	1.2	6
Revenue Receipts	1.3	11
Capital Receipts	1.4	16
Public Accounts Receipts	1.5	17
Application of Resources	1.6	18
Quality of Expenditure	1.7	25
Financial Analysis of Government Expenditure and Investments	1.8	29
Assets and Liabilities	1.9	33
Debt Sustainability	1.10	39
Fiscal Imbalances	1.11	41
Conclusion	1.12	45
Recommendations	1.13	47
Chapter II		
Financial Management and Budgetary Control		
Introduction	2.1	49
Summary of Appropriation Accounts	2.2	50
Financial Accountability and Budget Management	2.3	51
Non-reconciliation of departmental figures	2.4	59
Review of Grant number XXII-Urban Development	2.5	60
Inspection of treasuries	2.6	65
Analysis of Budgetary Assumptions	2.7	66
Conclusion	2.8	70
Recommendations	2.9	71

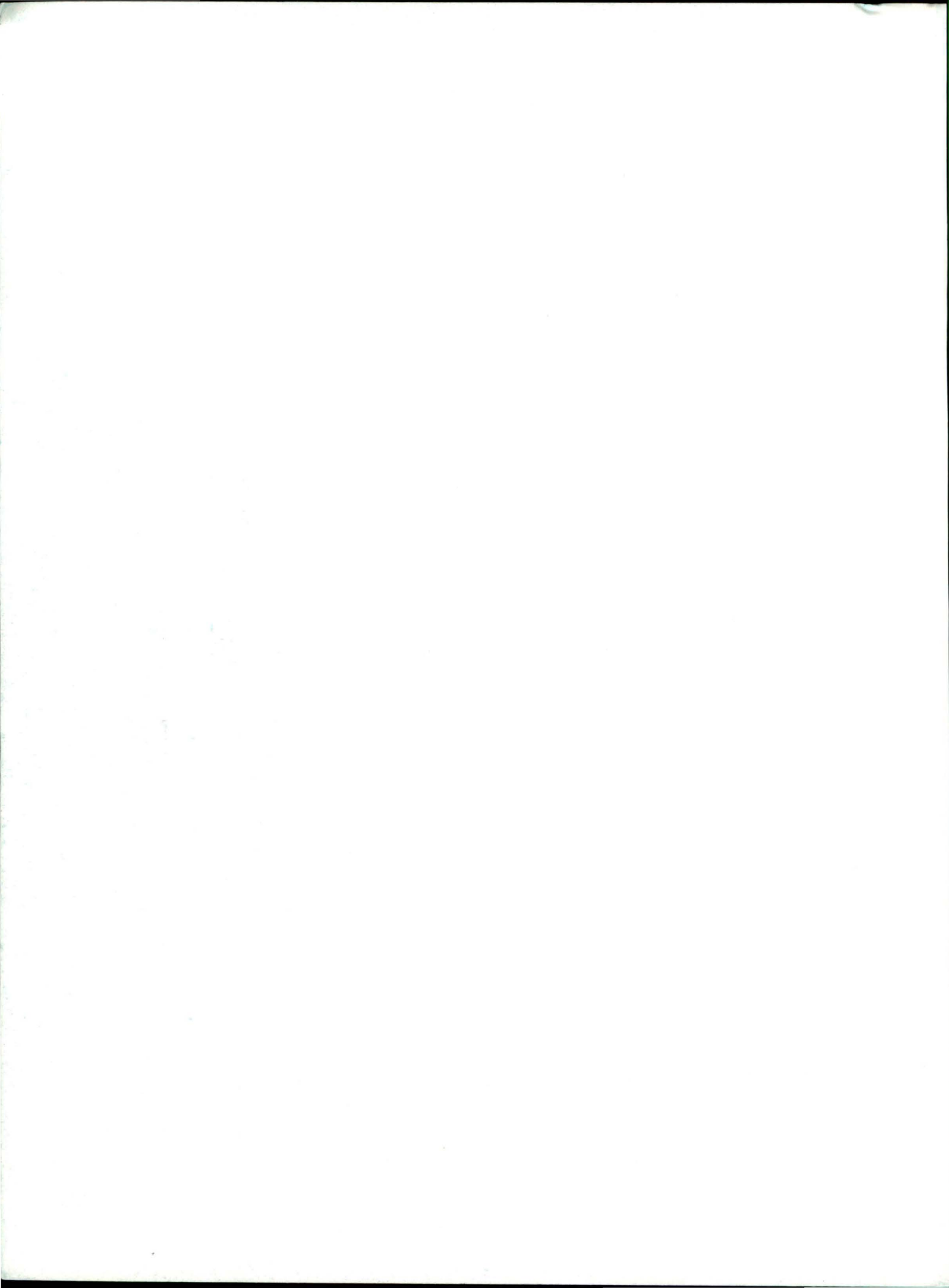
Table of Contents		
	Reference to	
	Paragraph	Page
Chapter III		
Financial Reporting		
Delay in furnishing utilisation certificates	3.1	73
Non-submission/delay in submission of Accounts	3.2	74
Delay in submission of accounts/Audit Reports of Autonomous Bodies	3.3	74
Departmentally managed Commercial Undertakings	3.4	74
Misappropriations, losses, defalcations, etc.	3.5	75
Parking of funds in Public Account	3.6	76
Conclusion	3.7	80
Recommendations	3.8	81

APPENDICES		
No.	Description	Page
1.1	State Profile	83
1.2	Structure and form of Government Accounts	84
Part A		
Part B	Layout of Finance Accounts	84
1.3	Methodology adopted for assessment of fiscal position	85
Part A		
Part B	The Kerala Fiscal Responsibility Act	86
1.4	Abstract of receipts and disbursements for the year 2013-14	88
Part A		
Part B	Summarised financial position of the Government of Kerala as on 31 March 2014	91
1.5	Time series data on the State Government finances	93
1.6	Gross collection in respect of major taxes and duties <i>vis-à-vis</i> budget estimates and the expenditure incurred on their collection	96
2.1	Details showing savings in Grants/Appropriations during the year	97
2.2	Details of Grant-wise Plan/Non-plan savings during the year	101
2.3	Sub-heads (under Grants having more than ₹100 crore savings) in which substantial savings was occurred	102
2.4	Statement of persistent savings for the last three years (Savings of ₹ five crore and above in each case)	104
2.5	Excess over provision of previous years requiring regularization	109
2.6	Cases where supplementary provision (₹one crore or more in each case) proved unnecessary	111
2.7	Cases of excessive supplementary Grants/Appropriations (Savings of ₹ one crore and above)	113
2.8	Unnecessary/Excessive/Insufficient re-appropriation of funds	114
2.9	Heads in which entire budget provision (₹ one crore and above) was surrendered during the year	117
2.10	Surrender (₹one crore or more in each case) in excess of actual savings	121
2.11	Details of saving of ₹ one crore and above not surrendered	122
2.12	Cases of surrender of funds in excess of ₹10 crore on 31 March 2014	124
2.13	Pendency in submission of Detailed Contingent bills against Abstract Contingent (AC) bills drawn from 2011-12 to 2013-14	127
2.14	List of controlling officers where amounts exceeding ₹50 crore in each case remained unreconciled during 2013-14	129
3.1	Statement showing names of bodies and authorities, accounts of which had not been received as of March 2014	130

APPENDICES		
No.	Description	Page
3.2	Statement showing performance of Autonomous Bodies	131
3.3	Statement of finalization of <i>pro forma</i> accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings	133
3.4	Department /duration-wise break-up of cases of misappropriation, defalcation, etc.	134
3.5	Department /category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material	135
3.6	Details of amount parked in TSB accounts for more than one year	136
3.7	Parking of funds in bank accounts of implementing agencies	137

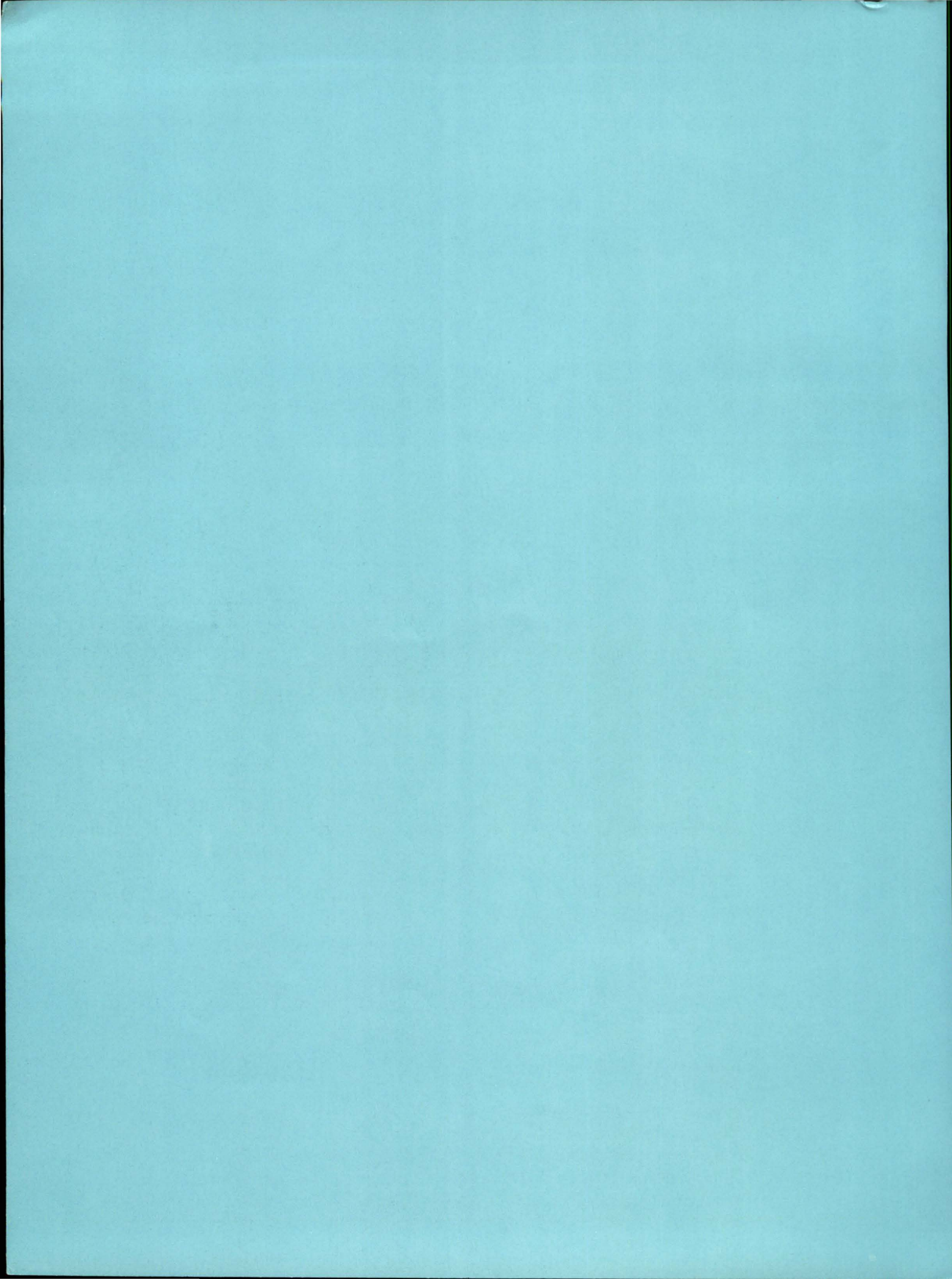
PREFACE

1. This Report has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for being placed in the Kerala Legislative Assembly.
2. Chapters I and II of this Report contain audit observations on matters arising out of examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2014. Information has also been obtained from the Government of Kerala, wherever felt necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the financial year 2013-14.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.





EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Background

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. In terms of geographical area, Kerala is ranked 21st in the country with an area of 38,863 sq.km. While the State is having a population of 3.34 crore (12th in the country), it remains the third most densely populated State with a density of 860 persons per sq.km. The State's population increased from 3.18 crore in 2001 to 3.34 crore in 2011 recording a decadal growth of five *per cent*. The State's percentage of population below the poverty line is less than the all-India average. The State's Gross State Domestic Product (GSDP) in 2013-14 at current prices was ₹4,02,972 crore. The State's literacy rate increased from 90.9 *per cent* (as per 2001 census) to 94 *per cent* (as per 2011 census). The per capita income (2012-13) of the State at current prices stands at ₹99,977 against the country average of ₹68,757.

About the Report

This Report of the Finances of the Government of Kerala is being brought out with a view to assess objectively, the financial performance of the State during 2013-14 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the budget estimates of 2013-14. Based on the audited accounts of the Government of Kerala for the year ended March 2014, 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 the Kerala Government's fiscal position as on 31 March 2014. It provides an insight into trends in committed expenditure and borrowing pattern, besides giving 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 and gives a Grant-by-Grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of the Kerala Government's compliance with various reporting requirements and financial rules. The report also compiles the data compiled from various Government departments/organizations in support of the findings.

Audit findings and recommendations

Chapter I : Finances of the State Government

Overall financial status: With a view to ensuring prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management, the State Government enacted Kerala Fiscal Responsibility Act, 2003 which came into force on 5 December 2003. Based on the recommendations of Thirteenth Finance Commission, the Act was amended in 2011. Medium Term Fiscal Plan for ensuing three years were presented along with annual budget of each year to highlight the effect to the fiscal management principles laid down in the Act. However, fiscal targets fixed in the Medium Term Fiscal Plan were not achieved by the State.

All the three fiscal parameters, viz. primary, revenue and fiscal deficits increased during the last three years. Increasing gap between revenue receipts and revenue expenditure indicates that State has to depend more on borrowed funds for meeting revenue expenditure. Though, 60 per cent increase was there in fiscal liabilities during the last five years, its ratio with respect to GSDP was within the target fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011.

Revenue Receipts: (The growth rate of revenue receipts was 11 per cent during the year against 16 per cent showed during the last year (2012-13).) State Government estimated a revenue of ₹58,057.88 crore in its original budget and subsequently reduced to ₹54,966.85 crore while presenting the revised estimate. However, State could realize only ₹49,176.93 crore, resulting in a shortfall of ₹5,789.92 crore. Non-realisation of revenue as anticipated led to enhancement in revenue deficit and consequent failures in achievement of fiscal targets fixed for the year.

As in the previous year, taxes on Sales, Trade, etc were the main sources of tax revenue of the State. However, revenue from Stamps and Registration fees and State Excise decreased when compared with the revenue of the previous year. Income from State Lotteries was major source of revenue under Non-tax Revenue, but equally high expenditure towards payment of prize, commission, etc. resulted in net yield only ₹two crore more than the previous year.

In order to achieve the fiscal targets fixed by Thirteenth Finance Commission and in the Kerala Fiscal Responsibility (Amendment) Act, 2011, State needs to increase the revenue receipts in the coming years.

Revenue Expenditure: During 2013-14, revenue expenditure increased by 13 per cent over the previous year. Major share of this increase was under non-plan revenue expenditure. While non-plan revenue expenditure recorded a growth of 98 per cent, plan expenditure recorded only 69 per cent during last five years. This shows low priority of the State towards plan expenditure. Significantly, 65 per cent of the revenue expenditure in 2013-14 was incurred on salaries, wages, pension payments, interest payments and subsidies. This was also 79 per cent of the revenue receipts during the year, a matter of concern for the State Government. Government should

consider increase in share of plan expenditure in revenue expenditure to enhance the scope of socio-economic growth of the State.

Capital Expenditure: As compared with previous year, the Capital expenditure during 2013-14 decreased by ₹309 crore (seven *per cent*). More significantly, share of capital expenditure in total expenditure ranged between six to nine *per cent* during last five years. Compared with the status of General Category States, expenditure on capital projects (including loans and advances) in Kerala was five percentage lower than those States. Though, the State Government provided adequate priority to Education and Health sector, expenditure on Social Services sector and Development sector was lower than General Category States. Government should review the inadequate growth of capital expenditure so as to match with the ratio of General Category States.

Loans and Advances: During the year, State Government had released an amount of ₹1,464 crore to Statutory Corporations, Government companies, Co-operative Societies, etc., and accumulated balance outstanding at the end of March 2014 was ₹11,721 crore. However, as against only ₹124 crore (Principal: ₹103 crore and Interest: ₹21 crore) was recovered during the year and at the close of the year ₹7,658 crore (Principal: ₹4,649 crore and interest: ₹3,009 crore) was due from 72 institutions as arrears in repayment of loan. Major defaulters were Kerala Water Authority (₹3,294 crore), Kerala State Electricity Board (₹1,729 crore), Kerala State Road Transport Corporation (₹649 crore) and Kerala State Cashew Development Corporation (₹296 crore). In spite of these arrears, ₹1,018 crore was released to 23 institutions/defaulters during 2013-14. Government should perform a risk assessment of the institutions and review the repaying capacity of the institutions before release of loans to statutory corporations/Government companies, to prevent the loan becoming liabilities to the State.

Debt Management: Fiscal liabilities of the State increased from ₹1,08,477 crore in April 2013 to ₹1,24,081 crore at the end of March 2014. Share of market loans in overall fiscal liabilities had increased and it was around 50 *per cent* of the outstanding fiscal liabilities at the end of March 2014. However, fiscal liabilities as a percentage of GSDP was 30.8 *per cent* which is almost in line with the target fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011.

As the non-debt receipts of the State were insufficient, some portion of the borrowed funds was used for bridging the revenue gap. After providing for principal and interest amount, the net availability of borrowed funds during 2013-14 was only ₹7350 crore. State was left with around 50 *per cent* of the borrowed funds (₹14342 crore) for development activities.

Deficit: All the key fiscal parameters, such as revenue, fiscal and primary deficits increased during 2013-14 also, since revenue realization was not as anticipated. Widening gap between revenue receipt and revenue expenditure and increasing ratio between revenue deficit and fiscal deficit indicates that main issue needs to be addressed by the State is increasing revenue deficit. The targets fixed as percentage

of GSDP with respect to revenue and fiscal deficits (2.8 per cent and 4.2 per cent) were not achieved by the State and it was much higher than the targets fixed (0.54 per cent and 2.82 per cent) in the Medium Term Fiscal Plan for 2013-14 to 2015-16.

As per the Kerala Fiscal Responsibility (Amendment) Act, 2011 State needs to bring down revenue deficit as a percentage of GSDP to 'Nil' by the end of March 2015. In order to achieve this target, State Government has to make concerted efforts otherwise target is unlikely to be achieved.

Study report on selected topics:

Direct release of funds to the State implementing agencies: During the last five years, Government of India directly transferred ₹9,751 crore to the State implementing agencies. Short-release of State's matching contribution amounting to ₹84 crore was noticed in respect of three schemes test checked in Audit. Due to deficiency in monitoring process, implementing agencies furnished utilisation certificates for the funds lying unutilized with sub-level agencies. Appropriate control mechanism needs to be put in place to ensure proper accounting and timely utilisation of funds flowing directly to implementing agencies through off-budget route.

Implementation of New Pension Scheme: State Government introduced new pension scheme for All India Services officers who joined service on or after 1 April 2004. But, neither individual contribution nor matching contribution of State Government was credited to the pension account of the officials. The same pattern of pension scheme was also implemented among State Government employees, who joined service on or after 1 April 2013. Appropriate steps need to be taken to credit arrear contributions to individual's pension account, without further delay.

Management of Guarantee given by the State: The amount of outstanding guarantee at the end of March 2014 was ₹9763.36 crore. Guarantees were given on behalf of institutions without properly ascertaining their financial stability, which led to guarantees becoming liabilities of the Government. Government did not constitute the Guarantee Redemption Fund due to which the guarantee commission was not being credited into this fund. Instead, it was still being treated as part of non-tax revenue of the State for the last ten years.

Chapter II

Financial Management and Budgetary Control

During 2013-14, out of the total budget allocation of ₹80,661 crore, 19 per cent allocation (₹15,719 crore) remained unutilized. During test check, persistent savings were noticed in six Grants/Appropriations during the last three years. Of this, more than 50 per cent of the budget allocation remained unutilized in four Grants/Appropriations during all the three years. Excess expenditure of ₹560.68 crore disclosed under six Grants and four appropriations requires regularization under Article 205 of the Constitution as summarized. Excess expenditure occurred for the

years 2011-12 and 2012-13, under 27 Grants and three Appropriations amounting to ₹1,258.18 crore was to be regularized by the Public Accounts Committee.

Supplementary provisions obtained in 30 Grants/Appropriation (₹one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions. In seven out of above 30 Grants/Appropriation, supplementary grants were obtained while more than 50 per cent of the original provision remained unutilized. Also, in 20 Grants/Appropriations the amounts surrendered (₹one or more in each case) was in excess of the actual savings. These instances indicate deficiency in appropriation control process by the departments.

Delay in completing the formalities for withdrawing from Consolidated Fund of the State, led to withdrawal of funds at the fag end of the financial year. In twenty out of forty test-checked cases, funds (₹57.64 crore) were withdrawn on the last working day of the financial year. In majority of the test checked cases, the amounts shown as expenditure under respective heads of accounts were only parked either in Treasury Savings Bank account or in other bank accounts.

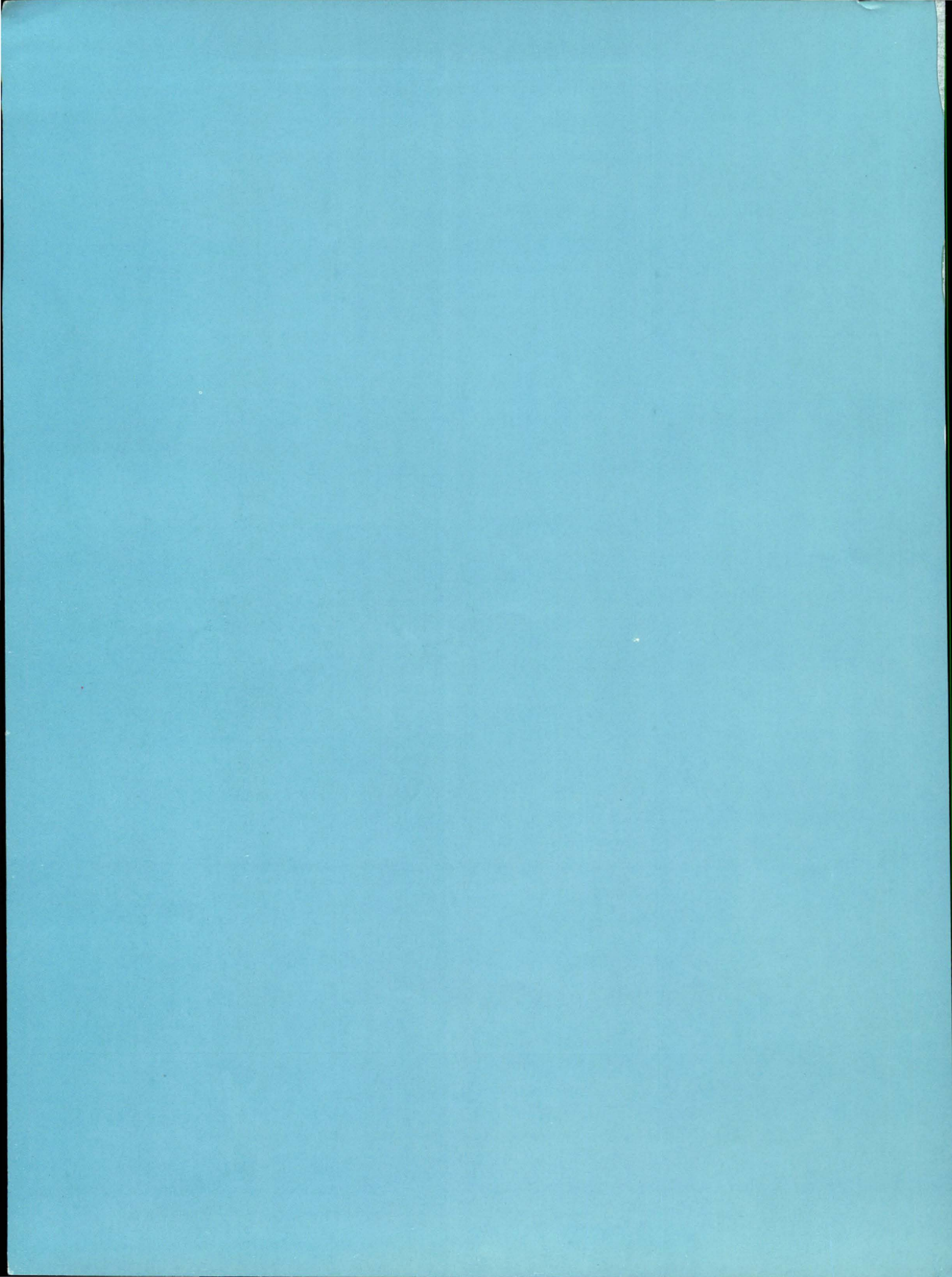
Review of selected grant Grant No.XXII-Urban Development revealed that Budget allocations in the Grant were made in excess of annual requirements made by department/implementing agencies. Budget proposals were also made without considering the actual expenditure of the previous year, which led to inclusion of huge provision in the budget.

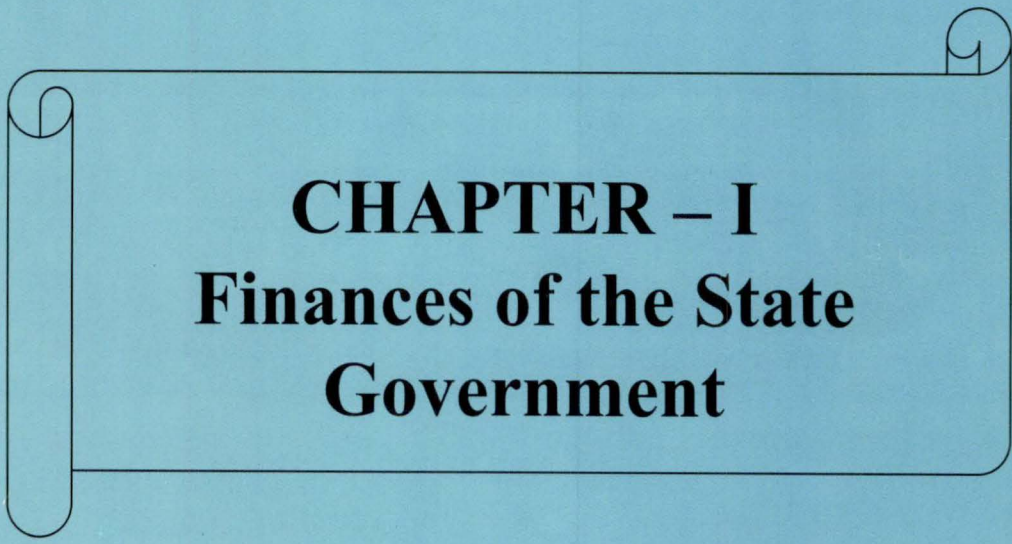
Budgetary controls need to be strengthened in all Government Departments, so that variations in budget estimates and actual expenditure can be minimized to the extent possible.

Chapter III

Financial Reporting

The Government's compliance with various rules, procedures and directives were lacking in some departments. Delayed submission or ignorance of the procedure in submission of utilisation certificates by the institutions were the main reasons for non-receipt of utilisation Certificate in the office of the Principal Accountant General (A&E). Twenty six autonomous bodies/authorities were required to submit their accounts in respect of grant-in-aid received by them during the year 2013-14. Finality has not been reached in long pending cases of misappropriation, defalcation, etc., involving Government money. Funds released for implementation of State/Central schemes were parked in Treasury Savings Bank accounts, without utilisation up to six years. Though there were instructions to penalize officers for keeping the funds outside Government account, departmental officers continue to do the same and no penalty was imposed on them. Inoperative PD accounts were seen retained without closing. Non-reconciliation of departmental balance with treasury balance caused difference between both the balances and no efforts were taken by departmental officers to reconcile them.



A decorative border resembling a scroll, with a vertical strip on the left and a horizontal strip at the top, both ending in small circular curls. The text is centered within this scroll.

CHAPTER – I
Finances of the State
Government

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Profile of Kerala

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. In terms of geographical area, Kerala is ranked 21st in the country with an area of 38,863 sq.km. While the State is having a population of 3.34 crore (12th in the country), it remains the third most densely populated State with a density of 860 persons per sq.km. The State's population increased from 3.18 crore in 2001 to 3.34 crore in 2011 recording a decadal growth of five *per cent*. The State's percentage of population below the poverty line is less than the all-India average. The State's Gross State Domestic Product (GSDP) in 2013-14 at current prices was ₹4,02,972 crore. The State's literacy rate increased from 90.9 *per cent* (as per 2001 census) to 94 *per cent* (as per 2011 census). The per capita income (2012-13) of the State at current prices stands at ₹99,977 against the country average of ₹68,757. General data relating to the State is given in **Appendix 1.1**.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognized final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's GDP at current prices are indicated below:

Table 1.1: Trends in annual growth of GDP and GSDP (at current prices)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
India's GDP (₹ in crore)	6108903	7248860	8391691	9388876	10472807
Growth rate of GDP (percentage)	15.18	18.66	15.77	11.88	11.54
State's GSDP (₹ in crore)	231999	263773	307906	349338	402972
Growth rate of GSDP (percentage)	14.41	13.70	16.73	13.46	15.35

Source : figures furnished by Economics and Statistics Department

The above table shows that, during the last three years, the GSDP growth rate of the State was better than the growth rate of GDP of the country, indicating better economic performance of the State during the above period.

1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31 March 2014. It provides a broad perspective of the finances of the Government of Kerala during 2013-14

and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view of the overall trends during the last five years. The structure and form of Government Accounts have been explained in **Appendix 1.2 Part A** and the layout of the Finance Accounts is shown in **Appendix 1.2 Part B**. The methodology adopted for the assessment of the fiscal position of the State and norms/ceilings prescribed by the Kerala Fiscal Responsibility Act, 2003 are given in **Appendix 1.3**. As prescribed in the Act, the Government submitted its Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan for 2013-14 to 2015-16 in the State Legislature in March 2013.

1.1.1 Summary of Current Year's Fiscal Transactions

The **Table 1.2** presents the summary of the State Government's fiscal transactions during the current year (2013-14) vis-à-vis the previous year (2012-13). **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of fiscal operations in 2013-14

(₹ in crore)

Receipts	2012-13	2013-14	Disbursements	2012-13	2013-14		
					Non-plan	Plan	Total
Section –A:Revenue							
Revenue Receipts	44137.30	49176.93	Revenue Expenditure	53488.74	53411.84	7073.66	60485.50
Tax Revenue	30076.61	31995.01	General Services	22786.61	26478.44	126.65	26605.09
Non-tax Revenue	4198.51	5575.03	Social Services	18877.49	16333.95	4645.93	20979.88
Share of Union Taxes/ Duties	6840.65	7468.68	Economic Services	7808.42	5627.98	2301.08	7929.06
Grants from Government of India	3021.53	4138.21	Grants-in-aid and Contribution	4016.22	4971.47		4971.47
Section-B : Capital and Others							
Miscellaneous Capital Receipts	14.81	19.19	Capital Outlay	4603.29	796.71	3497.62	4294.33
Recoveries of Loans and Advances	73.61	103.75	Loans and Advan- ces Disbursed	1136.15	926.64	537.53	1464.17
Public Debt Receipts	13261.19	14461.18	Repayment of Public Debt	2804.08			3244.81
Contingency Fund	20.80		Contingency Fund	..			67.39
Public Account Receipts	105879.64	124374.44	Public Account Disbursements	100455.82			120992.20
Opening Cash Balance	3793.46	4692.73	Closing Cash Balance	4692.73			2279.82
Total	167180.81	192828.22	Total	167180.81			192828.22

Source : Finance Accounts for the respective years

1.1.2 Review of fiscal situation

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 which came into force on 5 December 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or thereto. As per the stipulation in the Kerala Fiscal Responsibility Act, 2003, a Medium Term Fiscal Policy (MTFP) and Strategy Statement is to be prepared, covering fiscal targets fixed for ensuing three financial years, and submitted along with the budget documents to the State Legislature. Accordingly, major fiscal variable targets set by the State Government in MTFP for 2013-14 and its achievements are detailed below;

Table 1.3: Comparison of fiscal variable targets

Fiscal variables	2013-14	
	Targets fixed in MTFP	As per finalized accounts
Revenue deficit/ GSDP	0.54	2.8
Fiscal deficit/ GSDP	2.82	4.2
Outstanding Debt to GSDP	27.14	30.8

Source : Medium Term Fiscal Plan for 2013-14 to 2015-16

According to the Act, the Government is committed to reduce the revenue deficit to 'nil' within a period of four years commencing on the 1 April 2011 and ending with the 31 March 2015 by reducing the revenue deficit in the years 2011-12, 2012-13, 2013-14 and 2014-15 in the order of 1.4 per cent, 0.9 per cent, 0.5 per cent and zero per cent, respectively, of the GSDP. The Government is also committed to reduce the fiscal deficit to 3 per cent of the estimated GSDP within a period of three years commencing on the 1 April 2011 and ending with the 31 March 2014 by maintaining the fiscal deficit at a level not exceeding 3.5 per cent of the GSDP in the years 2011-12 and 2012-13 and reducing it to 3 per cent in 2013-14.

It was observed that the State could not achieve the revenue deficit and fiscal deficit targets fixed in the Budget Estimates. Non-realisation of revenue as anticipated resulted in non-achievement of fiscal targets fixed for the year.

1.1.3 Budget estimates and actual

As per Article 202 of the Constitution of India, the Governor of the State shall, cause to be laid before the House of the Legislature of the State a statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipt and expenditure for a financial year named in the Constitution as the 'Annual Financial Statement' is commonly known as 'Budget'. The budget is Government's most important economic policy tool, that translates Government's policies, commitments, and goals into decisions on how much revenue to raise, how it plans to raise it and how to use these funds to meet the

State's competing needs. A budget system that functions well is crucial to developing sustainable fiscal policies and economic growth.

Comparison of State's budget estimates vis-à-vis actual for the year 2013-14 is detailed in **Table 1.4**.

Table 1.4: Budget estimates and actual for 2013-14

(₹ in crore)

Particulars	Budget Estimate	Revised Estimate	Actual
Revenue Receipts	58057.88	54966.85	49176.93
Revenue Expenditure	60327.84	61175.20 ✓	60485.50
Revenue Deficit	2269.96	6208.35	11308.57
Capital Expenditure	8635.03	5900.62 ✓	4294.33
Loans and Advances (Net) ¹	(-)989.67	(-)1054.42	(-)1360.42
Public Debt (Net) ²	11844.38	11844.38	11216.37
Public Account (Net) ³	470.04	864.36	3382.24

Source : Budget in brief for 2014-15 and finance accounts for 2013-14

The above table shows that failure of the Government to raise as much revenue as estimated in budget resulted in increase of revenue deficit by ₹5100 crore. Though revenue expenditure was as estimated, revenue receipt was ₹5,790 crore less than the anticipated amount (revised estimate). While Government could release about ₹270 crore more under disbursement of loans and advances, the expenditure on capital project was reduced by ₹1,606 crore.

Detailed analysis conducted to assess the areas where deviation from budget estimation occurred has revealed as under:

(i) Revenue Receipts

State Government estimated a revenue of ₹58,057.88 crore in its original budget and subsequently reduced to ₹54,966.85 crore while presenting the revised estimate. However, State could realize only ₹49,176.93 crore, resulting in a shortfall of ₹5,789.92 crore. Head-wise shortfall is given in **Table 1.5**.

¹ Minus figure was due to loan disbursement more than loan recoveries

Particulars	Receipt	Expenditure	Net
2. Public Debt	14342	3126	11216
Internal Debt	13950	2774	11176
Loans & Advances from GOI	392	352	40
3. Public Account	124374	120992	3382
Small Savings	29473	25241	4232
Reserve Fund	385	307	78
Deposit and Advances	9865	9678	187
Suspense	75729	76675	(-)946
Remittances	8922	9091	(-)169

Table 1.5: Budget estimates and actual for 2013-14*(₹in crore)*

Revenue source	Budget Estimate	Revised Estimate	Actuals	Percentage
Sales Tax and VAT	28456.62	26663.67	24885.25	93
State Excise	2801.75	2719.17	1941.72	71
Motor Vehicles	2570.65	2271.05	2161.09	95
Stamps and Registration	4207.01	3173.27	2593.29	82
Other Taxes	735.57	715.80	413.66	58
Tax Revenue	38771.60	35542.96	31995.01	90
Non-Tax Revenue	4921.57	5613.44	5575.03	99
Share of Central taxes	8143.79	8143.79	7468.68	92
Grant-in-aid from GOI	6221.42	5666.66	4138.21	73
Total Revenue Receipt	58057.88	54966.85	49176.93	89

Table above shows that major shortfall (₹3,547.95 crore) was under Tax revenue. While revenue realization on Sales Tax and Motor vehicles Tax were more than 90 *per cent* of the estimation, realization from State Excise and Stamps and registration were only 71 and 82 *per cent* respectively. In the exit meeting (24 November 2014), Additional Chief Secretary, Finance Department accepted the audit observation and stated that remedial measures to enhance the revenue collection has been proposed for implementation.

Further, Audit analysed variation between revised estimates and actual receipt in respect of revenue receipts for the previous years and observed that in 2012-13 also, actual revenue receipts was ₹4,131.91 crore less than revised estimates. As the revised estimates are prepared during the second half of the financial year, it should be more realistic and wide variations from the actual receipt indicate the deficiency in the estimation process.

(ii) Capital Expenditure

As per the original budget presented in the State Legislature, the estimated capital expenditure for the year was ₹8,635.03 crore and this was reduced to ₹5,900.62 crore while presenting revised estimates. Against this estimation, final expenditure on capital projects came down to ₹4,294.33 crore. Major heads under which less expenditure was incurred (more than ₹25 crore) are detailed in Table 1.6 below:

Table 1.6 : Under-utilisation of plan funds under capital major heads*(₹in crore)*

Major Head	Budget		Expenditure	Saving
	Original	Supplementary		
Capital Outlay on Other General Economic Services	2813.04	100.00	491.35	2421.69
Capital Outlay on Other Transport Services	1617.20	0.00	295.20	1322.00
Capital Outlay on Ports	367.90	5.93	150.28	223.55
Capital Outlay on Co-operation	32.58	199.50	27.90	204.18
Capital Outlay on Medium Irrigation	273.56	0.00	77.14	196.42
Capital Outlay on Education, Sports, Art and Culture	304.31	87.97	199.28	193.00
Capital Outlay on flood control projects	211.75	25.06	76.25	160.56

Major Head	Budget		Expenditure	Saving
	Original	Supplementary		
Other capital Outlay on Industries and Minerals	150.83	2.14	59.46	93.51
Capital Outlay on welfare of Scheduled Castes, Scheduled Tribes and other backward classes	115.45	0.00	33.28	82.17
Capital Outlay on Medical and Public Health	173.01	16.50	130.32	59.19
Total	6059.63	437.10	1540.46	4956.27

Source : Detailed Appropriation Accounts for the year 2013-14

Detailed scrutiny revealed that following projects suffered due to non-incurring of expenditure.

Table 1.7 : Under-utilisation of funds in respect of major schemes

Sl. No.	Scheme/project name	Budget allocation	Expenditure	Savings		Percentage of savings
				(₹ in crore)		
1.	Major Infrastructure Development projects	846	367	479	57	
2.	Accelerated Irrigation Benefit programme	200	9	191	96	
3.	Kuttanad Package	200	31	169	85	
4.	State Road Improvement project	140	Nil	140	100	
5.	Land acquisition and construction works under Medical and Public Health	107	4	103	96	
6.	Infrastructure-Higher Secondary Education	56	Nil	56	100	
7.	Construction of Ashramam schools and Model Residential Schools	35	1	34	97	
8.	Modernisation of Police Force	30	Nil	30	100	

Under utilisation of Plan allocation

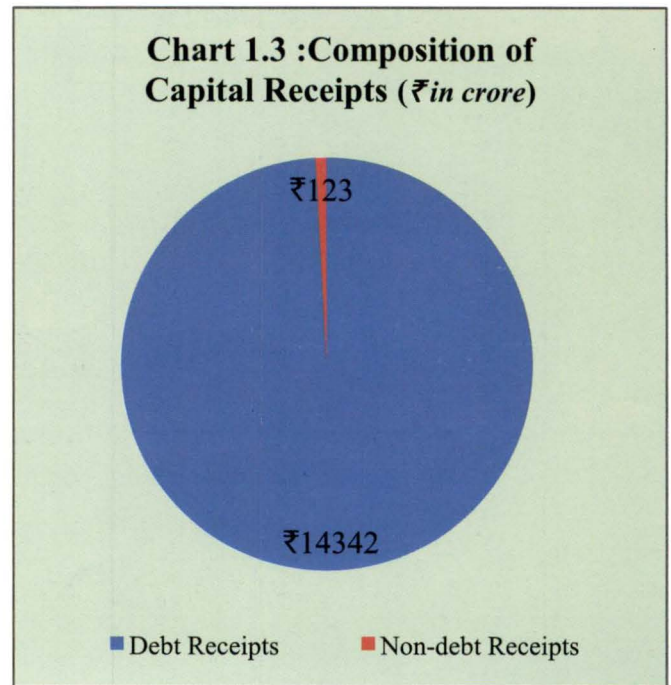
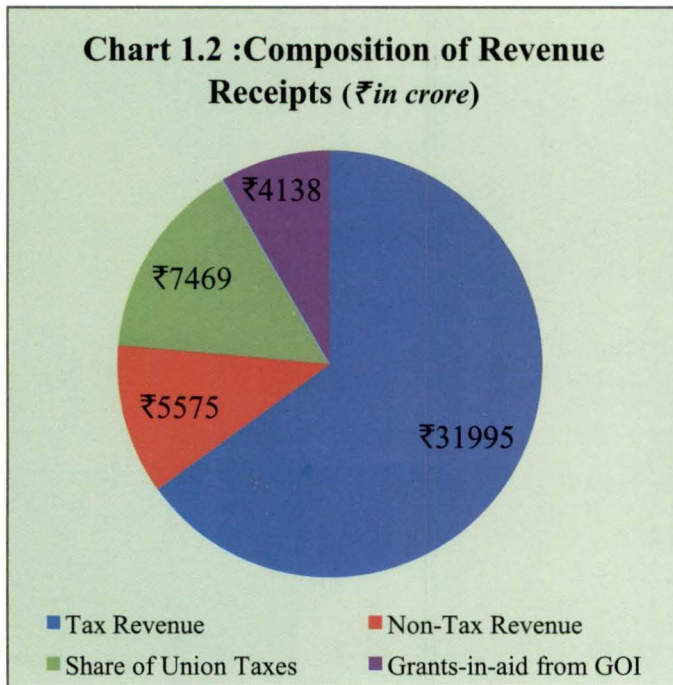
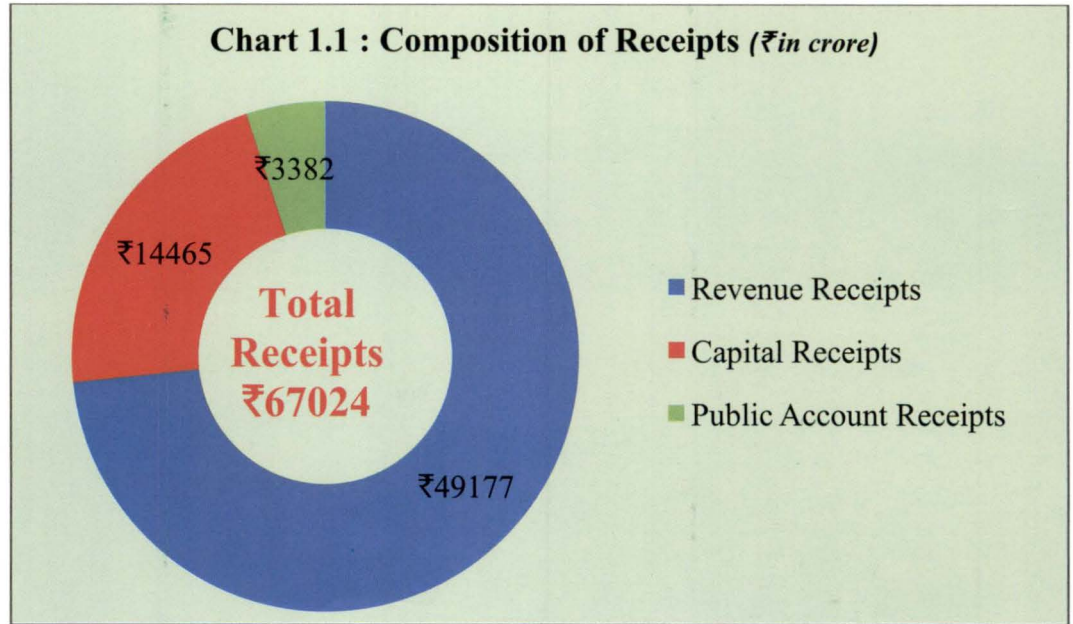
For the year 2013-14, State Plan outlay of ₹17,000 crore was approved by the Planning Commission (Government of India), which included plan schemes for ₹13,000 crore implemented through various departments and ₹4,000 crore through Local Self Government Institutions. Based on this approved plan, State Government was permitted to borrow an amount of ₹12,397 crore from various sources including Open Market Borrowing. It was observed that State Government has raised ₹12,800 crore from open market and ₹1,542 crore from other sources amounting to ₹14,342 crore. However, the plan expenditure of the State Government for the year was only ₹11,109 crore, indicating funds borrowed were not fully utilised for plan schemes and the balance amount ₹3,233 crore was utilised for other purposes.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of Tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (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 other financial institutions/commercial banks) and loans and advances from GOI. The funds available in the Public Accounts after disbursement are also utilised by the Government to finance its deficit. **Charts 1.1, 1.2 and 1.3** depict the composition of resources of the State during the current year.



Note: Under Capital Receipts, transactions under 'Ways and Means advances' are excluded and under Public Accounts only net receipts was considered.

Total receipts⁴ of the State Government increased from ₹36,860 crore in 2009-10 to ₹67,024 crore in 2013-14, showing an increase of 82 per cent during the last five years. Trend in total receipt during the last five years is given in **Chart 1.4** and composition of total receipt during 2013-14 is given in **Chart 1.5**.

Chart 1.4: Trend in total receipts during the last five years

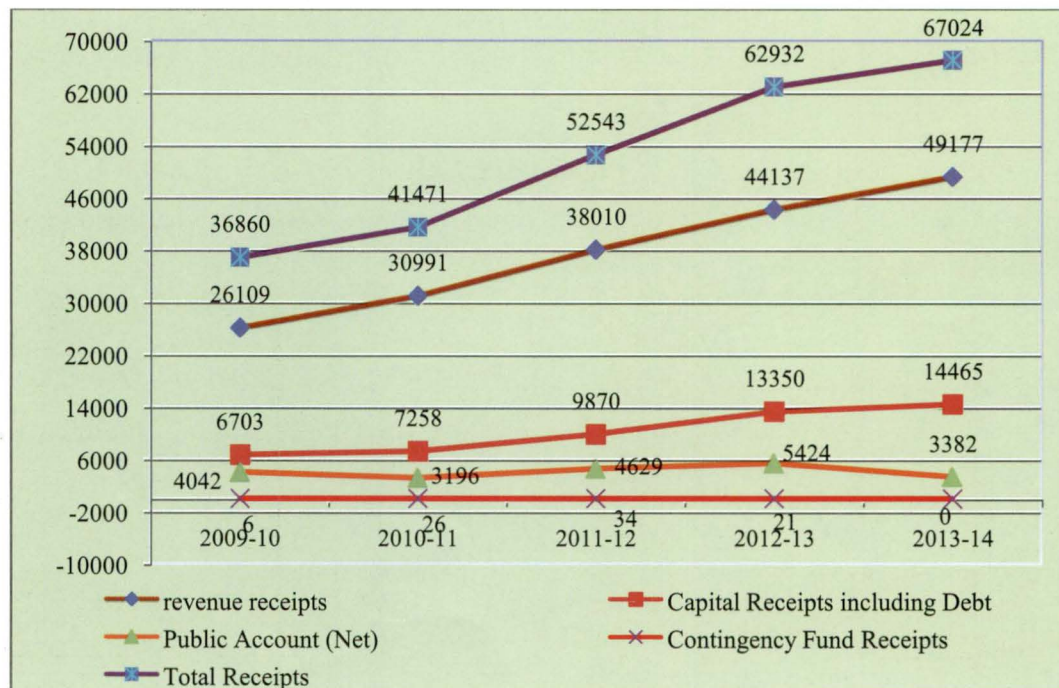
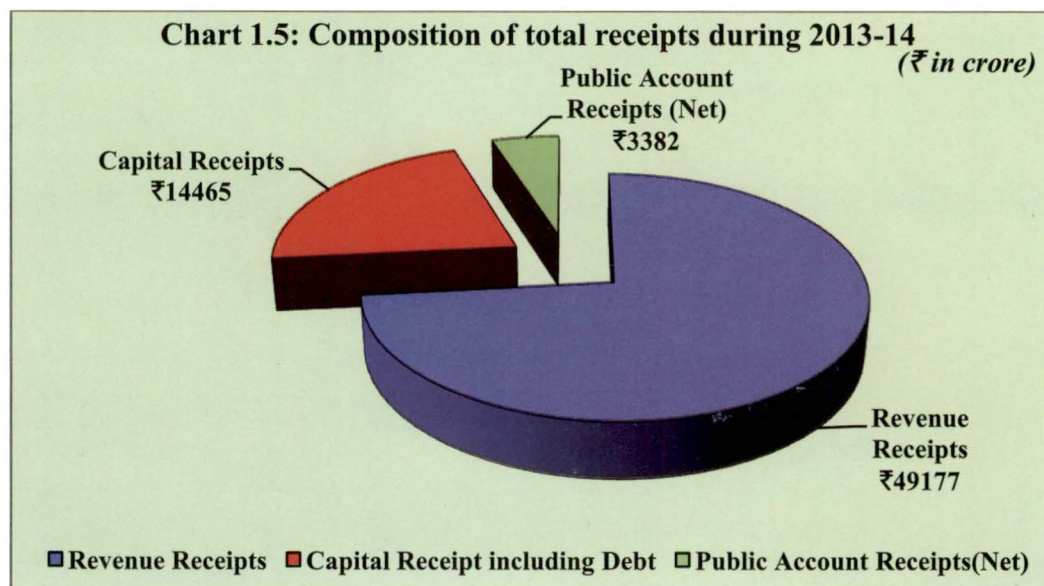


Chart 1.5: Composition of total receipts during 2013-14



⁴ Consists of Revenue receipts, Capital receipts (including Debt receipts but excluding Ways and Means advances) and Public Account receipts.

1.2.2 Funds transferred to State Implementing Agencies outside the State Budget

Government of India has been transferring a sizeable amount, directly to the State implementing agencies⁵ for implementation of various critical schemes/programmes in social and economic sectors. As these funds are not routed through the State Budget/State Treasury System, they do not find mention in the Finance Accounts of the State.

Information on the availability of funds and their utilisation of 12 major centrally sponsored schemes for the last five years (2009-10 to 2013-14) was collected from the State implementing agencies and presented in the **Table 1.8** below.

Table 1.8 : Funds transferred directly to State implementing agencies

(₹ in crore)

Sl. No.	Programme/scheme and implementing agency	Un-utilised balance as on 1 April 2009	Amount received during 2009-14		Interest/ other receipts	Amount utilised	Balance as on 31 March 2014
			From GOI	From State			
1	Mahatma Gandhi National Rural Employment Guarantee scheme-MGNREGS State Mission	70.86	4713.95	118.83	50.32	4940.87	13.09
2	Pradhan Mantri Gram Sadak Yojana-Kerala State Rural Roads Development Agency	13.51	449.38	50.05	23.36	504.36	31.94
3	Rural Housing-Indira Awaas Yojana- Poverty Alleviation Unit (Commissioner for Rural Development)	64.20	909.83	303.03	53.41	1202.36	128.12
4	Rashtriya Madhyamik Shiksha Abhiyan-Secondary Education Development Society Kerala	0.00	77.01	44.84	2.44	104.76	19.53
5	Ajeevika- State Poverty Eradication Mission (Kudumbashree)	3.23	179.12	45.42	5.33	213.40	19.70
6	National Horticulture Mission-Kerala State Horticulture Mission	105.09	162.45	60.82	8.06	318.78	17.64
7	National Rural Drinking Water Programme-Kerala Water Authority	4.58	852.12	263.61	7.37	1070.74	56.94
8	Sarva Shiksha Abhiyan-Primary Education Development Society of Kerala	34.47	829.22	652.02	31.16	1499.02	47.85
9	Swarna Jayanthi Shahari Rozgar Yojana-State Poverty Eradication Mission (Kudumbashree)	15.25	92.82	13.90	24.88	103.44	43.41

⁵ State implementing agencies include any organization/institution including Non-Governmental organization which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State.

Sl. No.	Programme/scheme and implementing agency	Un-utilised balance as on 1 April 2009	Amount received during 2009-14		Interest/ other receipts	Amount utilised	Balance as on 31 March 2014
			From GOI	From State			
10	National Rural Health Mission-State Health and Family Welfare Society	16.35	1087.59	504.59	177.94	1674.13	112.34
11	Rashtriya Swasthya Bima Yojana-Comprehensive Health Insurance Agency of Kerala	10.27	371.01	156.37	0	537.65	0
12	Integrated Watershed Management Programme- Poverty Alleviation Unit (Commissioner for Rural Development)	0.00	26.64	2.94	1.53	19.36	11.75
Total		337.81	9751.14	2216.42	385.80	12188.87	502.31

Source : Information furnished by respective implementing agencies

According to the information furnished by above agencies, an amount ₹502.31 crore remained un-utilised with the implementing agencies at the end of March 2014.

Audit scrutiny of the records of the above agencies revealed that there was a shortfall of ₹83.95 crore in release of matching share in respect of three⁶ schemes by the State Government against the required matching contribution of ₹563.80 crore, and significant short releases are given below:

- In respect of National Rural Health Mission Programme, State Government released (to State Health and Family Welfare Society) only ₹76.95 crore against ₹119.73 crore (shortfall of ₹42.78 crore). This shortfall was compensated by the State Government by routing State plan scheme funds through State Health and Family Welfare Society, which was irregular. Accepting Audit's observation, Finance (Planning A) Department informed that shortfall will be set right in future releases.

It was also observed that state level implementing agencies were treating the funds as expenditure as and when these were transferred to next level(s) of agencies for implementation of the schemes. Thus, the funds which were reported as utilised (in utilisation certificates furnished to Government of India) were only partially utilised by the sub level(s) agencies of the State level implementing agencies. Audit scrutiny on the utilisation of funds in respect of three⁷ schemes revealed as under:

⁶ Indira Awas Yojana (₹24.13 crore), Swarna Jayanthi Sahari Rozgar Yojana (₹17.04 crore) and National Rural Health Mission (₹42.78 crore)

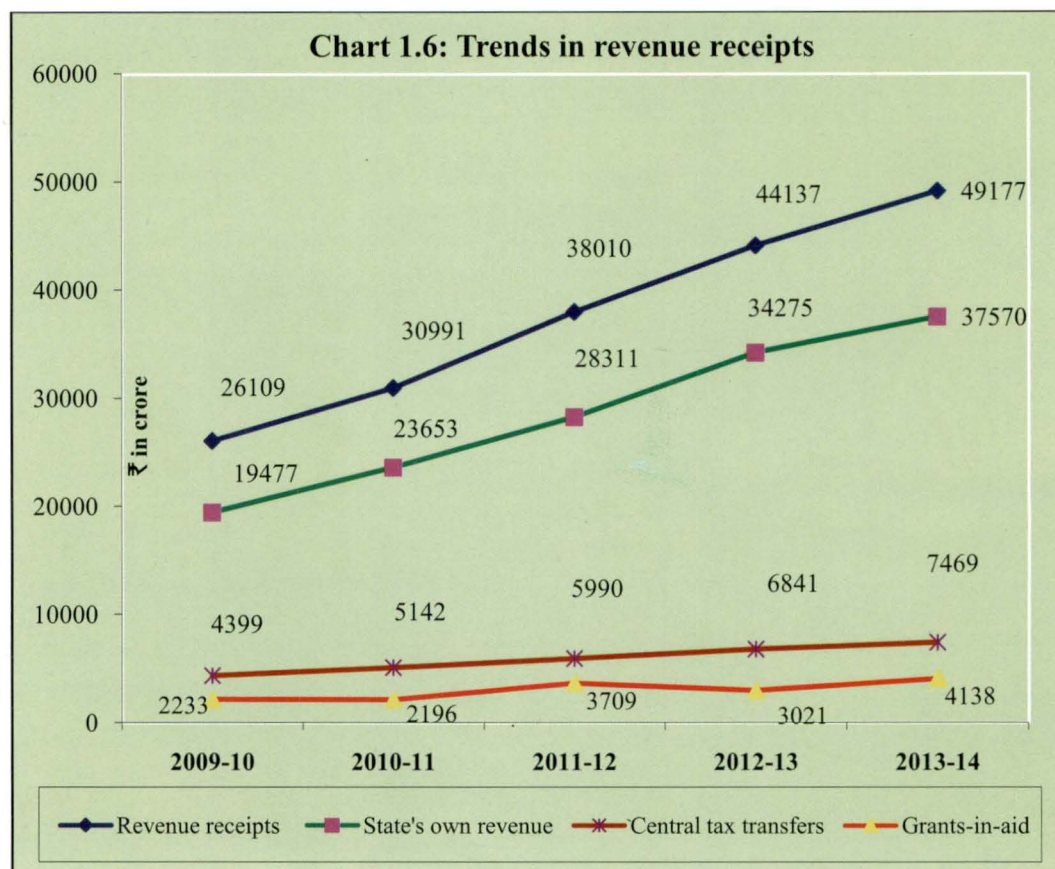
⁷ Ajeevika, SJSRY and Rashtriya Madhyamik Shiksha Abhiyan

- Ajeevika (prior to 2011-12 it was Swarna Jayathi Grama Swarozgar Yojana, SGSY), a self employment generation programme was implemented through Self Help Groups formed by Grama Panchayats and monitored by district co-ordinators and the State level agency. As and when funds were released by the State level agency to the district co-ordinators, utilisation certificates for the amount were furnished to Government of India. Audit noticed that an amount of ₹14.84 crore out of ₹60.77 crore released during the last two years (2012-13 and 2013-14) were lying unutilised with State/district agencies/Grama panchayats. A scrutiny of the statement of accounts furnished by the Commissioner of Rural Development (CRD) revealed that an unutilised balance of ₹2.06 crore (as on 31 March 2012) lying with CRD in respect of SGSY was not transferred to Ajeevika implemented by State Poverty Eradication Mission (Kudumbashree).
- Audit scrutinised the statements of release of funds and its expenditure to 13 Urban Local Bodies (out of 65 ULBs) for the implementation of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) and observed that ₹3.78 crore out of ₹8.06 crore remained unutilised at the end of March 2014. However, the entire amount was shown as expenditure in the utilisation certificate given by the Kudumbashree to Government of India.
- The Secondary Education Development Society (agency for implementing Rashtriya Madhyamik Shiksha Abhiyan) reported the utilised amount during the last five years as ₹104.76 crore. But, it was observed that ₹22.40 crore released for up-gradation of 60 schools during 2010-2014 remained unutilised with four District Panchayats/three Municipalities.

Thus, the amounts lying unutilised with sub level(s) implementing agencies indicate that the actual utilisation of funds was not being ensured every year either by the State Government or by the State level implementing agencies before furnishing utilisation certificates to Government of India. Audit is concerned about this practice of issuing utilisation certificate, even though the funds were not actually utilised in sub levels of implementing agencies.

1.3 Revenue Receipts

Statement no.11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of central tax transfers and grants-in-aid from GOI. The trends of revenue receipts over the period 2009-14 are presented in **Appendix 1.5** and also depicted in **Chart 1.6**.



The revenue receipts of the State increased by 88 per cent during the last five years (2009-2014). During the same period, State's own revenue recorded an increase of 93 per cent but increase in Central tax transfers and Grants-in-aid and contributions from GOI were 70 per cent and 85 per cent respectively. However, relative share of each components of revenue receipts remained almost same during the last five years. During 2013-14, the share of State's own tax in revenue receipts decreased by three percentage points compared to previous year (2012-13) indicating decrease in revenue under State's own tax.

During 2004-05 to 2012-13, the compounded annual growth rate of revenue receipts (15.96) was less than the growth rate of other General Category States (16.93). This growth rate further declined due to reduced growth during 2013-14. (Appendix 1.1).

State's revenue receipts (₹49,177 crore) during the year was ₹8,881 crore (eight per cent) less than the projections made (₹58,058 crore) in the Medium Term Fiscal Plan for 2013-14 to 2015-16 (MTFP).

The trends in revenue receipts relative to GSDP are presented in Table 1.9.

Table 1.9: Trends in revenue receipts relative to GSDP during 2009-14

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Receipts (RR) (₹ in crore)	26109	30991	38010	44137	49177
Rate of growth of RR (per cent)	6.5	18.7	22.6	16.1	11.4
State's own tax revenue (₹ in crore)	17625	21722	25719	30077	31955
Rate of growth of own tax revenue (per cent)	10.2	23.2	18.4	16.9	6.2
RR/GSDP (per cent)	11.3	11.7	12.3	12.6	12.2
Revenue buoyancy w.r.t GSDP*	0.5	1.4	1.4	1.2	0.7
State's Own Tax Buoyancy w.r.t GSDP*	0.7	1.7	1.1	1.3	0.4

Source : Finance Accounts and information furnished by the Economics and Statistics Department

*Change in ratio with respect to the previous Report was due to adoption of revised GSDP figures

- Declining trend in growth rate of State revenue receipts and own tax receipts was observed during the last three years. 4.7 per cent decrease in growth rate of total revenue receipts and 10.7 per cent decrease in State's own tax revenue during 2013-14 shows deficiency in revenue mobilization process.
- The revenue buoyancy with reference to GSDP during 2013-14, declined from 1.4 in 2010-11 to 0.7 indicates that growth rate of revenue receipts was not in pace with growth rate of GSDP of the State. Similarly, the State's own tax buoyancy with respect to GSDP was only 0.4 during 2013-14, indicating that the growth rate of own tax revenue keeping less than 50 per cent of the pace of GSDP.

1.3.1 Own resources of the State

As the State's share in central taxes and grant-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

The States actual tax and non tax receipts for the year 2013-14 vis-à-vis assessment made in Medium Term Fiscal Plan are given in the **Table 1.10** below:

Table 1.10: Projections and realization of revenue
(₹ in crore)

Particulars	Budget estimates and MTFP projection	Actual
Tax Revenue	38771	31995
Non-tax Revenue	4922	5575

Source : Budget documents and Finance Accounts

The above table shows that State's tax revenue collection was less than the projections in the MTFP. However, non-tax revenue collection was better than the

projections in MTFP, due to increased receipts under State Lotteries. Variation (₹6776 crore) in actual tax revenue realized and the projection in MTFP indicates deficiency in State's revenue projection or revenue realization machinery.

1.3.1.1 Tax Revenue

The State's own tax revenue increased from ₹30,077 crore in 2012-13 to ₹31,995 crore in 2013-14. This increase was only six *per cent* comparing to 16.9 *per cent* growth shown during the previous year and details are given in **Table 1.11**.

Table 1.11: Components of own tax revenue

Revenue Head	Actuals for 2012-13	BE for 2013-14	Actuals for 2013-14	Percentage decrease w.r.t to BE	Percentage increase during the year	Share in total tax revenue
	(₹ in crore)					
Taxes on Sales, Trade etc.	22511	28457	24885	13	11	78
Stamps and Registration fees	2938	4207	2593	38	(-)12	8
State Excise	2314	2802	1942	31	(-)16	6
Taxes on Vehicles	1925	2571	2161	16	12	7
Land Revenue	122	135	89	34	(-)27	(*)
Taxes on Agricultural income	19	24	22	8	16	(*)
Other Taxes	248	575	303	47	22	1
Total	30077	38771	31995	17	6	100

Source : Finance Accounts of respective years

(*)insignificant

'Taxes on Sales, Trade etc.' was the major source of the State's own tax revenue during the last two years. Increase in revenue under 'Taxes on Sales, Trade etc.' was ₹2,374 crore and this was mainly under 'Value Added Tax' (₹1,342 crore) and 'Receipts under State Sales Tax Act' (₹1,001 crore).

Increase in receipts under 'Taxes on Vehicles' was mainly due to increase of receipts under 'State Motor Vehicles Taxation Act' (₹226 crore).

Decrease in revenue under the heads of account 'Foreign Liquors and Spirits' (₹364 crore) and 'Malt Liquor' (₹21 crore) caused reduction in receipts under 'State Excise'. Similarly decrease in receipts under the head of account 'Sale of Stamps' (₹365 crore) and 'Duty on impressing of documents' (₹51 crore) caused substantial decrease in revenue under 'Stamps and Registration fees'.

1.3.1.2 Non-tax Revenue

Collection under non-tax revenue increased by 33 *per cent* from ₹4,198 crore in 2012-13 to ₹5,575 crore in 2013-14 as detailed in **Table 1.12**.

Table 1.12: Components of non-tax revenue

(₹ in crore)

Revenue Head	2012-13	2013-14	Percentage Increase during the year	Share in total Non-tax Revenue
Interest receipts	172	149	(-)13	3
Dividends and profits	48	101	110	2
State Lotteries	2674	3796	42	68
Forestry and Wildlife	237	330	39	6
Other non-tax receipts	1067	1199	12	21
Total	4198	5575	33	100

Source : Finance Accounts of respective years

Substantial increase in revenue was recorded under 'State Lotteries' (₹1,122 crore) during 2013-14 and increase was also recorded under 'Forestry and Wildlife' (₹93 crore) and 'Dividends and Profits' (₹53 crore). Though the receipts under 'State Lotteries' recorded an increase of 42 per cent over the previous year, with an equally high expenditure (₹3,203 crore) during the year, the net yield from lotteries was only ₹593 crore, which was only ₹ two crore more than that of previous year.

1.3.2 Grants-in-aid from Government of India

Grants-in-aid from the Government of India increased by ₹1,117 crore (37 per cent) from ₹3,021 crore in 2012-13 to ₹4,138 crore in 2013-14. The increase was mainly under 'Non-plan grants' (₹1022 crore), 'Grants for Centrally sponsored schemes' (₹77 crore) and 'Grants for State plan schemes' (₹27 crore). Trends in receipt of grants-in-aid from GOI are detailed in Table 1.13.

Table 1.13: Status of Grants-in-aid received from Government of India

(₹ in crore)

Particulars	2012-13	2013-14	Percentage increase during the year	Share in total grant-in-aid
Non-plan grants	657	1679	156	41
Grants for State plan schemes	1163	1154	(-)1	28
Grants for central plan schemes	60	87	45	2
Grants for Centrally sponsored schemes	1141	1218	7	29
Total	3021	4138	37	100

Source : Finance Accounts of respective years

During the year, State Government had received an amount (₹1,447 crore) under Non-plan grants (Grants under proviso to Article 275(1) of the Constitution) and these were 189 per cent more than the previous year.

1.3.3 Efficiency in Tax collection

Though the State's expenditure on tax collection (during 2012-13) in respect of Stamps (Non-judicial) and Registration and State Excise was higher than the all India average, it was less than the all India average in the case of Taxes on Sales, Trade, etc. and Motor Vehicles. All India average of expenditure on tax collection vis-à-vis state average during the last five years is detailed in **Appendix 1.6**.

1.4 Capital Receipts

Capital receipts comprise miscellaneous capital receipts, recovery of loans and advances released to institutions/organizations and public debt receipts. Trends in receipts under capital sector are as detailed in **Table 1.14**.

Table 1.14: Trends in growth and composition of capital receipts

(₹ in crore)		
Sources of Receipts	2012-13	2013-14
Capital Receipts (CR)		
Miscellaneous Capital Receipts	15	19
Recovery of Loans and Advances	74	104
Public Debt Receipts	13261	14342
Internal Debt Receipts	12709	13950
Loans and Advances from GOI	552	392
Total CR	13350	14465
Rate of growth of debt capital receipts (<i>per cent</i>)	35.3	8.2
Rate of Growth of GSDP(<i>per cent</i>)	13.46 ^(*)	15.35
Rate of growth of CR (<i>per cent</i>)	35.3	8.4
Buoyancy of Debt receipts w.r.t GSDP	2.6 ^(*)	0.5

Source : Finance Accounts of respective years

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

Internal Debt mainly comprised of Open Market Borrowings of the State and growth rate shown by debt capital receipts was mainly due to increase in open market borrowings. During the year, growth rate of capital receipt was less as compared to the previous year due to less growth in open market borrowings. Buoyancy⁸ of debt receipts with respect to GSDP also showed considerable reduction during the last year due to less growth of debt receipt when compared to GSDP growth rate. This indicates that Government's borrowing pace was less than that of GSDP, which is a good indicator.

1.4.1 Proceeds from disinvestment

As of March 2014, the State Government had invested ₹5,623.61 crore in Statutory Corporations, Government Companies, Joint Stock companies and Co-operatives. During the year, ₹19.19 crore was received from retirement of

⁸ Buoyancy ratio is the comparison of growth rates of two parameters. Ratio equal to one indicates both parameters are growing at same pace and less than one indicates first parameter growing with less pace than the other and *vice versa*

capital/disinvestment of shares of co-operative societies/banks and accounted for under Miscellaneous Capital Receipts.

1.4.2 Recoveries of loans and advances

During the year, the State Government had released an amount of ₹1,464.17 crore as loans and advances to various institutions and at the end of March 2014, an amount of ₹11,721.13 crore was outstanding under this head. Against this balance, principal amount recovered was ₹103.75 crore, which was only 0.9 per cent of the outstanding balance under loans and advances. As per the details furnished by the Departments (Finance Accounts 2013-14), the repayment of arrears from various loanee entities as of March 2014 was ₹7,657.66 crore (Principal: ₹4,648.89 crore and Interest: ₹3,008.77 crore), which indicate that State Government's receipts under loans and advances were much less than the amount actually due.

1.4.3 Debt receipts from internal sources

Public Debt receipts of the State Government increased by ₹1,081 crore (8.2 per cent) from ₹13,261 crore in 2012-13 to ₹14,342 crore in 2013-14. This includes, Open Market Borrowing (₹12,800 crore), Special Securities issued to National Small Savings Fund (₹565.14 crore) and Loans from Financial Institutions (₹501.25 crore).

1.5 Public Accounts Receipts

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. Here, the Government acts as banker. The balance after disbursements is the fund available with the Government for use for various activities.

Table 1.15: Net receipts under public account heads

(₹ in crore)

Resources under various heads	2009-10	2010-11	2011-12	2012-13	2013-14
Public Account receipts					
a. Small Savings, Provident Fund etc.	2849.29	2489.94	3839.05	3685.54	4231.86
b. Reserve Fund	328.42	407.21	146.93	-145.58	78.02
c. Deposits and Advances	436.87	468.89	-51.47	1140.93	187.43
d. Suspense and Miscellaneous	370.14	-197.30	852.37	712.44	-946.60
e. Remittances	57.31	26.92	-157.40	30.49	-168.48
Total	4042.03	3195.66	4629.48	5423.82	3382.23

The above table shows that overall net receipts under public account decreased by ₹2,260.65 crore from ₹5,423.82 crore in 2012-13 to ₹3163.17 crore in 2013-14. Though there was an increase of ₹546.32 crore under the sector 'Small Savings, Provident Fund, etc.', substantial decrease was noticed under 'Deposit and Advances' (₹953.50 crore) and 'Remittances' (₹198.97 crore).

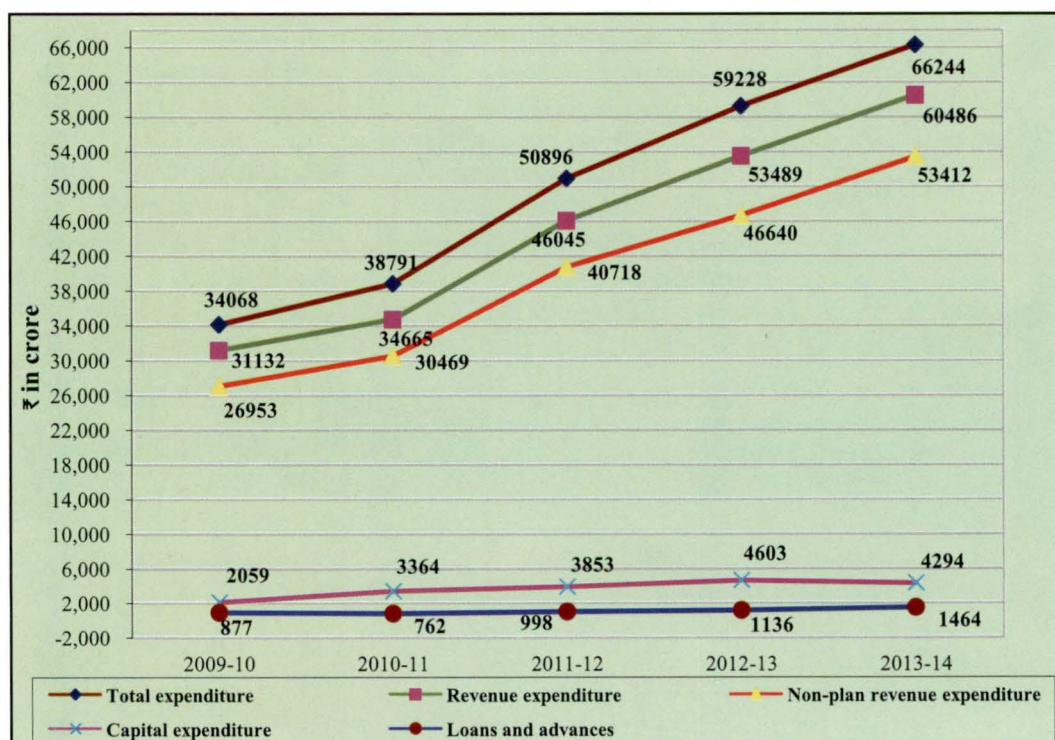
1.6 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by 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 the expenditure directed towards development of social sector.

1.6.1 Growth and Composition of Expenditure

The total expenditure of the State Government consists of revenue expenditure as well as capital expenditure which include expenditure on loans and advances. The trends in various components of total expenditure-Plan and Non-Plan revenue expenditure, committed expenditure such as salaries and wages, interest payments, pension payments and subsidies, financial assistance to local bodies, etc., are discussed in the succeeding paragraphs. **Chart 1.7** presents the trends in total expenditure of the State Government over a period of five years (2009-14).

Chart 1.7: Total expenditure: trends and composition



The total expenditure increased (11.8 per cent) from ₹59,228 crore in the previous year to ₹66,244 crore in 2013-14. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.16**. During 2004-05 to 2012-13, the compounded annual growth rate of total expenditure (16.01 per cent) was more than the growth rate of other General

Category States (15.37 per cent) (Appendix 1.1).

Table 1.16: Total expenditure – basic parameters

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Total expenditure (TE) (₹ in crore)	34068	38791	50896	59228	66244
Rate of growth (<i>per cent</i>)	10.2	13.9	31.2	16.4	11.8
TE/GSDP ratio (<i>per cent</i>)	14.7	14.7 ^(*)	16.5 ^(*)	17.0 ^(*)	16.4
RR/TE ratio (<i>per cent</i>)	76.6	79.9	74.7	74.5	74.2
Buoyancy of TE with reference to:					
GSDP (ratio)	0.7	1.0 ^(*)	1.9 ^(*)	1.2 ^(*)	0.8
RR (ratio)	1.6	0.7	1.4	1.0	1.0

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

The increase (₹7,016 crore) of total expenditure during 2013-14 was on account of increase of ₹6,997 crore in revenue expenditure and ₹328 crore in disbursement of loans and advances. This increase was offset by decrease of ₹309 crore in capital expenditure. During the last four years, ratio between revenue receipt and total expenditure showed a declining trend, indicating the widening of gap in receipt and expenditure amounts of the State Government. Though the Buoyancy of the total expenditure with respect to GSDP was more than one during the period 2010-2013, the Buoyancy came down to less than one during 2013-14. This indicates that the total expenditure growth was less than the GSDP during the year 2013-14, which is positive. Buoyancy of total expenditure with revenue receipt was one during the last two years indicating that the growth of revenue receipt was in pace with total expenditure.

During the five-year period 2009-14, the revenue expenditure increased in absolute terms from ₹31,132 crore in 2009-10 to ₹60,486 crore in 2013-14. However, capital expenditure increased only from ₹2,059 crore in 2009-10 to ₹4,294 crore indicating Government's low priority towards the creation of capital assets. Though, share of revenue and capital expenditure in total expenditure almost remained static reduced growth of capital expenditure in absolute terms is not a positive sign towards the economic growth of the State.

1.6.2 Trends in total expenditure in terms of activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, grants-in-aid and loans and advances. Relative shares of these components in the total expenditure showed nearly two *per cent* increase under General Services and 2.5 *per cent* decrease under Economic Services and a marginal decrease under Social Services during 2013-14 as indicated in **Table 1.17**.

Table 1.17: Components of expenditure – relative shares

Particulars	(in per cent)				
	2009-10	2010-11	2011-12	2012-13	2013-14
General Services	41.1	40.0	40.2	38.7	40.4
<i>of which, Interest Payments</i>	15.5	14.7	12.4	12.2	12.5
Social Services	31.8	32.4	33.0	32.8	32.6
Economic Services	17.2	18.4	18.1	19.8	17.3
Grants-in-aid	7.3	7.2	6.7	6.8	7.5
Loans and Advances	2.6	2.0	2.0	1.9	2.2

1.6.3 Revenue Expenditure

Revenue expenditure increased by 13 per cent (₹6,997 crore) during 2013-14 when compared to previous year. The increase in revenue expenditure was mainly due to increase in expenditure under the major heads ‘Miscellaneous General Services’⁹ (₹1,198 crore), ‘General Education’ (₹1123 crore), ‘Pension and Other Retirement Benefits’ (₹1,104 crore), ‘Interest Payments’, (₹1,061 crore), ‘Compensation and Assignments to Local Bodies and Panchayati Raj Institutions’ (₹955 crore), ‘Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities’ (₹422 crore), ‘Medical and Public Health’ (₹364 crore), ‘Social Security and Welfare’ (₹171 crore), etc.

1.6.3.1 Incidence of revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations and does not result in any addition to the State’s infrastructure and service network. During the last five years the share of Revenue expenditure was around 90 per cent of the total expenditure. The overall revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP, to revenue receipts and its buoyancy are indicated in **Table 1.18**.

Table 1.18: Revenue expenditure – basic parameters

Particulars	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue expenditure (RE)	31132	34665	46045	53489	60486
Non-plan revenue expenditure (NPRE)	26953	30469	40718	46640	53412
Plan revenue expenditure (PRE)	4179	4196	5327	6849	7074
Rate of Growth of					
RE (per cent)	10.3	11.3	32.8	16.2	13.1
NPRE (per cent)	7.8	13.0	33.6	14.5	14.5
PRE (per cent)	30.1	0.4	27.0	28.6	3.3

⁹ Includes ₹1,120 crore towards expenditure under ‘State Lotteries’

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue expenditure as percentage to TE	91.4	89.4	90.5	90.3	91.3
NPRE/GSDP (<i>per cent</i>) ^(*)	11.6	11.6	13.2	13.4	13.3
NPRE as percentage of TE	79.1	78.5	80.0	78.7	80.6
NPRE as percentage of RR	103.2	98.3	107.1	105.7	108.6
Buoyancy of revenue expenditure with					
GSDP (ratio) ^(*)	0.7	0.8	2.0	1.2	0.9
Revenue receipts (ratio)	1.6	0.6	1.4	1.0	1.1

Source : Finance Accounts

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

Table 1.18 shows that RE and NPRE have shown a growth of 94 and 98 *per cent* respectively during the last five years. Though the declining growth rate of NPRE after 2011-12 was a good indicator, State's NPRE for the year was ₹15,758 crore more than the projections (₹37,654 crore) made before Thirteenth Finance Commission (ThFC). Significant decline in growth of PRE during 2013-14 indicates the inability of the State to provide sufficient funds for plan schemes.

Table 1.18 also shows that NPRE as a percentage of TE was around 80 *per cent* during the last five years. However, its percentage with RR indicates that State's RR was not sufficient to meet NPRE during four out of last five years. It is almost three percentage point more during 2013-14 than the previous year and nearly nine *per cent* more than the revenue receipt is a matter of concern for the State Government.

When compared to previous year, buoyancy of revenue expenditure with respect to GSDP was less than one, indicating that growth rate of revenue expenditure was less than the growth rate of GSDP. However, buoyancy with respect to RR was more than one indicating that RR was not growing in pace with RE.

1.6.3.2 Expenditure on salaries, wages, interest payments, pension, etc.

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.19** presents the trends in the expenditure on these components during 2009-14.

Table 1.19: Components of committed expenditure

Components of committed expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	
					BE	Actuals
Salaries* and Wages,	9894	11178	16229	17505	19884	19554
Non-plan head	9529	10815	15681	16939	19127	18954
Plan heads**	365	363	548	566	757	600
Interest payments (MH 2049)	5292	5690	6294	7205	7673	8265
Expenditure on pensions (MH 2071)	4706	5767	8700	8867	9438	9971

Components of committed expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	
					BE	Actuals
Subsidies	442	627	1 014	1 268	954	1279
Total	20334	23262	32237	34845	37949	39069
Revenue Expenditure	31132	34665	46045	53489	60327	60486
Revenue Receipts	26109	30991	38010	44137	58058	49177
Percentage of committed expenditure to Revenue expenditure	65	67	70	65	63	65
Percentage of committed expenditure to Revenue receipts	78	75	85	79	65	79
* Salaries include teaching grant paid to aided educational institutions like schools and colleges to meet the salaries of their teaching and non-teaching staff.						
**The plan heads also include the salaries and wages paid under Centrally Sponsored schemes						

The percentage of committed expenditure of the State with respect to Revenue Expenditure and Revenue Receipt during 2013-14 remained the same as in the previous year. However, consumption of 79 per cent of the Revenue receipts for committed expenditure was high when compared to the State's estimation of 65 per cent.

During 2013-14, expenditure on salaries and pension showed a growth rate of 12 per cent comparing to previous year. This was one percentage point less than the growth rate of revenue expenditure (13 per cent). But, expenditure on interest payment showed a higher growth rate (14 per cent) due to increased expenditure (₹938 crore) on interest payments of market loans.

Expenditure on pension exceeded the projections made in the Medium Term Fiscal Plan (₹9,438 crore) by ₹533 crore and projections (₹7,321 crore) made before ThFC by ₹2,650 crore. Though the expenditure on interest payments was in line with the projections before the ThFC, it exceeded the projection in the MTFP by ₹592 crore.

1.6.4 Implementation of new pension scheme in the State

GoI introduced (August 2003) a New restructured defined contribution Pension System (NPS) for new entrants to Central Government service, replacing the then existing system of defined benefit pension, General Provident Fund and gratuity. According to the new pension scheme, all those who joined Government of India service from 1 January 2004 are required to contribute monthly 10 per cent of the basic pay and dearness allowance to the pension account and the Government has to make an equal contribution to the pension account. The entire contributions and the returns on investments made out of the contributions are required to be kept in a non-withdrawable pension tier-I account of All India Service (AIS) officers of Kerala cadre who joined after 1.1.2004. The State Government also introduced the new system of pension scheme to its employees, who joined service on or after 1 April 2013.

Audit analysed the implementation of NPS among AIS officers and State Government employees and audit observations in this regard are summarised below:

Though the scheme was effective from 1.1.2004 (among AIS officers serving in the State), State Government did not initiate any steps to recover the contribution from officials and deposit in pension fund along with Government contribution till 2010. However, based on the detailed instructions issued by GoI in September 2009, State Government designated (May 2010) Additional Secretary (Pension), Finance Department as State Nodal Officer (SNO) for all NPS related activities in the State. SNO was required to obtain the duly filled in PRAN (Permanent Retirement Account Number) applications from the AIS officers through the appointing authority and forward it to National Security Depository Limited (NSDL)¹⁰. Out of 71 AIS officers joined the State cadre since 1 January 2004, PRAN has been obtained for only 14 officials till July 2014. This shows laxity on the part of Government in implementing the scheme.

Audit worked out (upto March 2014) the employee and employer contribution towards NPS of AIS officers and information furnished by Finance Department in respect of State Government employees, which are as detailed in **Table 1.20**.

Table 1.20 : Details of pension contribution due and amount recovered

(₹ in crore)

Category (1)	Number covered under the scheme(2)	Employees contribution		State's contribution		Amount to pension account	
		Due (3)	Recovered (4)	Due (5)	Recovered (6)	Due 7(3+5)	Remitted (8)
AIS Officers	71	1.42	0.27 ¹¹	1.42	Nil	2.84	0.03
State Employees	12430	11.99	NA	11.99	Nil	23.98	Nil
Total	12501	13.41	0.27	13.41	Nil	26.82	0.03

Source : Data compiled from the data available in o/o the Prl.AG(A&E)

On being asked by Audit, State Government stated that as the entire system of accounting and investment of subscription (contribution of NPS) is made on-line at national level, the State had to set up necessary infrastructure facilities in treasuries and in the salary processing system (SPARK). These formalities have been completed and subscription towards NPS commenced from February 2014 onwards.

Audit foresees the following adverse impact due to delayed implementation of this scheme:

- Loss of intended social security benefits of savings and related interest that would have accrued due to non-recovery and transfer of employee's contribution as well as matching contribution of Government into pension account.

¹⁰ Agency for central record keeping and accounting infrastructure for management of funds

¹¹ Amount recovered and credited under the head of account 8342-00-117-99, opened for the purpose as per GO dated 24 May 2010

- Likely financial burden on individuals, especially those who have joined service as early as in 2004, in case they are required to pay the arrears of their contribution.

1.6.5 Subsidies

As per Finance Accounts an amount of ₹1,279 crore was given as subsidy during 2013-14 which was almost the same as in the previous year (₹1,268 crore). It mainly includes amount given to Food Corporation of India in respect of reimbursement of price difference of ration rice and wheat (₹611 crore), for Paddy procurement through Kerala State Civil Supplies Corporation (₹176 crore), to Kerala State Civil Supplies Corporation Limited for market intervention (₹116 crore) and subsidy to the Kerala State Electricity Board towards Power Tariff Concessions (₹150 crore).

1.6.6 Financial assistance to Local Bodies and Other Institutions

The quantum of assistance provided by the Government as grants and loans to local bodies, educational institutions, Government companies, Welfare Fund Boards, etc during the current year relative to the previous years is presented in **Table 1.21**.

Table 1.21: Financial assistance to local bodies, educational institutions, etc.

(₹ in crore)

Financial Assistance to Institutions	2009-10	2010-11	2011-12	2012-13	2013-14
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	3546.61	4087.83	5605.77	6204.36	6934.56
Municipal Corporations and Municipalities	834.46	901.87	1073.78	1177.77	1358.09
Zilla Parishads and Other Panchayati Raj Institutions	2996.66	3411.65	4203.98	5279.31	6421.60
Development Agencies	2.04	5.25	5.50	5.15	6.42
Hospitals and Other Charitable Institutions	76.40	139.02	144.46	153.33	94.19
Other Institutions ¹²	1159.47	1252.58	1065.96	896.42	1323.46
Total	8615.64	9798.20	12099.45	13716.34	16138.32
Assistance as percentage of revenue expenditure	28	28	26	26	27

Source: Finance Accounts and information received from the State Government

The financial assistance to local bodies and other institutions increased (87 per cent) from ₹8,615.64 crore in 2009-10 to ₹16,138.32 crore in 2013-14. During 2013-14, financial assistance to all categories except Hospital and other charitable institutions increased over the previous year. Consequently, as a percentage of revenue expenditure it increased from 26 per cent in the previous year to 27 per cent.

¹² Other institutions, *inter alia*, include Kerala University of Health and Allied Science (₹18.14 crore), Kerala Sports Council (₹35 crore), Kerala Water Authority (₹278.89 crore) State Council for Science, Technology & Environment (₹84.07 crore), Welfare fund for Cashew workers (₹34.48 crore), Kerala Industrial Infrastructure Development Corporation (₹91.68 crore), Infopark-Technopark-Land acquisition (₹120.04 crore), Corporation for the welfare of the physically handicapped (₹425 crore), etc.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure involves whether adequate funds were provided for public expenditure (i.e. adequate provisions for providing public services) and the fund spent efficiently and effectively to achieve the intended objectives.

1.7.1 Adequacy of public expenditure

The responsibilities relating to expenditure on the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.22** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2010-11 and 2013-14.

Table 1.22: Fiscal priority of the State in 2010-11 and 2013-14

(in per cent)

Fiscal Priority by the State*	AE/ GSDP	DE [#] / AE	SSE/ AE	CE/ AE	Education/ AE	Health/ AE
General Category States' ^(@) Average, 2010-11	15.78	65.09	36.88	13.49	17.48	4.37
Kerala's Average, 2010-11	14.71	52.65	32.86	10.64	17.42	5.32
General Category States' Average, 2013-14	15.92	66.45	37.56	13.62	17.20	4.51
Kerala's Average, 2013-14	16.44	51.79	33.37	8.69	17.46	5.49

* As per cent to GSDP
 AE: Aggregate (Total) Expenditure DE: Development Expenditure
 SSE: Social Sector Expenditure CE: Capital Expenditure.
 # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed (Social and Economic sector).
 (@) Delhi, Goa and Puducherry are not included in the General Category States' data

- Comparing to General Category States the State's aggregate expenditure as a proportion of its GSDP was less during 2010-11 but it was higher during 2013-14.
- Development expenditure as a proportion of aggregate expenditure was lower than the General Category States' average during 2010-11 and 2013-14 indicating State's low priority towards developmental expenditure.
- The proportion of capital expenditure to aggregate expenditure has been much lower as compared to General Category States during 2010-11 and 2013-14. Almost two percentage point decrease in its proportion during

2013-14 when compared to 2010-11, indicated State's decreasing priority towards capital expenditure.

- State's expenditure on social sector also less than the General Category States. However, the State had given adequate priority to education and health sectors during 2013-14 compared to other General Category States.

Non-assigning of adequate priority to capital sector and development expenditure would adversely affect the creation of the much needed assets to stimulate socio-economic growth of the State. In the exit meeting, Additional Chief Secretary, Finance Department stated that the main reason for reduced capital expenditure was delay in clearing pending bills of Public Works Department meant for capital works.

1.7.2 Efficiency of expenditure

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods¹³. Development expenditure comprised of revenue and capital expenditure including loans and advances in socio-economic services. **Table 1.23** presents the trends in development expenditure relative to the aggregate expenditure of the State during the period 2009-10 to 2013-14. **Chart 1.8** presents component-wise development expenditure during 2009-14.

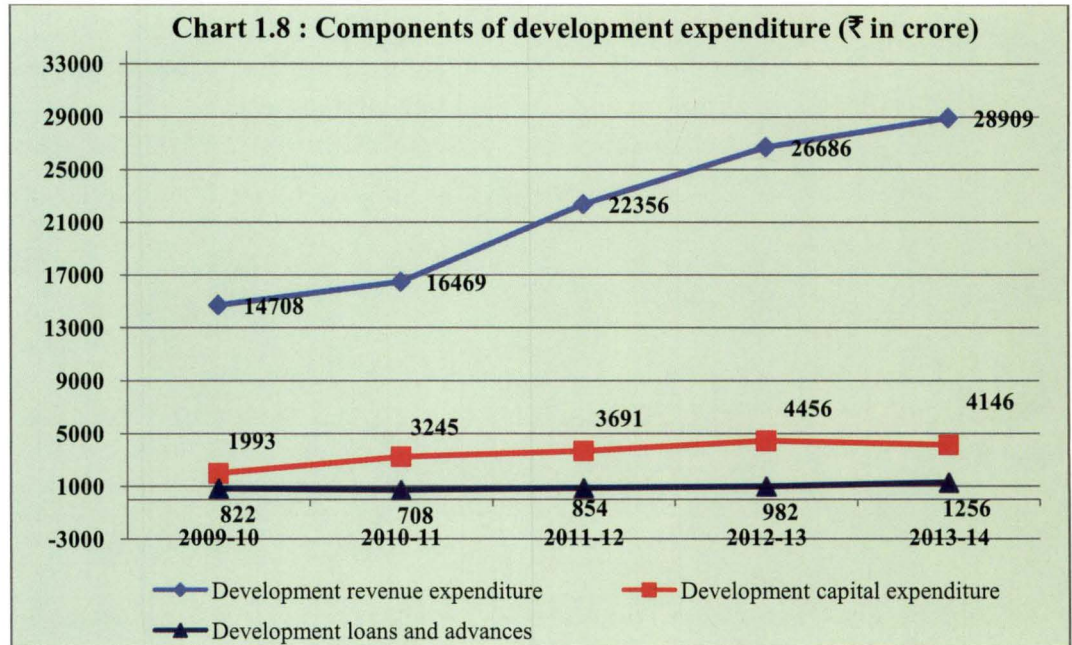
Table 1.23: Development expenditure

Components of Development Expenditure	(₹ in crore)			
	2012-13	2013-14	Percentage of increase	Share in Aggregate expenditure
Development revenue expenditure	26686	28909	9	44
Development capital expenditure	4456	4146	(-)7	6
Development loans and advances	982	1256	28	2
Total Development expenditure	32124	34311	7	52
Aggregate expenditure	59228	66244	12	

Source: Finance Accounts and Annual Financial Statement of the State Government for 2013-14

¹³ *Core public goods* are goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

While aggregate expenditure showed a growth rate of 12 per cent, the growth rate of development expenditure was only 7 per cent. Though 52 per cent of the share of aggregate expenditure was utilised for development expenditure, 44 per cent was for development revenue expenditure, indicating that adequate priority was not given for infrastructure development.



Development expenditure increased by 96 per cent (₹16,788 crore) from ₹17,523 crore in 2009-10 to ₹34,311 crore in 2013-14. However, during 2013-14, 84 per cent of the development expenditure was development revenue expenditure. Share of development capital expenditure, including loans and advances was only 16 per cent.

Development revenue expenditure increased by eight per cent (₹2,223 crore) from ₹26,686 crore in 2012-13 to ₹28,909 crore in 2013-14. The increase was mainly due to increase in expenditure under the sub-sectors 'Education, Sports, Art and Culture' (₹1178 crore), 'Health and Family Welfare' (₹395 crore) and Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹422 crore).

Development capital expenditure decreased by seven per cent (₹310 crore) from ₹4,456 crore in 2012-13 to ₹4,146 crore in 2013-14. The decrease was mainly under the sub sector 'Capital account on Transport' (₹1051 crore). This decrease was partly offset by increase in the sub-sector 'Capital account on General Economic Services' (₹566 crore).

Apart from improving the allocation towards development expenditure¹⁴, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure.

Details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services are given in **Table 1.24**.

Table 1.24: Efficiency of expenditure in selected Social and Economic Services

Social/Economic Infrastructure	2012-13			2013-14		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M
Social Services (SS)						
General Education	0.6	86.9	0.0	0.3	86.7	0.0
Health and Family Welfare	4.0	72.0	0.3	3.6	72.3	0.3
Water Supply, Sanitation, Housing and Urban Development	7.2	4.9	3.1	5.1	5.7	1.5
Total (SS)	2.8	62.2	0.8	2.8	62.7	0.7
Economic Services (ES)						
Agriculture and Allied Activities	5.4	25.2	0.1	5.8	27.0	0.1
Irrigation and Flood Control	41.4	51.8	48.3	43.1	64.0	38.9
Power and Energy	0.0	0.3	0.0	1.5	0.2	0.0
Transport	59.7	12.0	37.2	47.0	13.6	26.4
Total (ES)	32.1	24.7	11.8	28.9	27.2	8.1
Total (SS+ES)	13.9	51.3	4.0	12.1	53.0	2.7
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations and Maintenance.						

Table 1.24 shows that share of salary and wages in revenue expenditure under Social and Economic services increased when compared to previous year indicating decrease in utilisation of budget allocation for other purposes. Salary and wages expenditure increased under all sub-sectors, except under 'Power and Energy' and 'General Education'.

Though percentage of capital expenditure in total expenditure was same as last

¹⁴ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

year under Social Services, percentage of sub-sector capital expenditure in its total expenditure decreased in respect of major sectors indicated in the table above. This indicates low priority of the State in activities other than salary and wages. In respect of Economic Services percentage of capital expenditure in total expenditure of the sector reduced by more than three percentage points, indicating decrease in expenditure for activities other than salary and wages.

Major decrease in ratio of Capital Expenditure to Total Expenditure was noticed under the sub-sector 'Transport' (from 59.7 to 47.0 *per cent*) was due to substantial reduction in expenditure under the major head 'Capital outlay on Roads and Bridges'.

1.8 Financial Analysis of Government Expenditure and Investments

In the post-Fiscal Responsibility and Budget Management framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/ investment (including loans and advances) requirements from its own sources of revenue. In addition, in a transition to complete dependence on market-based resources, the State Government is required to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies. The State is also required to 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.

1.8.1 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31 March 2014 is given in **Table 1.25**.

Table 1.25: Status of incomplete projects in the State

(₹ in crore)				
Sl. No	Name of the department/project	No. of incomplete projects/works	Initial budgeted cost	Cumulative actual expenditure as on 31 March 2014
1.	Irrigation Department – (Irrigation and Minor Irrigation Works)	14	138.00	67.22
2.	Public Works Department – (Roads)	99	460.77	303.64
3.	Public Works Department – (Bridges)	45	279.30	166.38
4.	Public Works Department – (Buildings)	64	238.17	155.70
5.	Harbour Engineering Department	6	59.49	65.77
	Total	228	1175.73	758.71

Source: Appendix X of Finance Accounts 2013-14

According to information included in the Finance Accounts, 228 projects/works

were not completed within the stipulated time though an expenditure of ₹758.71 crore was incurred up to March 2014. Delay in completion of projects/works may result in cost overrun, besides denying the desired benefit to the people and the State.

1.8.2 Investment and returns

As of 31 March 2014, the State Government had invested ₹5,623.61 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (Table 1.26). The average return on these investments was 1.5 per cent in the last five years while the Government paid an average interest rate ranging from 7.1 per cent to 7.5 per cent on its borrowings during 2009-2014.

Table 1.26: Return on investments

Investment/Return/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Investment at the end of the year (₹ in crore)	3328.25	3807.52	4206.43	4511.03	5623.61
Return (₹ in crore)	27.29	75.46	67.44	48.15	100.58
Return (per cent)	0.8	2.0	1.6	1.1	1.8
Average rate of interest on Government borrowing (per cent)	7.5	7.3	7.2	7.1	7.1
Difference between interest rate and return (per cent)	6.7	5.3	5.6	6.0	5.3

Source: Finance Accounts of the State Government

During 2013-14, the State Government invested ₹61.14 crore in Statutory Corporations, ₹ 454.15 crore in Government Companies and ₹ 83.54 crore in Co-operative Banks and Societies.

1.8.3 Loans and advances by the State

In addition to investments in Co-operative Societies, Statutory Corporations and Government Companies, the Government has also been providing loans and advances to many institutions/organisations. Table 1.27 presents the outstanding loans and advances as on 31 March 2014 and interest receipts vis-à-vis interest payments during the last five years.

Table 1.27: Average interest received on loans advanced by the State
(₹ in crore)

Quantum of Loans/Interest Receipts/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Opening balance	6910 ¹⁵	7749	8461 ¹⁶	9394 ¹⁷	10360 ¹⁸
Amount advanced during the year	877	762	998	1136	1464
Amount repaid during the year	38	44	55	74	103
Closing balance	7749	8467	9404	10456	11721
Net addition	839	718	943	1062	1361
Interest receipts	46	44	23	19	21

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31 March 2014 increased by ₹1,361 crore compared to those of the previous year. The major disbursement of loans during the current year was mainly to the Kerala State Housing Board for the settlement of dues with Housing Development Finance Corporation (₹291 crore), to the Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹194 crore), Kerala Industrial Infrastructure Development Corporation (₹92 crore) and to the Kerala State Road Transport Corporation (₹425 crore). Interest received against these loans remained less than one *per cent* during the period 2009-10 to 2013-14 and was 0.2 *per cent* during 2013-14 as against the cost of borrowing of 7.1 *per cent* during the year.

1.8.3.1 Defaulters on loan repayment

Government has been providing loan assistance to Statutory Corporations, Government Companies, Autonomous Bodies/Authorities etc., and the same was treated as assets in the Government accounts. As per Finance Accounts, outstanding balance at end of March 2014 was ₹11,721.13 crore. These institutions/organizations defaulted in this regard and arrears in repayment at the end March 2014 from 72 institutions/organizations was ₹7,657.66 crore (Principal: ₹4,648.89 crore and Interest: ₹3,008.77 crore). About 86 *per cent* of the above arrears pertain to five institutions/organizations viz. Kerala Water Authority (₹3,294.04 crore), Kerala State Electricity Board (₹1,728.62 crore), Kerala State Road Transport Corporation (₹648.97 crore), Kerala State Housing Board (₹618.24 crore) and Kerala State Cashew Development Corporation (₹295.64 crore). In spite of this arrears in repayment, State Government released

¹⁵ Difference of ₹318 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (pp) of Statement no.16 of Finance Accounts 2009-10.

¹⁶ Difference of ₹ six crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (Z) of Statement no.16 of Finance Accounts 2011-12.

¹⁷ Difference of ₹10 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no.16 of Finance Accounts 2012-13.

¹⁸ Difference of ₹96 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (p) of Statement no.16 of Finance Accounts 2013-14.

₹1,018.05 crore to 23 institutions/organizations (defaulted loanees) during the current year. This includes Kerala State Housing Board (₹296.10 crore), Kerala Water Authority (₹193.67 crore) and Kerala State Road Transport Corporation (₹425 crore).

It was also observed that State Government released 99 loans to 31 institutions/organizations amounting to ₹165.59 crore, during the period from 1991-92 to 2013-14, without specifying the terms and conditions for repayment. In order to provide a true and fair status to the balance sheet of the State Government, Government needs to take effective steps to reduce these non-performing assets.

1.8.4 Cash balances and investment of cash balances

The cash balances and investments made by the State Government out of the cash balances during the year are shown in **Table 1.28**.

Table 1.28: Cash balances and investment of cash balances

(₹ in crore)

Particulars	As on 31 March 2013	As on 31 March 2014	Increase/ Decrease(-)
Cash balances	4692.73	2279.82	(-)2412.91
Investments from cash balances (a + b)	3201.71	764.31	(-)2437.40
a. GOI Treasury Bills	3194.48	757.08	(-)2437.40
b. GOI Securities	7.23	7.23	...
Fund-wise break-up of investments from earmarked balances (a to d)	1402.19	1511.72	109.53
a. Reserve funds bearing interest			...
b. Reserve funds not bearing interest	1402.19	1511.72	109.53
c. Deposit bearing interest			...
d. Deposit not bearing interest			...
Interest realised during the year on investment of cash balances	123.38	78.39	(-)44.99

Source: Finance Accounts of the State Government

During the year, though investments in Reserve Funds (not bearing interest) increased by ₹109.53 crore, State's cash balance investment in GOI Treasury Bills reduced by ₹2437.40 crore. Consequently, substantial decrease was noticed in State's cash balance at the end of the year.

- Cash balance as on 31 March 2014 was ₹2,279.82 crore, decrease of ₹2,412.91 crore over the previous year.
- The interest received during the year on investment of cash balances also decreased by ₹44.99 crore as compared to the previous year.

1.8.4.1 Outstanding balances under the head 'Cheques and Bills'

This head is an intermediary accounting head for initial recording of transactions which are to be cleared eventually. As per accounting rules, when a cheque is

issued, the functional head is debited and the Major Head-8670-Cheques and Bills is credited. On clearance of the cheque by the bank, the minus credit is given to Major Head 8670-Cheques and Bills by crediting the Major Head- 8675-Deposits with Reserve Bank and thereby reducing the cash balance of the Government. Thus, the outstanding balance under the Major Head 8670-Cheques and Bills represents the amount of un-encashed cheques.

As on 31 March 2014, there was an outstanding balance (cumulative) of ₹1,371.42 crore. Audit scrutinised status of un-encashed cheques at the end of the financial year and observed that out of ₹1,371.42 crore, cheques for ₹1,168.11 crore encashed during the month of April 2014, leaving a balance of ₹203.31 crore under 8670-cheques and bills at the end of April 2014.

As per the existing system, validity of a Pay Order Cheques (POC) expires after completion of three months. The amount on these time-barred POCs has to be drawn by the Treasury Officer, by presenting a separate bill for the amount. Information collected from 17 out of 22 district treasuries, revealed that 866 time barred POCs for ₹2.41 crore were remaining unadjusted as on 31 March 2014. Out of the above 793 POCs were more than one year old.

The Director of Treasuries (DoT) informed that treasuries have a system of Internal Audit to examine the unencashed cheques and major reason for pending payments was the 'loss of POC' or failure to encash POC in time by the beneficiaries for the reason of their own. The fact, however, remains that in spite of the inspections as stated by the Director of Treasuries, POCs remained unencashed in the above treasuries. DoT informed that fresh direction has also been given to all Deputy Directors, District Treasury Officers and Sub Treasury Officers to conduct a review separately.

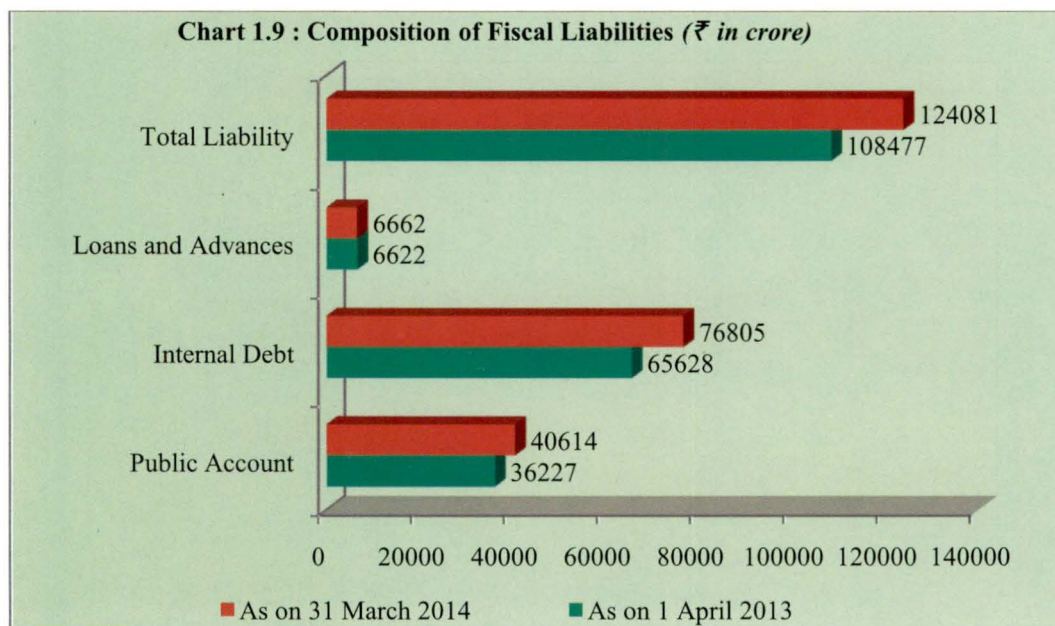
1.9 Assets and Liabilities

1.9.1 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 1.4** gives an abstract of such liabilities and assets as on 31 March 2014, compared with the corresponding position as on 31 March 2013. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GOI, receipts from the Public Account and Reserve Funds, the assets mainly comprise of the capital outlay and loans and advances given by the State Government and its cash balances.

1.9.2 Fiscal liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.5**. The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Chart 1.9**.



The overall fiscal liabilities of the State increased from ₹1,08,477 crore in 2012-13 to ₹1,24,081 crore in 2013-14, a growth rate of 14 *per cent*, this was two *per cent* less than the growth rate shown in the previous year. Fiscal liabilities of the State comprised of Consolidated Fund liabilities and Public Account liabilities. At the end of March 2014, the Consolidated Fund liabilities (₹83,467 crore) comprised of Market Loans (₹60,183 crore), Loans from the Government of India (₹6,662 crore) and Other Loans (₹16,622 crore). The Public Account liabilities (₹40,614 crore) comprised of Small Savings, Provident Funds, etc., (₹35,542 crore)¹⁹, interest bearing obligations (₹78 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹4,994 crore). During the year, fiscal liabilities as a percentage of GSDP was 30.8 *per cent* against 31.1²⁰ *per cent* in the previous year. This is almost in line with the target fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. As in the previous year, fiscal liabilities stood at 2.5 times of the revenue receipts.

The overall liabilities of the State include balance under Reserve Funds amounting to ₹1881.16 crore (as on 31 March 2014). The details in respect of two of the reserve funds are given in succeeding paragraphs:

¹⁹ This includes liabilities from the Treasury Savings Bank Account (₹8,106 crore) and Treasury Fixed Deposits (₹6,594 crore).

²⁰ Change in figure is due to adoption of new series of GSDP figures.

(a) State disaster response fund

The State Disaster Response Fund (SDRF) was set up on 1 April 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹112.20 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2013-14 fixed by the ThFC was ₹151.74 crore, 75 per cent (₹113.81 crore) of which was to be contributed by the Central Government and 25 per cent (₹37.93 crore) by the State Government. During the year, the State Government credited ₹258.02 crore to the Fund. This includes ₹151.74 crore (being the contribution fixed by ThFC) and ₹10.27 crore (GOI share: ₹7.70 and State share: ₹2.57 crore) pertaining to 2012-13. In addition, ₹61.74 crore and ₹34.27 crore from National Disaster Response Fund for the years 2013-14 and 2012-13 respectively. After setting off the expenditure for disaster relief operations to the extent of ₹292.49 crore, the balance in SDRF as on 31 March 2014 was ₹77.73 crore.

According to the guidelines issued by the Government of India, the accretions to SDRF were to be invested in Central Government dated securities and/or Auctioned Treasury Bills and/or interest earning deposits and Certificates of deposits with Scheduled Commercial Banks. However, no such investments were made by the State Government so far. The interest payable on the uninvested balances of earlier years has also not been estimated.

(b) Consolidated sinking fund

The State Government had set up a Consolidated Sinking Fund with effect from the financial year 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the outstanding liabilities of the Government. As per paragraph 5 of revised model scheme for the constitution and administration of Consolidated Sinking Fund of Kerala, the rate of contribution to the Consolidated Sinking Fund was 0.5 per cent of the outstanding liabilities as at the end of the previous year. According to this, the State Government had to contribute ₹ 542.38 crore during 2013-14 to the Consolidated Sinking Fund. However, the State Government did not contribute any amount to the Fund, during the current year. The balance outstanding in the Sinking Fund as on 31 March 2014 was ₹1,497.16 crore.

1.9.3 Study on Government Guarantees – contingent liabilities**(i) Introduction**

Article 293 of the Constitution of India empowers the State Governments to give guarantee on the security of the consolidated fund of the State within such limits

as may be fixed by the State Legislature. According to 'The Kerala Ceiling on Government Guarantees Act, 2003'(KCGG Act, 2003), the total outstanding Government guarantees as on 1 April of each year shall not exceed ₹14000 crore. Government gives guarantee on funds raised by Government companies, public sector undertakings, statutory bodies and cooperative bodies, from financial institutions and the nature of debt may be Term loans, Cash credit, overdraft, Bonds, fixed deposits, etc. The guarantee is liable to be invoked if the principal debtor fails to repay loans, bonds, etc., so guaranteed. According to the KCGG Act, 2003 the Government shall charge a minimum of 0.75 per cent of the actual outstanding balance of loan as on 31 March of the preceding year, as guarantee commission (GC) and this shall not be waived under any circumstances.

The maximum amount guaranteed and the outstanding amount on guarantees at the end of the year from 2009-10 to 2013-14 are given in **Table 1.29**.

Table 1.29 Guarantees given by the State

Guarantees	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maximum amount guaranteed during the year	10225.78	12625.07	11332.11	11482.25	12275.21
Outstanding amount of guarantees at the end of the year (includes interest and penal interest)	7495.00	7425.79	8277.44	9099.50	9763.36
Percentage of maximum amount guaranteed to total revenue	39	41	30	26	25
Maximum amount of ceiling as per Kerala Ceiling on Government Guarantees Act, 2003	14000	14000	14000	14000	14000

According to data furnished by Finance Department, the Government provided guarantee to 35 institutions (as on 31 March 2014) and the outstanding guarantee for 11 institutions were more than ₹100 crore each. Out of the total outstanding guarantee of ₹9763.36 crore, 62 per cent (₹6087.55 crore) pertains to Kerala State Financial Enterprises (KSFE) (outstanding ₹3000 crore) and Kerala State Co-operative Agricultural and Rural Development Bank (outstanding ₹3087.55 crore)

Audit conducted a study covering Finance Department, seven Administrative Departments and 20 beneficiary institutions to ascertain the efficacy of the system relating to management of guarantee and audit observations are summarised below:

(ii) Guarantee management

All matters involving financial implications are sanctioned by Finance Department. Therefore, Finance Department is required to maintain a record of the Government's commitment towards guarantee extended to various institutions. Further, based on the recommendations of Public Accounts

Committee²¹, Finance Department issued (July 2011) detailed guidelines to Administrative Departments for the maintenance of registers for monitoring of Government guarantee and recording of transactions relating to guarantee commission.

Audit observed that National University of Advanced Legal Studies (NUALS) obtained a loan of ₹20 crore (2012) from Kerala State Cooperative Bank and Kerala State Handicapped Persons Welfare Corporation Ltd obtained a loan of ₹eight crore from National Handicapped Finance and Development Corporation (March 2013) on Government guarantee without the concurrence of Finance Department. Hence the GC was not collected from the institutions as the details of the guarantee given to these institutions were not available with the Finance Department. Audit also noticed that the Administrative Departments were not keeping registers as mentioned in the Government circular (July 2011) for monitoring guarantees. This indicates lapse in internal control mechanism which resulted in loss of revenue on account of guarantee commission.

While admitting the audit observations, the Finance Department stated (October 2014) that the Administrative Departments sanctioned the Government guarantee without consulting Finance Department and assured that necessary corrective measures would be taken to avoid such instances in future. Finance Department also stated that the process of developing software is on for monitoring of guarantee and guarantee commission.

(iii) Guarantee commission

During the year, an amount ₹72.85 crore was received as guarantee commission and an amount of ₹257.44 crore was outstanding as on 31 March 2014. As per the information furnished by the Finance Department, the major defaulters of GC were Kerala State Housing Board (KSHB) (₹89.95 crore), Kerala Water Authority (₹28.04 crore), Kerala State Electricity Board (₹76.07 crore) and Kerala State Co-operative Hospital and Centre for Advanced Medical Studies Limited (₹26.23 crore). Audit scrutiny revealed the following:

- Government did not receive any GC from eight out of 35 institutions for the last four years.
- An interest free loan of ₹125.53 crore was sanctioned (August 2010) to Kerala State Co-operative Agriculture and Rural Development Bank for payment of GC dues towards the State Government, to avail fresh loan on Government guarantee. This loan was subsequently waived (March 2013) by the Government, thereby indirectly waiving the GC dues, which was not permissible under KCGG Act, 2003.

²¹ 145th report of Public Accounts Committee (2008-11)

- GC due (₹89.95 crore) to the Government, remained unadjusted in the accounts of KSHB (March 2014) when the liability of ₹1122.68 crore was taken over by the Government.

The Finance Department accepted the observations of Audit and stated (October 2014) that directions were given to the institutions to clear the GC dues and if they fail, the dues would be adjusted from the budgetary provisions of the respective institutions.

(iv) Guarantees becoming liabilities

Guarantees become liabilities of the guarantor if the debtor fails to repay the amount. As guarantees result in increase in liability, they should be examined in the same manner as a proposal for a loan, taking into account, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, the justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities, etc. Instances of guarantees that became liabilities of the State are detailed below:

- According to Finance Accounts (2013-14), the State Government sanctioned loan amounting to ₹61.69 crore (15 institutions) on loans invoking guarantee. The institutions have not made any repayment so far.
- Based on Government guarantee (2003), Kerala State Housing Board (KSHB) availed (₹1184.42 crore) two loan packages²² from Housing and Urban Development Corporation for implementation of housing schemes. As KSHB failed to repay the loan, State Government had to take over the liability and Government released an amount of ₹1122.68 crore as loan to KSHB to settle the dues.
- Data furnished by the Finance Department showed that eight²³ institutions did not repay any loan amount (loans availed against Government guarantee) to financial institutions during the past four years and the total outstanding for these institutions was ₹128.59 crore as on 31 March 2014.
- Invocation process for ₹7.47 crore was initiated against the Government by the banks as National University of Advanced Legal Studies (₹2.04 crore) and Kerala Automobiles Limited (₹5.43 crore) failed to repay the loans taken by them.

Thus, decision of the Government to stand as guarantor without ensuring the financial capacity of the institution resulted in a liability of ₹1184.37 crore (items

²² ₹744.34 crore in respect of economically weaker section loans and ₹440.08 crore in respect of low income group, middle income group, high income group loans and commercial loans.

²³ Meat Products of India (₹0.20 crore), Malappuram Spinning Mills (₹2.3 crore), The Quilon Co-operative Spinning Mills (₹2.50 crore), Priyadarshini Co-operative Spinning Mills (₹3.36 crore), Kerala State Co-operative Milk Marketing Federation (₹20.01 crore) Travancore rayons (₹41.72 crore), Marketfed (₹12 crore) and Kerala State Co-operative Hospital Complex (₹46.50 crore)

(i) and (ii)). An amount of ₹141.49 crore (items (iii) and (iv)) would also become a liability in the near future as the banks had initiated invocation process.

While admitting the audit observations, the Finance Department stated (October 2014) that currently there was no mechanism to monitor the loan repayment by the institutions. It was also stated that strict directions were given to the defaulters to clear the loan arrears and that the Department would ensure the clearance of the loan by obtaining half yearly remittance details from the institutions in future.

(v) *Guarantee redemption fund*

As per Section 6 of the KCGG Act, 2003, the Government was to constitute a Guarantee Redemption Fund. The guarantee commission charged under Section 5 of the Act was to form the corpus of the Fund. However, the Fund had not been constituted and consequently, guarantee commission of ₹583.13 crore collected during 2003-04 to 2013-14 had not been credited to the Fund but was treated as non-tax revenue in the relevant years and used for meeting the revenue expenditure of the Government. As per Finance Accounts 2013-14, ₹257.44 crore was outstanding from various entities towards guarantee commission since the inception of the Act. This amount would also have to be part of the Fund.

1.10 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability²⁴ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation²⁵; sufficiency of non-debt receipts²⁶; net availability of borrowed funds²⁷; burden of interest payments (measured by interest payments to

²⁴ Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that the rise in fiscal deficits should match the increase in the capacity to service the debts.

²⁵ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt x Interest spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or that debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling, which is a positive sign.

²⁶ 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.

²⁷ Defined as the ratio of 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.

revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.30** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2009-10.

Table 1.30: Debt sustainability: indicators and trends

(₹ in crore)					
Indicators of Debt Sustainability	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Stabilisation (Quantum Spread ²⁸ + Primary Deficit)	1981	2709(*)	1309(*)	(-)1837(*)	325
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 1525	141	(-)5084	(-)2187	(-)1942
Net Availability of Borrowed Funds	2834	2507	4426	8154	7350
Burden of Interest Payments (Interest Payment/Revenue Receipts <i>per cent</i>)	20	18	17	16	17
Maturity Profile of debt					
Up to one year	1587.67 (3.2)	2566.98 (4.7)	2154.64 (3.5)	2569.25 (3.6)	2674.90 (3.2)
One to three years	4503.59 (9.1)	5205.33 (9.5)	8401.13 (13.6)	5791.05 (8.0)	6829.83 (8.2)
Three to five years	5215.70 (10.5)	6260.17 (11.4)	9100.09 (14.7)	9100.72 (12.6)	12058.34 (14.4)
Five to seven years	6786.36 (13.7)	9314.78 (17.0)	13156.00 (21.3)	13181.39 (18.2)	13165.08 (15.8)
Seven years and above	27363.90 (55.1)	28162.37 (51.3)	24240.81 (39.2)	36932.83 (51.1)	44048.78 (52.8)
Maturity profile details not furnished by State Government	4216.09 (8.4)	3377.55 (6.1)	4740.42 (7.7)	4674.95 (6.5)	4689.63 (5.6)

Figures in parentheses indicate the percentage to total State debt

Source: Finance Accounts of the State Government

(*) change in figure is due to adoption of new series of GSDP figures

During 2010-11 to 2012-13, the quantum spread together with primary deficit decreased steadily and became negative during 2012-13 indicating a declining trend in Debt-GSDP ratio and disproportionate growth of debt when compared to growth rate of GSDP. However, it increased during 2013-14, due to marginal reduction in growth rate of debt compared to GSDP growth. The resource gap (sufficiency of non-debt receipts) was negative from 2011-12 onwards, which showed that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden.

During 2013-14, total borrowed funds under 'Public Debt' was ₹14,342 crore (including open market borrowings of ₹12,800 crore). After providing for interest and repayment of principal, the net availability was only ₹5,065 crore. Similarly, the accumulations in 'Public Account' (Small savings, Provident Fund, Reserve Fund, Deposit Account, etc. which were used by the State for bridging the fiscal resource gap), were ₹39,832 crore during the year. Under this sector, net availability of funds after disbursement with interest was only ₹2,285 crore. As

²⁸ Quantum spread = Debt x Interest spread.

the non-debt receipt of the State was also insufficient, some portion of this borrowing was also used for bridging revenue deficit. Consequently, State Government was left with ₹7,350 crore, for developmental activities from the total borrowings.

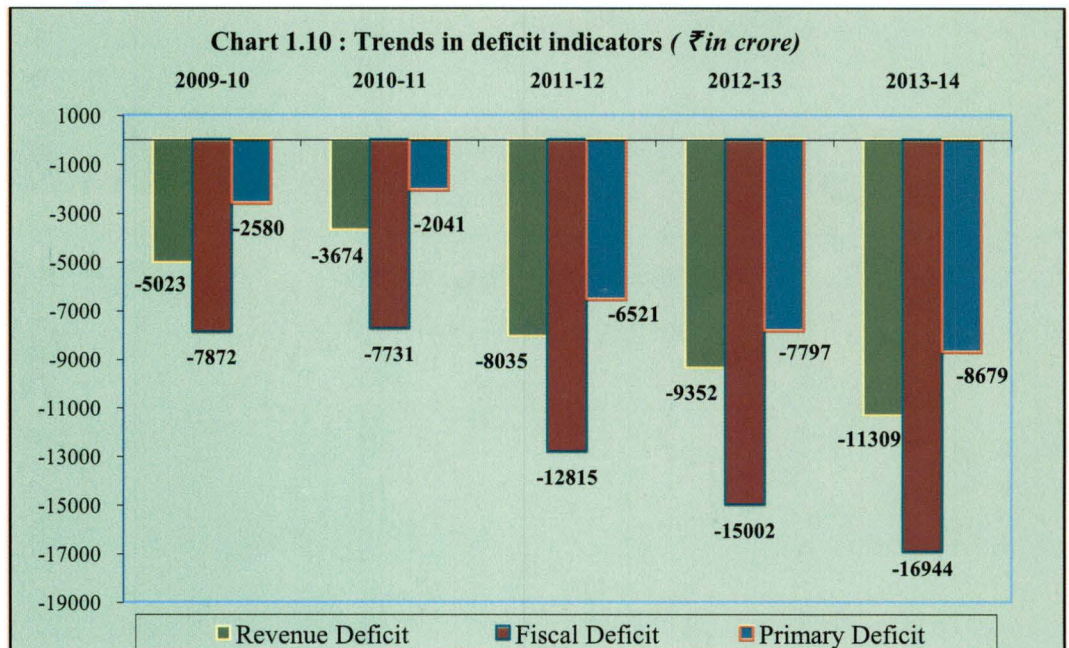
The maturity profile of State debt indicates that the Government will have to repay 38.4 per cent of its debt between one and seven years. A well thought out debt management strategy will ensure that no additional borrowings which mature in these critical years are undertaken.

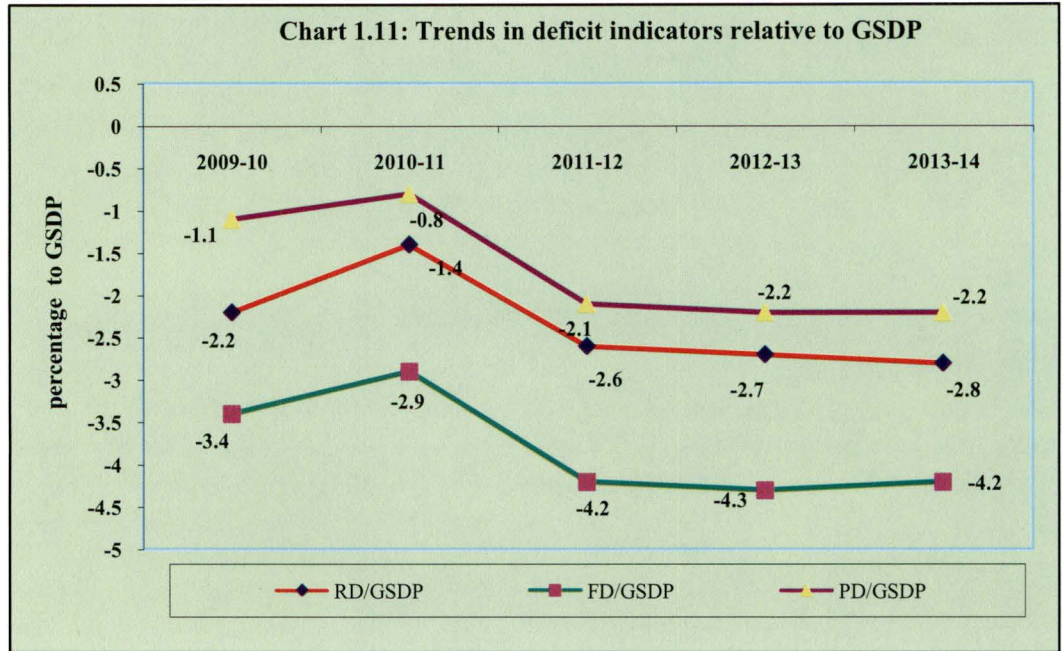
1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are raised and applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under the Fiscal Responsibility Act/Rules for the financial year 2013-14.

1.11.1 Trends in deficits

Charts 1.10 and 1.11 present the trends in deficit indicators over the period 2009-14.





The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts, which increased steadily since 2010-11 indicating disproportionate growth of revenue expenditure or low growth rate of revenue receipts. Revenue deficit increased more than three times during 2010-11 to 2013-14, in contrary to State's targets (reduce revenue deficit to 'Nil' by 2014-15) envisaged in Fiscal Responsibility (Amendment) Act, 2011.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap also increased steadily since 2010-11. It increased from ₹7,731 crore in 2010-11 to ₹16,944 crore in 2013-14.

More than four times increase was also noticed in primary deficit, since 2010-11 and it increased from ₹2,041 crore in 2010-11 to ₹8,679 crore in 2013-14. Increase in revenue deficit, fiscal deficit and primary deficit indicate the disproportionate growth of expenditure with regard to revenue receipts.

As a proportion of GSDP, the revenue deficit (1.4 per cent) and fiscal deficit (2.9 per cent) in 2010-11 were the lowest during the last five year period. These percentages increased to 2.8 per cent and 4.2 per cent respectively in 2013-14. These were more than the targets fixed (0.5 per cent and 3 per cent) in the Kerala Fiscal Responsibility (Amendment) Act, 2011 and (0.54 per cent and 2.82 per cent) in the Medium Term Fiscal Plan for 2013-14 to 2015-16.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.31**. Receipts and disbursements under the components of financing the fiscal deficit during 2013-14 are given in **Table 1.32**.

Table 1.31: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Decomposition of fiscal deficit						
1.	Revenue deficit	5023	3674	8035	9352	11309
2.	Net capital expenditure	2010	3339	3837	4588	4275
3.	Net loans and advances	839	718	943	1062	1360
Total fiscal deficit		7872	7731	12815	15002	16944
Financing pattern of fiscal deficit*						
1.	Market borrowings (net)	4710	4770	7496	10571	11373
2.	Loans from Government of India	297	54	36	226	40
3.	Special Securities Issued to National Small Savings Fund	(-) 140	42	(-)491	32	(-)42
4.	Loans from Financial Institutions	(-) 16	348	(-)7	(-)118	(-)77
5.	Small Savings, PF etc	2849	2490	3839	3686	4231
6.	Deposits and Advances	437	469	(-)52	1141	188
7.	Suspense and Miscellaneous	370	(-) 197	852	712	(-)946
8.	Remittances	57	27	(-)157	31	(-)168
9.	Others	(-) 31	399	32	(-)379	(-)68
10.	Total (1 to 9)	8533	8402	11548	15902	14531
11.	Increase (-)/Decrease (+) in Cash Balance	(-) 661	(-) 671	1267	(-)900	2413
12.	Overall deficit	7872	7731	12815	15002	16944

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

Source: Finance Accounts of the State Government

Table 1.32: Receipts and disbursements under components financing the fiscal deficit during 2013-14

(₹ in crore)

Sl. No.	Particulars	Receipt	Disbursement	Net
1.	Market borrowings	12800	1427	11373
2.	Loans from Government of India	392	352	40
3.	Special Securities Issued to National Small Savings Fund	565	607	(-)42
4.	Loans from Financial Institutions	501	578	(-)77
5.	Small Savings, PF etc	29473	25242	4231
6.	Deposits and Advances	9866	9678	188
7.	Suspense and Miscellaneous	75729	76675	(-)946
8.	Remittances	8923	9091	(-)168
9.	Others	469	537	(-)68
10.	Total (1 to 9)	138718	124187	14531
11.	Increase (-)/Decrease (+) in Cash Balance			2413
12.	Overall deficit			16944

Source: Finance Accounts of the State Government

Table 1.31 reveals that during the last five years market borrowings and net accretions in Public Account (especially in Small Savings, PF etc.) are the main source utilised by the State Government to finance the fiscal deficit. During 2013-14, ninety two *per cent* of the fiscal deficit was financed through net Market borrowings (₹11,373 crore) and accretions in the Small Savings, PF, etc. (₹4,231 crore).

During 2013-14, the State Government raised ₹12,800 crore as market loans at an average interest rate of 9.06 *per cent*, loans amounting to ₹501.25 crore from NABARD at an interest rate of 7.78 *per cent*, ₹565.14 crore from National Small Savings Fund at an interest of 9.5 *per cent* and ₹105.21 crore from NCDC at interest rates of 12.14 *per cent*. The State Government also received loans amounting to ₹392.01 crore from the Government of India during the year for which the details of interest rate on all loans were not available.

The State Government has been mobilising deposits from its employees, pensioners, institutions and general public through treasuries. During 2013-14, the State Government received ₹20,705.20 crore as deposits through Treasury Saving Bank accounts at an average interest rate of five *per cent* and ₹2,688.90 crore as Treasury Fixed Deposits at interest rates ranging between 7.25 *per cent* and 9 *per cent*. The balance of such deposits as on 31 March 2014 was ₹14,699.84 crore. This is ₹1,801.13 crore more than the previous year's balance

1.11.3 Quality of deficit

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.33**) indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.33: Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2009-10	26196	25840	2059	877	28776	(+) 356	(-) 2580
2010-11	31060	28975	3364	762	33101	(+) 2085	(-) 2041
2011-12	38081	39751	3853	998	44602	(-) 1670	(-) 6521
2012-13	44226	46284	4603	1136	52023	(-) 2058	(-) 7797
2013-14	49300	52221	4294	1464	57979	(-) 2921	(-) 8679

Source: Finance Accounts of the State Government

The bifurcation of the factors leading to primary deficit or surplus of the State reveals that since 2011-12 non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure²⁹ of the State. This indicates disproportionate growth of primary revenue expenditure with respect to NDR.

1.12 Conclusion

Revenue Receipts: Against estimated amount of ₹58,057.88 crore as Revenue receipts, the actual receipt was ₹49,176.93 crore showing an increase (₹5,039.63 crore) of 11 *per cent* over the previous year. The increase was mainly under Tax revenue (₹1,918.40 crore), Non-tax revenue (₹1,376.52 crore), Share of Union Taxes/Duties (₹628.03 crore) and Grants from Government of India (₹1,116.68 crore). Though, State's tax revenue collected (₹31,995.01 crore) for the year was less than the projections made in the Medium Term Fiscal Plan, non-tax revenue for the year (₹5575.03 crore) was higher than the above projections.

Deficiency was observed in revenue estimation which led to increase in revenue deficit to the extent of ₹ 5100 crore with respect to Revised Estimates. In budget estimates and actual receipts, variations from 16 to 38 *per cent* were noticed in respect of major tax revenue sources indicating failure in the estimation process.

Revenue Expenditure: Compared to previous year (16 *per cent*), growth rate of revenue expenditure was 13 *per cent* during the year. As in the previous year major portion of the revenue expenditure (₹60,485.50 crore) was incurred on non-plan revenue expenditure (₹53,411.84 crore), leaving only 12 *per cent* to plan expenditure (₹7,073.66 crore). Also 65 *per cent* of the revenue expenditure was incurred on salaries, wages, pensions, interest payments and subsidies. While non-plan revenue expenditure shown a growth rate of 14.5 *per cent*, plan revenue expenditure growth rate was only three *per cent*, which is a matter of concern for the State.

²⁹ Primary revenue expenditure represents revenue expenditure less expenditure on interest.

Capital Expenditure: During the year State Government had not given adequate priority to Capital expenditure (₹4,294.33 crore) and it decreased by ₹308.96 crore over the previous year (₹4,603.29 crore). Against the Original Budget Outlay of ₹8,635.03 crore, the actual capital expenditure incurred was only ₹4,294.33 crore (50 per cent).

Investment and Returns: As of 31 March 2014, the State had invested ₹5,623.61 crore in Statutory Corporations, Government companies, Joint Stock Companies and Co-operatives. The average return on these investments was only 1.5 per cent during the last five years, while the Government paid an average interest rate ranging from 7.1 per cent to 7.5 per cent on its borrowings during the same period.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increase in non-developmental expenditure like salaries, interest payments, pension and subsidies year after year reduces the net availability of funds from the borrowings for infrastructure development. The State's low return on investments indicates an implicit subsidy and use of high cost borrowings for investments, which yields low return and is not sustainable.

Loans and Advances: Outstanding loans and advances given by the State Government to Statutory Corporations, Government companies and Co-operative Societies at the end of March 2014 was ₹11,721 crore, recording an increase of ₹ 1,265 crore over the previous year. Arrears in repayment of loan continued to accumulate as in the previous year and as on 31 March 2014 an amount of ₹7,657.66 crore from 72 institutions was in arrears.

Deficit: All the key fiscal parameters, i.e. revenue, fiscal and primary deficits increased during 2013-14 when compared to previous year. The downward trend of fiscal parameters observed during the last three years is a matter of concern for the State Government. More than four times increase was noticed in primary deficit during 2010-11 to 2013-14. Increasing revenue and fiscal deficits show growing fiscal imbalance of the State. Similarly, increase in the ratio of revenue deficit and fiscal deficits indicate that the application of borrowed funds has largely been to meet current expenditure.

Debt Management: Overall fiscal liabilities at the end of the year increased from ₹ 1,08,477 crore in 2012-13 to ₹1,24,081 crore and this was two per cent less than the growth rate shown in the previous year. This was 30.8 per cent of GSDP which was almost in line with the target (30.7) fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. The net availability of borrowed funds (including market borrowings) after providing interest and repayment of principal was ₹7,350 crore which was around 50 per cent of the funds borrowed during the year. Since 2011-12 the resource gap (sufficiency of non-debt receipts) was negative which indicate that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. The

maturity profile of State shows that the State will have to repay 38.4 per cent of its debt between one and seven years.

Funds transferred directly from GOI to the State Implementing Agencies:

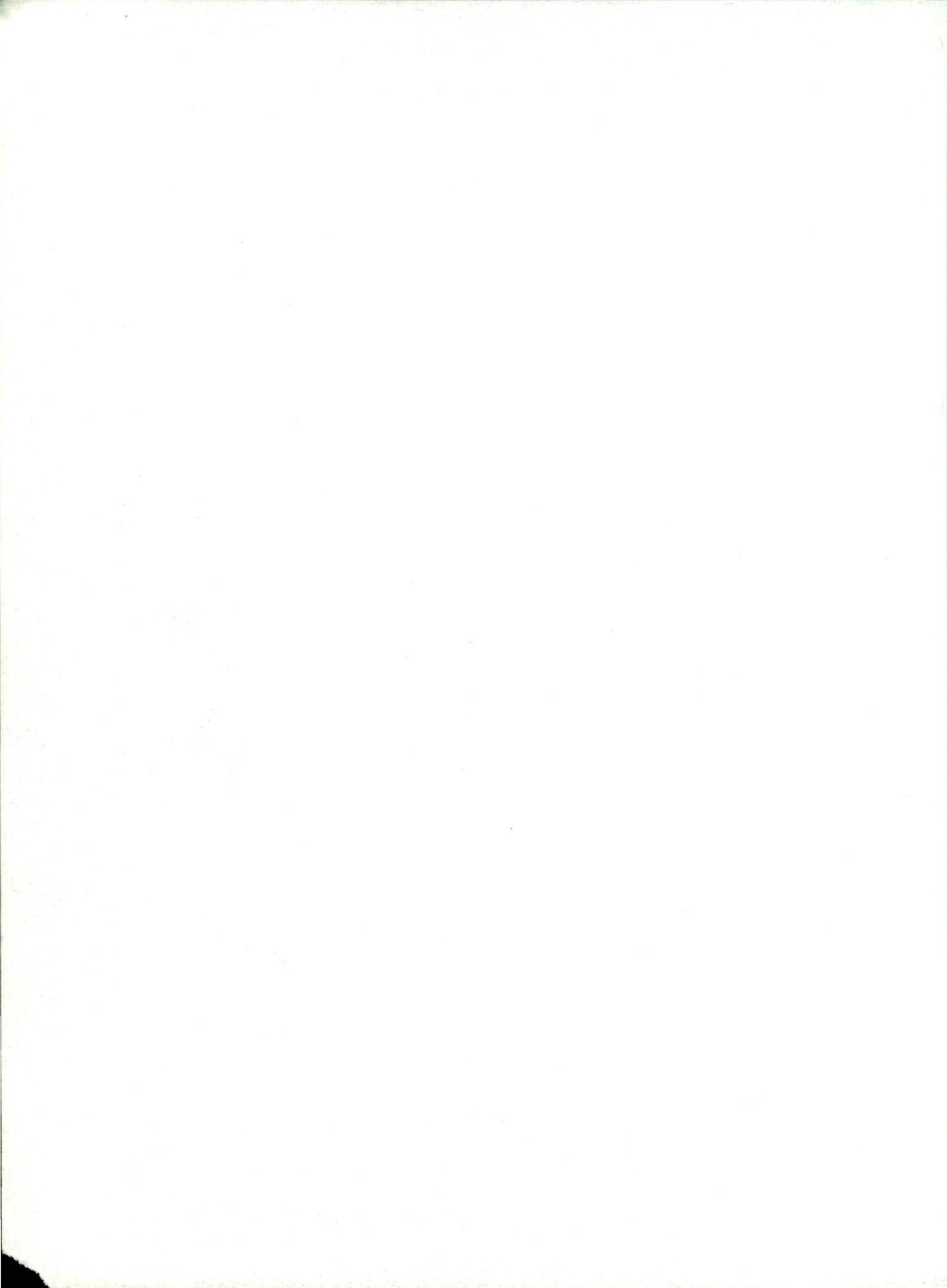
Government of India directly transferred an amount of ₹9,751.14 crore to the 12 implementing agencies of the State during 2009-14. Though, matching contribution was to be released to these agencies for implementation of the schemes, short release of ₹83.95 crore was noticed in respect of implementation of three programmes. Implementing agencies furnished utilisation certificate without ensuring actual utilisation of funds released by them to sub-level agencies.

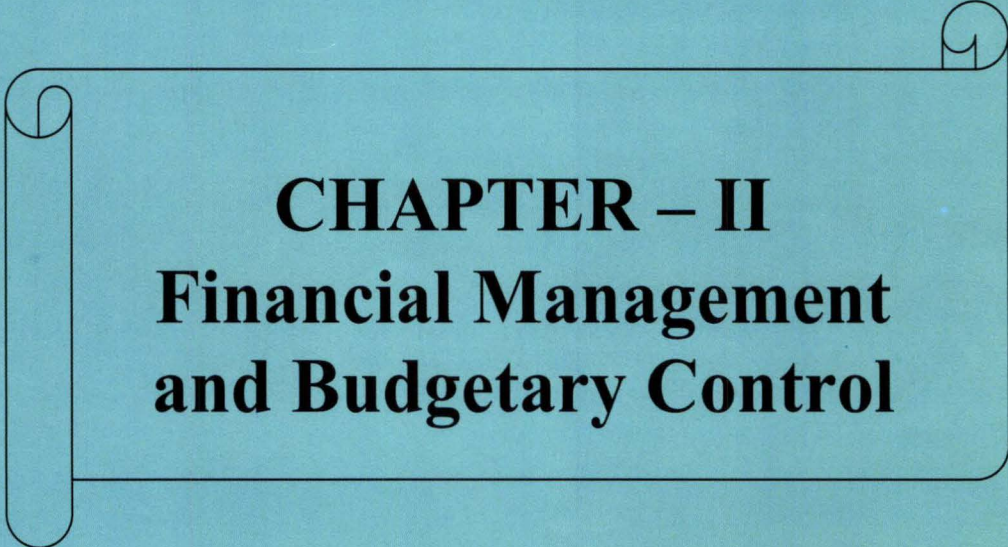
Implementation of New Pension Scheme: State Government introduced new pension scheme among All India Services officers who joined service on or after 1 April 2004. But, individual contribution to be recovered, matching contribution of State Government due etc were not credited to the pension account of the officials. The same pattern of pension scheme was also implemented in respect of State Government employees, who joined service on or after 1 April 2013. Progress in this regard was also not satisfactory.

Management of Guarantee given by the State: Outstanding guarantee at the end of March 2014 was ₹9763.36 crore. Guarantees were given to institution without properly ascertaining their financial stability, which led to guarantee becoming liabilities of the Government. In certain cases guarantee were given without the concurrence of Finance Department.

1.13 Recommendations

- Government may consider putting in place a monitoring mechanism to ensure revenue mobilization as per the estimates.
- Government may consider introducing an online computerised monitoring system to track fund flow transferred to various district/sub level agencies in order to monitor the actual utilisation of funds in respect of Central/State plan schemes.
- Government may ensure that arrear contributions are credited to pension account of employees covered under New Pension Scheme without further delay.



A decorative border resembling a scroll, with a vertical bar on the left and a horizontal bar at the top and bottom. The scroll is open at the top right and bottom left corners.

CHAPTER – II
Financial Management
and Budgetary Control

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.1.3 As per the Kerala Budget Manual, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by the Heads of Departments and other Estimating Officers and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands the exercise of foresight both in anticipating revenue and estimating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither in excess nor lesser. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the provisions of Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2013-14 against 48 Grants/Appropriations is given in **Table 2.1**.

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

(₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving	Savings in Percentage
Voted						
I Revenue	52888.43	3636.83	56525.26	52788.15	3737.11	6.6
II Capital	9494.86	1171.23	10666.09	5513.18	5152.91	48.3
III Loans and Advances	210.37	1.37	211.74	208.32	3.42	1.6
Total Voted	62593.66	4809.43	67403.09	58509.65	8893.44	13.2
Charged						
IV Revenue	7911.50	535.56	8447.06	8536.79	-89.73	-
V Capital	51.05	134.25	185.30	129.87	55.43	29.9
VI Public Debt Repayment	10104.30	0.00	10104.30	3244.81	6859.49	67.9
Total Charged	18066.85	669.81	18736.66	11911.47	6825.19	36.4
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	-
Grand Total	80660.51	5479.24	86139.75	70421.12	15718.63	18.2%

Source: Appropriation Accounts 2013-14 and Appropriation Acts

↳ overall saving

The overall savings of ₹15,718.63 crore was the result of savings of ₹16279.31 crore in 40 Grants and 17 Appropriations under the Revenue Section and 27 Grants and seven Appropriations under the Capital Section (**Appendix 2.1**), offset by excess of ₹560.68 crore in four Grants and four Appropriation under the Revenue Section and two Grants under Capital Section. Compared to previous year, savings increased to 18 per cent of the total Grant/Appropriation from 15 per cent indicating deficiency in budgetary process.

Further, Audit analysed the savings (₹8893.44 crore) in the Voted category and observed the following. Details are given in **Appendix 2.2**.

- In the Revenue section savings (₹3,157.63 crore) was mainly under plan schemes of eight Grants (₹2,666.95 crore) and under non-plan schemes of two Grants (₹490.68 crore).
- In the Capital section it (₹5,145.40 crore) was under plan schemes of five Grants (₹1,761.57 crore) and non-plan schemes of five Grants (₹3,383.83 crore).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The appropriation audit revealed that savings exceeding ₹10 crore were also more than 20 per cent of the total provision in 26 cases as given in **Table 2.2**.

Table 2.2: List of Grants/Appropriations showing substantial savings

(₹ in crore)

Sl.No.	Grant number and Name	Total Grant/ Appropriation	Savings	Percentage of savings
Revenue – Voted				
1.	XIX Family Welfare	500.30	145.57	29.10
2.	XX Water Supply and Sanitation	764.91	184.30	24.09
3.	XXI Housing	148.61	34.19	23.01
4.	XXII Urban Development	1341.11	1125.04	83.89
5.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	827.25	191.98	23.21
6.	XL Ports	47.42	12.29	25.92
Total		3629.60	1693.37	
Capital – Voted				
7.	XII Police	30.95	30.93	99.94
8.	XVII Education, Sports, Art and Culture	393.73	193.00	49.02
9.	XVIII Medical and Public Health	189.51	59.19	31.23
10.	XX Water Supply and Sanitation	368.50	113.33	30.75
11.	XXIII Information and Publicity	12.21	10.32	84.52
12.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	115.60	82.32	71.21
13.	XXVII Co-operation	261.40	208.98	79.95
14.	XXVIII Miscellaneous Economic Services	2813.03	2421.19	86.07
15.	XXIX Agriculture	225.62	56.70	25.13
16.	XXX Food	88.18	20.76	23.54
17.	XXXI Animal Husbandry	30.82	17.73	57.53
18.	XXXV Panchayat	60.87	32.29	53.05
19.	XXXVII Industries	747.54	165.38	22.12
20.	XXXVIII Irrigation	603.41	396.46	65.70
21.	XXXIX Power	46.82	43.42	92.74
22.	XL Ports	373.83	223.55	59.80
23.	XLI Transport	1861.72	1051.74	56.49
24.	XLVI Social Security and Welfare	63.10	24.36	38.61
Total		8286.84	5151.65	
Capital – Charged				
25.	XV Public Works	75.00	52.60	70.13
26.	Public Debt Repayment	10104.30	6859.49	67.89
Total		10179.30	6912.09	
Grand Total		22095.74	13757.11	

Source: Appropriation Accounts 2013-14

Huge savings on Capital in Other Gen Eco & other Transport Services.
(Page 5)

Sub-heads in which substantial savings were occurred, under Grants having savings in excess of ₹100 crore, are given in **Appendix 2.3**.

2.3.2 Persistent savings

In six cases, there were persistent savings in excess of ₹50 crore in each case and also by 20 per cent or more of the provision for the last three years as shown in **Table 2.3**.

Table 2.3: Persistent savings

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Amount of saving (percentage)		
		2011-12	2012-13	2013-14
Revenue – Voted				
1.	XX Water Supply and Sanitation	220.79 (37)	134.23 (20)	184.30 (24)
2.	XXII Urban Development	371.44 (58)	730.68 (70)	1125.04 (84)
Capital – Voted				
3.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	51.42 (51)	60.31 (66)	82.32 (71)
4.	XXIX Agriculture	135.03 (59)	129.92 (55)	56.70 (25)
5.	XXXVIII Irrigation	576.13 (78)	294.30 (53)	396.46 (66)
Capital – Charged				
6.	Public Debt Repayment	6252.31 (68)	6878.40 (71)	6859.49 (68)

Source: Appropriation Accounts 2011-12, 2012-13 and 2013-14.

Audit analysed the reason for persistent savings in one of the above Grants (Grant no. XXII Urban Development) and observations are included in **paragraph 2.5** of this Report. Further, in 63 sub-heads, there were persistent savings in excess of ₹ five crore in each case of the provision for the last three years. Details are given in **Appendix 2.4**. Persistent savings in these sub-heads indicate that departmental officers were not exercised desired checks while preparing budget estimates.

2.3.3 Excess over provision during 2013-14

The Appropriation Accounts disclosed excess expenditure of ₹488.15 crore under Revenue Section (four Grants and four appropriations) and ₹72.53 crore under Capital Section (two Grants). This excess expenditure of ₹560.68 crore as summarized in **Table 2.4** requires regularisation under Article 205 of the Constitution.

Table 2.4: Excess over provision requiring regularisation during 2013-14

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess	Excess in Percentage
Voted Grants – Revenue					
1.	I State Legislature	65.37	65.70	0.33	0.5
2.	IV Elections	39.38	41.48	2.10	5.3

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess	Excess in Percentage
3.	XIII Jails	76.65	80.40	3.75	4.9
4.	XVI Pensions and Miscellaneous	12950.12	13321.36	371.24	2.9
Total – Voted Grants – Revenue		13131.52	13508.94	377.42	2.9
Charged Appropriations – Revenue					
5.	I State Legislature	0.53	0.61	0.08	15.1 ✓
6.	Debt Charges	8184.47	8293.58	109.11	1.3
7.	XV Public Works	0.71	0.98	0.27	38.0
8.	XVI Pensions and Miscellaneous	23.71	24.98	1.27	5.4
Total – Charged Appropriations – Revenue		8209.42	8320.15	110.73	1.3
Total-Revenue		21340.94	21829.09	488.15	2.3
Voted Grants – Capital					
9.	XV Public Works	1525.44	1597.97	72.53	4.8
10.	XXXII Dairy	0.23	0.23	(*)	
Total - Voted Grants – Capital		1525.67	1598.20	72.53	4.8
Grand Total		22866.61	23427.29	560.68	2.5

Source: Appropriation Accounts 2013-14

(*) ₹20000 only

2.3.4 Excess expenditure over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over Grants/Appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). Excess expenditure occurred under 27 Grants and three Appropriation amounting to ₹1258.18 crore for the years 2011-12 and 2012-13, was to be regularised (September 2014) as summarised in Table 2.5. The year-wise and Grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in Appendix 2.5. → Grant name :

Table 2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
2011-12	13	2	770.17
2012-13	14	1	488.01
Total	27	3	1258.18

Source: As per records maintained by the Principal Accountant General (G&SSA)

2.3.5 Unnecessary/Excessive Supplementary provision

Supplementary provisions aggregating to ₹1,249.51 crore, obtained in 30 Grants/Appropriation (₹ one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions as detailed in Appendix 2.6. It was also observed that in seven out of above 30 Grants/Appropriation, supplementary grants were obtained while more than 50 per cent of the original provision remained unutilised as shown in Table 2.6.

Table 2.6: Unnecessary Supplementary provision in Grants/Appropriation having 50 per cent unutilised original budget allocation

(₹ in crore)

Sl. No.	Number and name of Grant		Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Revenue – Voted						
1	XXII	Urban Development	1269.86	216.07	1053.79 (83)	71.25
Capital – Voted						
2	XII	Police	1.01	0.02	0.99 (98)	29.94
3	XXXI	Animal Husbandry	26.90	13.09	13.81 (51)	3.92
4	XXXVIII	Irrigation	578.41	206.95	371.46 (64)	25.00
5	XL	Ports	367.90	150.28	217.62 (59)	5.93
6	XLI	Transport	1836.72	809.98	1026.74 (56)	25.00
Capital – Charged						
7	XV	Public Works	50.00	22.40	27.60 (55)	25.00
Total			4130.80	1418.79	2712.01 (66)	186.04

Figures in brackets are percentage of saving against original provision

In 19 Grants/Appropriations, against the additional requirement of ₹710.38 crore, supplementary grants of ₹1,535.68 crore obtained during the year proved excessive (Appendix 2.7). This shows that departmental officers requested for supplementary grant without assessing actual requirement of funds.

2.3.6 Re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

Augmentation of funds through re-appropriation was resorted to by departmental officers. However, audit analysis revealed that

- augmentation of budget allocation was wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation (original and supplementary grant) provided under it; and

Why is Finance Dept allowing this?

- in some cases, though the augmentation was done through re-appropriation, it was either in excess of the actual requirement or less than the actual requirement.

Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/activity has resulted in unavoidable savings/excess under these sub-heads detailed as in **Appendix 2.8**.

2.3.7 Substantial surrenders

During the year, substantial surrenders (surrender involving more than 50 per cent of the total provision and more than ₹one crore in each case) were noticed in 185 sub-heads. Out of the total budget allocation of ₹14,791.85 crore available in these 185 sub-heads, ₹13,431.72 crore (91 per cent) was surrendered which included cent per cent surrender made in 61 sub-heads amounting to ₹2,161.50 crore, as detailed in **Appendix 2.9**. Major schemes (budget allocation exceeding ₹50 crore) for which budget allocation was made and subsequently surrendered during the year are given in **Table 2.7** below:

Table 2.7 : Details of major schemes in respect of which budget allocation was surrendered during the year

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Budget allocation	Expenditure	Amount of Surrender
1.	XXVIII	Investment in Major Capital Projects (5475-00-800-89-NP)	1250.00	Nil	1250.00
2.	XLI	Investment in Major Capital Projects (5075-60-800-79-NP)	1500.00	Nil	957.55
3.	XXVIII	Projects under Legislative Assembly Constituency Asset Development Scheme (5475-00-800-91-NP)	315.00	Nil	314.60
4.	XL	Investment in Major Capital Projects (5051-01-001-98-NP)	300.00	Nil	200.01
5.	XXII	Urban Infrastructure Development scheme for small and medium towns (ACA) (2217-03-191-74-P)	162.49	Nil	162.49
6.	XXVII	Share Capital Contribution to District Co-operative Banks (4425-00-107-85-P)	129.50	Nil	129.50
7.	XVII	Projects under LACADF (P) (4202-02-800-85-NP)	129.15	Nil	129.15
8.	XXII	Basic Services to the Urban Poor (2217-05-800-83-P)	72.03	Nil	72.03
9.	XXVII	Share capital contribution to Kerala State Co-operative Bank (4425-00-107-86-P)	70.00	Nil	70.00
Total			3928.17	Nil	3438.13

Source: Detailed Appropriation Accounts

The surrender of funds meant for implementation of the above scheme would have adversely affected the socio-economic development of the State.

2.3.8 Surrender in excess of actual saving

In 20 Grants/Appropriations the amounts surrendered (₹ one crore or more in each case) was in excess of the actual savings indicating lack of or inadequate financial control. As against savings of ₹8,462.38 crore, the amount surrendered was ₹8,745.66 crore, resulting in excess surrender of ₹283.28 crore. Details are given in **Appendix 2.10**. Out of this excess surrender of ₹283.28 crore, ₹153.11 crore occurred under the Grant no.XVII-Education, Sports, Art and Culture (Revenue-voted).

2.3.9 Anticipated savings not surrendered

As per Paragraph 91 of the Kerala Budget Manual, spending departments are required to surrender Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2013-14, there were, however, two Grants and one Appropriation in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹147.43 crore, the details of which are given in **Table 2.8**.

Table 2.8 : Grants/Appropriations in which savings occurred but no part of which had been surrendered

			(₹ in crore)
Sl. No.	Number and name of Grant/Appropriation		Savings
Revenue - Voted			
1.	XV	Public works	145.24
Capital - Voted			
2.	XIV	Stationery and Printing and Other Administrative Services	2.17
Revenue - Charged			
3.	XLVI	Social Security and Welfare	0.02
Total			147.43

95.04%

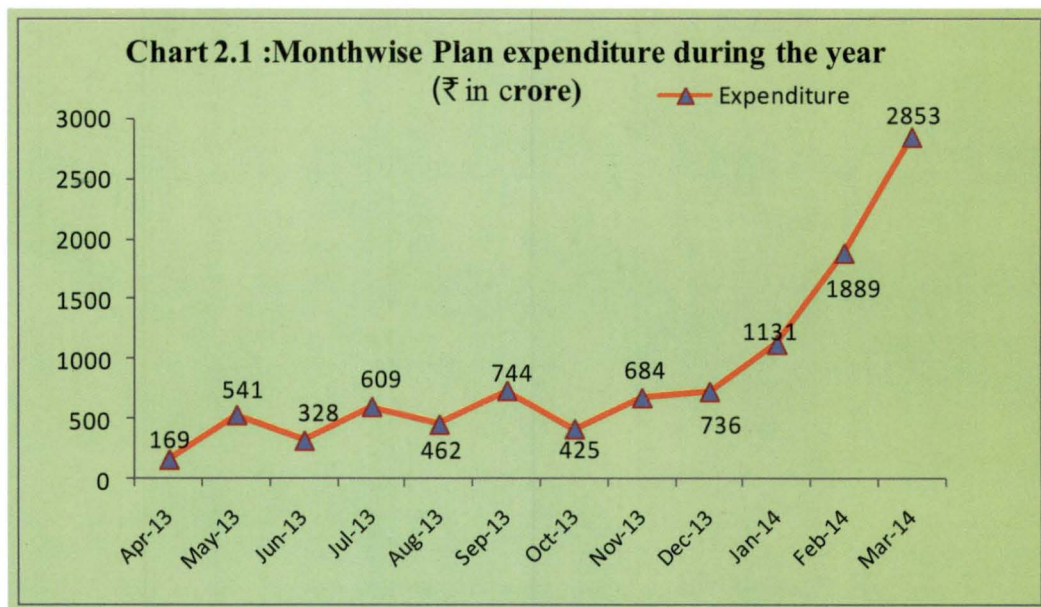
Source: Appropriation Accounts for 2013-14

Similarly, out of the total savings of ₹6,342.57 crore under 36 Grants/Appropriations with savings of rupees one crore and above in each Grant/Appropriation, 18 per cent of savings amounts aggregating ₹1,132.03 crore were not surrendered, details of which are given in **Appendix 2.11**. Besides, in 62 major heads under 36 Grants/Appropriations, ₹15,302.56 crore (**Appendix 2.12**) was surrendered on 31 March 2014 (surrender of funds in excess of ₹10 crore in each major head), indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.10 Rush of Expenditure

The State Legislature had passed the Appropriation Bill for the financial year 2013-14 and it became an Act on 17.7.2013. Consequently, the budget allocations were available to departmental officers for utilisation for the purposes earmarked in the budget. Paragraph 91(2) of Kerala Budget Manual states that rush of expenditure in the closing month of the financial year should be avoided. The departmental officers are required to regulate the flow of expenditure in such a

manner that there is no rush of expenditure, particularly during the closing month of the financial year.



Audit analysed the trend in withdrawal of plan funds (2013-14) provided in the budget and observed that more than 50 per cent of the funds were drawn during the last quarter (and 27 per cent during last month) as shown in **Chart 2.1**. Further, Audit analysed the plan expenditures of March 2014 and observed that majority of the plan expenditure incurred during March 2014 was under four major heads, viz. 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backwards classes and Minorities (₹570.28 crore), 2202-General Education (₹358.93 crore), 2401-Crop Husbandry (₹164.25 crore) and 2230-Labour and Employment (₹135.41 crore). Further scrutiny of expenditure under the above major heads revealed that plan expenditures were for activities/schemes continuing from the previous year and therefore the flow of expenditure could have been regulated throughout the year and year end rush of expenditure could have been avoided. Major ongoing activities/schemes for which audit noticed a rush of expenditure in March 2014 were given in **Table 2.9**.

Table 2.9 : Funds utilised for major activities in March 2014

(₹ in crore)

Major head	Scheme/Activity	Funds utilised	
		In March	Total
2202	Pre-matric Scholarship for minorities (75% CSS)	109.65	109.65
2230	Plantation rehabilitation scheme	40.00	40.00
2230	Income Support to workers in traditional sector activities	55.00	75.00
2225	Block Grants for revenue expenditure	68.72	89.96
2225	Assistance for education to Scheduled Caste students	89.27	170.23
2225	House to houseless (SCP)	55.99	99.23
2225	Pooled fund for SCP	76.11	177.30
2401	Rashtriya Krishi Vikas Yojana	56.40	236.81

Source : Detailed Appropriation Accounts 2013-14

2.3.11 Delay in withdrawal of funds for new schemes

As per the existing system in the State, all new schemes announced in the annual budget and existing schemes involving deviation in terms of some components are to be considered for clearance by Working Group (WG) constituted in the Department, headed by the Secretaries of Administrative Department. After clearance by WG, Administrative Sanction (AS) is accorded by Administrative Department in consultation with the Finance Department. Funds for implementation of the scheme could be drawn from the Consolidated Fund only after completion of the above formalities. Further, AS is required for all schemes which do not require clearance of WG. In order to avoid delay in utilisation of plan funds, noticed in previous years, Finance (Planning B) Department, issued circular instructions to all the Heads of Administrative departments to convene WG and to clear the scheme proposals before 30 June 2013, mainly to provide sufficient time for Finance Department to release fund.

Audit test-checked 40³⁰⁾ schemes with budget allocation in excess of ₹50 lakh in the original budget, which required WG clearance and AS and funds were withdrawn only during the month of March 2014. In spite of instructions about timely utilisation of funds, inordinate delay was noticed at various stages in respect of the 40 schemes test-checked in audit.

Table 2.10: Time taken at various stages

Stage	Time taken for clearance			Total number of schemes
	Below 3 months	3 to 6 months	More than 6 months	
Working Group	2	5	23	30
Administrative sanction	27	3	10 ³¹⁾	40
Withdrawal of funds	27	9	4	40

As can be seen from the table;

- WG cleared only two out of the 30 schemes within the time stipulated in the above circular. Thus, the intended objective of the Finance department could not be achieved due to administrative delay in convening the WG.
- Three schemes took three to six months time and ten schemes (for which AS alone was required) took more than six months, indicating the laxity in according the AS by the Administrative Departments.
- Thirteen schemes took more than three months to draw the funds after the clearance by WG and obtaining AS.

Further analysis by Audit revealed that

- In majority of the test checked cases, the amounts shown as expenditure under respective heads of accounts were parked either in Treasury Savings

³⁰⁾ 30 new schemes which were to be cleared by WG and 10 existing schemes for which only AS was required

³¹⁾ For these schemes AS alone was required

Bank account or in other bank accounts.

- In 18 schemes, ₹96.80 crore shown as expended in Government account, remained blocked up in Treasury Savings Bank account or other bank account without being utilised at the end of June 2014.
- Funds for implementing 20 schemes (₹57.64 crore) were drawn on the last working day of the financial year, knowing that the money cannot be spent in that financial year.

Thus, in spite of specific directions to speed up scheme implementation process, Government machinery continued to lag behind at every stage of its administrative process, resulting in rush of expenditure during the fag end of financial year.

2.3.12 Unexplained re-appropriations

Paragraph 86 (3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy itself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as ‘based on actual requirement’, ‘based on trend of expenditure’, ‘expenditure is less than that was anticipated’, etc. as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 Grants issued by the Finance Department revealed that in respect of 322 out of 574 items (56 per cent), the reasons given for withdrawal of provision/additional provision in re-appropriation orders were of general nature like ‘expenditure is less than anticipated’, ‘reduced provision is sufficient to meet the expenditure’, etc. Thus, proper/detailed reasons for re-appropriations were not explained by various departments which is violative of the provisions of paragraph 86(3) of Kerala Budget Manual.

2.4 Non-reconciliation of departmental figures

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

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

According to the records maintained by the Principal Accountant General (A&E) Kerala, 56 AC bills drawn by 31 DDOs up to March 2014 involving ₹1.79 crore were not adjusted as of June 2014 due to non-receipt of DC bills, details of which are enumerated in **Appendix 2.13**. Year-wise details are given in **Table 2.11**. Non-submission of DC bills leads to retention of advance amount drawn with the drawing officer and the advance drawn remains unaccounted under the proper heads of account.

Table 2.11: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(₹ in crore)

Year	AC bills		Outstanding AC bills	
	No. of Items	Amount	No. of Items	Amount
2011-12	384	4.04	1	0.15
2012-13	417	3.84	2	0.22
2013-14	402	5.48	53	1.42
Total	1203	13.36	56	1.79

Source: Information compiled by Principal Accountant General (A&E), Kerala

Audit noticed that two AC bills for ₹30 lakh (₹15 lakh each drawn during 2011-12 and 2012-13) drawn by Principal Agricultural Officer, Thrissur and one AC bill for ₹6.89 lakh (2012-13) drawn by Accounts Officer, City Police Office, Kochi were pending for more than one year.

2.4.2 Unreconciled expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Paragraph 74 of the Kerala Budget Manual stipulates that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (A&E), Kerala. During the year reconciliation for 70.72 per cent of the total receipts (₹26,610.19 crore out of ₹37,627.44 crore) and 67.10 per cent of the total expenditure (₹38,122.72 crore out of ₹56,810.69 crore) were completed. However, 20 Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by Principal Accountant General (A&E). The details are shown in **Appendix 2.14**. This was not only violative of the provisions of paragraph 74 of Kerala Budget Manual but also indicative of doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by Principal Accountant General (A&E), Kerala.

2.5 Review of Grant number XXII – Urban Development

According to the procedure laid down in Kerala Budget Manual, the Budget wing of the Finance department issues a circular every year, to all Heads of Departments and other estimating officers, requesting them to take steps for the preparation and submission of the Departmental estimates of Revenue and Expenditure for the ensuing financial year. The Departmental estimates are

scrutinized by the Finance Department in the light of the comments of the Administrative Departments, the figures of actual expenditure made available by the Accountant General and the information available with the Finance Department, modified wherever necessary and included in the budget.

The Departmental estimates are forwarded to the State Planning Board in the case of State Plan schemes and the Board allocates the total plan outlay fixed by Finance Department to different sectors and sub-sectors of the schemes based on the estimates and after detailed discussion with Departmental heads, forwards it to Finance Department for inclusion in the Budget.

Since persistent savings were noticed during the last three years under Grant No. XXII – Urban Development, a review was conducted to assess the accuracy in budgeting process and to ascertain the reasons for persistent savings noticed under the Grant. The total budget provision, expenditure and savings under Revenue and Capital sections of Grant for the years 2011-12 to 2013-14 are detailed in **Table 2.12:**

Table 2.12: Budget Allocation and expenditure under Grant No. XXII
(₹ in crore)

Year	Category	Budget Allocation	Expenditure	Savings	Percentage of savings
2011-12	Revenue	645.52	274.08	371.44	58
	Capital	90.78	90.28	0.50	1
2012-13	Revenue	1048.97	318.3	730.67	70
	Capital	13.60	3.60	10.00	74
2013-14	Revenue	1341.11	216.07	1125.04	84
	Capital	4.52	3.20	1.32	29

Source: Detailed Appropriation Accounts of the respective years

The savings under revenue sector increased from 58 per cent to 84 per cent, indicating deficient budgetary process in the department.

Director of Urban Affairs and Chief Town Planner are the Chief Controlling Officers for the heads of account coming under 'Grant No. XXII-Urban Development'. Major schemes coming under this Grant were implemented through three agencies viz. Kerala Sustainable Urban Development Project (KSUDP), Kudumbashree and Suchitwa Mission. Audit scrutinised the budgetary process of the Urban Affairs Department, Office of the Chief Town Planner and the three agencies and the observations are given below:

2.5.1 Budget provision in excess of annual requirement made by department/implementing agencies

The Departmental estimates/Annual Plan proposals submitted by the Heads of Department, showing their annual requirement of fund is the basic document for the preparation of budget. **Table 2.13** shows that the budget allocations were much higher than the proposals given by the implementing agencies.

Table 2.13 : Budget allocation made in excess of proposals given

(₹ in crore)

Sl. No.	Name of scheme	Year	Amount proposed by implementing agencies	Total budget provision	Amount utilised	Savings	% of savings
1.	Integrated Housing and slum development programme	2012-13	29.90	40.00	13.90	26.10	65
		2013-14	20.60	50.31	12.84	37.47	74
2.	Basic Services to the Urban Poor (BSUP)	2012-13	54.69	57.28	43.14	14.14	25
		2013-14	54.68	72.03	Nil	72.03	100
3.	Kerala Sustainable Urban Development Project	2012-13	260.00	273.00	100.00	173.00	63
4.	Rajiv Awas Yojana (RAY)	2011-12	Token	1.00	Nil	1.00	100
Total			419.87	493.62	169.88	323.74	66

Source: Detailed Appropriation Accounts and information collected from departments

It could be seen that the budget allocation was 18 per cent in excess of the proposal given by the implementing agencies and the percentage of utilisation was only 34 per cent of the allocation and there was no justification for the excess allocation. The Finance Department stated that the resource estimate/budget estimate would vary with the proposals submitted by the departments in certain cases as the annual plan was finalised with modification suggested by Planning Commission of Government of India. This reply cannot be accepted as the Finance Department made the allocation without considering the scope for expenditure or confirming the correctness of the proposals/modifications made by the Planning Commission.

Swarna Jayanti Shahari Rozgar Yojana, a Centrally sponsored scheme (shared in the ratio 75:25 between GoI and GoK) with Central share due to the scheme was directly transferred to implementing agency (Kudumbashree) without routing it through State budget. An amount of ₹49.32 crore (from 2011-12 to 2013-14) was provided in the budget, which was much higher than State share due for release during the period. Consequently a saving of ₹43.38³² crore occurred under this head of account.

2.5.2 Under-utilisation of budget allocation

Substantial savings were noticed under a few heads of account due to various reasons and the instances are summarised below:

a) Provisions made in the budget, anticipating GoI release

Non-submission of utilisation certificates, reduced utilisation of funds and non-submission of detailed project reports by the departments/implementing agencies contributed to non-release of Grant by GoI. This resulted non-utilisation of budget allocation in respect of the Centrally sponsored schemes. Details are given in **Table 2.14.**

³² During 2012-13, ₹5.94 crore was released, being the additional GOI grant for the year 2011-12 received through State budget

Table 2.14 : Savings under centrally sponsored schemes

(₹ in crore)

Sl. No.	Head of account and name of scheme	Year	Total budget provision	Expenditure	Savings	Percentage of savings
1.	2217-80-800-74(P) Integrated low cost sanitation project(100% CSS)	2011-12	6.65	1.25	5.40	81
		2012-13	7.93	Nil	7.93	100
		2013-14	5.00	3.75	1.25	25
2.	2217-80-800-72(P) Preparation of city sanitation plans for 20 Municipalities (100% CSS)	2012-13	0.80	Nil	0.80	100
		2013-14	0.80	Nil	0.80	100
3.	2217-80-800-70 (P) Rajiv Awas Yojana (RAY) (50% CSS)	2012-13	49.20	18.52	30.68	62
		2013-14	134.00	3.31	130.69	98
4.	2217-05-800-82 (P) Capacity building of Urban Local bodies	2011-12	7.72	Nil	7.72	100
5.	2217-05-800-87(P) National Urban Information System Scheme(75% CSS)	2011-12	0.24	Nil	0.24	100
		2012-13	0.24	Nil	0.24	100
		2013-14	0.24	Nil	0.24	100

Source: Detailed Appropriation Accounts

b) Savings due to non-release of funds to implementing agencies

Budget allocations made in anticipation of GOI release, were not released to implementing agencies due to treasury restriction, even after receipt of GOI share which resulted in savings under following heads of account:

- An amount of ₹14.06 crore released by GOI (9.9.2013) being the Central share of the scheme 'Basic Services to the Urban Poor' was not released (August 2014) by State Government, though budget allocation of ₹72.03 crore under the head of account 2217-05-800-83 (P) was available.
- Similarly, no fund was released against the provision of ₹7.50 crore made in the budget for release of State share corresponding to Central share (in respect of Swarna Jayanthi Shahari Rozgar Yojana) which resulted in savings under this head.

c) Persistent savings

It was observed that substantial portion of the budget allocation remained unutilised due to non-achievement of projected financial outlays in respective years. The Finance Department/Administrative department/Planning Board made budget allocation without considering the previous years' expenditure which resulted in persistent savings under the head of accounts given in **Table 2.15**.

Table 2.15 : Schemes which showed persistent Savings

(₹ in crore)

Sl. No.	Head of account and name of scheme	Year	Budget provision	Expenditure	Savings	Percentage of savings
1.	2217-80-800-91(P) Kerala Sustainable Urban Development Project	2011-12	105.00	50.00	55.00	52
		2012-13	273.00	100.00	173.00	63
		2013-14	250.00	50.00	200.00	80

Sl. No.	Head of account and name of scheme	Year	Budget provision	Expenditure	Savings	Percentage of savings
<p>This is an Asian Development Bank assisted project, with a project outlay of ₹1,422.47 crore, expected to be completed by June 2016. So far, only ₹560.93 crore was released to the implementing agency under this head of account. Project Director informed that delay in acquisition of land in urban areas, public objection against solid waste and sewerage projects, need for re-tendering due to revision of schedule of rates, etc affected the smooth progress of the project. Consequently, entire budget allocation could not be utilised in any of the years.</p>						
2.	2217-03-191-74 (P)Urban Infrastructure Development for Small and Medium Town (Additional Central Assistance)	2011-12	70.30	0.06	70.24	99
		2012-13	129.21	Nil	129.21	100
		2013-14	162.49	Nil	162.49	100
<p>This is a Centrally sponsored scheme, started in 2006-07 and was expected to be completed by March 2014. Against the total project outlay of ₹427.78 crore, ₹329.12 crore has been released to the implementing agency. The project aimed at installing solid waste treatment plant, drinking water project and sewerage projects in Municipalities. Project Director informed that out of 11 solid waste treatment projects eight were not started or cancelled due to public protest. In the case of drinking water projects acquisition of land, permission for road cutting, etc., caused delay in implementation of the project.</p>						
3.	2217-05-800-89(P)Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	2011-12	175.60	108.18	67.42	38
		2012-13	374.67	66.62	308.05	82
		2013-14	471.17	25.00	446.17	95
<p>This is a Central sector scheme started in 2005 and was expected to be completed by March 2014. The scheme is intended to provide drinking water facilities, sewerage project, solid waste treatment plant, public transport system, etc in Thiruvananthapuram and Kochi Corporations. Against the total project outlay of ₹1140.87 crore, only ₹585.12 crore was released to the implementing agencies. Project Director intimated that apart from purchase of buses for public transport system, all other projects faced public protest, which caused delay in implementation.</p>						
4.	2217-05-191-80 (P)Integrated Housing and slum development programme (in Municipal Corporations)	2011-12	16.50	Nil	16.50	100
		2012-13	12.00	Nil	12.00	100
		2013-14	15.00	Nil	15.00	100
5.	2217-05-192-81 (P)Integrated Housing and slum development programme (in Municipalities)	2011-12	38.50	6.75	31.75	82
		2012-13	28.00	13.90	14.10	50
		2013-14	35.31	12.84	22.47	63
<p>The above two schemes were intended to provide houses to urban poor and Kudumbashree was the nodal agency for implementing the schemes. Kudumbashree submitted the budget proposals based on the proposals received from Urban Local Bodies(ULBs). However, failure of the ULBs to implement the project as expected resulted in non-withdrawal of funds by Kudumbashree and consequent savings under the heads.</p>						
6	2217-80-192-91(P) Modernisation of slaughter houses	2011-12	13.00	Nil	13.00	100
		2012-13	15.00	Nil	15.00	100
		2013-14	10.00	6.45	3.55	36
<p>Scheme could not be implemented due to non-receipt of feasible project proposals from ULBs, non-acquiring of land and public protest in the first two years. However, during the year 2013-14, ₹ 6.45 crore was released to 15 ULBs in March 2014.</p>						

Source: Detailed Appropriation Accounts and information received from departments

Thus an amount of ₹1754.95 crore was not utilised by the departments/ implementing agencies due to various reasons mentioned above resulted in savings under the respective sub-heads. The budget could have been prepared by

analyzing the expenditure trend of previous years and also taking into account constraints faced by the agencies in implementation of the schemes.

2.5.3 Surrender of savings

According to Paragraph 91 of Kerala Budget Manual all the anticipated savings should be surrendered to the Finance Department, through the Administrative Department, explaining the reason there for, immediately without waiting till the end of the year, unless they are required to meet excess under other units, which are definitely foreseen at the time. According to Paragraph 93 of Kerala Budget Manual the surrender proposals should reach the Administrative Department not later than 15 February. Though substantial savings were available under a number of heads of account, surrender proposals were not initiated in the departments as stipulated in the Budget Manual. During the last three years, the Heads of Department/Implementing agencies surrendered an amount of ₹2135.47 crore on 30/31 March, thereby defeating the very purpose of surrender of funds to Finance Department.

Even after huge savings occurred under the Grant year after year, proper rectificatory mechanism was not put in place during the budget preparation process which indicates lack of adequate budgetary control and oversight from the department.

2.6 Inspection of treasuries

There were 23 District Treasuries, 191 sub-treasuries and 12 Stamp depots in the State as of March 2014. The Principal Accountant General (A&E), Kerala inspected 147 treasuries including Directorate of Treasuries and three Regional Directorates (District Treasuries: 22; sub-treasuries: 109 and Stamp depot: 12). Irregularities and deficiencies noticed during the inspection of treasuries are mentioned in the succeeding paragraphs.

2.6.1 Excess payment of pension

During the course of treasury inspection excess payment on account of pension/family pension amounting to ₹1.01 crore was noticed in 1979 cases. The main reasons for these excess payments were errors in calculation of revised pension, continuance of higher rate of family pension after expiry of authorized period, non-deduction of commuted portion of pension from basic pension, payment of ineligible festival allowance and medical allowance to family pensioners who are also in receipt of regular pension, and incorrect calculation of dearness relief. Out of the above excess payment, ₹0.18 crore involved in 680 cases have already been recovered. Details are shown in **Table 2.16**.

Table 2.16: Excess pension that remains to be recovered

(₹ in lakh)

Sl. No.	Details of Excess paid pension	Excess paid		Recovered		Balance	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Excess payment of pension	268	33.32	106	7.99	162	25.33
2.	Excess payment of family pension	91	22.71	17	1.33	74	21.38
3.	Excess payment of festival allowance and Medical allowance	1596	26.64	554	8.26	1042	18.38
4.	Excess payment of inter-state pension	24	18.76	3	0.30	21	18.46
Total		1979	101.43	680	17.88	1299	83.55

Source: Data furnished by O/o the PAG (A&E), Kerala

2.6.2 Retention of excess cash balance

According to Rule 309 of Kerala Treasury Code Vol.I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next financial year. The District Treasury Officer in turn fixes the cash balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. More over excess retention of cash balance in treasuries may cause loss of revenue to the State by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 90 treasuries/sub treasuries on 825 occasions during the financial year. The Director of Treasuries admitted the facts and stated that circular instructions were issued to the District Treasury Officers/Sub-Treasury Officers to avoid retention of excess cash.

2.6.3 Short/non-recovery of rent of residential quarters

House rent at the rate of two *per cent* of basic pay (as per paragraph 14 of GO(P) 85/2011/Fin dated 16 February 2011) is to be recovered with effect from the date of coming over to the revised scale in the case of employees residing in Government quarters and whose scale of pay is 21240-37040 and above. In the case of employees covered under UGC/AICTE scale of pay, rent at the rate of four *per cent* of their basic pay is to be recovered (paragraph 14 of the Pay Revision Orders 2009). During the year, short/non-recovery of house rent were noticed in 80 cases amounting ₹4.29 lakh in 50 treasuries

2.7 Analysis of Budgetary Assumptions

Budget document is presented by the Finance Minister every year in the State Legislature giving an estimation of the anticipated revenue and expenditure of the

Government, along with the highlights of new schemes to be introduced in the ensuing year in accordance with the vision of the Government. Audit conducted a study to ascertain the progress in implementation of new schemes announced in the budget speech 2013-14 by selecting 40 schemes having projected outlay of Rupees five crore or more. Audit also examined further progress in implementation of new schemes announced in the previous years' budget speech which was included in Paragraph 2.7 of Audit Report on State Finances 2012-13.

2.7.1 Status of implementation of new schemes announced in the budget speech 2013-14

The department-wise budget allocation and expenditure of forty new schemes with projected outlay of Rupees five crore or more are as detailed in Table 2.17.

Table 2.17 : Status of implementation of new schemes

(₹ in crore)

Sl. No	Name of department	Number of new schemes	Number of schemes for which			Amount announced in the budget speech	Amount provided in the budget	Amount drawn for the scheme	Amount utilised in next financial year(*)
			Token amount provided	Fund provided but not drawn	Funds utilised				
1	Agriculture	4	1	1	2	65.00	35.45	24.85 ✓	4.50
2	Animal Husbandry	2	0	1	1	46.00	2.50	2.00	0.04
3	Fisheries	1	1	0	0	65.00	0.00	0.00	0.00
4	Health and Family Welfare	5	1	0	4	51.00	28.00	27.76 ✓	3.50
5	Higher Education	5	2	0	3	54.00	6.75	5.18	1.46
6	Industries	2	1	1	0	15.00	0.01	0.00	0.00
7	Information Technology	3	2	1	0	51.00	10.00	0.00	0.00
8	Labour and Rehabilitation	1	1	0	0	7.00	0.00	0.00	0.00
9	Minority Welfare	1	0	0	1	5.00	5.00	19.00 ³³ ✓	2.09
10	Power	1	0	0	1	8.00	4.00	4.00	0.00
11	Public Works	7	6	1	0	86.00	0.01	0.00	0.00
12	Social Justice	2	2	0	0	15.50	0.00	0.00	0.00
13	Water Transport	1	1	0	0	5.00	0.00	0.00	0.00
14	Urban Development	2	1	0	1	15.00	0.50	0.19	0.00
15	Water Resources	3	1	2	0	80.15	15.00	0.00	0.00
	Total	40	20	7	13	568.65	107.22	82.98	11.59

Source: Budget speech 2013-14 and information received from departments

The above table shows that no expenditure was incurred in the year in which the Budget announcement was made. Only 10.8 per cent of the amount provided for the schemes in the budget was utilised even as of 31 August 2014 in respect of 13 schemes. Audit analysed the reason for non-implementation and delay in implementation of the 27 schemes and observed the following:

³³ Re-appropriated an amount of ₹14 crore from 2225-04-183-99 (P)

* Position as on 31 August 2014

(i) Non-submission of project proposals by the departments

It was observed that the Administrative Departments did not submit/initiate project proposals in respect of the seven schemes given in **Table 2.18**.

Table 2.18: Schemes for which no project proposals was submitted

Sl. No	Name of scheme/Department	Remarks of the department
1.	Professional education scholarship for students hailing from economically backward among forward communities (Higher Education)	Sanction for creation of new posts was not received. Hence scheme was not implemented.
2.	Placement cells in all colleges, polytechnics and ITIs to ensure placement to students (Higher Education)	No action was taken by the Director, Collegiate Education to implement the scheme and Director, Technical Education and the Director, Employment and Training did not submit any project proposals since the placement cells are already functioning under Engineering colleges, polytechnics and ITIs.
3.	Career Development training centres in each district (Labour and Rehabilitation)	No project proposal was submitted as the department could not conduct a study about the scheme.
4.	Farmer's producer societies and farmers' markets – markets with cold storage facilities (Agriculture)	Project proposals were not submitted to Government. Awareness training for formation of farmer production company has been done.
5.	Integrated Mental Health Programme - Life long shelter homes for mentally challenged children (Social Justice)	No project proposal was submitted as the department did not have any experience in implementation of the scheme.
6.	Water taxi service connecting Railway-bus stations with nearby places at Thrissur, Alappuzha, Kottayam and Chengannur (Water Transport)	No action was initiated by the Water Transport Department on the plea that the scheme did not pertain to them.
7.	Establishment of modern mechanized parking systems in urban areas (Urban Development)	The department did not initiate any action as project proposals were not obtained from ULBs

Source: Budget speech 2013-14 and information received from departments

In order to expedite implementation of scheme, it was stated in the budget that the plan formulation would be completed in the months of April and May and services of technical experts would be utilised at various levels. It was also stated that the responsibility of execution of each scheme is vested with a specific official subject to the general control by the Government Secretaries and Heads of Departments.

Audit observed that schemes were not commenced due to non submission of proposals by the departments, absence of proper monitoring at Government level, lack of services of technical experts in plan formulation and non-identification of responsible officials for execution of the schemes.

(ii) Non-allocation and release of funds by Government

Though departments obtained administrative sanction (AS) for the following schemes, funds were not released by Government during 2013-14 due to various reasons as detailed in **Table 2.19**.

Table 2.19 : Schemes for which no funds released even after obtaining AS

Sl.No.	Name of scheme	Remarks
Agriculture		
1.	Agricultural complex in Thrissur with participation of Animal Husbandry, Dairy Development and Fisheries departments and with central assistance	Though AS for ₹2.00 crore has been issued (12.2.2014) for the scheme and ACA of ₹0.60 crore received on 28.2.2014, State share along with ACA has not been released to the Department. Government did not specify the implementing agency also.
Information Technology		
2.	Modern building for Kerala State IT Mission	AS for ₹10 crore was accorded by the Administrative Department only on 12.2.2014. Finance department rejected the proposal (26.3.2014) on the ground that the Administrative Department has not completed all the procedural formalities, funds could be met from next year's allocation.
3.	Setting up of an 'Innovation Zone' at Kochi as part of student entrepreneurship programme	AS for ₹10 crore was accorded on 31.12.2013. But funds were not released for the project.
4.	Setting up of electronic fabrication laboratory each at Technopark TVM and Start up Village Kochi	AS accorded on 14.3.2014 for ₹7.10 crore. Finance Department sanctioned the amount subject to the condition that the required funds shall be found out from the matching savings within the grant.
Industries		
5.	Coir Export Processing Park at Alappuzha	AS obtained on 12.11.2013 for ₹4.95 crore But the proposal for providing funds under Supplementary Grant was not accepted

Source: Budget speech 2013-14 and information received from departments

In the second review meeting convened (July 2013) by Additional Chief Secretary (P&ARD and Labour) to watch the progress of implementation of budget speech announcements 2013-14, it was suggested that in the case of schemes for which token provision were included in the Supplementary Demands for Grants of July 2013, the department concerned should immediately move for additional authorization. But in the above cases even though the departments concerned requested for release of funds, but was not provided, which resulted in non-implementation of these projects.

The remaining 15 schemes were analysed and audit observed the following:

- In nine schemes, no expenditure was incurred after obtaining administrative approval due to delay in identifying beneficiaries, delay in execution of work entrusted to Public Works/Water resources Departments, etc.

- In three schemes AS was not given by Government for want of environmental clearance, pending purchase of land and pending clearance from railways.
- In respect of the remaining three schemes, proposals of two schemes were rejected by Government and investigation study was under progress in one scheme.

(iii) Utilisation of funds

Audit noticed that only ₹11.59 crore out of a total amount of ₹82.98³⁴ crore drawn for 13 schemes was actually expended as on 31 August 2014. Unutilised amount of ₹69.69 crore was parked in commercial banks/treasury accounts due to reasons such as works were at various levels of execution, delay in utilisation of financial assistance already given to the beneficiaries, etc.

2.7.2 Status of implementation of new schemes of previous years' budget speech

Audit also examined further progress in implementation of new schemes announced in the budget speech from 2010-11 to 2012-13 which was included in Paragraph 2.7 of Audit Report on State Finances for the year ended 31 March 2013. Out of 59 new schemes reviewed during the previous year, funds were drawn in respect of 17 schemes as on 31 March 2013. It was also noticed that funds were drawn during 2013-14 for 12 more schemes for which no funds were drawn during the previous years. Other 30 schemes were either dropped or not implemented due to reasons such as non-availability of fund, non-submission of project proposals etc.

Thus, majority of the schemes did not materialize due to lack of initiative in implementation by the administrative departments concerned and laxity on the part of Finance Department in releasing funds and hence remained only in budget speech, which is indicative of lack of planning, deficiencies in execution despite Government's intention expressed through budget speech.

2.8 Conclusion

As in the previous year, this year also there was overall savings (₹15,718.63 crore) against the total budget allocation of ₹86,139.75 crore. Fifty seven Grants/Appropriations under Revenue section and 34 Grants/Appropriations under Capital section had savings, which indicated deficiency in budgetary process or incapability of departmental officers in utilisation of funds provided in the budget. Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/activity has resulted in unavoidable savings/excess under a few sub-heads. Substantial portion (91 per cent) of the budget allocation

³⁴ ₹1.70 crore was returned to respective Medical colleges by KMSCL

was surrendered in 185 sub-heads and which included cent *per cent* surrender made in 61 sub-heads.

Though there was instruction to convene meetings of working group and clear the project proposals before 30 June 2013, delay in convening the same and clearing project proposals caused delayed withdrawal of funds. As substantial portion of the plan allocation was drawn during the last quarter of the financial year, the funds were either parked in Treasury Savings Bank account or other bank accounts. Grant no. XXII-Urban Development (under revenue section), continued to show huge savings year after year due to deficiency in the budgetary process in the department. Without assessing the requirement of funds and also capacity of the implementing agency to utilise budget allocation, huge funds were provided in the budget for implementation of Central sector schemes. Consequently, budget allocations remained unutilised at the end of the year. Only 13 out of 40 new schemes (projected outlay of five crore or more) announced in the budget speech for 2013-14 was implemented and expenditure incurred was only 10.8 *per cent* of the amount provided for the scheme in the budget. This showed non-materialisation of proposals made in the budget speech.

2.9 Recommendations

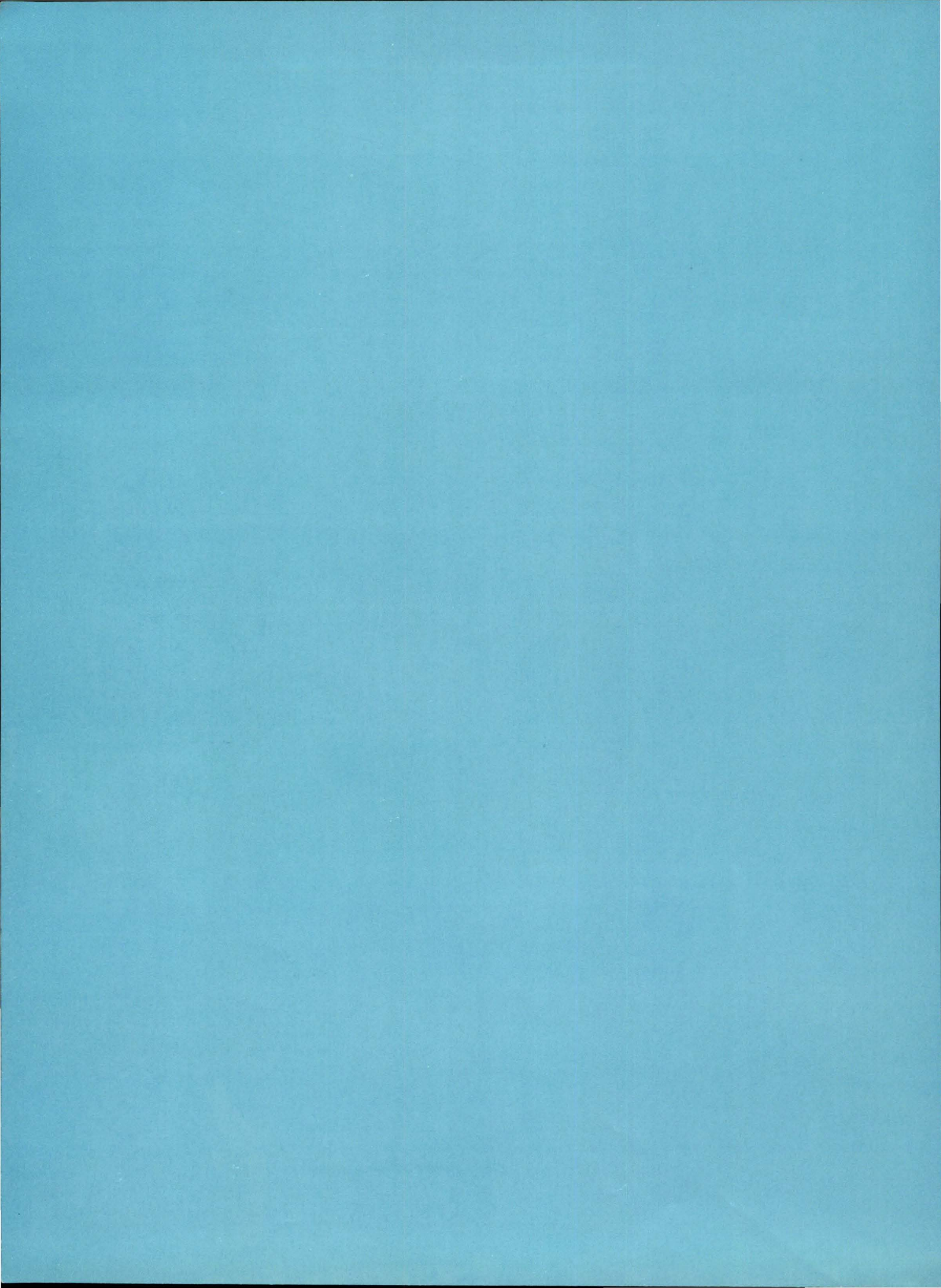
After analysing the Appropriation Accounts and conducting a study on selected issues following recommendations are made for consideration of the Government.

- The Finance Department may be guided by reports pointing out persistent savings in past years to make their budget estimation more realistic.
- The expenditure statements/warning slips issued by the Accountant General (A&E) to the Controlling Officers should be used effectively to control appropriation during the year.
- Budget proposals for schemes under Grant number XXII-Urban Development may be routed through Director of Urban Affairs to ensure realistic estimation in budget.
- System of convening Working Group, issuing Administrative Sanction, etc. may be reviewed by Finance Department to avoid delay in utilisation of funds provided in the budget.





CHAPTER – III
Financial Reporting



CHAPTER III

FINANCIAL REPORTING

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

3.1 Delay in furnishing utilisation certificates

Article 208 of The Kerala Financial Code stipulate that the State may make such grant-in-aid for public purposes or activities carried out by private institutions or local bodies as are in conformity with Article 282 of the Constitution of India. Financial rules³⁵ of the Government require that the authority sanctioning grant-in-aid has to stipulate, in every order sanctioning the grant, a time limit not exceeding one year from the date of sanction for utilisation of the grant. The Utilisation Certificate (UC) for grants-in-aid exceeding ₹10,000 has to be forwarded to the Principal Accountant General (Accounts and Entitlement), Kerala. It was observed that 34 utilisation certificates for ₹77.35 crore were not received (June 2014), by the PAG in respect of grants paid during the period from 2010-11 to 2012-13. The age-wise position of delays in submission of Utilisation Certificates is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates
(₹ in crore)

Utilisation certificates outstanding as on June 2014		
Delay	Number	Amount
Upto one year	19	7.74
More than one year	11	69.15
More than two years	4	0.46
Total	34	77.35

Source: Details furnished by Principal Accountant General (A&E)

It was also observed that 20 out of 34 pending UCs amounting to ₹2.26 crore related to the institutions falling under the administrative control of Cultural Affairs Department. Information collected from the 14 institutions coming under the Cultural affairs department revealed that non-submission of UCs were due to ignorance on the procedure of reporting to PAG, oversight, delay in auditing the accounts, etc. of the institutions.

³⁵ Article 210 of the Kerala Financial Code (Vol. I)

3.2 Non-submission/delay in submission of Accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of Department are required to furnish detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions to audit every year.

As of March 2014, the annual accounts of 26 autonomous bodies/authorities due up to 2012-13 was not furnished to the Principal Accountant General (General and Social Sector Audit)/Accountant General (Economic and Revenue Sector Audit), Kerala as detailed in **Appendix 3.1**.

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

The audit of accounts of 23 autonomous bodies in the field of legal aid, human rights, development of khadi, etc. in the State has been entrusted to the Comptroller and Auditor General of India under Sections 19(2), 19(3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature are indicated in **Appendix 3.2**.

Out of the above 23 bodies, accounts for 2012-13 are due from 16 bodies which includes five bodies (Kerala Institute of Labour and Employment, Thiruvananthapuram, District Legal Services Authority, Palakkad, District Legal Services Authority, Wayanad, District Legal Services Authority, Kannur and Kerala Water Authority) who are yet to submit the accounts for 2011-12 also.

3.4 Departmentally managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare annually *pro forma* accounts in the prescribed format, showing the working results of financial operations so that the Government can assess their working. The finalised accounts reflect their overall financial strength and efficiency in conducting their business. Non-finalisation of accounts in time puts the investment of the Government outside the scrutiny of Audit.

Heads of Department in the Government are required to ensure that the undertakings prepare such accounts and submit the same to the Principal Accountant General (General and Social Sector Audit)/Accountant General (Economic and Revenue Sector Audit), Kerala within the specified timeframe.

The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government in respect of three³⁶ such undertakings, is

³⁶ Kerala State Insurance Department, State Water Transport Department and Text Book Office

given in **Appendix 3.3**. Out of the three, two are running on loss (State Water Transport Department and Text Book Office) and accounts of Text Book Office are in arrears from 2003-04. In the absence of up-to-date accounts, financial status of Text Book Office could not be ascertained.

3.5 Misappropriations, losses, defalcations, etc.

Article 297 of the Kerala Financial Code provides that cases of defalcation or loss of public money, stamps, stores or other property should be reported to the Principal Accountant General (Social and General Sector Audit)/Accountant General (Economic and Revenue Sector Audit), Kerala as well as to the Heads of Department.

The final action on 117 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹7.83 crore for the period up to June 2014 reported to State Government was pending as detailed in **Appendix 3.4** and **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.2**.

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

A. Age-profile of the pending cases			B. Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
Less than 5 years	17	106.11	Theft	15	4.30
5 – 10	27	240.10	Misappropriation/loss of material	102	779.09
10 – 15	36	348.95	Total	117	783.39
15 – 20	15	65.04	Total pending cases	117	783.39
20 – 25	9	9.22			
25 and above	13	13.97			
Total	117	783.39			

Source: Cases reported by departments of the State Government

The reasons for delay in finalization of outstanding cases were analysed and summarised in **Table 3.3**.

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

Sl. No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in lakh)
1.	Awaiting departmental and criminal investigation	22	220.63
2.	Departmental action initiated but not finalised	46	263.33
3.	Awaiting orders for recovery or write off	27	75.23
4.	Pending in the courts of law	22	224.20
	Total	117	783.39

Source: Information received from Departments of the State Government

3.6 Parking of funds in Public Account

According to Article 40 (c) 7 of Kerala Financial Code and the instructions issued by Government, a Government servant should not, on any account, reserve or appropriate by transfer to a deposit or any other head or draw from treasury and keep in cash chest, any portion of an appropriation remaining unexpended during the year in order to prevent it from lapsing and use it for expenditure after the end of the year and funds remaining unutilised should be credited back to Consolidated Fund. Government have also issued orders restricting parking of Government funds in Commercial banks as it would affect the ways and means position of the State. Audit conducted a study to ascertain whether the funds drawn by debiting consolidated fund were actually utilised or parked in Treasuries/Banks.

A test-check of records in this regard conducted in Agriculture, Animal Husbandry, Scheduled Caste Development, Scheduled Tribes Development and Urban Development Departments and 11 District/Sub treasuries³⁷ revealed the following:

3.6.1 Parking of funds in Treasury Savings Bank accounts

The State Government is releasing funds to Heads of the Departments, Autonomous Bodies, Public Sector Undertakings, etc., for implementing various schemes, as grant-in-aid, share capital contribution, etc. These funds are to be expended in the same financial year itself. If the schemes are not implemented in the same financial year, sanction will be accorded by the Government for opening Special Treasury Savings Bank account temporarily for keeping the unspent balance for a specified period. The Special TSB accounts should be closed immediately after implementation of the scheme.

i) Retention of funds for years without utilisation

Audit noticed that there were funds drawn, the entire amount of which were parked in TSB without utilisation (up to six years) in respect of the schemes given in Table 3.4.

Table 3.4 : Details of unutilised funds with departmental officers

(₹ in crore)

Sl. No.	Name of scheme	Year of drawal	Amount drawn	Unutilised amount as on 31 March 2014
	Agriculture			
1.	Construction of additional media store and growth room for Biotechnology and Model Floriculture Centre Kazhakuttom	2007-08	0.40	0.40 ³⁸
	Animal Husbandry			
2.	Goat and poultry rearing scheme for ST beneficiaries	2011-12	0.35	0.35

³⁷Thiruvananthapuram, Kattakada, Kollam, Kottayam, Pala, Ernakulam, Muvattupuzha, Thrissur, Kozhikode, Thamarassery and Sub Treasury, Medical College, Thrissur.

³⁸ Parked in commercial bank account till 7 April 2014 and transferred to TSB account on 8 April 2014.

Sl. No.	Name of scheme	Year of drawal	Amount drawn	Unutilised amount as on 31 March 2014
	Scheduled Caste Development			
3.	Establishing virtual Pre Examination Training Centres	2011-12	2.94	2.94
4.	Self sufficient villages	2011-12	30.00	30.00
	Scheduled Tribes Development			
5.	Rehabilitation of landless tribal families (Revenue Divisional Office, Ottappalam)	2012-13	1.04	1.04
6.	Tribal Resettlement and Development Mission Wayanad	2011-12	10.00	10.00 ³⁹
	District Planning Office			
7.	Construction of DPC Secretariat building in Kollam	2010-11	1.00	1.00
	Total		45.73	45.73

Source : Information furnished by departmental officers

The reasons for non-utilisation were stated as insufficiency of fund, change in project, procedural delay, etc.

ii) Amount partly utilised and balance kept unutilised for more than a year

Scrutiny of records in the departments test-checked revealed that in nine cases ₹53.07 crore (**Appendix 3.6**) out of ₹58.73 crore drawn from consolidated fund for the period from 2001-02 to 2012-13 remained unutilised in Treasury Savings Bank account. Audit has observed that once the funds were transferred to TSB accounts no monitoring was done by the departments for the timely utilisation and effective implementation of the schemes.

Responding to audit observations, Finance (Streamlining) department has directed (November 2014) departmental officers to credit back the unspent money kept in TSB account to Government account, if the same cannot be expended immediately.

3.6.2 Parking of funds in Commercial banks

Finance Department issued instructions from time to time that all Government departments, State Public Sector Undertakings/Autonomous Bodies/ Institutions and Welfare Fund Boards shall retain the funds received from the State Government in Government treasuries only. In spite of these directions, instances of parking Government funds in nationalised/co-operative banks were noticed as detailed below:

A test check of the records of Scheduled Caste Development, Scheduled Tribes Development, Agriculture and Urban Development departments showed that an amount of ₹24.98 crore (**Appendix 3.7**) was parked in 13 accounts in nationalised/co-operative bank of implementing agencies of various schemes during the period from 2010-11 in violation of the instructions of Finance Department.

³⁹ Balance as on 30.4.2014

Scrutiny of records at Directorate of Agriculture revealed that ₹1.62 crore⁴⁰ parked in bank accounts was transferred to Special TSB account of the Director during April 2014 as per the direction of Finance Department, instead of resuming it to Government account.

It was also noticed that ₹6 crore out of ₹7.56 crore (drawn during the period from 2003-04 to 2006-07) under Agriculture Export Zone scheme (scheme discontinued in 2009-10) and parked in commercial bank was diverted (January 2011) to other purpose by executive orders without the approval of State Legislature. The balance amount of ₹1.86 crore (including interest) was also transferred (April 2014) to TSB Account instead of resuming to Government account.

The circular instructions (August 2009) also states that any violation of the instructions would be viewed seriously and the officers concerned would be held liable to pay interest at the rate of 18 *per cent* per annum for the entire period for which Government money has been kept outside treasuries. But no instances of fixing the liability to pay interest at the rate of 18 *per cent* per annum on the concerned officers were noticed in audit. In response to audit observations, Finance (Streamlining) Department directed (November 2014) the departmental officers to transfer the funds parked in various banks to interest bearing special TSB accounts and credit it back to Government account, if the same cannot be expended immediately. In response to this, Additional Chief Secretary stated that the Government is planning to introduce a new system to avoid parking of funds in TSB accounts.

Withdrawal of funds without adequate planning and keeping the funds unutilised in commercial bank accounts contrary to the directions of Government and existing rules had a negative impact on the ways and means position of the State.

3.6.3 Funds lying in Personal Deposit (PD) accounts

i) Non-closure of PD accounts at the end of the financial year

PD accounts are maintained in the treasuries in the nature of banking accounts. Government sanctions opening of a PD account with prior consultation of Accountant General (A&E). The audit of PD accounts maintained by Departmental Officers was conducted to ascertain whether the funds are drawn from the Consolidated fund and unnecessarily accumulated in deposits, thus affecting the basic discipline of budgetary control. A test-check of PD accounts maintained by Departmental Officers in 11 treasuries revealed the following:

⁴⁰ Rupees one crore: Kuttanad heritage programme and ₹0.62 crore (₹0.40 crore principal + ₹0.22 crore interest): Construction of additional media store and growth room for Biotechnology and Model Floriculture Centre Kazhakuttam

Article 282 (5) (d) of the Kerala Financial Code stipulates that the PD Accounts administered by Government officers, which are created by transferring money from the Consolidated Fund of the State should be closed at the end of the financial year and the balance credited back to the Consolidated Fund unless such PD Accounts were created by law or Rules having the force of law. Audit noticed that an amount of ₹4.01 crore lying in eight PD accounts maintained by various departments⁴¹ as on 31 March 2014 in violation of the above provision.

Audit also noticed that difference in PD account balance of the department with that in treasury in two of the above eight PD accounts. A difference of ₹1.23 crore was noticed between the departmental balance and treasury balance in the PD account No.273/1 maintained (at Sub Treasury, Fort) by the District Scheduled Caste Development Officer, Thiruvananthapuram. Similarly a difference of ₹2.43 crore existed in the PD account 264/1 maintained by the Director of Urban Affairs at Sub Treasury, Vellayambalam.

The department did not maintain cash book as prescribed and also did not conduct any reconciliation with the treasury accounts. Thus the exact cash balance in each account could not be ascertained in audit.

Non-maintenance of cash book, periodical non-reconciliation of departmental balances with Treasury accounts and non-adherence to the standard accounting procedures in respect of PD accounts resulted in differences between departmental and treasury balances and the chances of misappropriation/defalcation could not be ruled out. Responding to audit observations Finance (streamlining) department directed (November 2014) the concerned officers to reconcile the difference in PD accounts.

ii) Lapsed deposit

Departmental officers handling public money are permitted to retain their PD account without closing at the end of the financial year. According to Article 282 (5) (c) and (d) of Kerala Financial Code, Deposit accounts not acknowledged by the Administrators and not operated by them for more than three financial years and deposits remain unclaimed for more than three complete financial years should lapse to Government. Audit noticed that an amount of ₹4.22 crore lying (ranging from three to 10 years) as on 31 March 2014 in 13 PD accounts were not closed by invoking the above provision as detailed below in **Table 3.5**.

⁴¹Special Tahasildar, Land Reforms (₹0.017 crore, PD 181/1), Principal Medical College, Thiruvananthapuram (₹0.034 crore, PD 2133/1), Labour Commissioner (₹2.23 crore, PD 77/1), District Labour Officer, TVM (₹0.058 crore, PD 43/1), Principal Medical College, Thrissur (₹0.051 crore, PD4/819), District Scheduled Castes Officer, Thiruvananthapuram (₹1.43 crore, PD 273/1), Director of Urban Affairs (₹0.09 crore PD 264/1) and Principal Medical College Kozhikode (₹0.10 crore, PD 14/5).

Table 3.5 : Details of lapsed deposits

(₹ in crore)

Sl. No.	Name of account holder	PD code	Closing balance as on 31 March 2014	Date of last transaction
	District Treasury, Thiruvananthapuram			
1.	State Central Library	47/1	0.23	November 2004
2.	Directorate of Health Services	152/1	0.10	March 2006
3.	Science and Technology Environment	136/1	0.07	May 2004
4.	Assistant Director, Dairy Development	10/1	0.02	October 2008
5.	Integrated Poultry Development	3/1	0.09	April 2004
6.	GAD, Secretariat	60/1	0.03	July 2003
7.	Land Use Board	1033/1	0.04	March 2003
8.	Directorate of Collegiate Education	78/1	0.82	December 2003
9.	Director, Higher Secondary Education	672/1	0.56	June 2006
	Additional Sub Treasury Vanchiyoor			
10.	Principal Medical College	179/1	0.73	October 2004
11.	Principal Medical College	179/3	0.01	July 2004
	Sub Treasury Vellayambalam			
12.	Directorate of Panchayats	265/1	0.74	June 2008
13.	Directorate of Urban Affairs	264/2	0.78	November 2007
	Total		4.22	

Source : Information collected from treasuries

In response to this, Finance (streamlining) department directed (November 2014) the concerned officers to close the inoperative PD accounts.

3.7 Conclusion

Delayed submission or ignorance of the procedure in submission of utilisation certificates by the institutions were the main reasons for non-receipt of utilisation Certificate in the office of the Principal Accountant General (A&E). Twenty six autonomous bodies/authorities were required to submit their accounts in respect of grant-in-aid received by them during the year 2013-14. Finality has not been reached in long pending cases of misappropriation, defalcation, etc., involving Government money. Funds released for implementation of State/Central schemes were parked in Treasury Savings Bank accounts, without utilisation up to six years. Though there were instructions to penalize officers for keeping the funds outside Government account, departmental officers continue to do the same and no penalty was imposed on them. Inoperative PD accounts were seen retained without closing. Non-reconciliation of departmental balance with treasury balance caused difference between both the balances and no efforts were taken by departmental officers to reconcile them.

3.8 Recommendations

Taking advantage of the computerization of treasuries, the State Government may consider evolving a system of automatic closure of Treasury Savings Bank and Personal Deposit Accounts after their validity period and the transferring of unutilised balances to the Consolidated Fund.



(N.NAGARAJAN)

Principal Accountant General
(General and Social Sector Audit), Kerala

Thiruvananthapuram,

The **2 February 2015**

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

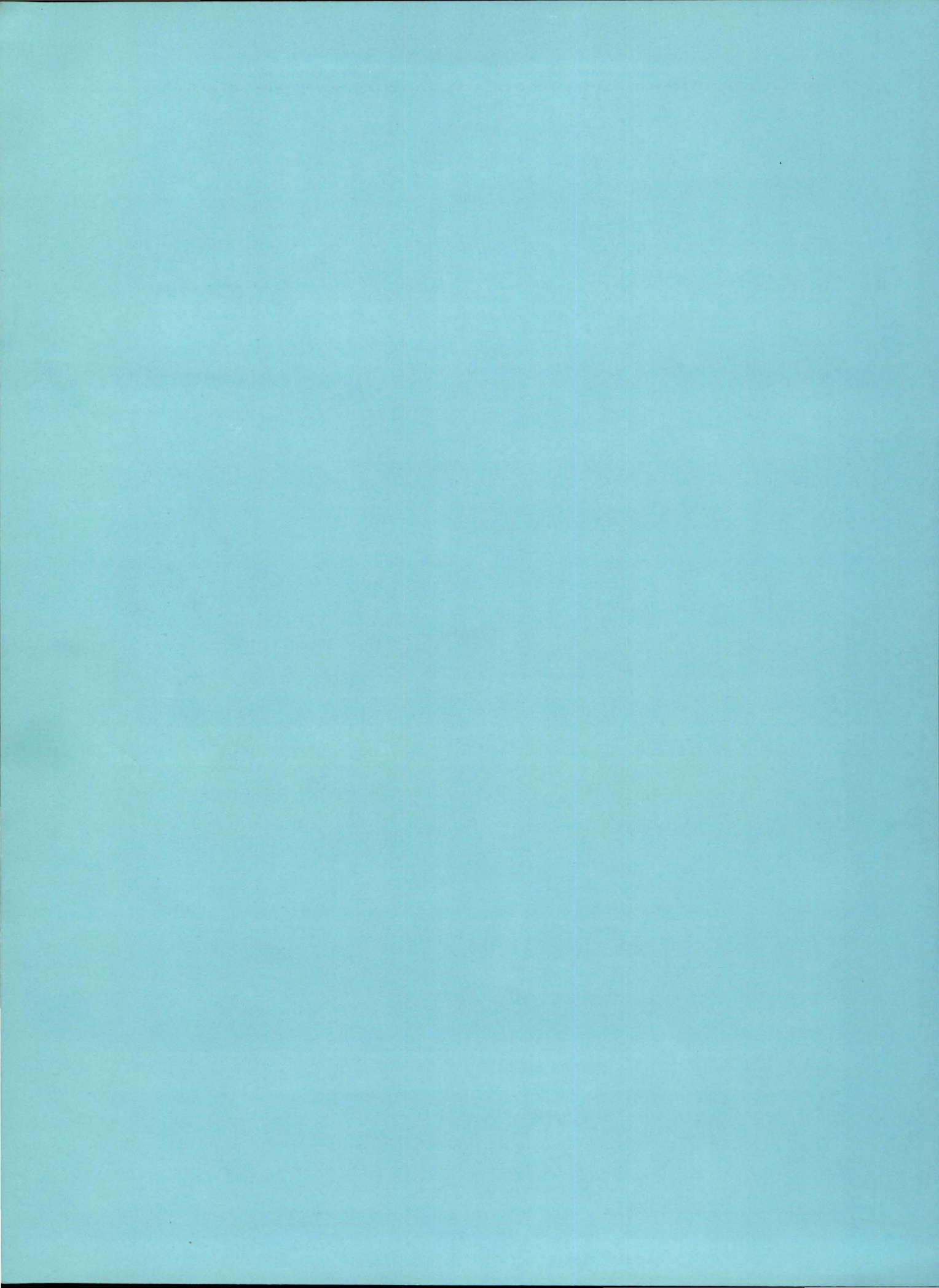
New Delhi,

The **3 February 2015**





APPENDICES



Appendix 1.1

State Profile

(Reference: Page 1, Paragraphs 1.3; Page 12 and 1.6.1; Page 19)

A. General Data

Sl. No.	Particulars		Figures
1.	Area		38863 sq. km.
2.	Population		
	a.	As per 2001 Census	3.18 crore
	b.	As per 2011 Census	3.34 crore
3.	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per sq.km)	819 persons per sq. km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per sq.km)	860 persons per sq. km.
4.	⁴² Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)		7.05 per cent
5.	a.	Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	90.92 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 74.04 per cent)	93.91 per cent
6.	Infant mortality ⁴³ (per 1000 live births)(All India Average =40per 1000 live births)		13
7.	Life Expectancy at birth ⁴⁴ (All India Average = 65.8 years)		74.2 years
8.	Gini Coefficient ⁴⁵		
	a.	Rural (All India = 0.29)	0.42
	b.	Urban (All India = 0.38)	0.50
9.	Gross State Domestic Product (GSDP) 2013-2014 at current prices		₹4,02,972 crore
	Per capita GSDP Compounded Annual Growth Rate (2004-05 to 2013-14)		
	Kerala		13.88 per cent
	General Category States		14.88 per cent
10.	GSDP Compounded Annual Growth Rate (2004-05 to 2013-14)		
	Kerala		14.49 per cent
	General Category States		15.49 per cent
11.	Population Growth (2003-04 to 2012-13)		
	Kerala		4.86 per cent
	General Category States		12.94 per cent
12.	Per capita income at current prices(2012-13)		
	Kerala		₹99,977
	All India		₹68,757

B. Financial Data

Particulars		2004-05 to 2012-13		2004-05 to 2013-14
		General Category States	Kerala	Kerala
Compounded Annual Growth Rate		(In per cent)		
a.	Revenue Receipts	16.93	15.96	15.45
b.	Own Tax Revenue	16.42	16.34	15.19
c.	Non Tax Revenue	12.49	22.66	23.75
d.	Total Expenditure	15.37	16.01	15.54
e.	Capital Expenditure	17.01	26.96	22.69
f.	Revenue Expenditure on Education	17.44	15.74	15.31
g.	Revenue Expenditure on Health	16.50	16.93	16.45
h.	Salary and Wages	14.73	15.81	15.35
i.	Pension	18.34	16.57	16.10

⁴² Source of General Data: Planning Commission Poverty Estimates for 2011-12, 23rd July 2013 press release.

⁴³ Infant mortality rate (SRS Bulletin September 2014).

⁴⁴ Economic Survey 2012-13 (Office of the Registrar General of India, Ministry of Home Affairs)

⁴⁵ Gini Coefficient (Unofficial estimates of Planning Commission, 2009-10 URP; 66th Round)

Gini Coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.

Appendix 1.2
Part A : Structure and form of Government Accounts
(Reference: Paragraph 1.1; Page 2)

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

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

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

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

Part B : Layout of Finance Accounts

The Finance Accounts have been divided into two volumes. Volume 1 presents the financial statements of the Government in a summarised form while the details are presented in Volume 2.

Statement No.	Details of Statements
1.	Statement of Financial Position.
2.	Statement of Receipts and Disbursements.
3.	Statement of Receipts in Consolidated Fund.
4.	Statement of Expenditure in Consolidated Fund.
5.	Statement of Progressive Capital Expenditure.
6.	Statement of Borrowings and other Liabilities.
7.	Statement of Loans and Advances given by the Government.
8.	Statement of Grants-in-aid given by the Government.
9.	Statement of Guarantees given by the Government.
10.	Statement of Voted and Charged Expenditure.
11.	Detailed Statement of Revenue and Capital Receipts by minor heads.
12.	Detailed Statement of Revenue Expenditure by minor heads.
13.	Detailed Statement of Capital Expenditure.
14.	Detailed Statement of Investments of the Government.
15.	Detailed Statement on Borrowings and Other Liabilities.
16.	Detailed Statement on Loans and Advances made by Government.
17.	Detailed Statement on Sources and Application of funds for expenditure other than on revenue account.
18.	Detailed Statement on Contingency Fund and Public Account transactions.
19.	Detailed Statement on Investments of earmarked funds.

Appendix 1.3

**Part A : Methodology adopted for assessment of fiscal position
(Reference: Paragraph 1.1; Page 2)**

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that 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 and revenue and fiscal deficits have been presented as percentage to the 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 whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

	2009-10	2010-11	2011-12	2012-13	2013-14
GSDP ⁴⁶ (₹ in crore)	2,31,999	2,63,773	3,07,906	3,49,338	4,02,972
Growth rate of GSDP	14.41	13.70	16.73	13.46	15.35
Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2011-12 are provisional and that for 2012-13 are Quick Estimates. The figures for 2013-14 are adopted from the budget documents for 2014-15.					

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

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

⁴⁶ Base year 2004-05

Appendix 1.3

Part B : The Kerala Fiscal Responsibility Act

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

The Thirteenth Finance Commission has prescribed a fiscal consolidation map which required the State to eliminate revenue deficit by 2014-15 and to achieve fiscal deficit of 3 *per cent* of GSDP by 2013-14. The State was also required to amend their Fiscal Responsibility Act to conform to the above fiscal reform path. Accordingly, the State Government passed the Kerala Fiscal Responsibility (Amendment) Act, 2011 (Act 17 of 2011) on 8 November 2011. According to the Act, the Government is committed to

- reduce the revenue deficit to 'nil' within a period of four years commencing on the 1 April 2011 and ending with the 31 March 2015 by reducing the revenue deficit in the years 2011-12, 2012-13, 2013-14 and 2014-15 in the order of 1.4 *per cent*, 0.9 *per cent*, 0.5 *per cent* and zero *per cent*, respectively, of the gross state domestic product,
- build up surplus amount of revenue and utilise such amount for discharging liabilities in excess of assets;
- reduce the fiscal deficit to 3 *per cent* of the estimated gross state domestic product within a period of three years commencing on the 1 April, 2011 and ending with the 31 March, 2014 by maintaining the fiscal deficit at a level not exceeding 3.5 *per cent* of the gross state domestic product in the years 2011-12 and 2012-13 and reducing it to 3 *per cent* in 2013-14;
- reduce the State's total debt liabilities to 29.8 *per cent* of the estimated gross domestic product within a period of four years commencing on the 1 April, 2011 and ending with the 31 March, 2015 by reducing the total debt liability in the years of 2011-12, 2012-13, 2013-14 and 2014-15 to the order of 32.3 *per cent*, 31.7 *per cent*, 30.7 *per cent* and 29.8 *per cent* respectively of the gross state domestic product;

Outcome indicators given in the Medium Term Fiscal Plan for 2013-14 to 2015-16 are given in the following table.

**Outcome indicators set out in the Medium Term Fiscal Plan for the years
2013-14 to 2015-16**

(₹ in crore)

Sl. No.	Item	2010-11 Accounts	2011-12 Accounts	2012-13 Revised Estimates	2013-14 Budget Estimates	Forward estimates	
						2014-15	2015-16
1.	Revenue Receipts	30991	38010	48269	58058	68075	81337
1 (a)	State's Own Tax Revenue	21722	25719	31702	38771	46525	55830
1 (b)	Non Tax Revenue	1931	2592	4458	4922	5660	6509
1 (c)	Resources from Centre	7338	9700	12108	14365	16520	18998
2.	Revenue Expenditure	34665	46045	51676	60328	68609	81294
2 (a)	Non-interest Revenue Expenditure	28975	39751	44630	52654	59873	71442
2 (b)	Interest	5690	6294	7045	7673	8736	9852
2 (c)	Salaries	11032	16029	16753	19662	22449	27281
2 (d)	Pensions	5767	8700	8467	9438	10570	13781
2 (e)	Non - SPI Revenue Expenditure	12176	15022	19410	23554	26854	30380
2 (e) (i)	Subsidies	624	1002	1085	953	1048	1153
2 (e) (ii)	Power Subsidy	0	0	0	0	0	0
2 (e) (iii)	Maintenance and repair	734	755	1049	805	885	974
2 (e) (iv)	Devolution to LSGs	2971	3897	4878	6099	7653	9259
2 (e) (v)	Administrative Expenditure	1315	1633	1981	2403	2643	2907
2 (e) (vi)	Other Revenue Expenditure	6533	7736	10416	13296	14625	16088
3.	Revenue Surplus/Deficit	-3674	-8034	-3406	-2270	96	43
4.	Effective Revenue Surplus/Deficit	-1326	-5263	-609	1202		
5.	Capital Expenditure	4126	4851	8059	9749	14699	16757
5 (a)	Capital outlay	3364	3853	6903	8635	13474	15410
5 (b)	Loan disbursements (Net)	762	999	1155	1113	1225	1347
5 (c)	Non Debt Capital Receipts	69	71	120	146	160	176
6.	Fiscal Deficit/Surplus	-7731	-12815	-11345	-11873	-14442	-16538
7.	Primary Fiscal Deficit/Surplus	-2041	-6521	-4300	-4199	-5706	-6686
8.	End of the period Debt	74821	84046	95333	107684	121343	136833
9.	Debt Service	5965	6304	7045	7673	8736	9852
10.	Salary + Pension + Interest	22489	31023	32266	36773	41755	50914
11.	Explicit Power subsidy	0	0	0	0	0	0
12.	Debt Stock	78673	89418	101248	114121	128564	145102
13.	Government Guarantees	7426	8277	8894			
14.	Interest/ Revenue (<i>per cent</i>)	18.36	16.56	14.60	13.22	12.72	12.11
15.	Debt/ Revenue (<i>per cent</i>)	253.86	235.25	209.76	196.56	187.12	178.40
16.	(Salary + Pension + Interest)/ Revenue (<i>per cent</i>)	72.57	81.62	66.85	63.34	60.77	62.60
17.	(Salary + Pension + Interest)/ GSDP (<i>per cent</i>)	8.35	9.84	8.88	8.75	8.67	9.24
18.	(Salary + Pension)/ GSDP (<i>per cent</i>)	6.23	7.85	6.94	6.92	6.86	7.45
19.	Revenue Deficit/ Revenue Receipt (<i>per cent</i>)	11.86	21.14	7.06	3.91	-0.14	-0.05
20.	RD/GSDP (<i>per cent</i>)	1.36	2.55	0.94	0.54	-0.02	-0.01
21.	FD/GSDP (<i>per cent</i>)	2.87	4.07	3.12	2.82	3.00	3.00
22.	Effective RD as percentage of GSDP	0.49	1.67	0.17	-0.29		
23.	Debt stock / GSDP (<i>per cent</i>)	29.20	28.37	27.87	27.14	26.70	26.32
24.	GSDP	269474	315206	363305	420479	481448	551258
25.	Nominal GSDP Growth Rate (<i>per cent</i>)	15.96	16.97	15.26	15.74	14.50	14.50
26.	Average Interest rate (<i>per cent</i>)	7.60	7.49	7.39	7.13	7.20	7.20
27.	Domar Gap	8.36	9.48	7.87	8.61	7.30	7.30

Appendix 1.4

Part A : Abstract of receipts and disbursements for the year 2013-14
(Reference: Paragraph 1.1.1; Page 2)

(₹ in crore)

Receipts			Disbursements					
2012-13		2013-14	2012-13		Non-Plan	Plan	Total	2013-14
<u>Section – A: Revenue</u>								
44137.30	I. Revenue Receipts	49176.93	53488.74	I. Revenue Expenditure	53411.84	7073.66	60485.50	60485.50
30076.61	Own Tax Revenue	31995.01	22786.61	General Services	26478.44	126.65	26605.09	
4198.51	Non-Tax Revenue	5575.03	18877.49	Social Services	16333.95	4645.93	20979.88	
6840.65	State's share of Union Taxes and Duties	7468.68	10532.02	Education, Sports, Art and Culture	10711.80	998.05	11709.85	
657.46	Non-Plan Grants	1679.40	3112.82	Health and Family Welfare	2780.54	727.00	3507.54	
1163.46	Grants for State Plan Schemes	1154.23	948.14	Water Supply, Sanitation, Housing and Urban Development	407.98	500.80	908.78	
1200.61	Grants for Central Plan and Centrally Sponsored Plan Schemes	1304.58	64.77	Information and Broadcasting	46.78	10.08	56.86	
			1217.91	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	263.46	1376.35	1639.81	
			662.52	Labour and Labour Welfare	265.96	366.81	632.77	
			2281.59	Social Welfare and Nutrition	1802.14	666.84	2468.98	
			57.72	Others	55.29		55.29	
			7808.42	Economic Services	5627.98	2301.08	7929.06	
			3787.15	Agriculture and allied activities	2613.76	1279.14	3892.90	
			540.68	Rural Development	322.94	317.76	640.70	
			94.33	Special Areas Programmes		102.68	102.68	
			482.69	Irrigation and Flood control	427.28	24.48	451.76	
			151.80	Energy	206.12	19.58	225.70	
			373.12	Industry and Minerals	163.28	185.85	349.13	
			1836.75	Transport	1666.59	83.68	1750.27	
			118.05	Science, Technology and Environment	40.06	72.07	112.13	
			423.85	General Economic Services	187.95	215.84	403.79	
			4016.22	Grants-in-aid and Contributions	4971.47		4971.47	
9351.44	II. Revenue Deficit carried over to Section B	11308.57		Revenue Surplus carried over to Section B				
53488.74	Total - Section A	60485.50	53488.74	Total - Section A	53411.84	7073.66	60485.50	60485.50

Appendix 1.4 Part A – Contd.

(₹ in crore)

Receipts				Disbursements					
2012-13			2013-14	2012-13		Non-Plan	Plan	Total	2013-14
	Section B: Others								
3793.46	Opening Cash Balance including Permanent III. Advances, Cash Balance Investment and Investment of earmarked funds		4692.73	0.00	III. Opening Overdraft from Reserve Bank of India			Nil	0
14.81	IV. Miscellaneous Capital Receipts		19.19	4603.29	IV. Capital Outlay	796.71	3497.62	4294.33	4294.33
				146.91	General Services	63.58	84.45	148.03	
				561.89	Social Services	1.50	615.62	617.12	
				138.21	Education, Sports, Art and Culture		199.28	199.28	
				130.65	Health and Family Welfare		130.32	130.32	
				114.79	Water Supply, Sanitation, Housing and Urban Development	1.50	73.86	75.36	
				..	Information and publicity		1.89	1.89	
				30.50	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		33.28	33.28	
				2.61	Social Welfare and Nutrition		38.74	38.74	
				145.13	Other Social Services		138.25	138.25	
				3894.49	Economic Services	731.63	2797.55	3529.18	
				217.75	Agriculture and allied activities	73.80	171.90	245.70	
				10.50	Other rural development programmes	0.25	27.89	28.14	
				340.60	Irrigation and Flood Control	76.00	266.39	342.39	
				0.00	Power projects		3.40	3.40	
				273.94	Industry and Minerals		342.24	342.24	
				2986.36	Transport	73.74	1861.70	1935.44	
				0.20	Science, Technology and Environment		0.25	0.25	
				65.14	General Economic Services	507.84	123.78	631.62	

Appendix 1.4 Part A – Concl'd.

(₹ in crore)

Receipts				Disbursements			
2012-13			2013-14	2012-13			2013-14
73.61	V. Recoveries of Loans and Advances		103.75 ⁴⁷	1136.15	V. Loans and Advances Disbursed		1464.17
--	From Power Projects			0.00	For Power Projects	--	
40.34	From Government Servants	59.87		151.06	To Government Servants	207.39	
33.27	From Others	43.88		985.09	To Others	1256.78	
	VI. Revenue Surplus brought down			9351.44	VI. Revenue Deficit brought down		11308.57
13261.19	VII. Public Debt Receipts		14461.18	2804.08	VII. Repayment of Public Debt		3244.81
12708.89	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	13950.24		2477.88	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	2774.30	
	Net transactions under Ways and Means Advances excluding overdraft	118.93			Net transactions under Ways and Means advances excluding overdraft	118.93	
552.30	Loans and Advances from Central Government	392.01		326.20	Repayment of Loans and Advances to Central Government	351.58	
	VIII. Appropriation from the Consolidated Fund				VIII. Appropriation to Contingency Fund		
20.80	IX. Amount transferred to Contingency Fund				IX. Expenditure from Contingency Fund		67.39
105879.64	X. Public Account Receipts		124374.44	100455.82	X. Public Account Disbursements		120992.20
23820.83	Small Savings, Provident Funds, etc.	29472.54		20135.29	Small Savings, Provident Funds, etc.	25240.68	
382.37	Reserve Funds	385.01		527.95	Reserve Funds	307.00	
7839.67	Deposits and Advances	9865.64		6698.74	Deposits and Advances	9678.20	
64132.05	Suspense and Miscellaneous	75728.65		63419.61	Suspense and Miscellaneous	76675.24	
9704.72	Remittances	8922.60		9674.23	Remittances	9091.08	
	XI. Closing Overdraft from Reserve Bank of India			4692.73	XI. Cash Balance at end		2279.82
				9.28	Cash in Treasuries	2.69	
				0.63	Local Remittances	1.07	
				76.23	Deposits with Reserve Bank	-2.23	
				2.69	Departmental cash balance including Permanent Advance	2.26	
				3201.71	Cash Balance Investment	764.31	
				1402.19	Investment from earmarked funds	1511.72	
123043.51	Total – Section B		143651.29	123043.51	Total – Section B		143651.29

⁴⁷ Includes ₹0.06 crore written off

Appendix 1.4
Part B : Summarised financial position of the Government of Kerala
as on 31 March 2014
(Reference: Paragraphs 1.1.1; Page 2 and 1.9.1; Page 34)

As on 31 March 2013	Liabilities		As on 31 March 2014
65628.40	Internal Debt	-	76804.34
48809.86	Market Loans bearing interest	60183.33	
0.05	Market Loans not bearing interest	0.05	
2777.13	Loans from Life Insurance Corporation of India	2501.88	
296.30	Loans from General Insurance Corporation of India	274.48	
1807.12	Loans from National Bank for Agriculture and Rural Development	2027.39	
108.98	Loans from National Co-operative Development Corporation	165.34	
506.19	Loans from other institutions	370.70	
11322.77	Special securities issued to National Small Savings Fund of the Central Government	11281.17	
6621.79	Loans and Advances from Central Government		6662.22
1.16	Pre 1984-85 Loans	1.16	
26.16	Non-Plan Loans	24.08	
6594.47	Loans for State Plan Schemes	6636.98	
(*)	Loans for Central Plan Schemes	(*)	
-	Loans for Centrally Sponsored Plan Schemes		
100.00	Contingency Fund(Net)		32.61
31310.65	Small Savings, Provident Funds, etc.		35542.51
4514.95	Deposits		4702.40
1803.14	Reserve Funds		1881.16
2093.53	Suspense and Miscellaneous		1146.95
112072.46	Total		126772.19

(*) ₹ 7,000 only.

Appendix 1.4 – Part B Concl'd.

(₹ in crore)

As on 31 March 2013	Assets		As on 31 March 2014
29562.40⁴⁸	Gross Capital Outlay on Fixed Assets -		33837.54
5043.91	Investments in shares of Companies, Corporations, etc.	5623.61	
24518.49	Other Capital Outlay	28213.93	
10360.71⁴⁸	Loans and Advances -		11721.13
2661.64	Loans for Power Projects	2661.64	
7349.52	Other Development Loans	8562.38	
349.55	Loans to Government servants and Miscellaneous loans	497.11	
0.32	Advances		0.34
433.91	Remittance Balances		602.39
89.37	Adjustment on account of retirement/disinvestment		108.55⁴⁹
4692.73	Cash -		2279.82
9.91	Cash in Treasuries and Local Remittances	3.76	
76.23	Deposits with Reserve Bank	-2.23	
2.36	Departmental Cash Balance	1.93	
0.33	Permanent Advances	0.33	
3201.71	Cash Balance Investments	764.31	
1402.19	Reserve Fund Investments	1511.72	
66933.02	Deficit on Government Account -		78222.42
57936.23	Accumulated deficit at the beginning of the year	66933.02	
9351.44	Add: (i) Revenue Deficit of the current year	11308.57	
-339.84	(ii) Miscellaneous Government account	0.02	
14.81	Less: Miscellaneous Capital Receipts	19.19	
112072.46	Total		126772.19

Explanatory Notes

The abridged accounts in Appendix 1.4 have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable, depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and others pending settlement, etc. There was a difference of ₹12.15 lakh (net credit) between the figures reflected in the accounts (₹223.09 lakh) and that communicated by the Reserve Bank of India (₹235.24 lakh). Out of the difference an amount of ₹0.06 lakh (net debit) has been cleared in 2014-15. The balance difference (₹12.09 lakh) is under investigation.

⁴⁸ Balance as on 31 March 2013 differ from those shown in the previous year's account due to *pro forma* adjustment of ₹96.22 crore for conversion of loans into share capital which were explained in foot notes (b) and (c) of Statement no.1 of Finance Accounts 2013-14.

⁴⁹ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital *vide* foot note (m) of Statement no.17 of Finance Accounts 2013-14.

Appendix 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3; Page 11 and Paragraph 1.9.2; Page 34)

(₹ in crore)

Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Part A: Receipts						
1.	Revenue Receipts	26109	30991	38010	44137	49177
(i)	Tax Revenue	17625 (67)	21722 (70)	25719 (67)	30077 (68)	31995 (65)
	Taxes on Agricultural Income	28 ⁵⁰	47 ⁵⁰	43 ⁵⁰	19 ⁵⁰	22 ⁵⁰
	Taxes on Sales, Trade, etc.	12771 (72)	15833 (73)	18939 (74)	22511 (75)	24885 (78)
	State Excise	1515 (9)	1700 (08)	1883 (8)	2314 (8)	1942 (7)
	Taxes on Vehicles	1131 (6)	1331 (06)	1587 (6)	1925 (6)	2161 (7)
	Stamps and Registration fees	1896 (11)	2552 (12)	2987 (12)	2938 (10)	2593 (8)
	Land Revenue	54 ⁵⁰	56 ⁵⁰	61 ⁵⁰	122 ⁵⁰	89 ⁵⁰
	Other Taxes	230 (01)	203 (01)	219 (1)	248 (1)	303 (1)
(ii)	Non Tax Revenue	1852 (7)	1931 (6)	2592 (7)	4198 (10)	5575 (11)
(iii)	State's share in Union taxes and duties	4399 (17)	5142 (17)	5990 (16)	6841 (15)	7469 (15)
(iv)	Grants in aid from Government of India	2233 (9)	2196 (7)	3709 (10)	3021 (7)	4138 (9)
2.	Miscellaneous Capital Receipts	49	25	16	15	19
3.	Recovery of Loans and Advances	38	44	55	74	104
4.	Total revenue and Non debt capital receipts (1+2+3)	26196	31060	38081	44226	49300
5.	Public Debt Receipts	6616	7189	9799	13261	14461
	Internal Debt (excluding Ways & Means Advances and Overdraft)	6053	6828	9392 (96)	12709 (96)	13950 (96)
	Net transactions under Ways and Means Advances excluding Overdraft	...	...	...	...	119
	Loans and advances from Government of India	563	361	407 (4)	552 (4)	392 (3)
6.	Total receipts in the Consolidated Fund (4+5)	32812	38249	47880	57487	63761
7.	Contingency Fund Receipts	6	26	34	21	
8.	Public Account receipts	61314	73754	95830	105880	124374
9.	Total receipts of State (6+7+8)	94132	112029	143744	163388	188135
Part B: Expenditure/Disbursement						
10.	Revenue Expenditure	31132 (91)	34665 (89)	46045 (90)	53489 (90)	60486 (91)
	Plan	4179 (13)	4196 (12)	5327 (12)	6849 (13)	7074 (12)
	Non-Plan	26953 (87)	30469 (88)	40718 (88)	46640 (87)	53412 (88)
	General Services (incl. Interest payment)	13935 (45)	15418 (44)	20300 (44)	22787 (43)	26605 (44)
	Social Services	10467 (34)	12111 (35)	16224 (35)	18878 (35)	20980 (35)
	Economic Services	4241 (14)	4358 (13)	6132 (13)	7808 (15)	7929 (13)
	Grants-in-aid and Contributions	2489 (8)	2778 (8)	3389 (8)	4016 (7)	4972 (9)
11.	Capital Expenditure	2059 (6)	3364 (9)	3853 (8)	4603 (8)	4294 (6)
	Plan	1902 (92)	2766 (82)	3398 (88)	3466 (75)	3497 (81)
	Non-Plan	157 (8)	598 (18)	455 (12)	1137 (25)	797 (19)
	General Services	67 (3)	119 (4)	162 (4)	147 (3)	148 (3)
	Social Services	363 (18)	479 (14)	595 (16)	562 (12)	617 (15)
	Economic Services	1629 (79)	2766 (82)	3096 (80)	3894 (85)	3529 (82)
12.	Disbursement of Loans and Advances	877 (3)	762 (2)	998 (2)	1136 (2)	1464 (2)
13.	Total (10+11+12)	34068	38791	50896	59228	66244

⁵⁰ Insignificant

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

Appendix 1.5- Contd.

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Part B: Expenditure/Disbursement					
14. Repayment of Public Debt	1765	1975	2893	2804	3245
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1499	1667	2522	2478	2774
Net transactions under Ways and Means Advances excluding Overdrafts	...	...	...	...	119
Loans and Advances from Government of India	266	308	371	326	352
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	35833	40766	53789	62032	69489
17. Contingency Fund disbursements	26	34	21	...	67
18. Public Account disbursements	57272	70558	91200	100456	120992
19. Total disbursement by the State (16+17+18)	93131	111358	145010	162488	190548
Part C: Deficits					
20. Revenue Deficit (1-10)	5023	3674	8035	9352	11309
21. Fiscal Deficit (4-13)	7872	7731	12815	15002	16944
22. Primary Deficit (21+23)	2580	2041	6521	7797	8679
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	5292	5690	6294	7205	8265
24. Financial Assistance to local bodies, etc.	8616	9798	12099	13716	16138
25. Ways & Means Advances/Overdrafts availed (days)	18	Nil	Nil	Nil	1
Ways and Means Advances availed (days)	18	Nil	Nil	Nil	1
Overdraft availed (days)	Nil	Nil	Nil	Nil	Nil
26. Interest on WMA/Overdraft	0.54	Nil	Nil	Nil	0.02
27. Gross State Domestic Product (GSDP) at current prices ⁵¹	231999	263773	307906	349338	402972
28. Outstanding Fiscal Liabilities (year-end)	74223	82420	93132	108477	124081
29. Outstanding guarantees (year-end)	7495	7426	8277	9099	9763
30. Maximum amount guaranteed (during the year)	10226	12625	11332	11482	12275
31. Number of incomplete projects/works	187	241	263	215	228
32. Capital blocked in incomplete projects/works ⁵²	973	1117	484	539	759

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

⁵¹ GSDP figures are communicated by the Director of Economics and Statistics Department of Government of Kerala. The figures for 2011-12 are provisional and that for 2012-13 are Quick Estimates. The figures for 2013-14 are adopted from the Budget documents 2014-15.

⁵² Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

Appendix 1.5- Concl'd.

(*₹ in crore*)

		2009-10	2010-11	2011-12	2012-13	2013-14
Part E: Fiscal Health Indicators						
I	Resource Mobilisation					
	Own Tax revenue/GSDP	7.6	8.2	8.4	8.6	7.9
	Own non-tax revenue/GSDP	0.8	0.7	0.8	1.2	1.4
	Central Transfers/GSDP	2.9	2.8	3.1	2.8	2.9
II	Expenditure Management					
	Total Expenditure/GSDP	14.7	14.7	16.5	17.0	16.4
	Total Expenditure/Revenue Receipts	130.5	125.2	133.9	134.2	134.7
	Revenue Expenditure/Total Expenditure	91.4	89.4	90.5	90.3	91.3
	Revenue Expenditure on Social Services/Total Expenditure	30.7	31.2	31.9	31.9	31.7
	Revenue Expenditure on Economic Services/Total Expenditure	12.4	11.2	12.0	13.2	12.0
	Capital Expenditure/Total Expenditure	6.0	8.7	7.6	7.8	6.5
	Capital Expenditure on Social and Economic Services/Total Expenditure.	5.8	8.4	7.3	7.5	6.3
III	Management of Fiscal Imbalances					
	Revenue deficit/GSDP	(-) 2.2	(-) 1.4	(-)2.6	(-)2.7	(-)2.8
	Fiscal deficit/GSDP	(-) 3.4	(-) 2.9	(-)4.2	(-)4.3	(-)4.2
	Primary Deficit /GSDP	(-) 1.1	(-) 0.8	(-)2.1	(-)2.2	(-)2.2
	Revenue Deficit/Fiscal Deficit	63.8	47.5	62.7	62.3	66.7
IV	Management of Fiscal Liabilities					
	Fiscal Liabilities/GSDP	32.0	31.2	30.2	31.1	30.8
	Fiscal Liabilities/RR	284.3	265.9	245.0	245.8	252.3
	Primary deficit vis-à-vis quantum spread	1981	2709	1309	(-)1837	325
	Debt Redemption (Principal +Interest)/ Total Debt Receipts (in <i>per cent</i>)	88.8	91.9	88.8	82.3	86.5
V	Other Fiscal Health Indicators					
	Return on Investment	0.8	2.0	1.6	1.1	1.8
	Balance from Current Revenue	(-) 2155	(-) 910	(-)4974	(-)4867	(-)6694
	Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

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

Appendix 1.6

**Gross collection in respect of major taxes and duties *vis-à-vis* budget estimates and the expenditure incurred on their collection
(Reference: Paragraph 1.3.3; Page 16)**

(₹ in crore)

Sl. No.	Head of revenue	Year	Budget Estimate	Collection	Expenditure on collection of revenue	Percentage of expenditure to gross collection	All India average percentage of expenditure to gross collection
1.	Tax on sales, trade etc.	2009-10	12733.94	12770.89	126.01	0.99	0.96
		2010-11	15125.69	15833.11	115.61	0.73	0.75
		2011-12	19427.90	18938.83	166.55	0.88	0.83
		2012-13	23450.52	22511.09	162.05	0.72	0.73
		2013-14	28456.62	24885.25	178.23	0.72	Not available
2.	Stamps (non-judicial) and registration fees	2009-10	2630.30	1812.89	100.70	5.55	2.47
		2010-11	2095.43	2477.19	101.56	4.10	1.60
		2011-12	3148.42	2906.90	144.85	4.98	1.89
		2012-13	3775.71	2862.06	128.73	4.50	3.25
		2013-14	4086.44	2504.04	135.34	5.4	Not available
3.	State excise	2009-10	1440.52	1514.81	83.31	5.50	3.64
		2010-11	1836.21	1699.54	92.51	5.44	3.05
		2011-12	2059.05	1883.18	144.69	7.68	2.98
		2012-13	2550.65	2313.95	146.81	6.34	2.96
		2013-14	2801.75	1941.72	164.32	8.46	Not available
4.	Taxes on vehicles	2009-10	958.63	1131.10	33.96	3.00	3.07
		2010-11	1301.88	1331.37	35.55	2.67	3.71
		2011-12	1410.73	1587.13	53.26	3.36	2.96
		2012-13	1694.49	1924.62	58.30	3.03	4.17
		2013-14	2570.65	2161.09	74.61	3.45	Not available

Appendix 2.1
Details showing savings in Grants/Appropriation during the year
(Reference: Paragraph 2.2: Page 50)

(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
Revenue – Voted				
1.	II Heads of States, Ministers and Headquarters Staff	396.67	349.06	47.61
2.	III Administration of Justice	428.87	413.63	15.24
3.	V Agricultural Income Tax and Sales Tax	201.87	197.49	4.38
4.	VI Land Revenue	413.99	387.84	26.15
5.	VII Stamps and Registration	155.08	136.81	18.27
6.	VIII Excise	182.55	164.36	18.19
7.	IX Taxes on Vehicles	75.45	74.64	0.81
8.	X Treasury and Accounts	185.84	184.85	0.99
9.	XI District Administration and Miscellaneous	444.06	397.63	46.43
10.	XII Police	2,135.50	2,074.61	60.89
11.	XIV Stationery and Printing and Other Administrative Services	369.15	343.49	25.66
12.	XV Public Works	2,169.10	2,023.86	145.24
13.	XVII Education, Sports, Art and Culture	12,151.84	11,845.39	306.45
14.	XVIII Medical and Public Health	3,264.57	3,166.91	97.66
15.	XIX Family Welfare	500.30	354.73	145.57
16.	XX Water Supply and Sanitation	764.91	580.61	184.30
17.	XXI Housing	148.61	114.42	34.19
18.	XXII Urban Development	1,341.11	216.07	1,125.04
19.	XXIII Information and Publicity	63.63	56.94	6.69
20.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	827.25	635.27	191.98
21.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1,927.50	1,644.93	282.57
22.	XXVI Relief on Account of Natural Calamities	585.93	553.92	32.01
23.	XXVII Co-operation	290.00	265.44	24.56
24.	XXVIII Miscellaneous Economic Services	129.82	126.10	3.72

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
25.	XXIX Agriculture	2,041.78	1810.63	231.15
26.	XXX Food	967.45	950.78	16.67
27.	XXXI Animal Husbandry	425.96	420.66	5.30
28.	XXXII Dairy	159.32	138.99	20.33
29.	XXXIII Fisheries	277.94	249.56	28.38
30.	XXXIV Forest	451.53	393.62	57.91
31.	XXXV Panchayat	306.47	258.18	48.29
32.	XXXVI Rural Development	456.38	397.89	58.49
33.	XXXVII Industries	416.10	351.87	64.23
34.	XXXVIII Irrigation	378.86	307.34	71.52
35.	XXXIX Power	259.80	239.26	20.54
36.	XL Ports	47.42	35.13	12.29
37.	XLI Transport	51.13	44.10	7.03
38.	XLII Tourism	148.85	143.95	4.90
39.	XLIII Compensation and Assignments	5,347.79	4,997.42	350.37
40.	XLVI Social Security and Welfare	2,503.36	2,230.83	272.53
Total		43,393.74	39,279.21	4,114.53
Revenue – Charged				
1.	II Heads of States, Ministers and Headquarters Staff	117.15	101.06	16.09
2.	III Administration of Justice	78.32	73.97	4.35
3.	V Agricultural Income Tax and Sales Tax	1.28	1.23	0.05
4.	VI Land Revenue	0.01	0.01	(*)
5.	VIII Excise	0.10	0.00	0.10
6.	IX Taxes on Vehicles	(*)	(*)	(*)
7.	XI District Administration and Miscellaneous	1.09	1.07	0.02
8.	XII Police	0.12	0.10	0.02
9.	XIV Stationery and Printing and Other Administrative Services	(*)	0.00	(*)
10.	XVIII Medical and Public Health	0.14	0.07	0.07
11.	XXI Housing	0.02	0.02	(*)
12.	XXIX Agriculture	0.17	0.04	0.13
13.	XXX Food	0.18	0.18	(*)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
14.	XXXIV Forest	0.05		0.05
15.	XXXVIII Irrigation	0.15	0.06	0.09
16.	XLI Transport	38.74	38.73	0.01
17.	XLVI Social Security and Welfare	0.02	(*)	0.02
Total		237.54	216.54	21.00
Capital – Voted				
1.	XII Police	30.95	0.02	30.93
2.	XIV Stationery and Printing and Other Administrative Services	4.00	1.82	2.18
3.	XVII Education, Sports, Art and Culture	393.73	200.73	193.00
4.	XVIII Medical and Public Health	189.51	130.32	59.19
5.	XX Water Supply and Sanitation	368.50	255.17	113.33
6.	XXI Housing	352.21	322.47	29.74
7.	XXII Urban Development	4.52	3.20	1.32
8.	XXIII Information and Publicity	12.21	1.89	10.32
9.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	144.50	138.27	6.23
10.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	115.60	33.28	82.32
11.	XXVII Co-operation	261.40	52.42	208.98
12.	XXVIII Miscellaneous Economic Services	2813.03	391.84	2421.19
13.	XXIX Agriculture	225.62	168.92	56.70
14.	XXX Food	88.18	67.42	20.76
15.	XXXI Animal Husbandry	30.82	13.09	17.73
16.	XXXIII Fisheries	157.95	136.52	21.43
17.	XXXIV Forest	44.75	35.08	9.67
18.	XXXV Panchayat	60.87	28.58	32.29
19.	XXXVI Rural Development	2.00	2.00	(*)
20.	XXXVII Industries	747.54	582.16	165.38
21.	XXXVIII Irrigation	603.41	206.95	396.46
22.	XXXIX Power	46.82	3.40	43.42
23.	XL Ports	373.83	150.28	223.55
24.	XLI Transport	1861.72	809.98	1051.74

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
25.	XLII Tourism	143.65	140.43	3.22
26.	XLV Miscellaneous Loans and Advances	211.74	208.32	3.42
27.	XLVI Social Security and Welfare	63.10	38.74	24.36
Total		9352.16	4123.30	5228.86
Capital-Charged				
1.	XV Public Works	75.00	22.40	52.60
2.	XVIII Medical and Public Health	(*)	0.00	(*)
3.	XXVIII Miscellaneous Economic Services	100.00	99.50	0.50
4.	XXIX Agriculture	1.98	0.71	1.27
5.	XXXIII Fisheries	0.02	0.02	(*)
6.	XXXVIII Irrigation	8.30	7.23	1.07
7.	Public Debt Repayment	10,104.30	3,244.81	6,859.49
Total		10,289.60	3,374.67	6,914.93
Grand Total		63,273.05	46,993.74	16,279.31

(*) insignificant/token provision

Appendix 2.2
Details of Grant-wise Plan/Non-plan savings during the year
(Reference: Paragraph 2.2: Page 50)

(₹ in crore)

Sl. No	Grant No.	Original Grant	Supplementary Grant	Final Expenditure	Savings	% of Saving
Revenue –Plan (Voted)						
1.	XVII	1341.06	104.25	1070.98	374.33	25.9
2.	XIX	370.34	0	267.08	103.26	27.9
3.	XX	555	0	370.15	184.85	33.3
4.	XXII	1238.26	0.75	118.3	1120.71	90.5
5.	XXIV	504.87	5.69	366.87	143.69	28.1
6.	XXV	1540.56	95.38	1377.27	258.67	15.8
7.	XXIX	1082.49	9.24	893.51	198.22	18.2
8.	XLVI	900.86	50.34	667.98	283.22	29.8
Total		7533.44	265.65	5132.14	2666.95	
Revenue - Non-Plan (Voted)						
9.	XV	2059.29	27.80	1946.78	140.31	6.7
10.	XLIII	5198.09	149.70	4997.42	350.37	6.6
Total		7257.38	177.50	6944.20	490.68	
Total Revenue		14790.82	443.15	12076.34	3157.63	
Capital –Plan (Voted)						
11.	XX	364	0	253.67	110.33	30.31
12.	XXVII	61.9	199.50	52.42	208.98	79.95
13.	XXVIII	848.03	0	5	843.03	99.41
14.	XXXVII	530.95	216.59	582.16	165.38	22.12
15.	XXXVIII	563.41	25	154.56	433.85	73.73
Total		2368.29	441.09	1047.81	1761.57	
Capital – Non-Plan (Voted)						
16.	XV	248.32	8.48	115.47	141.33	55.04
17.	XVII	140.01	0	0	140.01	100
18.	XXVIII	1965.00	0	386.84	1578.16	80.31
19.	XL	302.00	0	0	302	100
20.	XLI	1625.4	25	428.07	1222.33	74.06
Total		4280.73	33.48	930.38	3383.83	
Total Capital		6649.02	474.57	1978.19	5145.40	
Grand Total		21439.84	917.72	14054.53	8303.03	

Appendix 2.3
Sub-heads (under Grants having more than ₹100 crore savings) in which substantial savings was occurred
(Reference: Paragraph 2.3.1: Page 52)

(₹ in crore)

Sl. No.	Grant No.	Head of account	amount of saving	Reasons for saving
Revenue - Voted				
1.	XIX	2211-101-99- Sub Centres (100% CSS)	42.73	Not furnished
2.		2211-003-98- Training of Health Visitors, ANMs and DAIs (100% CSS)	36.65	Not furnished
3.		2211-101-96- Rural Family Welfare Centres and Post Partum Centres (Block PHCs)	36.10	Not furnished
4.	XX	2215- 01- 800- 67-Add-on project of Jalanidhi	93.92	Not furnished
5.		2215-01-190-99-Grant-in-Aid to the Kerala Water Authority	70.00	Savings was due to direct release of GOI share to KWA
6.	XXII	2217-05-800-89-Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	446.17	Not furnished
7.		2217-80-800- 91-Kerala Sustainable Urban Development Project	200.00	Not furnished
8.		2217-03-191-74-Urban Infrastructure Development Scheme for Small and Medium Towns(ACA)	162.49	Savings was due to non-implementation of the scheme
9.		2217-80-800-70-Rajiv Awas Yojana (50% CSS)	130.69	Not furnished
10.		2217-05-800-83-Basic Services to the Urban Poor	72.03	Not furnished
11.		XXIV	2230-01-103-31-Rashtriya Swasthya Bima Yojana (75% CSS)	92.62	Savings was due to direct release of premium amount to implementing agency CHIAK
12.	2230-02- 198-50-Block Grant for Revenue Expenditure		31.40	Not furnished
13.	2230-03-101- 87-Modernisation of ITIs		18.04	Savings was due to non-completion of procurement of tools and equipments
Capital – Voted				
14.	XVII	4202-02-800-85-Projects under LACADF	129.15	Savings was due to non-completion of works
15.		4202-01- 202- 91-Infrastructure-Higher Secondary Education	56.00	Savings was due to slow progress of works
16.		4202-02-104-95-Construction of Women's Hostel in Polytechnics (100% CSS)	14.53	Savings was due to non-completion of works

Sl. No.	Grant No.	Head of account	amount of saving	Reasons for saving
17.	XX	6215- 01-190- 98-Loans to the Kerala State Water Authority for implementing JBIC Assisted Water Supply Project	106.33	Not furnished
18.	XXVII	4425-107- 85-Share capital contribution to District Co-operative Banks	129.50	Not furnished
19.		4425-107-86-Share capital contribution to Kerala State Co-operative Bank	70.00	Not furnished
20.	XXVIII	5475- 800-89-Investment in Major Capital Projects	1250.00	Not furnished
21.		5475-800-92-Major Infrastructural Development Projects	841.03	Not furnished
22.		5475-800-91-Projects under Legislative Assembly Constituency Asset Development Scheme	315.00	Not furnished
23.	XXXVII	4859- 02-190- 99-Kerala State Electronic Development Corporation-Investments	96.19	Savings was due to providing of budget provision for proforma adjustment, it was unnecessary.
24.		6885- 60-190-99-Loans to Kerala Industrial Infrastructure Development Corporation	50.00	Savings was due to re-classification of budget provision
25.		4885-01-190- 99-The Kerala State Industrial Development Corporation	19.00	Not furnished
26.		4851- 101- 91-Infrastructure Development-Construction of Multi-storied Industrial Estate	10.50	Not furnished
27.	XXXVIII	4711- 01-103-90 Kuttanad Package(75% CSS)	169.32	Not furnished
28.		4701-80-800-82-Accelerated Irrigation Benefits Programme	91.47	Not furnished
29.		4701-80-800-80-AIBP-Assistance for MI class I Scheme	50.00	Not furnished
30.		4701-80-800-79-AIBP-Support for other need based programme	50.00	Savings was due to non-sanctioning of projects
31.	XL	5051-01-001-98-Investments in Major Capital Projects (Ports)	300.00	Not furnished
32.	XLI	5075-60-800-79-Investment in Major Capital Projects (other Transport Services)	1500.00	Savings was due to non-implementation of major projects

Appendix 2.4

**Statement of persistent savings for the last three years
(Savings of ₹ five crore and above in each case)
(Reference: Paragraph 2.3.2, Page 52)**

(₹ in crore)

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
1	II	3451-00-101-87- Kerala State Information Technology Mission (P)	2011-12	30.48	20.35	10.13
			2012-13	56.64	26.31	30.33
			2013-14	50.50	30.23	20.27
2	III	2014-00-800-86- Improvement of Justice Delivery – 13 th Finance Commission Recommendation (NP)	2011-12	28.01	2.78	25.23
			2012-13	21.78	2.51	19.27
			2013-14	21.78	10.24	11.54
3	VI	2029-00-102-95- Preparation of Land records for the implementation of Land reforms-resurvey of areas where the records are in bad condition (Cadastral Survey) (NP)	2011-12	90.20	80.47	9.73
			2012-13	90.11	82.66	7.45
			2013-14	105.91	93.54	12.37
4		2029-00-102-99- Survey Department (General) (NP)	2011-12	13.14	6.85	6.29
			2012-13	13.80	7.27	6.53
			2013-14	14.36	8.61	5.75
5	XII	2055-00-104-99- Armed Police (NP)	2011-12	202.44	188.14	14.30
			2012-13	258.91	230.70	28.21
			2013-14	295.02	260.52	34.50
6	XIV	2070-00-108-98- Protection and control (NP)	2011-12	92.44	71.71	20.74
			2012-13	98.50	74.22	24.27
			2013-14	118.88	94.14	24.74
7		2059-80-001-97- Execution (NP)	2011-12	93.98	88.43	5.55
			2012-13	103.82	90.08	13.74
			2013-14	120.68	98.60	22.08
8	XV	3054-03-103-98- Maintenance and Repairs of State Highways (XIII FC Recommendation) (NP)	2011-12	50.00	35.29	14.71
			2012-13	75.00	55.79	19.21
			2013-14	81.00	59.59	21.41
9		3054-04-105-98- Maintenance and Repairs (XIII FC Recommendation) (NP)	2011-12	170.00	111.87	58.13
			2012-13	157.00	126.39	30.61
			2013-14	163.00	111.24	51.76
10		5054-03-337-97- Kerala State Transport Project (World Bank aided) (P)	2011-12	250.00	234.61	15.39
			2012-13	25.00	5.09	19.91
			2013-14	280.28	171.96	108.32
11	XVI	2071-01-102-99- Payments in India (NP)	2011-12	1050.01	994.43	55.58
			2012-13	900.01	890.70	9.31
			2013-14	1042.14	988.98	53.16

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
12	XVII	2202-02-107-91- Incentive to Girls for Secondary Education (100% CSS) (P)	2011-12	7.00	0.00	7.00
			2012-13	6.79	0.00	6.79
			2013-14	7.00	0.00	7.00
13		2202-02-109-78- Government Vocational Higher Secondary Schools (NP)	2011-12	119.17	93.05	26.12
			2012-13	120.61	100.13	20.48
			2013-14	139.44	113.12	26.32
14		2202-02-109-86- Higher Secondary Education (Plus Two Courses) (NP)	2011-12	579.06	402.20	176.85
			2012-13	525.01	460.37	64.64
			2013-14	646.56	518.62	127.94
15	XVII	2202-03-104-99- Salaries to the Staff under the Direct Payment system (NP)	2011-12	957.48	754.08	203.40
			2012-13	854.66	829.04	25.62
			2013-14	1035.67	986.29	49.38
16		3425-60-200-71- State Council for Science, Technology and Environment (P)	2011-12	48.25	40.17	8.08
			2012-13	62.75	52.29	10.46
			2013-14	64.70	44.86	19.84
17		4202-02-800-95- ITI Buildings Works (P)	2011-12	11.25	1.73	9.52
			2012-13	15.00	7.07	7.93
			2013-14	15.00	6.49	8.51
18		2210-01-102-98- Dispensaries (NP)	2011-12	100.92	77.47	23.45
			2012-13	106.48	85.37	21.11
			2013-14	116.64	92.50	24.14
19		2210-01-110-96- Allopathy Medical College Hospital, Kottayam (NP)	2011-12	31.74	18.33	13.41
			2012-13	31.46	18.69	12.77
			2013-14	37.17	24.58	12.59
20	XVIII	2210-01-110-97- Allopathy Medical College Hospital, Kozhikode (NP)	2011-12	47.31	40.04	7.27
			2012-13	50.16	43.88	6.28
			2013-14	57.72	49.54	8.18
21		2210-05-105-96- Allopathy Medical College, Kottayam (NP)	2011-12	65.34	55.86	9.48
			2012-13	80.87	59.76	21.11
			2013-14	90.96	71.80	19.16
22		2210-06-101-91- Leprosy Control Scheme (NP)	2011-12	31.85	9.25	22.60
			2012-13	32.61	10.29	22.32
			2013-14	19.10	10.85	8.25
23	XIX	2211-00-101-96- Rural Family Welfare Centres and Post Partum Centres (Block PHCs) (NP)	2011-12	61.34	47.21	14.13
			2012-13	75.62	48.94	26.68
			2013-14	94.75	58.65	36.10
24	XX	2215-01-800-67- Add-on project of 'Jalanidhi' (P)	2011-12	112.50	25.00	87.50
			2012-13	109.82	40.00	69.82
			2013-14	193.92	100.00	93.92
25		6215-01-190-98- Loans to the Kerala Water Authority for implementing	2011-12	500.00	232.33	267.67
			2012-13	300.00	256.91	43.09

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
		JBIC Assisted Water Supply Project (P)	2013-14	300.00	193.67	106.33
26		2217-03-191-74- Urban Infrastructure Development Scheme for Small and Medium Towns (ACA) (P)	2011-12	70.30	0.06	70.24
			2012-13	129.21	0.00	129.21
			2013-14	162.49	0.00	162.49
27		2217-05-191-80- Integrated Housing and Slum Development Programme (State Scheme) (P)	2011-12	16.50	0.00	16.50
			2012-13	12.00	0.00	12.00
			2013-14	15.00	0.00	15.00
28		2217-05-192-81- Integrated Housing and Slum Development Programme (State Scheme) (P)	2011-12	38.50	6.75	31.75
			2012-13	28.00	13.90	14.10
			2013-14	35.31	12.84	22.47
29	XXII	2217-05-192-82- Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	2011-12	9.46	2.36	7.10
			2012-13	12.00	3.00	9.00
			2013-14	18.00	0.00	18.00
30		2217-05-800-83- Basic Services to the Urban Poor (BSUP) (P)	2011-12	121.00	0.83	120.17
			2012-13	57.28	43.14	14.14
			2013-14	72.03	0.00	72.03
31		2217-05-800-89- Jawahar Lal Nehru National Urban Renewal Mission (Central Assistance) (P)	2011-12	175.60	108.18	67.42
			2012-13	374.67	66.62	308.05
			2013-14	471.17	25.00	446.17
32		2217-80-800-91- Kerala Sustainable Urban Development Project (P)	2011-12	105.00	50.00	55.00
			2012-13	273.00	100.00	173.00
			2013-14	250.00	50.00	200.00
33	XXIV	2230-02-198-50- Block grants for revenue expenditure (NP)	2011-12	46.26	30.17	16.09
			2012-13	45.26	29.77	15.49
			2013-14	45.26	13.86	31.40
34	XXV	2225-01-197-50- Block grants for revenue expenditure (P)	2011-12	40.58	27.35	13.23
			2012-13	40.58	22.54	18.04
			2013-14	91.15	84.18	6.97
35		4225-02-277-51- Construction of Ashramam Schools and Model Residential Schools (P)	2011-12	24.08	5.28	18.80
			2012-13	30.57	0.42	30.15
			2013-14	34.97	0.55	34.42
36	XXVI	2245-01-101-99- Supply of seeds, fertilizers and agricultural implements (NP)	2011-12	14.02	0.00	14.02
			2012-13	6.19	0.53	5.66
			2013-14	27.21	15.99	11.22
37		2245-02-101-94- Other Items (NP)	2011-12	17.17	2.80	14.37
			2012-13	25.19	7.71	17.48
			2013-14	19.47	8.05	11.42
38	XXVII	2425-00-001-98- District Administration (NP)	2011-12	49.04	43.28	5.76
			2012-13	50.95	44.71	6.24
			2013-14	55.63	48.67	6.96

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
39	XXIX	2401-00-001-96- Strengthening of agricultural administration and introduction of training and visiting system of extension (NP)	2011-12	192.93	178.29	14.64
			2012-13	190.16	183.39	6.77
			2013-14	214.35	207.40	6.95
40		2401-00-800-32- XIII Finance Commission Award (P)	2011-12	75.00	55.06	19.94
			2012-13	75.00	56.83	18.17
			2013-14	75.00	49.17	25.83
41	XXIX	2401-00-800-37- Rashtriya Krishi Vikas Yojana (ACA) (P)	2011-12	225.00	211.34	13.66
			2012-13	258.75	252.55	6.20
			2013-14	340.76	236.81	103.95
42	XXIX	2415-03-277-98- Infrastructure development of Kerala Veterinary and Animal Sciences University – RIDF XVI (P)	2011-12	10.00	4.25	5.75
			2012-13	20.00	0.00	20.00
			2013-14	20.00	12.18	7.82
43		2702-01-001-99- Establishment (NP)	2011-12	65.47	57.32	8.16
			2012-13	67.52	52.90	14.62
			2013-14	77.59	59.90	17.69
44	XXXV	4515-00-800-98- State Support for Prime Minister’s Gram Sadak Yojana (P)	2011-12	70.05	25.05	45.00
			2012-13	46.35	8.50	37.85
			2013-14	51.87	25.89	25.98
45	XXXVI	2515-00-001-49- Recurring expenditure on personnel retained on NES pattern(NP)	2011-12	119.95	98.82	21.13
			2012-13	113.68	103.98	9.70
			2013-14	128.86	116.52	12.33
46	XXXVII	4885-60-800-96- Provision for revival/diversification of State Public Sector Undertakings lump sum provision (P)	2011-12	54.10	0.00	54.10
			2012-13	70.20	0.54	69.66
			2013-14	80.00	0.00	80.00
47		6885-60-190-99- Loans to Kerala Industrial Infrastructure Development Corporation (P)	2011-12	57.00	39.79	17.21
			2012-13	80.00	75.00	5.00
			2013-14	141.68	91.68	50.00
48		2701-80-799-99- Stock (NP)	2011-12	7.00	0.08	6.92
			2012-13	7.00	0.91	6.09
			2013-14	7.00	1.00	6.00
49	XXXVIII	4700-29-800-97- Dam and Appurtenant Works (P)	2011-12	5.00	0.00	5.00
			2012-13	15.00	0.00	15.00
			2013-14	15.00	0.01	14.99
50		4701-80-800-77- Dam Rehabilitation and Improvement Project (DRIP) (P)	2011-12	34.00	0.00	34.00
			2012-13	42.50	0.01	42.49
			2013-14	40.00	2.49	37.51
51		4701-80-800-79- AIBP – Support for other need based programme (P)	2011-12	114.50	0.00	114.50
			2012-13	141.50	0.00	141.50
			2013-14	50.00	0.00	50.00

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
52		4701-80-800-80- AIBP – Assistance for MI Class I Scheme (P)	2011-12	7.50	0.00	7.50
			2012-13	7.50	0.00	7.50
			2013-14	50.00	0.00	50.00
53	XXXVIII	4711-01-103-90- Kuttanadu Package (75% CSS) (P)	2011-12	350.00	2.78	347.22
			2012-13	200.00	100.96	99.04
			2013-14	200.00	30.68	169.32
54	XXXIX	6801-00-190-86- Dam safety works including Dam Rehabilitation and Improvement Programme – DRIP (Externally Aided Project) (P)	2011-12	36.00	0.00	36.00
			2012-13	18.75	0.00	18.75
			2013-14	41.42	0.00	41.42
55		3056-00-001-98- Operation (NP)	2011-12	35.62	25.25	10.38
			2012-13	31.96	25.04	6.92
			2013-14	36.50	28.88	7.62
56	XLI	5075-60-800-84- Priority Scheme under XIII Finance Commission (P)	2011-12	50.00	0.90	49.10
			2012-13	50.00	3.19	46.81
			2013-14	50.00	19.66	30.34
57		5075-60-800-86- Development of Feeder Canals connecting the National Water Way III (RIDF Scheme) (P)	2011-12	40.00	4.75	35.25
			2012-13	40.00	11.62	28.38
			2013-14	40.00	9.97	30.03
58	XLVI	2235-02-102-69- Supplementary Nutrition Programme for children (100% CSS) (P)	2011-12	100.00	92.17	7.83
			2012-13	100.00	54.15	45.85
			2013-14	100.00	47.81	52.19
59	Debt Charges	2049-01-115-96- Interest on special ways and means advance from Reserve Bank of India (NP)	2011-12	20.00	0.00	20.00
			2012-13	12.00	0.00	12.00
			2013-14	5.00	0.00	5.00
60		6003-00-110-96- Overdrafts (NP)	2011-12	1000.00	0.00	1000.00
			2012-13	1000.00	0.00	1000.00
			2013-14	1000.00	0.00	1000.00
61	Public Debt	6003-00-110-97- Shortfall in Cash Balances (NP)	2011-12	25.00	0.00	25.00
			2012-13	25.00	0.00	25.00
			2013-14	25.00	0.00	25.00
62	Debt Repayment	6003-00-110-98- Special ways and means advances (NP)	2011-12	2500.00	0.00	2500.00
			2012-13	3000.00	0.00	3000.00
			2013-14	3000.00	5.19	2994.81
63		6003-00-110-99- Ways and means advances (NP)	2011-12	3000.00	0.00	3000.00
			2012-13	3000.00	0.00	3000.00
			2013-14	3000.00	113.74	2886.26

Appendix 2.5
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 53)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	13 Grants	Revenue-V	2,69,07,419	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-VIII	4,74,89,272	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XI	8,28,23,107	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XII	1,04,47,42,687	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIII	1,03,42,841	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XVI	5,70,16,88,879	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	48,86,93,678	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XXVIII	2,27,91,084	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XLI	14,90,73,882	Initial notes not received. Not discussed by PAC
		Capital-XII	11,81,652	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XIV	41,04,486	Final copies of the notes received. Not discussed by PAC
		Capital-XLII	9,58,81,595	Initial notes not received. Not discussed by PAC
		Capital-XLVI	1,15,740	Notes considered by PAC. Appropriation Act not yet passed.
	2 Appropriations	Revenue-II	2,55,30,919	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XII	3,01,000	Notes considered by PAC. Appropriation Act not yet passed.

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
2012-13	14 Grants	Revenue-I	21,53,117	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-V	9,77,56,867	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-IX	80,65,569	Initial notes not received. Not discussed by PAC
		Revenue – X	1,19,80,020	Final copies of the notes received. Not discussed by PAC
		Revenue – XII	1,56,15,14,343	Final copies of the notes not received. Not discussed by PAC
		Revenue – XIII	51,88,792	Final copies of the notes not received. Not discussed by PAC
		Revenue-XVI	2,62,56,55,607	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue – XVII	29,71,81,076	Initial notes not received. Not discussed by PAC
		Revenue -XXXI	4,79,92,489	Initial notes not received. Not discussed by PAC
		Revenue – XLII	3,92,53,979	Initial notes not received. Not discussed by PAC
		Capital- XVII	1,18,49,442	Initial notes not received. Not discussed by PAC
		Capital – XIX	40,760	Final copies of the notes not received. Not discussed by PAC
		Capital-XX	16,91,06,000	Notes considered by PAC. Appropriation Act not yet passed.
		Capital – XXVIII	17,04,318	Final copies of the notes not received. Not discussed by PAC
	one Appropriation	Revenue – I	6,73,466	Final copies of the notes received. Not discussed by PAC
			12,58,17,84,086	

Appendix 2.6

Cases where supplementary provision (₹ one crore or more in each case) proved unnecessary
(Reference: Paragraph 2.3.5, Page 54)

(₹ in crore)

Sl. No.	Number and name of Grant	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Revenue - Voted					
1.	II Heads of States, Ministers and Headquarters Staff	391.62	349.06	42.56	5.05
2.	III Administration of Justice	425.67	413.63	12.04	3.21
3.	V Agricultural Income Tax and Sales Tax	199.69	197.49	2.20	2.18
4.	VI Land Revenue	408.23	387.85	20.38	5.77
5.	XI District Administration and Miscellaneous	399.99	397.63	2.36	44.07
6.	XII Police	2122.40	2074.61	47.79	13.10
7.	XIV Stationery and Printing and Other Administrative Services	367.12	343.49	23.63	2.03
8.	XV Public Works	2071.29	2023.86	47.43	97.80
9.	XVII Education, Sports, Art and Culture	12003.87	11845.39	158.48	147.98
10.	XXII Urban Development	1269.86	216.07	1053.79	71.25
11.	XXIV Labour, Labour Welfare and Welfare of non-Residents	768.22	635.27	132.95	59.03
12.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1831.10	1644.94	186.17	96.40
13.	XXIX Agriculture	2032.54	1810.63	221.92	9.24
14.	XXXII Dairy	153.77	138.99	14.78	5.55
15.	XXXIV Forest	438.71	393.62	45.08	12.83
16.	XXXVI Rural Development	400.23	397.89	2.34	56.14
17.	XXXVII Industries	384.61	351.87	32.74	31.49

Sl. No.	Number and name of Grant		Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
18.	XLI	Transport	47.61	44.10	3.50	3.52
19.	XLIII	Compensation and Assignments	5198.09	4997.42	200.67	149.70
Capital - Voted						
20.	XII	Police	1.01	0.02	0.99	29.94
21.	XVII	Education, Sports, Art and Culture	304.56	200.73	103.83	89.17
22.	XVIII	Medical and Public Health	173.01	130.32	42.69	16.50
23.	XXVII	Co-operation	61.90	52.42	9.48	199.50
24.	XXXI	Animal Husbandry	26.90	13.09	13.81	3.92
25.	XXXIII	Fisheries	146.10	136.52	9.58	11.84
26.	XXXVIII	Irrigation	578.41	206.95	371.46	25.00
27.	XL	Ports	367.90	150.28	217.62	5.93
28.	XLI	Transport	1836.72	809.98	1026.74	25.00
29.	XLV	Miscellaneous Loans and Advances	210.37	208.32	2.05	1.37
Capital - Charged						
30.	XV	Public Works	50.00	22.40	27.60	25.00
Total			34671.50	30594.84	4076.66	1249.51

Appendix 2.7
Cases of excessive supplementary Grants/Appropriations
(Savings of ₹ one crore and above)
(Reference: Paragraph 2.3.5, Page 54)

(₹ in crore)

Sl. No.	Grant/Appropriation	Original provision	Final Expenditure	Additional funds required	Supplementary obtained	Excess supplementary
Revenue - Voted						
1.	XVIII Medical and Public Health	3164.15	3166.91	2.76	100.43	97.67
2.	XXI Housing	111.81	114.42	2.61	36.80	34.19
3.	XXIII Information and Publicity	55.12	56.94	1.82	8.51	6.69
4.	XXVI Relief on account of Natural Calamities	310.58	553.92	243.34	275.35	32.01
5.	XXVII Co-operation	219.75	265.44	45.69	70.26	24.57
6.	XXVIII Miscellaneous Economic Services	116.57	126.10	9.53	13.25	3.72
7.	XXX Food	906.21	950.78	44.57	61.23	16.66
8.	XXXI Animal Husbandry	410.09	420.66	10.57	15.87	5.30
9.	XXXIII Fisheries	234.00	249.56	15.56	43.94	28.38
10.	XXXIX Power	105.80	239.26	133.46	154.00	20.54
11.	XLII Tourism	143.48	143.95	0.47	5.37	4.90
12.	XLVI Social Security and Welfare	2159.48	2230.83	71.35	343.88	272.53
Capital - Voted						
13.	XXI Housing	310.62	322.47	11.85	41.59	29.74
14.	XXIX Agriculture	163.19	168.92	5.73	62.42	56.69
15.	XXX Food	43.17	67.41	24.24	45.01	20.77
16.	XXXVII Industries	530.95	582.16	51.21	216.59	165.38
17.	XLII Tourism	111.70	140.43	28.73	31.95	3.22
Capital - Charged						
18.	XXIX Agriculture	0.05	0.71	0.66	1.93	1.27
19.	XXXVIII Irrigation	1.00	7.23	6.23	7.30	1.07
Total		9097.72	9808.10	710.38	1535.68	825.30

Appendix 2.8

**Unnecessary/Excessive/ Insufficient re-appropriation of funds
(Reference: Paragraph 2.3.6; Page 55)**

(₹ in crore)

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
Unnecessary re-appropriation				
2851-00-103-40-Revival, Reform and Restructural package for Handloom sector (80%CSS)	25.00	12.95	7.95	-20.00
2404-00-001-97-Extension Service Units	24.07	20.25	0.11	-3.93
2210-01-110-91-Other T.B.Clinics	10.14	7.32	0.09	-2.91
2203-00-104-97-Private Polytechnics	21.46	21.41	2.53	-2.58
3054-01-001-99-Chief Engineer, National Highway	5.09	3.54	0.05	-1.60
2013-00-104-98-Household establishment of Ministers, Chief Whip and Leader of Opposition	4.40	3.50	0.13	-1.03
2406-01-105-92-Teak Wood	4.05	3.78	0.75	-1.02
5054-05-101-99-CRF Bridges (Ordinary Allocation)	1.00	0.04	0.04	-1.00
2013-00-800-99-Other Expenditure-Office Expenses	1.76	1.03	0.20	-0.93
2058-00-101-99-Purchase and Supply of Stationery Stores	18.29	18.09	0.49	-0.69
2406-01-101-90-Transfer to the fund for teak under the Kerala Forest Revolving Fund for Teak and Pulpwood Rules, 1999	7.27	7.24	0.63	-0.66
2202-02-001-92-Regional Deputy Directorate - Higher Secondary Education	2.42	1.82	0.03	-0.63
2012-03-103-99-Household Establishment	2.36	1.75	0.01	-0.62
2203-00-112-88-Government College of Engineering, Kannur	12.96	12.81	0.46	-0.61
Excessive re-appropriation				
2055-00-109-99-District Force	1425.51	1436.29	30.29	-19.51
2202-03-800-47-Interest Subsidy to unemployed BPL Students who availed loan for Professional Education during 2004-2009	0.00 ⁵³	30.14	36.44	-6.30
5054-04-101-96-Works having NABARD assistance - construction and improvement of bridges	82.66	87.23	8.65	-4.08
2702-01-800-94-Minor Irrigation Projects Maintenance	64.06	69.44	7.29	-1.91
6860-60-190-94-Loans to Kerala Ceramics Limited	0.00 ⁵³	6.89	8.61	-1.72
2225-01-277-99-Pre-Matriculation Studies - Scholarships and Stipends	23.75	28.55	6.13	-1.33
2245-02-101-95-Supply of Seeds, Fertilizers and other Agricultural Implements	26.28	37.92	12.86	-1.22

⁵³ No budget provision or only token provision

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
2225-01-277-89-Model Residential Schools	0.00 ⁵⁴	2.13	3.31	-1.18
2217-01-800-95-Assistance to Attukal Development Project	0.00 ⁵⁴	3.58	4.58	-1.00
6860-01-190-95-Loans to Kerala State Textile Corporation	14.42	18.39	4.92	-0.95
2054-00-097-98-Sub Treasury Establishment	70.93	75.07	5.02	-0.88
2070-00-107-99-Home Guards	27.08	31.25	5.00	-0.83
4702-00-101-87-Renovation of Ponds	5.00	7.02	2.84	-0.82
2202-02-001-94-Directorate of Higher Secondary Education (Plus Two)	39.53	46.66	7.94	-0.81
2052-00-090-90-Modernisation of Finance Department and Training of Staff	1.14	1.41	0.89	-0.62
2245-01-102-99-Water Supply	65.96	96.57	31.18	-0.57
2702-02-005-99-Ground water Investigation and Development	31.33	33.11	2.31	-0.53
Insufficient re-appropriation				
2075-00-103-97-Distribution of prizes	1264.00	1520.26	12.61	243.65
2202-03-104-99-Salaries to the staff under the Direct Payment System	1035.67	986.29	-267.48	218.10
2202-01-101-99-Lower Primary Schools	672.49	802.26	-0.77	130.54
2071-01-104-99-Gratuities	598.13	774.09	46.09	129.87
2210-05-105-52-Regional Cancer Centre	0.00	68.81	0.00	68.81
2210-01-110-99-Hospitals and Dispensaries	431.95	491.46	-2.28	61.79
2202-01-101-98-Upper Primary Schools	572.93	628.91	-0.70	56.68
2202-02-110-94-Aided Higher Secondary Schools - Teaching Grant	631.57	687.34	-0.69	56.46
5054-04-337-83-Projects under Anti-Recession Stimulus Package - Public Works (Roads)	0.00 ⁵⁴	55.99	0.00	55.99
2202-01-102-99-Teaching Grant	2463.46	2513.32	-3.29	53.15
2049-03-108-99-State Life Insurance Official Branch	100.00	145.20	0.00	45.20
2202-03-103-99-Arts and Science Colleges	236.92	237.06	-38.93	39.07
2049-03-115-98-Fixed Time Deposits	460.00	496.05	0.00	36.05
4711-01-103-90-Kuttanad Package (75% CSS)	200.00	30.68	-196.93	27.61
2551-01-800-90-Hill Area Development Authority	42.50	39.50	-30.50	27.50
2515-00-001-92-Engineering wing for Local Self Government Institutions - Execution	121.05	117.63	-29.51	26.09
2049-03-108-95-Kerala State Government Employees Group Insurance Scheme	62.00	86.90	0.00	24.90
4851-00-195-99-Investment In Capex as Share Capital Contribution	0.00 ⁵⁴	24.30	0.00	24.30

⁵⁴ No budget provision or only token provision

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
2210-03-103-99-Primary Health Units and Health Centres	246.25	265.97	-4.41	24.13
5054-03-337-98-Developments and Improvements	76.57	97.02	0.00	20.45
2401-00-103-87-Coconut Development	50.00	66.86	-1.60	18.46
2049-03-115-99-State Savings Bank Deposits	80.00	96.47	0.00	16.47
2403-00-101-98-Hospitals and Dispensaries	99.84	113.79	-0.12	14.07
2401-00-001-96-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	214.35	207.40	-19.43	12.48
3054-01-337-99-Urgent repairs to National Highway stretches in the State	0.00 ⁵⁵	11.60	0.00	11.60
2052-00-090-99-Administrative Secretariat	78.61	89.66	0.38	10.66
2049-04-101-99-Block Loans for State Plan Schemes	175.79	196.38	10.24	10.34

⁵⁵ No budget provision or only token provision

Appendix 2.9
Heads in which entire budget provision (₹ one crore and above) was surrendered
during the year
(Reference: Paragraph 2.3.7; Page 55)

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
1.	VIII	2039-00-001-93-Upgradation of wireless system in excise department (P)	1.10	Non-implementation of scheme due to non-completion of administrative formalities
2.	XII	4055-00-211-97-Modernisation of police force (P)	29.94	Non-receipt of administrative sanction
3.	XVII	2202-02-107-91-Incentive to Girls for Secondary education (100% CSS) (P)	7.00	Reasons for surrender not furnished
4.		2202-02-107-92-Means cum Merit Scholarship (100% CSS) (P)	2.50	Reasons for surrender not furnished
5.		3435-03-101-92-National Plan for Conservation of Aquatic Ecosystem (P)	3.00	Non-implementation of the scheme on account of non-formulation of guidelines
6.		4202-01-202-92-Vocational Higher Secondary Education (P)	4.00	Non-completion of construction work
7.		4202-01-202-93-Infrastructure – School Education (P)	4.00	Non-completion of construction work
8.		4202-01-203-84-Annuity scheme –one time ACA(P)	5.00	Non-completion of construction work
9.		4202-01-203-85-Accreditation of colleges with National Assessment and Accreditation council (NAAC) – One time ACA (P)	3.00	Non-completion of construction work
10.		4202-01-203-86-Construction of Women’s Hostels in Government Colleges – one time ACA (P)	3.00	Non-completion of construction work
11.		4202-01-203-87- Development of Laboratories and Libraries in Government Colleges – one time ACA (P)	4.00	Non-completion of construction work
12.		4202-01-800-88-Projects under LACADF (NP)	8.61	Non-completion of construction work
13.		4202-02-104-94-Polytechnic Buildings (One time ACA) (P)	5.00	Non-completion of construction work
14.		4202-02-105-94-Building (One time ACA) (P)	3.00	Non-completion of construction work
15.		4202-02-105-95-College of Engineering Thiruvananthapuram (One time ACA) (P)	1.00	Non-completion of construction work

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
16.		4202-02-800-85-Projects under LACADF (P)	129.15	Non-completion of construction work
17.		4202-03-102-99- Projects under LAC-ADF (NP)	2.24	Non-completion of construction work
18.		2210-04-102-93-Opening new Homoeo Dispensaries (ACA) (P)	3.50	Reasons for surrender not furnished
19.		4210-01-110-69-Pain, Palliative and Elderly Health care centres (XIII Finance Commission award) (P)	1.00	Non-arrangement of works in time
20.		4210-02-110-81-Modernisation of Government hospital, Pala (NP)	6.00	Non-arrangement of works in time
21.		4210-02-110-83-Capital Fund for maintenance and renovation of Homoeopathic institutions (ACA) (P)	2.00	Non-arrangement of works in time
22.		4210-02-800-95- Projects under LAC ADF (NP)	21.00	Non-arrangement of works in time
23.		4210-03-101-85-Ayurveda Mental Hospital, Kottakkal (ACA) (P)	1.00	Non-arrangement of works in time
24.		4210-03-101-86-Assistance to Kerala Ayurvedic Studies and Research Society, Kottakkal (ACA) (P)	1.00	Non-arrangement of works in time
25.	XVIII	4210-03-101-87-Ayurveda College, Kannur (ACA) (P)	2.00	Non-arrangement of works in time
26.		4210-03-101-88- Ayurveda College, Thrippunithura (ACA) (P)	2.00	Non-arrangement of works in time
27.		4210-03-102-93-Government Homoeopathic Medical College, Kozhikode (ACA) (P)	2.00	Non-arrangement of works in time
28.		4210-03-102-94- Government Homoeopathic Medical College, Thiruvananthapuram (ACA) (P)	1.00	Non-arrangement of works in time
29.		4210-03-102-98- Homoeo medical college, College hospitals, College hostels, Kozhikode – Land Acquisition and Buildings (P)	1.00	Non-arrangement of works in time
30.		4210-03-105-50-Hostel for UG and PG students in Government Medical College, Thrissur (P)	1.00	Non-arrangement of works in time
31.		4210-03-105-52-New Dental College at Alappuzha and Thrissur (P)	1.50	Non-arrangement of works in time

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
32.		4210-03-200-99-Prakrithi Chikilsa (Nature Cure) Hospital, Varkala (P)	1.00	Non-arrangement of works in time
33.	XX	2215-01-190-96-Manufacturing units for bottled water(P)	1.00	Reasons for surrender not furnished
34.		2215-01-800-59-Water Supply Scheme to Malabar Cancer Centre Thalassery (P)	1.00	Reasons for surrender not furnished
35.		4215-01-101-99-Comprehensive Water Supply Scheme to Kalliyoor, Venganoor, Vizhinjam (Corporation area) and Kovalam Tourism area – State Share (P)	2.00	Reasons for surrender not furnished
36.		4215-01-800-93- Projects under LAC ADF (NP)	3.00	Reasons for surrender not furnished
37.	XXII	2217-03-191-74-Urban Infrastructure Development scheme for small and medium towns (ACA) (P)	162.49	Non-implementation of the scheme
38.		2217-05-191-80-Integrated Housing and Slum development programme (State Scheme) (P)	15.00	Non-implementation of the scheme
39.		2217-05-191-86-Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	12.00	Not furnished
40.		2217-05-192-82- Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	18.00	Not furnished
41.		2217-05-800-83-Basic Services to the Urban Poor (BSUP) (P)	72.03	Not furnished
42.	XXIII	4220-60-101-64-Modernisation of Tagore Theatre (P)	9.00	Belated submission of bills and non-receipt of sanction orders
43.	XXIV	2230-03-101-73-Establishment of ITI in Linguistic Minority area (P)	6.00	Not furnished
44.		2230-03-101-83- Upgradation of ITIs into centre of excellence (CSS 75%) (P)	5.34	Not furnished
45.	XXV	2225-03-800-86-Assistance to Voluntary Organisation (90% CSS) (P)	15.00	Not furnished
46.		4225-02-277-87-Model Residential School, Pookot, Wayanad District (100% CSS) (P)	1.10	Not furnished
47.		4225-03-277-97-Construction of Hostels (Girls, Boys) (OBC) (50% CSS) (P)	8.00	Enforcement of strict economy measures and less number of claims

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
48.	XXVII	4425-00-107-85-Share Capital Contribution to District Co-operative Banks (P)	129.50	Not furnished
49.		4425-00-107-86- Share Capital Contribution to Kerala State Co-operative Banks (P)	70.00	Not furnished
50.		4425-00-108-89-Apex processing societies investments – consumer co-operatives (P)	2.00	Not furnished
51.	XXVIII	5475-00-800-89-Investment in Major Capital Projects (NP)	1250.00	Not furnished
52.	XXIX	4551-01-800-99-Hill area development authority (RIDF) (P)	25.00	Non-sanction of the project by NABARD
53.	XXX	2408-01-800-88-Integrated Project on Consumer Protection for Stengthening the Infrastructure of Consumer Fora (100% CSS)(P)	2.00	Not furnished
54.	XXXI	4403-00-102-96-Strengthening of Department Farms (P)	5.00	Not furnished
55.	XXXII	2404-00-190-89-Assistance to Kerala Livestock Development Board (P)	14.00	Re-classification of provision to the head of account '2403-00-190-83'
56.	XXXIV	2406-02-110-45-Kottiyoor Wildlife Sanctuary (50% CSS) (P)	1.40	Non-release of central assistance
57.	XXXVI	2515-00-197-36-Office building for Block Panchayats(P)	2.10	Non-commencement of construction of buildings and non-acquisition of land by block panchayats
58.	XXXVIII	4700-29-800-87-NABARD assisted (RIDF) Mullaperiyar Project (P)	35.00	Not furnished
59.	XLVI	4235-02-103-99-Construction of Nirbhaya Homes (P)	3.00	Not furnished
60.		4235-02-800-99-Modernisation of Social Justice Department (P)	4.00	Not furnished
61.		6003-00-110-97-Shortfall in Cash Balances (NP)	25.00	
Total			2161.50	

Appendix 2.10

Surrender (₹ one crore or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.8; Page 56)

(₹ in crore)

Sl. No.	Number and name of the Grant	Total Grant/	Savings	Amount surrendered	Amount surrendered in excess
Revenue - Voted					
1.	III Administration of Justice	428.87	15.24	20.36	5.12
2.	V Agricultural Income Tax and Sales Tax	201.87	4.38	11.18	6.80
3.	VI Land Revenue	414.00	26.15	30.08	3.93
4.	VIII Excise	182.55	18.19	30.22	12.03
5.	XI District Administration and Miscellaneous	75.45	0.81	2.48	1.67
6.	XII Police	2135.50	60.89	63.44	2.55
7.	XIV Stationery and Printing and Other Administrative Services	369.15	25.66	29.56	3.90
8.	XVII Education, Sports, Art and Culture	12151.84	306.45	459.56	153.11
9.	XXIV Labour, Labour Welfare and Welfare of Non-residents	827.25	191.97	196.30	4.33
10.	XXV Welfare of Scheduled Castes and Scheduled Tribes, Other Backward Classes and Minorities	1927.50	282.57	284.48	1.91
11.	XXVII Co-operation	290.00	24.56	35.11	10.55
12.	XXVIII Miscellaneous Economic Services	129.82	3.72	6.05	2.33
13.	XXX Food	967.45	16.67	19.36	2.69
14.	XXXI Animal Husbandry	425.97	5.30	24.05	18.75
15.	XXXIV Forest	451.53	57.91	61.09	3.18
16.	XXXV Panchayat	306.47	48.28	62.46	14.18
17.	XXXVI Rural Development	456.37	58.49	66.44	7.95
Total		21741.59	1147.24	1402.22	254.98
Capital - Voted					
18.	XVIII Medical and Public Health	189.51	59.19	60.86	1.67
19.	XXXVIII Irrigation	603.41	396.46	414.10	17.64
Total		792.92	455.65	474.96	19.31
Capital - Charged					
	Public Debt Repayment	10104.30	6859.49	6868.48	8.99
Grand Total		32638.81	8462.38	8745.66	283.28

Appendix 2.11

**Details of saving of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.9, Page 56)**

(₹ in crore)

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Revenue - Voted				
1.	II Heads of States, Ministers and Headquarters Staff	47.61	3.08	44.53
2.	VII Stamp and Registration	18.27	15.64	2.63
3.	XI District Administration and Miscellaneous	46.43	9.91	36.53
4.	XV Public Works	145.24	0.00	145.24
5.	XVIII Medical and Public Health	97.66	72.42	25.25
6.	XIX Family Welfare	145.57	22.21	123.36
7.	XX Water Supply and Sanitation	184.30	169.22	15.08
8.	XXI Housing	34.19	27.79	6.40
9.	XXII Urban Development	1125.04	1121.34	3.71
10.	XXVI Relief on Account of Natural Calamities	32.01	29.36	2.66
11.	XXIX Agriculture	231.15	223.38	7.77
12.	XXXII Dairy	20.34	14.34	6.00
13.	XXXVII Industries	64.23	50.37	13.87
14.	XXXVIII Irrigation	71.52	66.82	4.69
15.	XXXIX Power	20.54	19.10	1.44
16.	XL Ports	12.29	10.50	1.79
17.	XLIII Compensation and Assignments	350.37	43.54	306.83
18.	XLVI Social Security and Welfare	272.53	237.51	35.02
Total		2919.29	2136.53	782.80
Revenue -Charged				
19.	II Heads of States, Ministers and Headquarters staff	16.09	3.91	12.18
Total		16.09	3.91	12.18

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Capital -Voted				
20.	XIV Stationery and Printing and Other Administrative Services	2.17	0.00	2.17
21.	XVII Education, Sports, Art and Culture	193.00	191.95	1.05
22.	XX Water Supply and Sanitation	113.33	111.33	2.00
23.	XXI Housing	29.74	12.87	16.87
24.	XXII Urban Development	1.32	0.10	1.22
25.	XXIV Labour, Labour Welfare and Welfare of Non-residents	6.23	0.98	5.25
26.	XXVIII Miscellaneous Economic Services	2421.19	2380.63	40.56
27.	XXIX Agriculture	56.70	37.74	18.96
28.	XXX Food	20.76	3.60	17.16
29.	XXXI Animal Husbandry	17.73	15.07	2.67
30.	XXXV Panchayat	32.29	27.29	5.00
31.	XXXVII Industries	165.38	24.32	141.06
32.	XXXIX Power	43.42	0.00	43.42
33.	XL Ports	223.55	214.51	9.04
34.	XLV Miscellaneous Loans and Advances	3.42	2.07	1.36
35.	XLVI Social Security and Welfare	24.36	14.80	9.56
Total		3354.59	3037.26	317.35
Capital-Charged				
36.	XV Public Works	52.60	32.90	19.70
Total		52.60	32.90	19.70
Grand Total		6342.57	5210.60	1132.03

Appendix 2.12

**Cases of surrender of funds in excess of ₹10 crore on 31 March 2014
(Reference: Paragraph 2.3.9, Page 56)**

(₹ in crore)

Sl. No.	Grant number and major head		Amount of surrender	Percentage of total provision	
1.	III	2014 Administration of Justice	24.80	4.89	
2.	V	2040 Taxes on Sales, Trade etc.	10.74	5.89	
3.	VI	2029 Land Revenue	28.48	7.41	
4.	VII	2030 Stamps and Registration	15.64	10.09	
5.	VIII	2039 State Excise	30.32	16.60	
6.	XII	2055 Police	63.47	2.97	
7.		4055 Capital Outlay on Police	30.93	99.94	
8.	XIV	2070 Other Administrative Services	23.20	8.96	
9.	XV	5054 Capital Outlay on Roads and Bridges	32.90	2.27	
10.	XVII	2202 General Education	368.98	3.35	
11.		2203 Technical Education	62.88	8.98	
12.		2204 Sports and Youth Services	10.00	7.20	
13.		2205 Art and Culture	14.50	9.83	
14.		4202	Capital outlay on Education, Sports, Art and culture	191.95	48.93
15.	XVIII	2210 Medical and Public Health	72.48	2.22	
16.		4210	Capital Outlay on Medical and Public Health	60.86	32.11
17.	XIX	2211 Family Welfare	22.21	4.44	
18.	XX	2215 Water Supply and Sanitation	169.22	22.12	
19.		6215	Loans for Water supply and Sanitation	106.33	35.44
20.	XXI	2216 Housing	27.79	18.70	
21.		4216	Capital outlay on Housing	12.87	41.37
22.	XXII	2217 Urban Development	1121.34	83.61	
23.	XXIII	4220	Capital outlay on Information and Publicity	10.32	84.49
24.	XXIV	2230 Labour and Employment	196.30	23.73	
25.	XXV	2225	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	284.48	14.76
26.		4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	81.67	70.74

Sl. No.	Grant number and major head		Amount of surrender	Percentage of total provision
27.	XXVI	2245 Relief on account of Natural Calamities	29.36	5.01
28.	XXVII	2425 Co-operation	35.11	12.11
29.		4425 Capital outlay on Co-operation	203.87	87.84
30.	XXVIII	5475 Capital outlay on Other General Economic Services	2381.13	81.74
31.	XXIX	2401 Crop Husbandry	176.86	14.15
32.		2551 Hill Areas	33.72	27.45
33.		4551 Capital outlay on Hill Areas	25.00	100.00
34.		4702 Capital Outlay on Minor Irrigation	11.81	8.33
35.	XXX	3456 Civil Supplies	11.41	32.04
36.	XXXI	2403 Animal Husbandry	24.05	5.65
37.		4403 Capital Outlay on Animal Husbandry	15.07	73.76
38.	XXXII	2404 Dairy Development	14.34	9.00
39.	XXXIII	2405 Fisheries	27.45	9.88
40.		4405 Capital Outlay on Fisheries	20.69	14.78
41.	XXXIV	2406 Forestry and Wildlife	61.12	13.53
42.	XXXV	2515 Other Rural Development Programmes	62.46	20.38
43.		4515 Capital Outlay on Other Rural Development Programmes	27.29	44.83
44.	XXXVI	2501 Special programmes for Rural Development	15.59	12.74
45.		2505 Rural Employment	25.72	47.17
46.		2515 Other Rural Development Programmes	25.13	8.99
47.	XXXVII	2851 Village and Small Industries	47.71	12.35
48.		4851 Capital Outlay on Village and Small Industries	19.70	44.82
49.	XXXVIII	2700 Major Irrigation	39.38	22.68
50.		2701 Medium Irrigation	17.10	11.83
51.		2711 Flood control and drainage	10.37	17.06
52.		4700 Capital Outlay on Major Irrigation	51.94	51.26
53.		4701 Capital Outlay on Medium Irrigation	174.21	63.68
54.		4711 Capital Outlay on Flood Control Projects	188.04	79.41
55.	XXXIX	2810 New and Renewable Energy	19.10	40.24
56.	XL	3051 Ports and Light Houses	10.50	22.14
57.		5051 Capital Outlay on Ports and Light Houses	214.51	57.38

Sl. No.	Grant number and major head		Amount of surrender	Percentage of total provision
58.	XLI	5075 Capital Outlay on Other Transport Services	1043.86	64.55
59.	XLIII	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	43.54	0.81
60.	XLVI	2235 Social Security and Welfare	237.51	9.49
61.		4235 Capital Outlay on Social Security and Welfare	14.80	23.46
62.		6003 Internal Debt of the State Government	6868.45	70.35
Total			15302.56	

Appendix 2.13
Pendency in submission of Detailed Contingent bills against Abstract
Contingent (AC) bills drawn from 2011-12 to 2013-14
(Reference: Paragraph 2.4.1, Page 60)

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
1.	Regional Officer, Kerala Public Service Commission, Ernakulam	February 2014	175000
		March 2014	12000
2.	Accounts Officer, City Police Office, Kochi	January 2013	688850
3.	Accounts Officer, District Police Office, Ernakulam Rural, Aluva	October 2013	2030500
4.	Accounts Officer, District Police Office, Thrissur City	October 2013	400000
		December 2013	1000000
		February 2014	150000
5.	District Police Officer, Thrissur (Rural)	September 2013	500500
		October 2013	2952000
		October 2013	230000
		December 2013	105000
		December 2013	433720
		March 2014	1027940
6.	Superintendent, District Jail, Thiruvananthapuram	September 2013	50000
		February 2014	389461
7.	Superintendent, Special Sub Jail, Thiruvananthapuram	October 2013	100000
		December 2013	50000
		January 2014	50000
		January 2014	100000
8.	Superintendent, Special Sub Jail, Neyyattinkara	October 2013	550000
9.	Superintendent, Sub Jail, Neyyattinkara	November 2013	50000
10.	Superintendent, Sub Jail, Attingal	September 2013	30000
		September 2013	10000
		November 2013	10000
11.	Superintendent, District Jail, Ernakulam	March 2014	80000
12.	Superintendent, Sub Jail, Alathur	February 2014	50000
		March 2014	75000
13.	Superintendent, Special Sub Jail, Palakkad	February 2014	60000
14.	Superintendent, Special Sub Jail, Irinjalakuda	February 2014	50000
15.	Superintendent, Special Sub Jail, Chittur	February 2014	50000
16.	Superintendent, Sub Jail, Ottappalam	March 2014	50000
17.	Joint Director, Curriculum Development Centre, Kalamassery	March 2014	240000
18.	Tribal Development Officer, Palakkad	February 2014	500000

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
19.	Veterinary Surgeon, Veterinary Dispensary, Vellachira	March 2014	97125
20.	Veterinary Surgeon, Veterinary Dispensary, Venginissery	March 2014	100050
21.	Tribal Extension Officer, Palakkad	January 2014	20000
		February 2014	20000
22.	Superintendent, Asramam School, Malampuzha	February 2014	60000
		February 2014	25000
		March 2014	100000
23.	Superintendent, Model Residential School, Attapady	February 2014	50000
24.	Child Development Project Officer, ICDS Project, Kodakara(Additional)	December 2013	75000
		December 2013	75000
25.	Child Development Project Officer, ICDS Project, Ottappalam (Additional)	January 2014	40000
		February 2014	166000
26.	Child Development Project Officer, ICDS Project, Palakkad (Additional)	March 2014	214900
		March 2014	149000
27.	Child Development Project Officer, ICDS Project, Attapady	December 2013	43800
		January 2014	88000
28.	Senior Superintendent, District Level, ICDS, Palakkad	January 2014	68000
29.	Principal Agricultural Officer, Thrissur	February 2012	1500000
		February 2013	1500000
		November 2013	106667
		February 2014	863000
30.	Principal Agricultural Officer, Palakkad	March 2014	70000
31.	Deputy Director, RATT Centre, Malampuzha	March 2014	182400
Total			17863913

Appendix 2.14
List of controlling officers where amounts exceeding ₹50 crore in each case
remained unreconciled during 2013-14
(Reference: Paragraph 2.4.2, Page 60)

(₹ in crore)

Sl. No.	Name of the controlling officer	Amount not reconciled
1.	The Director, Public Instruction, Jagathy, Thiruvananthapuram	7465.35
2.	The Secretary, Revenue Department, Thiruvananthapuram	803.02
3.	The Secretary to Government, Higher Education Department, Government Secretariat, Thiruvananthapuram	464.35
4.	The Commissioner, Rural Development, LMS Compound, Thiruvananthapuram	452.54
5.	The Director of Urban Affairs, Thiruvananthapuram	240.69
6.	The Secretary, Transport Department, Secretariat, Thiruvananthapuram	236.40
7.	The Director, Vocational Higher Secondary Education, Housing Board Building, Santhi Nagar, Thiruvananthapuram	236.30
8.	The Secretary to Government, Power Department, Thiruvananthapuram	214.80
9.	The Secretary, Local Self Government Department, Thiruvananthapuram	193.06
10.	The Secretary to Government, Information Technology Department, Secretariat, Thiruvananthapuram	170.95
11.	The Director of Ports, Valiathura, Vallakadavu, Thiruvananthapuram	152.41
12.	The Chief Engineer, Public Office Compound, Thiruvananthapuram	116.51
13.	The Director, Survey and Land Records, Thiruvananthapuram	103.40
14.	The Secretary to Government, Science and Technology Department, Thiruvananthapuram	90.58
15.	The Director of Homoeopathy, Thiruvananthapuram	89.41
16.	The Secretary, Planning and Economic Affairs Department, Secretariat, Thiruvananthapuram	78.16
17.	The Director, Municipal Administration, Thiruvananthapuram	74.31
18.	The Director, Regional Cancer Centre, Thiruvananthapuram	69.08
19.	The Director, Directorate of State Water Transport Department, Alappuzha	56.59
20.	The Director, Kerala Sustainable Urban Development Project, Trans Towers, Vazhuthacaud, Thiruvananthapuram	52.77
Total		11360.68

Appendix 3.1
Statement showing names of bodies and authorities, the accounts of
which had not been received as of March 2014
(Reference: Paragraph 3.2; Page 74)

(₹ in crore)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received
1.	Kerala Veterinary and Animal Science University	2011-12	112.90
2.	Kerala State Information Technology Mission	2012-13	107.46
3.	Kerala Khadi and Village Industries Board	2012-13	65.26
4.	Agency for Non-conventional Energy and Rural Technology	2011-12	16.98
5.	Kerala State Seed Development Authority, Thrissur	2012-13	8.72
6.	Thenmala Eco Tourism Promotion Society	2011-12	1.47
7.	Public Sector Restructuring and Internal Audit Board	2012-13	1.00
8.	Malabar Botanical Garden Society	2012-13	0.80
9.	Kerala Khadi Workers Welfare Fund Board	2012-13	0.20
10.	Kerala Road Fund Board	2012-13	0.00
11.	Kerala State Handicapped Person's Welfare Corporation Limited	2002-03	285.10
12.	Kerala Police Housing and Construction Corporation Limited	2011-12	17.60
13.	Kerala Social Security Mission	2011-12	511.78
14.	Kerala Anganwadi Helper's Welfare Fund	2011-12	155.22
15.	State Institute of Mentally Challenged	2011-12	87.53
16.	Institute of Management in Government	2011-12	453.27
17.	Kerala State Development Corporation for Christian Converts	2004-05	0.24
18.	Kerala State Sports Council	2011-12	772.00
19.	Thunchath Ezhuthachan Malayalam University, Tirur	2012-13	NA
20.	Rajeev Gandhi Centre for Aviation Technology, Trivandrum	2012-13	321.85
21.	Kerala Coir Workers Welfare Fund Board, Alappuzha	2012-13	NA
22.	Kerala Cashew Workers Welfare Fund Board, Kollam	2012-13	NA
23.	Kerala Agricultural Workers Welfare Fund Board, Thrissur	2012-13	61.00
24.	Kerala Handloom Workers Welfare Fund Board, Kannur	2012-13	588.56
25.	Traders Welfare Board, Trivandrum	2012-13	100
26.	Greater Cochin Development Authority, Kochi	2012-13	NA

NA - Not available

SAR by 195

Appendix 3.2
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.3; Page 74)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
1.	Kerala Khadi and Village Industries Board, Thiruvananthapuram	Up to 2014-15	2011-12	2009-10	2007-08	6.3.2012	07.11.2013	30 months 11 days
2.	Command Area Development Authority, Thrissur	Up to 2014-15	2011-12	2009-10	2010-11	6.2.2013	24.7.2013	12 months 24 days
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Upto 2016-17	2012-13	2012-13	Information not received		20.12.2013	5 months 19 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	Up to 2011-12	2010-11	2010-11	Information not received		22.04.2013	21 months 21 days
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards	2011-12	2010-11	Information not received		29.01.2014	18 months 28 days
6.	Kerala State Human Right Commission, Thiruvananthapuram	1998-99 onwards	2012-13	2012-13	Information not received		16.07.2013	15 days
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards	2011-12	2011-12	Information not received		13.09.2013	14 months 12 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards	2011-12	2011-12	Information not received		01.04.2013	9 months
9.	District Legal Services Authority, Kollam	1998-99 onwards	2011-12	2011-12	Information not received		30.01.2013	6 months 29 days
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards	2011-12	2011-12	Information not received		04.01.2013	6 months 3 days
11.	District Legal Services Authority, Alappuzha	1998-99 onwards	2011-12	2011-12	Information not received		22.05.2014	22 months 21 days
12.	District Legal Services Authority, Kottayam	1998-99 onwards	2012-13	2012-13	Information not received		19.05.2014	10 months 18 days
13.	District Legal Services Authority, Idukki	1998-99 onwards	2012-13	2012-13	Information not received		09.10.2013	3 months 8 days

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
14.	District Legal Services Authority, Ernakulam	1998-99 onwards	2011-12	2011-12	Information not received		20.12.2014	29 months 19 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards	2011-12	2011-12	Information not received		13.01.2014	18 months 12 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards	2010-11	2010-11	Information not received		13.10.2011	3 months 12 days
17.	District Legal Services Authority, Malappuram	1998-99 onwards	2012-13	2012-13	Information not received		31.07.2013	1 month
18.	District Legal Services Authority, Kozhikode	1998-99 onwards	2012-13	2012-13	Information not received		23.09.2013	2 months 22 days
19.	District Legal Services Authority, Wayanad	1998-99 onwards	2010-11	2010-11	Information not received		23.10.2012	15 months 22 days
20.	District Legal Services Authority, Kannur	1998-99 onwards	2010-11	2010-11	Information not received		29.3.2013	20 months 28 days
21.	District Legal Services Authority, Kasaragod	1998-99 onwards	2011-12	2011-12	Information not received		01.11.2013	16 months
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards	2012-13	2012-13	Information not received		06.03.2014	8 months 5 days
23.	Kerala Water Authority	2013-14	2010-11	2009-10	2007-08	6.3.2012	28.8.2014	37 months 27 days

Spl. cell

Appendix 3.3

Statement of finalization of *pro forma* accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
(Reference: Paragraph 3.4; Page 75)

(₹ in crore)

Sl.No.	Name of the undertaking	Accounts finalized up to	Government investment as per the last accounts finalized	Profit/loss as per the last accounts	
1. ✓	State Water Transport Department	2011-12	279.29	(-)35.05	CAHuy
2.	Kerala State Insurance Department	2011-12	Nil	223.58	"
3.	Text Book Office ⁵⁶	2003-04	21.26	(-) 5.61	Sp. call

Note: Besides, *pro forma* accounts in respect of rubber plantation activities of Open Prison, Nettukaltheri received upto 2012-13 showed a trading profit during the year amounting to ₹13.25 lakh.

S. Jeyaraj
by CAHuy

⁵⁶ Government decided (December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 is pending with the Government (October 2013).

Appendix 3.4
Department /duration-wise break-up of cases of misappropriation, defalcation, etc.
(Reference: Paragraph 3.5; Page 75)

Sl. No.	Name of the Department	Upto 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years and above		Total number of cases	
1.	Agriculture	3	(23.73)	2	(5.39)	2	(0.95)	1	(0.16)	2	(7.13)			10	(37.36)
2.	Animal Husbandry	1	(0.35)									1	(0.25)	2	(0.60)
3.	Co-operation							1	(11.30)					1	(11.30)
4.	Cultural Affairs -Archives											1	(0.20)	1	(0.20)
5.	Finance-National Savings											1	(0.45)	1	(0.45)
6.	Finance – Treasuries			2	(1.09)	6	(115.78)	3	(39.21)	1	(0.07)	4	(2.19)	16	(158.34)
7.	Fisheries and Ports							1	(1.32)					1	(1.32)
8.	Forest and Wildlife					4	(30.32)							4	(30.32)
9.	General Education	1	(5.25)	3	(11.92)	5	(0.65)	3	(0.76)	2	(0.16)	2	(4.52)	16	(23.26)
10.	Health and Family Welfare – Health Services	6	(21.93)	2	(10.24)	3	(151.16)	2	(5.67)	1	(0.69)	2	(0.59)	16	(190.28)
11.	Health and Family Welfare – Medical Education	1	(1.16)			2	(17.97)							3	(19.13)
12.	Health and Family Welfare - Indian Systems of Medicine	1	(9.3)					1	(1.85)					2	(11.15)
13.	Higher Education – Collegiate Education					2	(0.93)			1	(0.02)			3	(0.95)
14.	Home Department – Police									1	(0.38)			1	(0.38)
15.	Industries	1	(40.0)					1	(0.31)					2	(40.31)
16.	Legal Metrology			1	(55.00)									1	(55.00)
17.	Local Self Government			1	(11.22)	4	(6.51)	1	(1.85)	1	(0.77)			7	(20.35)
18.	Public Works Department	1	(1.87)			3	(7.70)							4	(9.57)
19.	Revenue – Survey and Land Records											1	(5.60)	1	(5.60)
20.	Scheduled Castes and Scheduled Tribes Development	2	(2.52)			1	(2.58)					1	(0.17)	4	(5.27)
21.	Social Welfare			2	(9.25)									2	(9.25)
22.	Taxes – Lotteries							1	(2.61)					1	(2.61)
23.	Motor Vehicles					1	(10.20)							1	(10.20)
24.	Vigilance			1	(0.35)									1	(0.35)
25.	Water Resources			13	(135.64)	3	(4.2)							16	(139.84)
Total		17	(106.11)	27	(240.10)	36	(348.95)	15	(65.04)	9	(9.22)	13	(13.97)	117	(783.39)

Figures in brackets indicate ₹ in lakh

Appendix 3.5

Department /category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material

(Reference: Paragraph 3.5; Page 75)

(*₹ in lakh*)

Name of Department	Theft		Misappropriation/ loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Agriculture			10	37.36	10	37.36
Animal Husbandry			2	0.60	2	0.60
Cultural Affairs -Archives			1	11.30	1	11.30
Co-operation			1	0.20	1	0.20
Finance-National Savings			1	0.45	1	0.45
Finance – Treasuries			16	158.34	16	158.34
Fisheries and Ports			1	1.32	1	1.32
Forest and Wildlife			4	30.32	4	30.32
General Education	9	1.05	7	22.21	16	23.26
Health and Family Welfare – Health Services	2	2.16	14	188.12	16	190.28
Health and Family Welfare - Medical Education			3	19.13	3	19.13
Health and Family Welfare – Indian Systems of Medicine			2	11.15	2	11.15
Higher Education – Collegiate Education	2	0.22	1	0.73	3	0.95
Home Department – Police			1	0.38	1	0.38
Industries			2	40.31	2	40.31
Legal Metrology			1	55.00	1	55.00
Local Self Government			7	20.35	7	20.35
Public Works Department			4	9.57	4	9.57
Revenue – Survey and Land Records			1	5.60	1	5.60
Scheduled Castes and Scheduled Tribes Development			4	5.27	4	5.27
Social Welfare	1	0.32	1	8.93	2	9.25
Taxes – Lotteries			1	2.61	1	2.61
Motor Vehicles			1	10.20	1	10.20
Vigilance			1	0.35	1	0.35
Water Resources	1	0.55	15	139.29	16	139.84
Total	15	4.30	102	779.09	117	783.39

Appendix 3.6

**Details of amount parked in TSB accounts for more than one year
(Reference: Paragraph 3.6.1(ii); Page 77)**

(₹ in crore)

Sl. No.	Official maintaining the TSB account/Name of scheme	Year of drawal	Amount drawn	Unutilized amount
Agriculture				
1.	Chairperson, Kole Development Agency, Thrissur	2001-02	0.40	0.22 (30.4.2014)
2.	Establishment of Horticulture Nurseries to ST youth	2011-12	1.45	0.88 (31.3.2014)
Scheduled Caste Development				
3.	1000 Nos. of Vinjanvadis in 1000 SC colonies	2011-12	50.00	48.25 (31.5.2014)
Scheduled Tribes Development				
4.	Tribal Resettlement and Development Mission, Idukki	2011-12	1.72	1.46 (30.4.2014)
Dairy Development				
5.	Deputy Director of Dairy Development, Kollam	2008-09 to 2012-13	2.85	1.17 (31.3.2014)
District Collectors				
6.	District Collector, Thrissur (TSB 8947)	2012-13	0.28	0.25 (31.7.2014)
7.	District Collector, Thrissur (TSB 6782)	2012-13	0.67	0.31 (31.7.2014)
8.	District Collector, Thrissur (TSB 6782)	2012-13	0.44	0.15 (31.7.2014)
9.	District Collector, Kozhikode (STSB 7537)	2011-12	0.92	0.38 (31.7.2014)
Total			58.73	53.07

Appendix 3.7
Parking of funds in bank accounts of implementing agencies
(Reference: Paragraph 3.6.2; Page 77)

(₹ in crore)

Sl. No.	Implementing agency	Name of schemes	Year of transfer	Amount transferred	Unutilized amount
Scheduled Tribes Development Department					
1.	Malabar Regional Co-operative Milk Producers Union	Livelihood support to ST settlement of Sugandhagiri in Wayanad district	2013-14	2.33	2.32 (31.5.2014)
2.	Rubber Board	Rubber cultivation in land owned by Scheduled Tribe families	2012-13 2013-14	1.69	1.17 (31.3.2014)
3.	Kerala Police Housing Construction Corporation	Construction of 125 houses in 5 tribal colonies	2011-12	6.65	4.56 (24.6.2014)
4.	Kerala Medical Services Corporation	Mobile medical clinics in Tribal majority populated areas	2011-12	2.88	2.81 (31.5.2014)
5.	Divisional Forest Officer, Munnar	Integrated Development project for Edamalakkudy Tribal settlement in Idukki	2012-13	4.33	3.39
			2013-14	1.88	1.88
6.	En Uru Charitable Society	En-uru Tribal Tourism Project	2010-11	2.56 ⁵⁷	1.83 (31.5.2014)
Agriculture Department					
7.	Kerala Agricultural University	Various schemes	2010-11 to 2013-14	9.66	1.41 (31.5.2014)
8.	Central Tuber Crops Research Institute	Development of Tubers	2013-14	1.50	0.74 (31.5.2014)
9.	Indian Institute of Information Technology and Management Kerala	Web based soil Nutrient Management Information System	2013-14	0.50	0.15 (31.5.2014)
10.	Vegetable and Fruit Promotion Council Keralam	Various schemes	2013-14	11.46	1.56 (31.5.2014)
11.	Malabar Regional Co-operative Milk Producers Union Limited (MRCMPU)	Ginger Processing Unit at Wayand	2012-13	1.94 ⁵⁸	1.77 (31.5.2014)
12.	Indian Institute of Spices Research, Calicut	Pepper rejuvenation package	2010-11	0.50	0.07 (31.5.2014)
		Development of Spices	2013-14	0.33	0.30 (31.5.2014)
Urban Development Department					
13.	District Collector, Kottayam	Kodimatha Mobility Hub	2011-12	0.05	1.02 (30.6.2014)
			2012-13	1.00	
Total				49.26	24.98

⁵⁷ ₹2.37 crore was transferred to Priyadarshini Tea Estate Wayanad during 2010-11 and was later transferred to En Uru Charitable Society on 9 May 2012 alongwith interest of ₹0.19 crore (₹2.37 crore + ₹0.19 crore = ₹2.56 crore)

⁵⁸ ₹1.94 crore was transferred to CSIR NIIST during 2012-13, CSIR NIIST transferred ₹1.77 crore (22 April 2014) to MRCMPU after deducting their professional charges.

