

*Presented to State  
Legislature on 08-02-2011*



**GOVERNMENT OF KERALA**

# **FINANCE ACCOUNTS**

## **2009-2010**

### **VOLUME 1**



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

This compilation containing the Finance Accounts of the Government of Kerala for the year ending 31<sup>st</sup> March 2010 presents the accounts of the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debt and the liabilities and assets as worked out from the balances recorded in the accounts. The Appropriation Accounts of the Government for the year for Grants and Charged Appropriations are presented in a separate compilation.

The Finance Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and have been compiled from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices, and departments responsible for the keeping of such accounts functioning under the control of the Government of Kerala and the statements received from the Reserve Bank of India. However, two statements (No. 9 and 14) and one appendix (X) in this compilation have been prepared mainly from the data directly obtained from the Government of Kerala who are responsible to ensure the correctness of such information.

The treasuries, offices, and/or departments functioning under the control of the Government of Kerala are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for compilation, keeping of the accounts, preparation and submission of Annual Accounts to the State Legislature. My responsibility for the compilation, preparation and finalisation of accounts is discharged through the office of the Accountant General (A&E). The audit of these accounts is independently conducted through the office of the Principal Accountant General (Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expressing an opinion on these Accounts based on the results of such audit. These offices are independent organisations with distinct cadres, separate reporting lines and management structure.

The audit was conducted in accordance with the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit



includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Finance Accounts read with the explanatory 'Notes to Accounts' give a true and fair view of the receipts and disbursements for the purpose of the Government of Kerala for the year 2009-2010.

Points of interest arising from study of these accounts as well as test audit conducted during the year or earlier years are contained in my Reports on the Government of Kerala being presented separately for the year ended 31<sup>st</sup> March 2010.

Date: 16 DEC 2010  
Place: New Delhi



(VINOD RAI)

*Comptroller and Auditor General of India*





**A. Broad overview of the Structure of Government Accounts**

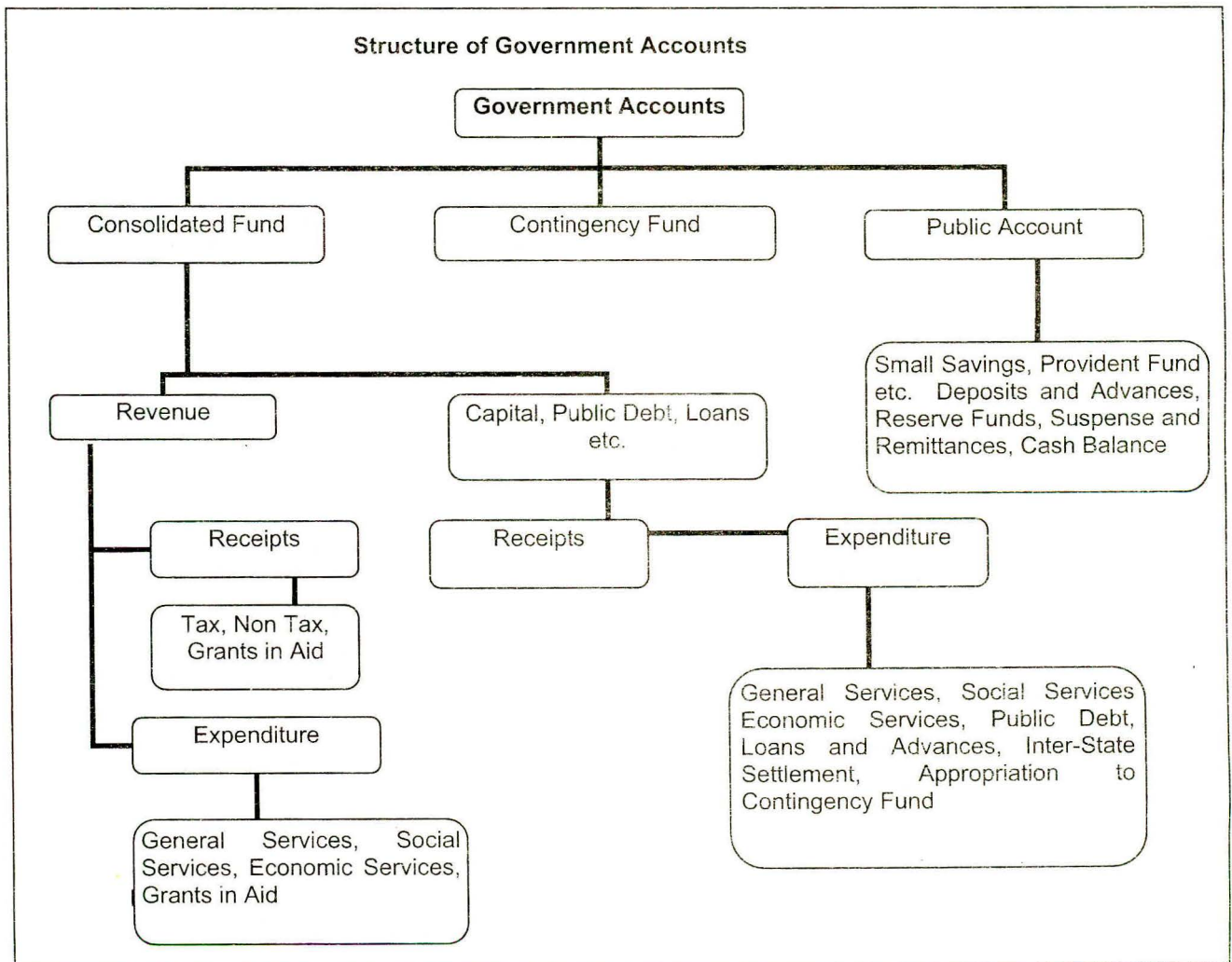
1. The Accounts of the Government are kept in three parts:

Part I: The Consolidated Fund: All Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans & Advances forms the Consolidated Fund of the State

Part II: The Contingency Fund: Legislature may by law establish a Contingency Fund which is in the nature of an imprest. The Fund is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head in the Consolidated Fund of the State.

Part III: The Public Account: All other public moneys received by or on behalf of the Government are credited to the Public Account. The expenditure out of this account is not subject to the vote of the Legislature. In respect of the receipts into this account, the Government acts as a banker or trustee. Transactions relating to Debt (other than public debt in Part I), Deposits, Advances, Reserve Funds, Remittances and Suspense form the Public Account.

**A.1.1 Pictorial representation of Structure of Government accounts**



## 2. DIVISIONS, SECTIONS, SECTORS etc

The two main divisions of the Accounts in the Consolidated fund are, as depicted in A.1.1 on previous page, 'Revenue and 'Capital, Public Debt, Loans etc.' which are divided into sections 'Receipts 'and 'Expenditure'. Within each of the Divisions and Sections of the Consolidated Fund the transactions on the expenditure side are grouped into Sectors such as, "General Services", "Social Services", "Economic Services", under which specific functions or services shall be grouped. The Sectors are sub-divided into Sub-sectors/Major heads of account. Major heads correspond to functions and are further divided into sub major heads (sub functions) and minor heads (programmes) which are depicted in volume 2 of the Finance Accounts. The classification below minor heads of account i.e. subheads (schemes) and detailed and object heads (objects of expenditure) are not depicted in the Finance Accounts (minor exceptions exist), though some details are included in the appendices.

### B. WHAT DO THE STATEMENTS CONTAIN

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

**Volume 1** contains the Certificate of the Comptroller and Auditor General of India, four summary statements as given below and Notes to Accounts including accounting policy.

1. Statement of financial position: Cumulative figures of assets and liabilities of the Government, as they stand at the end of the year, are depicted in the statement. The assets are largely financial assets with the figures for progressive capital expenditure denoting physical assets of the Government. Assets, as per the accounting policy, are depicted at historical cost.
2. Statement of receipts and disbursements: This is a summarised statement showing all receipts and disbursements of the Government during the year in all the three parts in which Government account is kept, namely, the consolidated fund, contingency fund and public account. Further within the consolidated fund, receipts and expenditure on revenue and capital account are depicted distinctly.

The fiscal parameters of the Government, i.e. the primary, revenue and fiscal deficit are calculated on the operations of the consolidated fund of the State. Hence the following two statements give the operations of the consolidated fund in a summarised form.

3. Statement of receipts in Consolidated Fund: This statement comprises revenue and capital receipts and receipts from borrowings of the Government consisting of loans from the Government of India, other institutions, market loans raised by the Government and recoveries on account of loans and advances made by the Government.
4. Statement of expenditure in Consolidated Fund: This statement not only gives expenditure by function (activity) but also summarises expenditure by nature of activity (objects of expenditure).

In addition the volume comprises an appendix, Appendix 1 showing cash balances and investments of cash balances.

**The second volume** comprises three parts. The **first part contains six statements** as given below:

5. Statement of progressive capital expenditure: This statement details progressive capital expenditure by functions, the aggregate of which is depicted in statement 1.
6. Statement of Borrowings and other liabilities: Borrowings of the Government comprise market loans raised by it (internal debt) and Loans and Advances received from the Government of India. Both these together form the public debt of the State Government. In addition, this summary statement depicts 'other liabilities' which are the balances under various sectors in the public account. In respect of the latter, the Government acts as a trustee or custodian of the funds. Hence these constitute liabilities of the Government. The statement also contains

a note on service of debt, i.e a note on the quantum of net interest charges met from revenue receipts.

7. Statement of Loans and Advances given by the Government: The loans and advances given by the State Government are depicted in statement 1 and recoveries, disbursements feature in statement 2, 3 and 4. Here, loans and advances are summarised sector and loanee group wise. This is followed by a note on the recoveries in arrear in respect of loans, the details of which are maintained by the Accountant General office and details of which are maintained by the State departments.
8. Statement of Grants in aid given by the State Government, organised by grantee institutions group wise. It includes a note on grants given in kind also.
9. Statement of Guarantees given by the Government: Guarantees given by the State Government for repayment of loans, etc. raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions during the year and sums guaranteed outstanding as at the end of the year are presented in this statement.
10. Statement of Voted and Charged Expenditure: This statement presents details of voted and charged expenditure of the Government.

**Part II Volume 2:** This part contains **9 statements** presenting details of transactions by **minor head** corresponding to statements in volume 1 and part 1 of volume 2.

11. Detailed Statement of Revenue and Capital Receipts by minor heads: This statement presents the revenue and capital receipts of the Government in detail.
12. Detailed Statement of Revenue Expenditure by minor heads: This statement presents the details of revenue expenditure of the Government in detail. Non Plan and Plan figures are depicted separately and a comparison with the figures for the previous year are available.
13. Detailed Statement of Capital Expenditure by minor heads: This statement presents the details of capital expenditure of the Government in detail. Non Plan and Plan figures are depicted separately and a comparison with the figures for the previous year are available. Cumulative capital expenditure upto the end of the year is also depicted.
14. Detailed Statement of Investments of the Government : The position of Government Investment in the share capital and debentures of different concerns is depicted in this statement for the current and previous year. Details include type of shares held, face value, dividend received etc.
15. Detailed Statement of Borrowings and other Liabilities: Details of borrowings (market loans raised by the Government and Loans etc from Government of India) by minor heads, the maturity and repayment profile of all loans is provided in this statement. This is the detailed statement corresponding to statement 6 in part 1 volume 2.
16. Detailed Statement on Loans and Advances given by the Government: The details of loans and advances given by the Government, the changes in loan balances, loans written off, interest received on loans etc. is presented in this statement. It also presents plan loans separately. This is the detailed statement corresponding to statement 7 in part 1 volume 2.
17. Detailed Statement on Sources and Application of funds for expenditure other than revenue account: The capital and other expenditure (other than on revenue account) and the sources of fund for the expenditure is depicted in this statement.
18. Detailed Statement on Contingency Fund and other Public Account transactions: The statement shows changes in contingency fund during the year, the appropriations to the fund, expenditure, amount recouped etc. It also depicts the transactions in public account in detail.
19. Detailed Statement on Investments of earmarked funds: This statement shows the details of investment out of reserve funds in public account.

**Part III Volume 2 contains appendices** on salaries, subsidies, grants-in-aid scheme wise and institution wise, details of externally aided projects, scheme

wise expenditure in respect of major Central schemes and State Plan schemes etc. These details are present in the accounts at sub head level or below (i.e. below minor head levels) and so are not depicted in the Finance Accounts. For a detail list please refer to the index in volume 1 or 2. The Statements read with the appendices give a complete picture of the state of finances prevailing in the State Government.

### C. READY RECKONER

For a quick reference to what the statements contain, please refer to the table below. The summary and detail statement in respect of the important parameters is depicted below. The number of appendices depicted below are not exhaustive.

Parameter	Summary Statements (Volume 1)	Detailed Statements (Volume 2)	Appendices
Revenue Receipts (including Grants received)	2,3	11	
Revenue Expenditure	2,4	12	2 (Salary), 3 (Subsidy)
Grants-in-Aid given by the Government	2	8	4
Capital receipts	2,3	11	
Capital expenditure	1,2,4	5,13,17	
Loans and Advances given by the Government	1,2	16	
Debt Position/ Borrowings	1,2	15	
Investments of the Government in Companies, Corporations etc	1	14	
Cash	1,2		1,8
Balances in Public Account and investments thereof	1,2	18, 19	
Guarantees		9	
Schemes			5 (Externally Aided Projects), 6,7

### D. Periodical adjustments and Book adjustments:

Certain transactions are in the nature of book adjustments and do not represent actual cash transaction, as mentioned below. The specific details are mentioned as 'Notes to Accounts' and as footnotes in the relevant statements.

(i) Adjustment of all deductions (General Provident Fund, recoveries of advances given etc) from salaries by debiting functional major heads (department concerned) by book adjustment to revenue receipt (e.g. deductions other than General Provident Fund)/ Public Account (e.g. General Provident Fund)

(ii) Creation of funds/adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g. Calamity Relief Fund, Reserve Funds, Sinking Fund etc.

(iii) Crediting of deposit heads of accounts in public account by debit to Consolidated Fund

(iv) Annual adjustment of interest on General Provident Fund and State Government Group Insurance Scheme where interest on General Provident Fund of State Government is adjusted by debiting 2049-Interest Payments and crediting 8009-State Provident Funds.

(v) Certain adjustments such as adjustment of Debt waiver scheme granted by the Government of India in accordance with the recommendation of Finance commission. It affects both revenue receipts and Public Debt heads where Central loans are written off by crediting 0075-Miscellaneous General Services by contra entry in the Major Head 6004-Loans and Advances from the Central Government.

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## 1. STATEMENT OF FINANCIAL POSITION

Assets <sup>1</sup>	Reference (Sl.no.)	As at 31st March 2010	As at 31st March 2009
	Notes to Accounts	Statement	(Rupees in crore)
<b>Cash</b>			
(i) Cash in Treasuries and Local Remittances		18 & Appendix I	16.52
			24.12
(ii) Departmental Balances		18	1.95
			1.44
(iii) Permanent Imprest		18	0.26
			0.24
(iv) Cash Balance Investments		18	3230.42
			2589.73
(v) Deposits with Reserve Bank of India	Para 6	18	41.88
			14.02
(vi) Investments from Earmarked Funds		19	1097.23
			758.26
<b>Capital Expenditure</b>			
(i) Investments in shares of Companies, Corporations etc.		5 & 14	3360.06 (a)
			3190.40 (b)
(ii) Other Capital Expenditure		13	14320.27
			12447.99
<b>Contingency Fund (unrecouped)</b>	Para 11	18	26.27
			5.84
<b>Loans and Advances</b>		7 & 16	7748.53
			6910.33 (c)
<b>Advances with departmental officers</b>		18	0.28
			0.25
<b>Remittance Balances</b>		18	333.93
			391.25
<b>Cumulative excess of expenditure over receipts<sup>2</sup></b>			46308.74
			41317.27
<b>Total</b>			76486.34
			67651.14

<sup>1</sup> The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) in the section 'Notes to Accounts'.

<sup>2</sup> The cumulative excess of expenditure over receipts is different from and not the fiscal/revenue deficit and includes the amount adjusted on account of disinvestment/retirement of capital which is shown separately in the Report on State Finances.

(a) Includes ₹ 37.30 crore vide foot note (DD) of Statement No.14 in Vol.2

(b) Increased *pro-forma* by ₹ 317.93 crore vide foot note (B) of Statement No.5 in Vol.2

(c) Decreased *pro-forma* by ₹ 317.93 crore vide foot note (d) of Statement No.7 in Vol.2

**1. STATEMENT OF FINANCIAL POSITION-Concl'd.**

Liabilities <sup>1</sup>	Reference (Sl.no.)	As at 31st March 2010	As at 31st March 2009
	Notes to Accounts	Statement	<i>(Rupees in crore)</i>
<b>Borrowings (Public Debt)</b>			
(i) Internal Debt		15	43368.03
(ii) Loans and Advances from Central Government		15	
Non-Plan Loans		15	32.95
Loans for State Plan Schemes		15	6214.86
Loans for Central Plan Schemes		15	4.67
Loans for Centrally Sponsored Plan Schemes		15	51.64
Other loans		15	1.16
<b>Contingency Fund (Corpus)</b>		18	100.00
<b>Liabilities on Public Account</b>			
(i) Small Savings, Provident Funds, etc.		18	21296.12
(ii) Deposits		18	2956.55
(iii) Reserve Funds	Para 9	18	1394.56
(iv) Remittance Balances		18	
(v) Suspense and Miscellaneous Balances <sup>3</sup>	Para 10	18	1065.80
<b>Total</b>			<b>76486.34</b>
			<b>67651.14</b>

<sup>3</sup> In this statement the line item 'Suspense and Miscellaneous Balances' does not include 'Cash Balance Investment Account', which is included separately above, though the latter forms part of this sector elsewhere in these Accounts.



**2. STATEMENT OF RECEIPTS AND DISBURSEMENTS**

Receipts		Disbursements		
	2009-10	2008-09	2009-10	2008-09
<i>(Rupees in crore)</i>				
<b>PART- I Consolidated Fund</b>				
<b>Section A: Revenue</b>				
<b>Revenue Receipts</b>			<b>Revenue Expenditure</b>	
<b>Tax Revenue (raised by the State)</b>	17625.02	15990.18	Salaries (a)	9763.33 6030.15
<b>Non-Tax Revenue-</b>			Subsidies (a)	441.83 354.86
			Grants-in-aid (a)(b)	2189.38 1772.82
Interest Receipts	152.50	83.69	<b>General Services</b>	
Others	1699.72	1475.60	Interest Payments	
Total	<u>1852.22</u>	<u>1559.29</u>	and service of debt	5568.83 4659.69
<b>Share of Union</b>			Pension	4705.50 4686.43
<b>Taxes/Duties</b>	4398.78	4275.52	Others	1542.64 1391.15
			Total	<u>11816.97 10737.27</u>
			<b>Social Services -</b>	2349.66 5015.74
			<b>Economic Services-</b>	2082.22 2047.90
<b>Grants from Central Government</b>	2233.38	2687.19	<b>Compensation and Assignments to Local Bodies and Panchayati Raj Institutions</b>	
<b>Total- Revenue Heads (Revenue Account)</b>	26109.40	24512.18	<b>Total Expenditure Heads (Revenue Account)</b>	<u>31132.37 28223.86</u>
<b>Revenue Deficit</b>	5022.97	3711.68		
<b>Section B: Capital</b>				
<b>Capital Receipts</b>	48.96	9.11	<b>Capital expenditure</b>	
			Salaries	36.05 32.51
			General services	66.60 52.66
<b>Recoveries of Loans and Advances</b>	38.47	35.64	Social Services -	363.63 290.51
			Economic Services-	1593.11 1319.92
			<b>Loans and Advances disbursed</b>	
			General services	
			Social Services -	419.01 641.90
			Economic Services-	403.23 336.76
			Others	54.44 5.02

- (a) Salary, Subsidy and Grants-in-Aid figures have been summed up across all sectors to present a consolidated figure. The expenditure in this statement under the sectors 'General', 'Social' and 'Economic' services does not include expenditure on salaries, subsidies and grants in aid (explained in footnote (b)).
- (b) Grants-in-Aid are given to statutory corporations, companies, autonomous bodies, local bodies etc by the Government which is included as a line item above. These grants are distinct from compensation and assignment of taxes, duties to the Local Bodies which is depicted as a separate line item 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions'.

## 2. STATEMENT OF RECEIPTS AND DISBURSEMENTS

	Receipts		Disbursements	
	2009-10	2008-09	2009-10	2008-09
<i>(Rupees in crore)</i>				
<b>Part I - Consolidated Fund- Contd</b>				
<b>Public Debt Receipts</b>			<b>Repayment of Public Debt</b>	
Internal Debt (market loans etc.)	6693.80	10074.32	Internal Debt (market loans etc.)	2140.00 5279.26
Loans from Government of India	562.34	768.04	Loans from Government of India	265.68 292.05
<b>Net of Inter-State Settlement</b>	..	..	<b>Net of Inter-State Settlement</b>	.. ..
<b>Total receipts</b>			<b>Total Expenditure</b>	
<b>Consolidated Fund</b>	33452.97	35399.29	<b>Consolidated Fund</b>	36474.12 36474.45
<b>Deficit in Consolidated Fund</b>	3021.15	1075.16		
<b>PART II - Contingency Fund</b>				
<b>Contingency Fund</b>	5.84	80.00	<b>Contingency Fund</b>	26.27 5.84
<b>Part III - Public Account (c)</b>				
<b>Small Savings, Provident Funds, etc.</b>	12923.06	13218.04	<b>Small Savings Provident Funds, etc.</b>	10073.77 10628.99
<b>Reserves &amp; Sinking Funds</b>	797.23	886.08	<b>Reserves &amp; Sinking Funds</b>	807.79 888.69
<b>Deposits</b>	5010.11	4183.46	<b>Deposits</b>	4573.21 4051.55
<b>Advances</b>	0.73	1.05	<b>Advances</b>	0.76 1.05
<b>Suspense and Miscellaneous</b>	87703.19	46615.71	<b>Suspense and Miscellaneous (d) -</b>	87974.27 48441.64
<b>Remittances</b>	7269.56	7326.05	<b>Remittances</b>	7212.24 7302.60
<b>Total Receipts</b>			<b>Total Disbursements</b>	
<b>Public Account</b>	113703.88	72230.39	<b>Public Account</b>	110642.04 71314.52
			<b>Surplus in Public Account</b>	3061.84 915.87
<b>Opening Cash Balance</b>	38.14	123.27	<b>Closing Cash Balance</b>	58.40 38.14
<b>Increase in cash balance</b>	20.26		<b>Decrease in cash balance</b>	85.13

(c) For details please refer to Statement 18 in Volume 2.

(d) 'Suspense and Miscellaneous' includes 'Other accounts' such as Cash Balance Investment account (Major Head 8673) etc. The figures may appear huge on account of these other accounts. Details may please be seen in Statement 18.

### 3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND

(Rupees in crore)

Description	2009-10	2008-09
<b>I. TAX AND NON-TAX RECEIPTS</b>		
<b>A. Tax Revenue -</b>		
<b>A.1 Own Tax Revenue</b>		
Land Revenue	53.93	47.57
Stamps and Registration Fees	1896.41	2002.99
State Excise	1514.82	1397.64
Taxes on Sales, Trade etc.	12770.89	11377.13
Taxes on Vehicles	1131.10	937.45
Taxes on Goods and Passengers	.. (&)	.. (&)
Other Taxes and Duties on Commodities and Services	140.28	
Others	117.59	227.40
<b>A.2 Share of net proceeds of Taxes</b>		
Corporation Tax	1810.29	1402.06
Taxes on Income other than Corporation Tax	1008.40	880.38
Other Taxes on Income and Expenditure		-0.11
Taxes on Wealth	4.10	1.36
Customs	615.64	817.31
Union Excise Duties	495.90	712.81
Service Tax	464.45	461.82
Others		-0.11
<b>Total A</b>	<b>22023.80</b>	<b>20265.70</b>
<b>B Non-Tax Revenue</b>		
Miscellaneous General Services	817.27	628.01
Forestry and Wildlife	272.80	223.71
Interest Receipts	152.50	83.69
Education, Sports, Art and Culture	130.61	130.24
Other Administrative Services	99.46	88.22
Co-operation	49.39	42.02
Roads and Bridges	46.13	33.17
Non-ferrous Mining and Metallurgical Industries	39.26	40.32
Police	35.71	57.99
Medical and Public Health	34.43	38.58
Contributions and Recoveries towards Pension and Other Retirement Benefits	32.90	31.09

(&) Amount negligible

**3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-Contd.**

Description	(Rupees in crore)	
	2009-10	2008-09
<b>B Non-Tax Revenue-Concl.</b>		
Dividends and Profits	27.28	33.53
Other General Economic Services	20.62	23.62
Labour and Employment	11.06	6.28
Stationery and Printing	8.68	6.08
Crop Husbandry	7.88	15.04
Public Works	6.54	3.80
Ports and Light Houses	6.07	4.56
Urban Development	5.60	0.99
Inland Water Transport	4.86	5.06
Medium Irrigation	4.50	3.07
Major Irrigation	4.47	5.43
Fisheries	4.37	4.09
Tourism	4.37	5.27
Minor Irrigation	3.89	2.93
Other Social Services	3.21	4.31
Civil Supplies	3.20	4.70
Animal Husbandry	3.11	2.96
Village and Small Industries	2.85	4.86
Public Service Commission	2.04	1.69
Industries	1.65	16.94
Jails	1.29	0.85
Social Security and Welfare	1.27	0.84
Housing	0.99	0.32
Dairy Development	0.85	0.97
Other Rural Development Programmes	0.32	0.24
Information and Publicity	0.24	0.21
Other Transport Services	0.17	0.10
Other Scientific Research	0.17	0.21
Other Agricultural Programmes	0.14	0.08
Family Welfare	0.06	0.05
Petroleum	0.01	0.01
Others	.. (&)	3.16
<b>Total B</b>	<b>1852.22</b>	<b>1559.29</b>

(&) Amount negligible

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**3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-Contd.**

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*(Rupees in crore)*

Description	2009-10	2008-09
<b>II. GRANTS FROM GOVERNMENT OF INDIA</b>		
<b>C Grants</b>		
Grants-in-Aid from Central Government		
<b>Non-Plan grants</b>		
Grants under the proviso to Article 275(1) of the Constitution	524.20	240.48
Grants towards contribution to Calamity relief Fund	77.93	74.23
Grants under National Calamity Contingency Fund		9.47
Other Grants	43.32	264.35
<b>Grants for State /Union Territory Plan Schemes</b>		
Block grants (of which EAP)	765.04	1288.07
	81.89	127.53
Grants under the proviso to Article 275(1) of the Constitution	7.53	5.56
Grants for Central Road Fund	60.12	44.85
Other Grants	142.63	37.56
<b>Grants for Central Plan Schemes</b>	48.41	48.53
<b>Grants for Centrally Sponsored Plan Schemes</b>	564.20	674.09
<b>Grants for Special Plan Schemes</b>	..	..
<b>Total C</b>	<u>2233.38</u>	<u>2687.19</u>
<b>Total Revenue Receipts (A+B+C)</b>	<u>26109.40</u>	<u>24512.18</u>

**3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-Contd.**

<i>(Rupees in crore)</i>		
Description	2009-10	2008-09
<b>III. CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS</b>		
<b>D Capital Receipts</b>		
Disinvestment Proceeds	48.96	9.11
Others	..	..
<b>Total D</b>	<u>48.96</u>	<u>9.11</u>
<b>E Public Debt Receipts</b>		
Internal Debt		
Market Loans	5456.00	5515.93
Ways and Means Advance from RBI	640.62	3920.97
Bonds	.. (&)	..
Loans from Financial Institutions	524.76	624.13
Special Securities issued to National Small Savings Fund	72.42	13.29
Other Loans	..	
Loans and Advances from Central Government		
Non-Plan Loans	0.10	0.05
Loans for State Plan Schemes	562.24	767.99
Loans for Central Plan Schemes	..	..
Loans for Centrally Sponsored Plan Schemes	..	..
Other Loans	..	..
<b>Total E</b>	<u>7256.14</u>	<u>10842.36</u>

(&) Amount negligible

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**3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-*Concl.***

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(Rupees in crore)

Description	2009-10	2008-09
<b>III. CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS-<i>Concl.</i></b>		
<b>F Loans and Advances by State Government (Recoveries)<sup>1</sup></b>	38.47	35.64
<b>G Inter-State Settlement</b>	..	..
<b>Total Receipts in Consolidated Fund (A+B+C+D+E+F+G)</b>	<u>33452.97</u>	<u>35399.29</u>

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<sup>1</sup> Details are in Statement 7 and 16 in Volume 2

**4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND**

**A EXPENDITURE BY FUNCTION**

Description	Revenue	Capital	Loans and Advances	Total
<i>(Rupees in crore)</i>				
<b>A General Services -</b>				
<b>A.1 Organs of State -</b>				
Parliament/State/Union Territory Legislatures	32.81			32.81
President, Vice-President/Governor/ Administrator of Union Territories	3.72			3.72
Council of Ministers	5.37			5.37
Administration of Justice	245.65			245.65
Elections	58.03			58.03
<b>A.2 Fiscal Services -</b>				
Collection of Taxes on Income and Expenditure	0.27			0.27
Land Revenue	196.73			196.73
Stamps and Registration	104.23			104.23
Collection of Other Taxes on Property and Capital Transactions	0.12			0.12
State Excise	83.31			83.31
Taxes on Sales, Trade etc.	126.01			126.01
Taxes on Vehicles	33.96			33.96
Other Taxes and Duties on Commodities and Services	10.44			10.44
Other Fiscal Services	109.08			109.08
Appropriation for Reduction or Avoidance of Debt	276.36			276.36
Interest Payments	5292.48			5292.48
<b>A.3 Administrative Services</b>				
Public Service Commission	46.65			46.65
Secretariat - General Services	91.38			91.38
District Administration	370.27			370.27
Treasury and Accounts- Administration	96.87			96.87
Police	1005.79	0.02		1005.81
Jails	55.97			55.97
Stationery and Printing	71.92	1.24		73.16
Public Works	152.71	65.34		218.05
Other Administrative Services	101.46			101.46



**4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.**

**A EXPENDITURE BY FUNCTION**

Description	Revenue	Capital	Loans and Advances	Total
<i>(Rupees in crore)</i>				
<b>A General Services-Concl.</b>				
<b>A.4 Pensions and Miscellaneous General Services</b>				
Pensions and Other Retirement Benefits	4705.50			4705.50
Miscellaneous General Services	658.44			658.44
<b>Total General Services</b>	<u>13935.53</u>	<u>66.60</u>		<u>14002.13</u>
<b>B Social Services</b>				
<b>B.1 Education, Sports, Art and Culture</b>				
General Education	5483.31	49.49 (a)		5532.80
Technical Education	274.68			274.68
Sports and Youth Services	141.42			141.42
Art and Culture	80.35			80.35
<b>B.2 Health and Family Welfare</b>				
Medical and Public Health	1456.18	62.64		1518.82
Family Welfare	196.75	0.01		196.76
<b>B.3 Development</b>				
Water Supply and Sanitation	355.22	199.03	324.26	878.51
Housing	55.40	8.91	6.86	71.17
Urban Development	345.41		87.75	433.16
<b>B.4 Information and Broadcasting</b>				
Information and Publicity	29.20			29.20
<b>B.5 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes</b>				
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	739.86	37.87	0.14	777.87
<b>B.6 Labour and Labour Welfare</b>				
Labour and Employment	298.77			298.77
<b>B.7 Social Welfare and Nutrition</b>				
Social Security and Welfare	869.85	3.84		873.69
Nutrition	0.85			0.85
Relief on account of Natural Calamities	103.91			103.91
<b>B.8 Others</b>				
Other Social Services	16.50	1.84		18.34
Secretariat- Social Services	19.49			19.49
<b>Total Social Services</b>	<u>10467.15</u>	<u>363.63</u>	<u>419.01</u>	<u>11249.79</u>

(a) Capital outlay corresponding to 'General Education', 'Technical Education', 'Sports and Youth Services' and 'Art & Culture'.

**4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.**

**A EXPENDITURE BY FUNCTION**

Description	Revenue	Capital	Loans and Advances	Total
	<i>(Rupees in crore)</i>			
<b>C Economic Services</b>				
<b>C.1 Agriculture and Allied Activities</b>				
Crop Husbandry	542.08	1.98	2.36	546.42
Soil and Water Conservation	30.98	13.21		44.19
Animal Husbandry	213.72	4.11	0.38	218.21
Dairy Development	41.16			41.16
Fisheries	114.41	68.87	10.23	193.51
Forestry and Wildlife	207.36	13.22		220.58
Food, Storage and Warehousing	302.23	12.27	2.15	316.65
Agricultural Research and Education	154.31			154.31
Co-operation	150.80	43.93	4.75	199.48
Other Agricultural Programmes	5.53	0.35		5.88
<b>C.2 Rural Development</b>				
Special Programmes for Rural Development	63.32			63.32
Rural Employment	38.51			38.51
Land Reforms	11.72			11.72
Other Rural Development Programmes	299.66	5.00		304.66
<b>C.3 Special Areas Programmes</b>				
Hill Areas	23.52			23.52
<b>C.4 Irrigation and Flood Control</b>				
Major Irrigation	83.69	43.14		126.83
Medium Irrigation	43.73	47.51		91.24
Minor Irrigation	140.06	18.61		158.67
Command Area Development	3.79			3.79
Flood Control and Drainage	20.58	145.11		165.69
<b>C.5 Energy</b>				
Power	7.06		0.50	7.56
New and Renewable Energy	62.09			62.09
<b>C.6 Industry and Minerals</b>				
Village and Small Industries	206.85	18.70	20.55	246.10
Industries	53.46			53.46
Non-ferrous Mining and- Metallurgical Industries	6.12	8.00		14.12
Cement and Non-Metallic- Chemical and Pharmaceutical Industries			3.54	3.54
Engineering Industries		1.32	23.63	24.95

**4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.**

**A EXPENDITURE BY FUNCTION**

Description	Revenue	Capital	Loans and Advances	Total
<i>(Rupees in crore)</i>				
<b>C.6 Industry and Minerals-Concl'd.</b>				
Telecommunication and- Electronics Industries		115.69	12.50	128.19
Consumer Industries		13.55	38.87	52.42
Other Outlays on Industries and Minerals		46.00	22.77	68.77
<b>C.7 Transport</b>				
Ports and Light Houses	47.96	36.19		84.15
Shipping				
Civil Aviation				
Roads and Bridges	955.23	838.34		1793.57
Road Transport	15.00	16.68	105.00	136.68
Inland Water Transport	22.50	10.91		33.41
Other Transport Services	2.37	90.33	156.00	248.70
<b>C.9 Science and Technology</b>				
Other Scientific Research	66.37	0.20		66.57
Ecology and Environment	2.89			2.89
<b>C.10 General Economic Services</b>				
Secretariat- Economic Services	107.13			107.13
Tourism	131.55	15.59		147.14
Census Surveys and Statistics	30.60			30.60
Civil Supplies	8.78			8.78
General Financial and Trading Institutions		0.25		0.25
Other General Economic Services	23.59	0.10		23.69
<b>Total Economic Services</b>	<u>4240.71</u>	<u>1629.16</u>	<u>403.23</u>	<u>6273.10</u>
<b>D. Grants in Aid and Contributions</b>				
Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	2488.98			2488.98
<b>E. Loans to Government Servants etc.</b>				
Loans to Government Servants etc.			54.44	54.44
<b>F. Public Debt</b>				
Internal Debt of the State Government			2140.00	2140.00
Loans and Advances from- the Central Government			265.68	265.68
<b>Total Grants in Aid and Contributions, Loans to Government Servants etc., Public Debt</b>	<u>2488.98</u>		<u>2460.12</u>	<u>4949.10</u>
<b>Total Expenditure in Consolidated Fund</b>	<u>31132.37</u>	<u>2059.39</u>	<u>3282.36</u>	<u>36474.12</u>

#### 4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND

##### B. EXPENDITURE BY NATURE

Object of Expenditure	2009-10			2008-09			2007-08		
	Rev	Cap	Total	Rev	Cap	Total	Rev	Cap	Total
<i>(Rupees in crore)</i>									
Salaries	9763.33	36.05	9799.38 (a)	9031.35	32.51	9063.86	7658.90	31.86	7690.76
Interest	5303.57	..	5303.57 (b)	4672.36	..	4672.36	4340.88	..	4340.88
Pensions	4754.63	..	4754.63 (c)	4741.31	..	4741.31	4956.97	..	4956.97
Grant-in-aid	4684.96	..	4684.96 (d)	4042.95	..	4042.95 (d)	3556.90	..	3556.90
Other Charges	706.14	..	706.14	582.01	..	582.01	392.67	..	392.67
Subsidies	441.83	..	441.83	354.57	..	354.57	186.60	..	186.60
Contributions	310.36	..	310.36	58.56	..	58.56	61.87	..	61.87
Scholarships and Stipends	147.70	..	147.70	93.47	..	93.47	80.89	..	80.89
Office Expenses	131.12	..	131.12	146.23	..	146.23	132.18	..	132.18
Wages	130.24	..	130.24	114.52	..	114.52	97.99	..	97.99
Materials and Supplies	92.71	..	92.71	117.53	..	117.53	167.43	..	167.43
Travel Expenses	86.54	..	86.54	69.04	..	69.04	62.74	..	62.74
Machinery and Equipments	61.30	..	61.30	37.95	..	37.95	48.10	..	48.10
Maintenance	42.83	..	42.83	57.50	..	57.50	..	..	..
POL	39.33	..	39.33	35.98	..	35.98	33.14	..	33.14
Rent Rates and Taxes	22.06	..	22.06	21.92	..	21.92	18.51	..	18.51
Minor Works	21.18	..	21.18	30.09	..	30.09	28.25	..	28.25
Motor Vehicles	18.09	..	18.09	15.44	..	15.44	11.30	..	11.30
Payment of Professional and Special Services	16.96	..	16.96	19.70	..	19.70	20.60	..	20.60
Major Works	..	348.98	348.98	..	401.85	401.85	..	433.27	433.27
Others	4415.43	1674.36	6089.79	4042.74	1261.24	5303.98	3086.50	1009.45	4095.95
Recoveries of Overpayment	-57.94	..	-57.94	-61.36	..	-61.36	-50.78	..	-50.78
<b>Total</b>	<b>31132.37</b>	<b>2059.39</b>	<b>33191.76</b>	<b>28223.86</b>	<b>1695.60</b>	<b>29919.46</b>	<b>24891.64</b>	<b>1474.58</b>	<b>26366.22</b>

- (a) Includes ₹ 3120.14 crore being the salary of the staff of State aided educational institutions booked under the object head 'Salaries'.
- (b) Includes ₹ 5292.48 crore booked under '2049 Interest Payments'.
- (c) Includes ₹ 4705.50 crore booked under '2071 Pensions and Other Retirement Benefits'.
- (d) Differs from Statement No.8 due to 'Recoveries of Overpayment' being shown separately in this Statement.

## NOTES TO ACCOUNTS

### 1. Summary of significant accounting policies:

(i) **Entity and Accounting Period:** These accounts present the transactions of the Government of Kerala for the period 1st April 2009 to 31st March 2010.

(ii) **Basis of Accounting:** With the exception of some book adjustments (note below) the accounts present the actual cash receipts and disbursements during the accounts period. Assets are valued at historical cost and Government investment etc is shown at historical cost. Physical assets are not depreciated or amortised. The loss of physical assets at the end of its life is also not expensed or recognised.

The pension liability of the Government, i.e. the liability towards payment of retirement benefits for the past and present service of its employees is not included in the accounts. However, the retirement benefits disbursed during the accounts period have been reflected in the accounts.

The expenditure on pension and other retirement benefits to State Government employees and employees of aided educational institutions during the year was ₹ 4705.50 crore (15.11% of total revenue expenditure). The State Government has not implemented the new Defined Contribution Pension Scheme.

(iii) **Currency in which Accounts are kept:** The accounts of the Government are kept in Indian Rupees.

(iv) **Form of Accounts:** Under Article 150 of the Constitution, the accounts of the Union and of the States are kept in such form as the President may on the advice of the Comptroller and Auditor General prescribe. The word 'Form' used in Article 150 has a comprehensive meaning so as to include the prescription not only of the broad form in which the accounts are to be kept but also for selecting appropriate heads under which the transactions are to be classified.

#### (v) **Classification between Revenue and Capital.**

Revenue expenditure is recurring in nature and is supposed to be met from revenue receipts. Capital Expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Expenditure on Grants-in-Aid is recorded as revenue expenditure in the books of the grantor. In the books of the recipient it is taken as revenue receipt.

### 2. Status on inclusion of statements/information recommended by Twelfth Finance Commission in the Finance Accounts.

The Twelfth Finance Commission (TFC) in their Report submitted to the Government of India in November 2004 had recommended inclusion of the following eight additional statements/information for greater transparency and to enable informed decision making pending

## NOTES TO ACCOUNTS-Contd.

transition from cash to accrual basis of accounting:-

- (i) Statement of subsidies given both explicit and implicit
- (ii) Statement containing expenditure on salaries by various departments/units
- (iii) Detailed information on pensioners and expenditure on Government pensions
- (iv) Statement containing information on debt and other liabilities as well as repayment schedule
- (v) Statement on accretion and erosion in financial assets held by the Government including those arising out of changes in the manner of spending by the Government
- (vi) Statement on committed liabilities in the future
- (vii) Statement on implication of major policy decisions taken by the Government during the year or new schemes proposed in the budget for the future cash flows
- (viii) Statement on maintenance expenditure with segregation of salary and non-salary portion

Out of these, statements/information mentioned at (i) to (iv) and (viii) have been included in the Finance Accounts except information on implicit subsidy. The remaining three statements have not been included in the Finance Accounts since the formats of these statements are being revisited and information is also not available with the State Government.

### 3. Bookings under Minor Head '800 Other Expenditure'

₹ 3017.45 crore under 77 Major Heads of accounts (representing functions of the Government) was classified under the Minor Head '800 Other Expenditure' in the accounts constituting more than nine per cent of the total expenditure recorded under these Major Heads. Major Heads with substantial expenditure classified under '800 Other Expenditure' are listed in the Annex. Some significant expenditure on schemes such as 'Tsunami Rehabilitation Programme (other ACA)' (₹ 236.70 crore), 'NABARD Assisted-Rural water Supply Schemes- (RIDF)' (₹ 199.03 crore), ' Kerala Sustainable Urban Development Project' (₹ 150 crore), 'Special Development Fund for MLAs' (₹ 104.50 crore), 'Rastriya Krishi Vikas Yojana (ACA)' (₹ 109.23 crore), 'Jawaharlal Nehru National Urban Renewal Mission(Central Assistance)' (₹ 76.34 crore), 'Improving existing main canals and feeder canals for inland water transport-XII Finance Commission Award' (₹ 76.18 crore), etc. are not depicted distinctly in the Finance Accounts, but are rolled up in the minor head 'Other Expenditure', though the details of the expenditure are depicted at the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding Head-wise Appropriation Accounts forming part of the State Government accounts.

### 4. Existence of unadjusted Abstract Contingent Bills (AC Bills)

The Drawing and Disbursing Officers are authorised to draw money by preparing Abstract Contingent Bill by debiting Service Heads, and they are required to present Detailed Contingent Bills

## NOTES TO ACCOUNTS-Contd.

(DC Bills) (ie,Vouchers in support of final expenditure) in all these cases before 20<sup>th</sup> of the succeeding month of drawal. Presently in respect of 30 items amounting to ₹ 2.24 crore, DC Bills have not been received in the Office of the Accountant General. The year wise details of outstanding items are shown below:-

Year	Amount Rupees in crore	No of items
Up to 2008-09	0.08	9
2009-10	2.16	21
Total	2.24	30

### 5. Reconciliation of Receipts and Expenditure

All the Controlling Officers (COs) are required to reconcile the receipts and expenditure of the Government with the figures accounted for by the Accountant General. Such reconciliation has been completed in respect of 41.60 % of total expenditure and 94.17 % of total receipts.

### 6. Deposits with Reserve Bank

The balance under 'Deposits with Reserve Bank' as on 31st March 2010 worked out by the Accountant General is ₹ 41.88 crore (debit) against ₹ 36.62 crore (credit) reported by the RBI. Thus there is a difference of ₹ 5.26 crore (net credit) between the two figures. Out of this difference, items relating to ₹ 2.08 crore (net debit) have been identified and taken into account during the next accounting period.

### 7. Guarantees given by Government

Guarantees reported in Statement No. 9 are on the basis of the information received from the State Government which is the authority for issuing such guarantees. According to the details furnished by Government, the outstanding guarantees as on 31st March 2010 was ₹ 7495.00 crore. During 2009-10 Government received ₹ 32.01 crore towards guarantee fee. Guarantee fee for ₹ 113.99 crore are due from the Guarantee Institutions. Guarantee Redemption Fund required to be maintained as per Section 6 of the Kerala Ceiling on Government Guarantees Act, 2003 has not been constituted so far and consequently Guarantee fee of ₹ 282.63 crore collected between 2003-04 and 2009-10 has not been credited to the Fund but treated as non-tax revenue and being utilised for meeting revenue expenditure of the State.

8. In respect of Loans and Investments, for which detailed accounts are kept by the State Government departments, constant efforts are made to obtain complete information.

**NOTES TO ACCOUNTS-Contd.**

9. Reserve funds are being reviewed. The remarks in respect of two reserve funds viz. 'Social Security Fund' and 'Depreciation Reserve Fund of Bleaching and Calendering Plant' have been communicated to Government for suitable action. Accordingly, Government issued orders for closing the inoperative 'Depreciation Reserve Fund of Bleaching and Calendering Plant'. The closing balance of ₹ 0.02 crore of this Fund was credited to Government revenue during the year.

10. The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these heads is worked out by aggregating the outstanding debit and credit balances separately. The position of balances under major Suspense and Remittance heads for the last three years is given below:

Name of Minor Head	2007-08		2008-09		2009-10	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	<i>(Rupees in crore)</i>					
<b>Suspense</b>						
101-PAO Suspense	146.31	3.54	139.31	3.80	154.51	3.36
Net	Dr.142.77		Dr.135.51		Dr.151.15	
102-Suspense Account (Civil)	501.40	463.20	663.34	617.61	829.23	847.99
Net	Dr.38.20		Dr.45.73		Cr.18.76	
107-Cash Settlement Suspense	98.68	1.65	98.96	28.68	98.96	43.16
Net	Dr.97.03		Dr.70.28		Dr.55.80	
110-Reserve Bank Suspense (CAO)	28.63	52.32	2.64	1.10	3.79	2.74
Net	Cr.23.69		Dr.1.54		Dr.1.05	
<b>Remittances</b>						
102-Public Works Remittances	776.05	393.81	665.68	307.97	1531.21	1240.72
	Dr.382.24		Dr.357.71		Dr.290.49	
103-Forest Remittances	388.13	398.41	399.33	411.67	452.48	459.95
	Cr.10.28		Cr.12.34		Cr.7.47	

11. Under the Contingency Fund, expenditure of ₹ 26.27 crore remained unrecouped at the end of the year.

12. The State Government provides funds to State/District level autonomous bodies and authorities, Local Self Government Institutions, Public Sector Undertakings, Co-operative Societies, Non-Governmental Organisations, etc. for implementation of Centrally Sponsored Schemes and State Schemes. Since the funds are generally not being spent fully by the implementing agencies in the same financial year, there remain unspent balances in the bank accounts of these implementing agencies. The aggregate amount of the unspent balances in the accounts of the implementing agencies kept outside Government accounts (in bank accounts) is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, not final.



**NOTES TO ACCOUNTS-Contd.**

**13. Outstanding balance under the head 'Cheques and Bills'**

This head is an intermediary accounting head for initial record of transactions which are eventually to be cleared. Payment of claims against Government is made by treasuries by means of pay order cheques (Treasury Cheques). The outstanding balance under Treasury cheques represents the amount of uncashed cheques. There is an outstanding balance (cumulative) of ₹ 1290.07 crore under the head as on 31st March 2010. To the extent of the amount outstanding under 'Cheques and Bills' the Government cash balance stands overstated.

**14. Book Adjustments**

**A. Periodical Adjustments**

Sl. No.	Book Adjustment	Heads of Account		Amount Rupees in crore	Remarks
		From	To		
1	Interest adjustment	2049	8031	143.88	Interest on Treasury Savings Bank Deposits
2	"	2049	8009	735.52	Interest on various Provident Funds
3	"	2049	8011	114.95	Transfers to Insurance and Pension Funds
4	Transfer to/from Reserve Fund	8229	2230	0.37	Expenditure met from Kerala Mining Area Welfare Fund
5	"	3456	8229	0.15	Transfers to Consumer Welfare Fund
6	"	8229	3456	0.15	Expenditure met from Consumer Welfare Fund, constituted for providing financial assistance to promote and protect welfare of consumers
7	"	2245	8121	103.91	Transfers to Calamity Relief Fund
8	"	8121	2245	128.16	Expenditure met from Calamity Relief Fund
9	"	8449	3054	46.59	Expenditure met from Central Road Fund on schemes of road development approved by Government of India
10	"	3054	8449	60.12	Adjustment of equivalent amount of grant released by Government of India from the Fund constituted for crediting additional revenue realised from increase in excise and import duties on motor spirit, transferred to Central Road Fund
11	"	2406	8229	13.00	Transfers to Kerala Forest Development Fund
12	"	2048	8222	276.36	Transfer to Consolidated Sinking Fund
13	"	8443	2406	7.21	Expenditure met from Kerala Forest Revolving Fund for Teak and Pulpwood maintained for the purpose of raising and maintenance of Teak and Pulpwood plantations

**NOTES TO ACCOUNTS-Contd.**

14. **Book Adjustments-Contd.**  
A. Periodical Adjustments-Contd.

Sl. No.	Book Adjustment	Heads of Account		Amount Rupees in crore	Remarks
		From	To		
14	Transfer to/from Reserve Fund	8229	2406	1.05	Expenditure met from Kerala Forest Development Fund for maintaining Softwood trees and other species and for forest research
15	"	8229	3475	0.12	Expenditure met from Agriculturists' Rehabilitation Fund intended for payment of solatium to small holders of land and loan or grant to persons eligible under Kerala Land Reforms Act-1963
16	Adjustment of Interest	2701	0049	0.56	Adjustment of interest on capital expenditure on Medium Irrigation Schemes (Commercial)
17	Adjustment of Interest	2700	0049	10.48	Adjustment of interest on Capital Expenditure on Major Irrigation Scheme (Commercial)
18	"	2049	2245	0.91	Adjustment of Interest on the balance in Calamity Relief Fund for the period from April 2006 to March 2009
19	Adjustment of Pension Contribution	2701	0071	0.03	Adjustment of Pension Contribution of staff working in Medium Irrigation Schemes (Commercial)
20	"	8011	2235	8.98	Transfer of Management Expenses and Pension Contribution of Other Insurance Schemes
21	"	2700	0071	0.06	Adjustment of Pension Contribution of staff working in Major Irrigation Schemes (Commercial)
22	"	2235	0071	0.51	Apportionment of Pension Contribution of Kerala State Insurance Department
23	Adjustment of Establishment share	4700	2700	1.78	Adjustment of share of common Establishment expenses to the various Major Irrigation Schemes (Commercial) for which the establishment was maintained
24	"	4701	2701	22.36	Adjustment of share of common Establishment and Tools and Plant Charges to various Medium Irrigation Schemes (Commercial) for which they were maintained
25	"	2216 and various Capital Major Heads	2059	34.51	Adjustment of share of common Establishment and Tools and Plant Charges to the various works for which the services were made use of

**NOTES TO ACCOUNTS-Contd.**

**14. Book Adjustments-Contd.**

**A. Periodical Adjustments-Concl.**

Sl. No.	Book Adjustment	Heads of Account		Amount Rupees in crore	Remarks
		From	To		
26	Adjustment of Establishment share	5054	3054	78.32	Adjustment of share of common Establishment and Tools and Plant Charges to the various works for which the services were made use of
27	Family Benefit Scheme	2235	8011	2.39	Adjustment of contribution or disbursement of claims under Family Benefit Scheme

**B. Other Adjustments**

Sl. No.	Book Adjustment	Heads of Account		Amount Rupees in crore	Remarks
		From	To		
1	Debt Waiver	6004	0075	147.86	Debt Waiver in terms of recommendations of the XIIIth Finance Commission
2	Share of Expenditure Received	2210	0210	0.32	Share of Expenditure Received from Employees State Insurance Corporation
3	Winding up of Reserve Fund	8115	0851	0.02	Balance in depreciation of Reserve Fund for Bleaching and Calendaring Plant credited back to Revenue
4	Conversion of interest	4860	0049	8.03	Conversion of interest on loan into equity
5	Grant-in-aid received in kind	2211	1601	1.48	Adjustment of value of Family Planning materials received free of cost from Government of India as grant-in-aid
6	"	2210	1601	1.59	Adjustment of value of materials supplied by Government of India as grant-in-aid
7	"	2801	6801	0.44	Conversion of part of loan given to KSEB into grant
8	Conversion of Guarantee Commission	4859	0075	5.02	Conversion of Guarantee Commission due from Kerala State Electronics Development Corporation Ltd. into equity
9	Write off of loan	2210	6210	0.66	Write off of loan due from TD Medical College Alappuzha
10	Write back of disallowed expenditure	3054 5054	8658 "	0.88 1.48	Write back of expenditure disallowed by PAO NH

**NOTES TO ACCOUNTS-Concl.d.**

**14. Book Adjustments-Concl.d.**

**B. Other Adjustments-Concl.d.**

Sl. No.	Book Adjustment	Heads of Account		Amount Rupees in crore	Remarks
		From	To		
11	Conversion of loan in to Share Capital	5055	7055	250.38	Conversion of outstanding balance of loan due from: Kerala State Road Transport Corporation in to Share Capital
12	"	4408	6408	133.00	Conversion of outstanding balance of loan due from Kerala State Civil Supplies Corporation in to Share Capital
13	"	4857	6857	3.28	Conversion of outstanding balance of loan due from Kerala State Drugs and Pharmaceuticals Ltd in to Share Capital
14	"	4858	6858	12.28	Conversion of outstanding balances of loan due from Kerala Electrical and Allied Engineering Company Ltd, Steel and Industrial Forgings Ltd and The Metal Industries Ltd in to Share Capital
15	Conversion of Share Capital in to loan	7053	5053	81.00	Conversion of contribution to Share Capital in Airport Development Society Ltd

Out of the total amount of pay and allowance of ₹ 9799.38 crore paid to State Government Employees ₹ 1469.80 crore represent adjustment of deductions for which no cash out flow is involved.

**15. Rendition of Accounts to Accountant General (A&E)**

23 District Treasuries, 159 Public Works Divisions, and 99 Forest Divisions are rendering accounts to the Accountant General. During 2009-10 only a few treasuries/divisions have rendered the account on due dates. The delay in rendering accounts ranged from 1 to 25 days.

**ANNEX**

*(Referred to Para 3 of Notes to Accounts on Page 16)*

**Details of Revenue and Capital Expenditure under Minor Head**

**'800 Other Expenditure' during 2009-2010**

*(Includes Major heads where more than 40 per cent of total expenditure stands booked under 800 Other Expenditure)*

<b>SL. No</b>	<b>Major Head</b>	<b>Expenditure under Minor Head 800 Other Expenditure</b>	<b>Total Expenditure (Excluding recoveries)</b>	<b>Percentage</b>
<i>(Rupees in crore)</i>				
1	2013 Council of Ministers	3.13	5.39	58.07
2	2053 District Administration	238.19	370.52	64.29
3	2217 Urban Development	253.86	345.91	73.39
4	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	371.91	745.25	49.90
5	2405 Fisheries	87.97	115.09	76.44
6	2505 Rural Employment	40.17	40.17	100.00
7	2506 Land Reforms	11.72	11.72	100.00
8	2702 Minor Irrigation	64.27	144.35	44.52
9	2810 New and Renewable Energy	60.79	62.10	97.89
10	3051 Ports and Light Houses	30.12	47.97	62.79
11	3055 Road Transport	15.00	15.00	100.00
12	3075 Other Transport Services	1.74	2.36	73.73
13	3452 Tourism	91.19	133.06	68.53
14	4215 Capital Outlay on Water Supply and Sanitation	199.03	199.03	100.00
15	4402 Capital Outlay on Soil and Water Conservation	13.21	13.21	100.00
16	4405 Capital Outlay on Fisheries	42.84	69.86	61.32
17	4406 Capital Outlay on Forestry and Wildlife	7.67	13.22	58.02
18	4515 Capital Outlay on Other Rural Development Programme	5.00	5.00	100.00
19	4700 Capital outlay on Major Irrigation	29.13	43.71	66.64
20	4701 Capital Outlay on Medium Irrigation	44.44	47.62	93.32
21	4859 Capital Outlay on Telecommunication and Electronic Industries	97.67	115.69	84.42
22	5051 Capital Outlay on Ports and Light Houses	35.57	36.19	98.29
23	5075 Capital Outlay on Other Transport Services	90.33	90.33	100.00
24	5452 Capital Outlay on Tourism	14.55	15.59	93.33
25	5475 Capital Outlay on Other General Economic Services	0.11	0.12	91.67
<b>Total</b>		<b>1849.61</b>	<b>2688.46</b>	

**Appendix-I**

**CASH BALANCES AND INVESTMENTS OF CASH BALANCES**

	<b>Opening Balance on 1st April 2009</b>	<b>Closing Balance on 31st March 2010</b>
	<i>(Rupees in Crore)</i>	
(a) General Cash Balance -		
1. Cash in Treasuries	28.97	22.98
2. Deposits with Reserve Bank	14.02	41.88 (A)
3. Deposits with other Banks	..	.. (B)
4. Remittances in transit - Local	-4.85	-6.46 (C)
Total	<u>38.14</u>	<u>58.40</u>
5. Investments held in Cash Balance Investment Account	2589.73	3230.42
Total - (a)	<u>2627.87</u>	<u>3288.82</u>
(b) Other Cash Balances and Investments -		
1. Cash with departmental officers, viz. Public Works Department Officers, Forest Department Officers, District Collectors, etc.	1.44	1.95
2. Permanent advances for contingent expenditure with departmental officers	0.24	0.26
3. Investment of earmarked funds	758.26	1097.23
Total - (b)	<u>759.94</u>	<u>1099.44</u>
Total - (a)+(b)	<u>3387.81</u>	<u>4388.26</u>

(A) (i) The balance under the head 'Deposits with Reserve Bank' is arrived at after taking into account the Inter-Government monetary settlements pertaining to transactions of the financial year 2009-10 advised to the RBI till 16 April 2010.

(ii) There was a difference of ₹ 5.26 crore (net credit) between the figures reflected in accounts (₹ 41.88 crore) and that communicated by Reserve Bank of India (₹ 36.62 crore). Out of the difference, an amount of ₹ 2.08 crore (net debit) has been cleared and the balance of ₹ 7.34 crore (net credit) is under investigation.

(B) Represents cash held with State Bank of Travancore (amount negligible)

(C) The transactions under the head 'Remittance in Transit - Local' represent remittance between treasuries and currency chest remaining unadjusted on 31st March 2010.

## Appendix-I

### CASH BALANCES AND INVESTMENTS OF CASH BALANCES-Contd.

#### Explanatory Notes

##### a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in treasuries and deposit with Reserve Bank of India and other Banks and Remittances in Transit, as stated above. The balance under the head 'Deposits with Reserve Bank' depicts the combined balance of the Consolidated Fund, Contingency Fund and the Public Account at the end of the year. To arrive at the overall cash position, the cash balances with treasuries, departments and investments out of the cash balances/reserve funds, etc. are added to the balance in 'Deposits with Reserve Bank of India'.

##### (b) Daily Cash Balance

Under an agreement with the Reserve Bank of India, the State Government has to maintain a minimum cash balance of ₹ 1.66 crore with the Bank. The Bank intimates to Government the daily balances with the Bank at the close of each working day. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances/overdrafts from time to time.

For arriving at the daily cash balance<sup>1</sup> for the purpose of grant of Ways and Means advances/Overdraft, the RBI evaluates the holdings of the 14 day Treasury Bills along with the transactions reported (at RBI counters, Inter-Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived, the maturity of 14 day Treasury Bills, if any, is added and excess balance, if any, after maintaining the minimum cash balance is reinvested in Treasury Bills. If the net cash balance arrived at results in less than the minimum cash balance or a credit balance and if there are no 14 day Treasury Bills maturing on that day, RBI rediscounts the holdings of the 14 day Treasury Bills and makes good the shortfall. If there is no holding of the 14 day Treasury Bills on that day the State Government applies for Ways and Means Advances/Special Ways and Means Advances/Over Drafts.

If the cash balance falls below the stipulated minimum even after availing the maximum amount of Special and Ordinary Ways and Means advances, such shortfall attracts payment of interest to the Bank. If the cash balance has fully run down and expenditure exceeds the available cash balance, the Bank gives Overdrafts

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<sup>1</sup> The cash balance ('Deposits with RBI') above is the closing cash balance of the year as on 31<sup>st</sup> March but worked out by 16 April and not simply the daily balance on 31<sup>st</sup> March.

## Appendix-I

### CASH BALANCES AND INVESTMENTS OF CASH BALANCES *Contd.*

#### Explanatory Notes-*Contd.*

##### (b) Daily Cash Balance-*Concl'd*

which automatically cover the minus balance. As per the overdraft regulation scheme, no State shall be allowed to run on overdraft for more than fourteen consecutive working days, or more than thirty six working days in a calendar quarter. The overdraft shall not exceed 100 per cent of Ordinary Ways and Means limit. If the overdraft exceeds this limit continuously for five working days for the first time in a financial year, the Bank will advise the State to bring down the overdraft level. If such irregularity persists on a second or subsequent occasion, payment will be stopped.

(c) The limit for Ordinary Ways and Means Advances to the State Government was ₹ 350 crore with effect from 1st April 2006. The Bank has also agreed to give Special Ways and Means advances against the pledge of Government Securities. The limit of special ways and means advances is revised by the Bank from time to time.

The extent to which the Government maintained the minimum cash balance with the Reserve Bank during 2009-10 is given below:-

(i) Number of days on which the minimum balance was maintained without taking any advance.	: 347
(ii) Number of days on which the minimum balance was maintained by taking ordinary ways and means advance	: 02
(iii) Number of days on which the minimum balance was maintained by taking special ways and means advances	: 16
(iv) Number of days on which there was shortfall in minimum balance even after taking the above advances, but no overdraft was taken	: NIL
(v) Number of days on which overdrafts were taken	: NIL

(d) The Bank rate of interest was 6% per annum.

The repo rate under liquidity Adjustment Facility (LAF) was 5.00% per annum from 31st March 2009 which was revised to 5.00%, 4.75%, 5.00% with effect from 1st April 2009, 20th April 2009 and 20th March 2010 respectively.



**Appendix-I**

**CASH BALANCES AND INVESTMENTS OF CASH BALANCES-Contd.**

**Explanatory Notes-Contd.**

During 2009-10 interest was payable on advances, shortfalls and overdrafts as follows:-

Period	Special Ways and Means Advances	Ordinary Ways and Means Advances			Overdrafts	
		(first 90 days)	(beyond 90 days)	Short falls	Up to 100% limit of ordinary Ways and Means Advances	beyond 100%limit of ordinary Ways and Means Advances
1st April 09 to 19th April 09	4.00%	5.00%	6.00%	5.00%	7.00%	10.00%
20th April 09 to 19th March 10	3.75%	4.75%	5.75%	4.75%	6.75%	9.75%
20th March 10 to 31st March 10	4.00%	5.00%	6.00%	5.00%	7.00%	10.00%

(e) The details of transactions during the year 2009-10 under Ways and Means Advances (Ordinary and Special), are given below:-

	Opening balance on 1 <sup>st</sup> April 2009	Amount obtained during 2009-10	Amount repaid during 2009-10	Closing balance on 31 <sup>st</sup> March 2010	Amount of interest paid to the Reserve Bank of India
Special Ways and Means advances		480.70	480.70		0.52
Ordinary Ways and Means advances		159.92	159.92		0.02
Overdrafts					
<b>Total</b>		<b>640.62</b>	<b>640.62</b>		<b>0.54</b>

*(Rupees in crore)*

**Appendix-I**

**CASH BALANCES AND INVESTMENTS OF CASH BALANCES** *Concl.d.*

**Explanatory Notes-***Concl.d.*

(f) The following is an analysis of investments held in the Cash Balance Investment Account:-

	<b>Opening Balance on 1st Apr-09</b>	<b>Purchases during 2009-10</b>	<b>Sales during 2009-10</b>	<b>Closing balance on 31<sup>st</sup> March 2010</b>	<b>Interest realised during the year</b>
	<i>(Rupees in crore)</i>				
<i>Short term investments</i>					
Government of India					
Treasury Bills	2579.25	52685.92	52045.23	3219.94	94.39
<i>Long term investments</i>					
Securities of the Government of India	10.48			10.48	0.81
<b>Total</b>	<b>2589.73</b>	<b>52685.92</b>	<b>52045.23</b>	<b>3230.42</b>	<b>95.20</b>

The details of investments out of earmarked funds are given in Statement No.19.