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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

ON STATE FINANCES

FOR THE YEAR ENDED 31 MARCH 2011

Report No.1

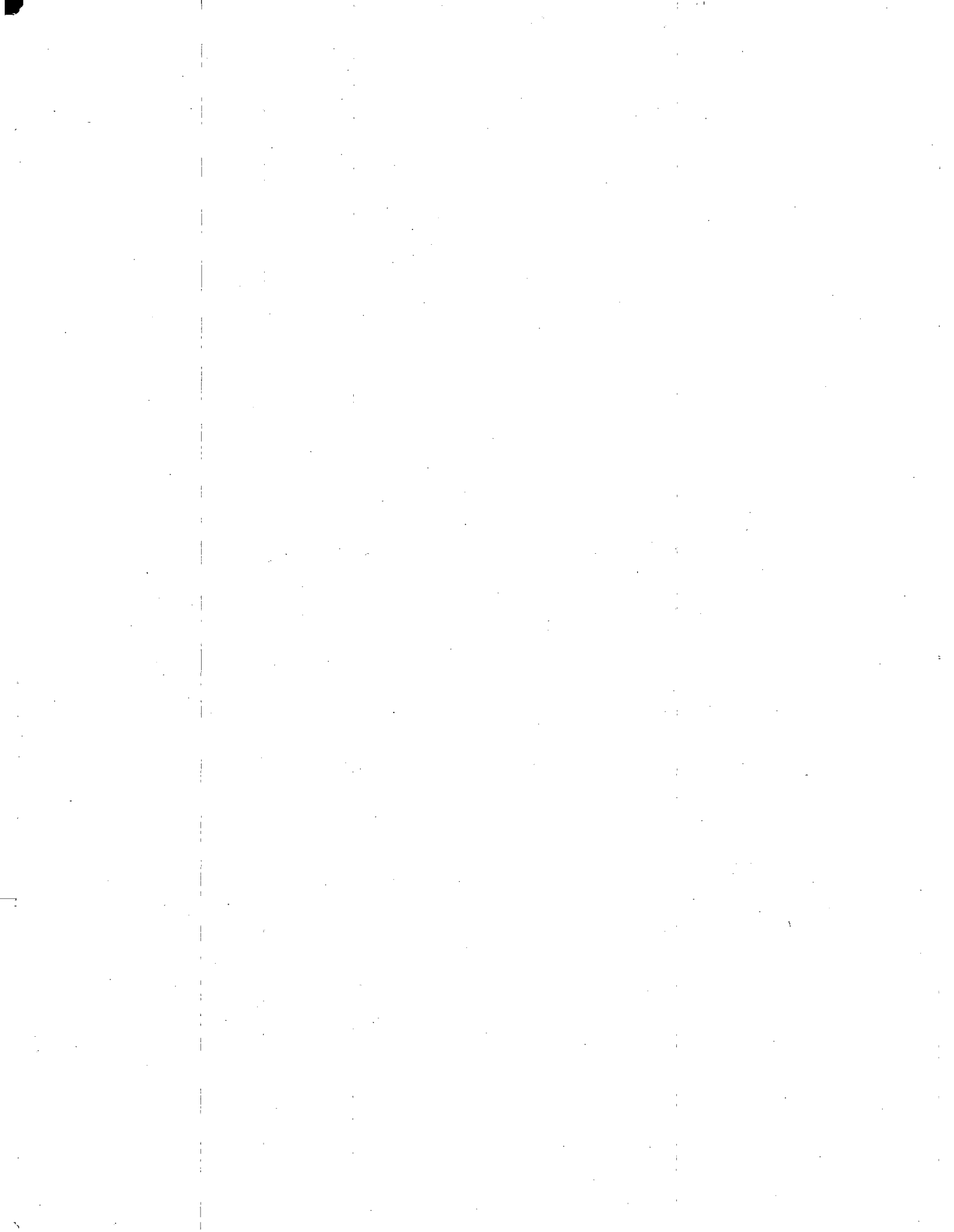
GOVERNMENT OF KERALA

03/03/2013

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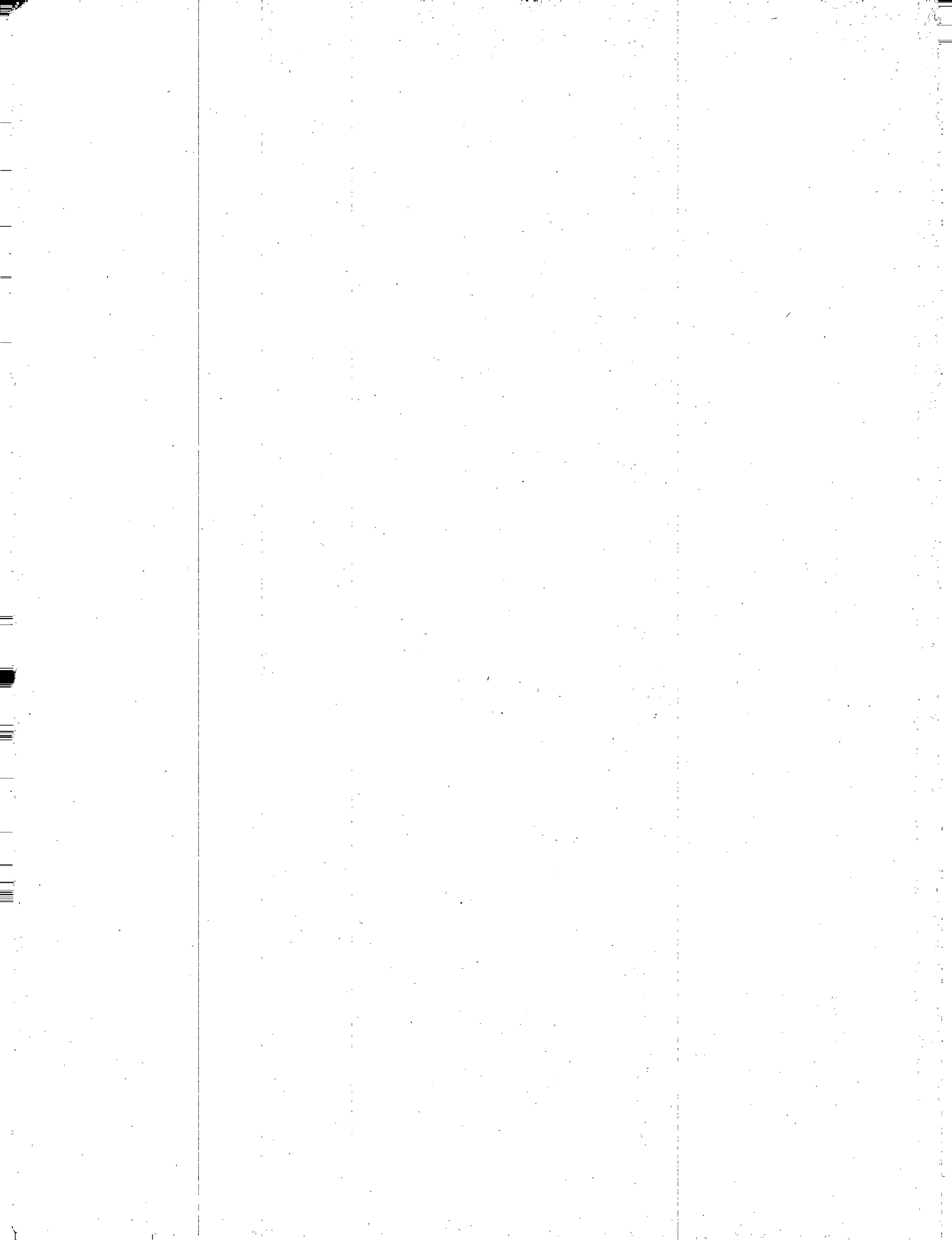
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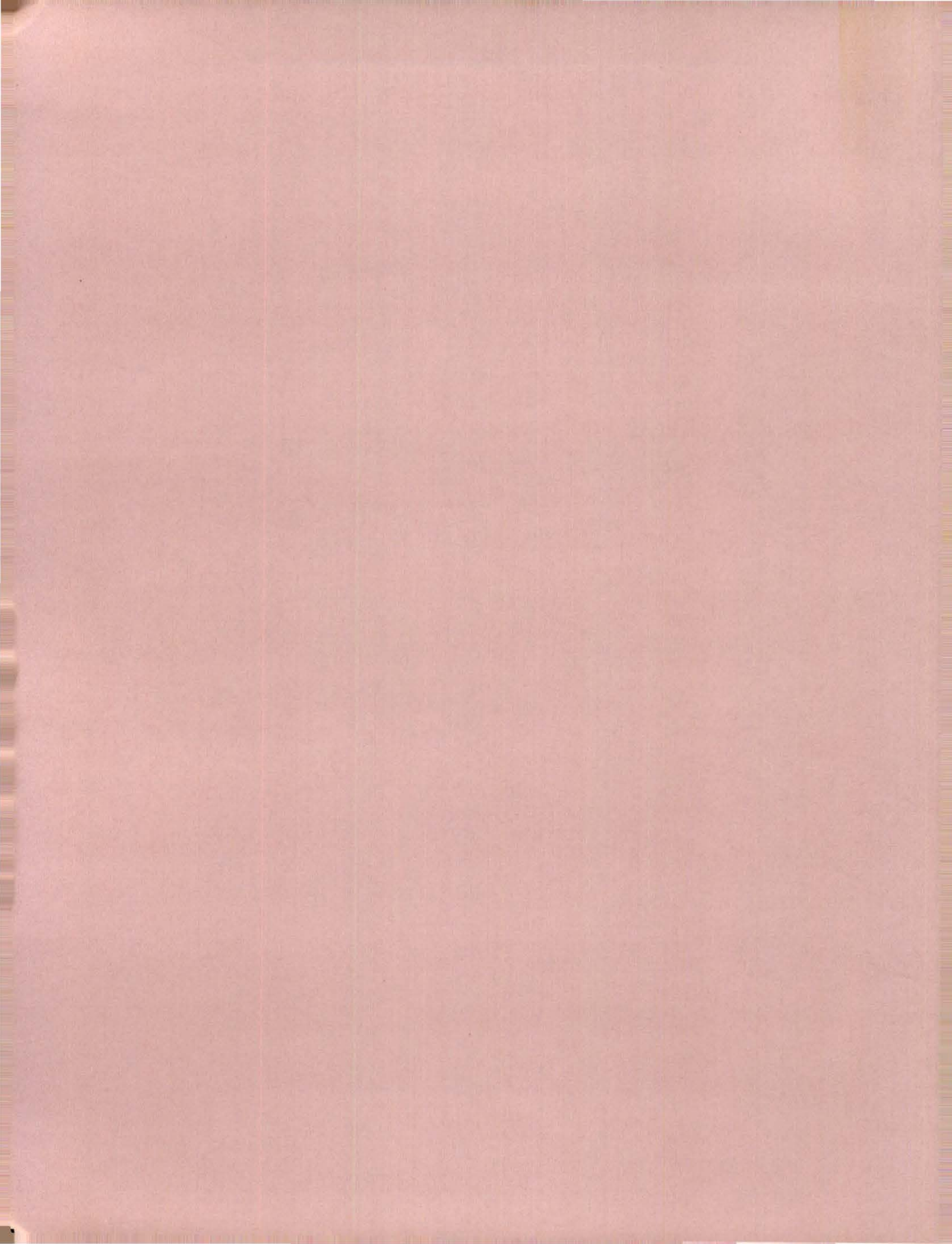


PREFACE

1. This Report has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2011. Information has also been obtained from the Government of Kerala, wherever 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 current year.



Executive Summary



Executive Summary

Background

The State of Kerala, located at the southern end of the country, accounts for one *per cent* of the total area of the country and about three *per cent* of the population. The State ranks high in the human development index with a literacy rate of 93.91 *per cent* and life expectancy at birth of 74 years when compared to the General Category States' average. The infant mortality rate (12 per thousand) of the State is very low compared to the All India' average. The State has also less population below poverty line as compared to General Category States. The State has shown marginally lower economic growth in the past decade as the compound annual growth rate of its Gross State Domestic Product (GSDP) for the period 2001-02 to 2010-11 has been 14.57 *per cent* as compared to 14.68 *per cent* in General Category States (GCS). During this period, its population also grew by 4.86 *per cent* only (lowest among General Category States) against 17.56 *per cent* in General Category States. The per capita income compound annual growth rate in Kerala (12.50 *per cent*) has been higher than that of the GCS (11.32 *per cent*) in the current decade. However, the State has slightly higher urban and rural inequality compared to the all India average.

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 2010-11 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 2010-11.

The Report

Based on the audited accounts of the Government of Kerala for the year ended March 2011, 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 2011. It provides an insight into trends in committed expenditure and borrowing pattern, besides giving a brief account of Central funds transferred directly to the State implementing agencies through the 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 collated from various Government departments/organizations in support of the findings.

Audit findings and recommendations

Chapter I

Finances of the State Government

Oversight of funds transferred from the Government of India directly to the State implementing agencies: The Government of India directly transferred ₹ 2163.91 crore to State implementing agencies during the year. The direct transfer of funds from the Government of India to the State implementing agencies ran the risk of inadequate monitoring of utilisation of funds by these agencies in the absence of uniform accounting policies and an effective monitoring system.

The Government should ensure proper accounting of the funds transferred to State implementing agencies and the updated information should be validated by the State Government as well as the Principal Accountant General (A&E), Kerala, for monitoring of the expenditure incurred by the implementing agencies.

Revenue receipts: The Revenue receipts during the year increased by 18.7 per cent over the previous year as against 6.5 per cent during the previous year. The high growth rate was mainly due to growth rate of 23.2 per cent in States' own tax revenue compared to 10.2 per cent during the previous year.

Revenue expenditure: The revenue expenditure constituted 89 per cent of the total expenditure and increased by 11.3 per cent during the year over the previous year. Non-Plan Revenue Expenditure (NPRE) increased by 13 per cent over the previous year. The NPRE exceeded the normative assessment made by the Thirteenth Finance Commission by 7.5 per cent. The committed expenditure on salary and wages, pensions, interest payments and subsidies constituted 75 per cent of revenue receipts during 2010-11, a decrease of three percentage points compared to the previous year. Such an improvement may be difficult in the coming years after implementation of the recommendations of the Ninth State Pay Commission.

Capital expenditure: Capital expenditure during the year constituted nine per cent of the total expenditure and increased by 63.3 per cent over the previous year. The proportion of expenditure spent on capital has been much lower as compared to General Category States. The Government may consider enhancing the proportion of expenditure on economic and capital sectors in order to create the much needed assets to stimulate growth.

Review of Government investments: The average return on the Kerala Government's investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives was 1.3 per cent in the last five years while the Government paid an average interest rate ranging from 7.3 to 8.4 per cent on its borrowings during this period.

The Government should take steps to ensure better value for money in investments. Otherwise, high-cost borrowed funds will continue to be invested in projects with low financial returns. Projects which are justified on account of low financial but high socio-economic returns may be identified and prioritized with full justification for channeling high-cost borrowings there. The working of State Public Sector Undertakings which are incurring

huge losses should be reviewed and a revival strategy should be worked out for those undertakings which can be made viable. Undertakings which are not likely to be viable may be closed down.

Debt sustainability: The Fiscal liabilities at the end of the current year worked out to ₹ 82,420 crore and stood at 31.1 *per cent* of GSDP. During 2010-11 the quantum spread together with Primary Deficit and the Resource Gap were positive indicating a declining trend in Debt-GSDP ratio and capacity of the State to sustain the debt.

Borrowed funds should be used as far as possible only for creation of assets and revenue expenditure should be met fully from revenue receipts. The State Government may consider adopting a well-planned strategy to review the stock of fiscal liabilities in order to adhere to the target of reducing it to less than 30 *per cent* of GSDP by 2014-15 set by the Thirteenth Finance Commission.

Fiscal correction: The fiscal parameters ie. revenue, fiscal and primary deficits – indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. All these fiscal parameters, indicated a declining trend in 2010-11 as compared to the previous year. The revenue, fiscal and primary deficits decreased from ₹ 5023 crore, ₹ 7872 crore and ₹ 2580 crore in 2009-10 to ₹ 3674 crore, ₹ 7731 crore and ₹ 2041 crore respectively in 2010-11. The ratio of revenue deficit to fiscal deficit decreased from 63.8 *per cent* in 2009-10 to 47.5 *per cent* in 2010-11. As a proportion of GSDP, the revenue deficit decreased to 1.4 *per cent* and the fiscal deficit to 2.9 *per cent* in 2010-11 from 2.2 *per cent* and 3.4 *per cent* in 2009-10 respectively. The achievement with regard to revenue and fiscal deficit was better than the targets fixed in the Medium Term Fiscal Plan.

The Thirteenth Finance Commission has prescribed a fiscal consolidation map which require the State to eliminate revenue deficit by 2014-15 and to achieve fiscal deficit of three *per cent* of GSDP by 2013-14. Accordingly, the State Government amended the Kerala Fiscal Responsibility Act, 2003 to conform to the above fiscal reform path. In order to achieve these targets, efforts have to be made to increase tax compliance, collect revenue arrears and prune unproductive expenditure.

Chapter II

Financial Management and Budgetary Control

During 2010-11, expenditure of ₹ 41374.32 crore was incurred against total grants and appropriations of ₹ 56862.22 crore, resulting in savings of ₹ 15487.90 crore. The overall savings were the net result of savings of ₹ 15488.05 crore, offset by excess of ₹ 15 lakh. Excess expenditure of ₹ 15 lakh, in one grant and two appropriations during 2010-11 required regularisation under Article 205 of the Constitution of India. Apart from this, regularisation of excess expenditure under Article 205 of the Constitution of India was pending for ₹ 333.59 crore from 1990-91 to 2009-10 as of December 2011. In 102 cases, augmentation/reduction of provisions by re-appropriation proved either in excess of requirement or insufficient as the final expenditure of the re-appropriated sub-heads resulted in savings/excess by more than ₹ two crore. In 25 cases, ₹ 81.30 crore was surrendered in excess of

actual savings. In 50 cases, surrenders of funds amounting to ₹ 13793.53 crore were made on the last two working days of the financial year, while in 27 grants/appropriations, savings amounting to ₹ 1419.09 crore were not surrendered.

Budgetary controls need to be strengthened in all the Government departments. Re-appropriation/surrender of funds may also be done at the earliest in order to make the funds available to the needy departments of the Government.

Chapter III

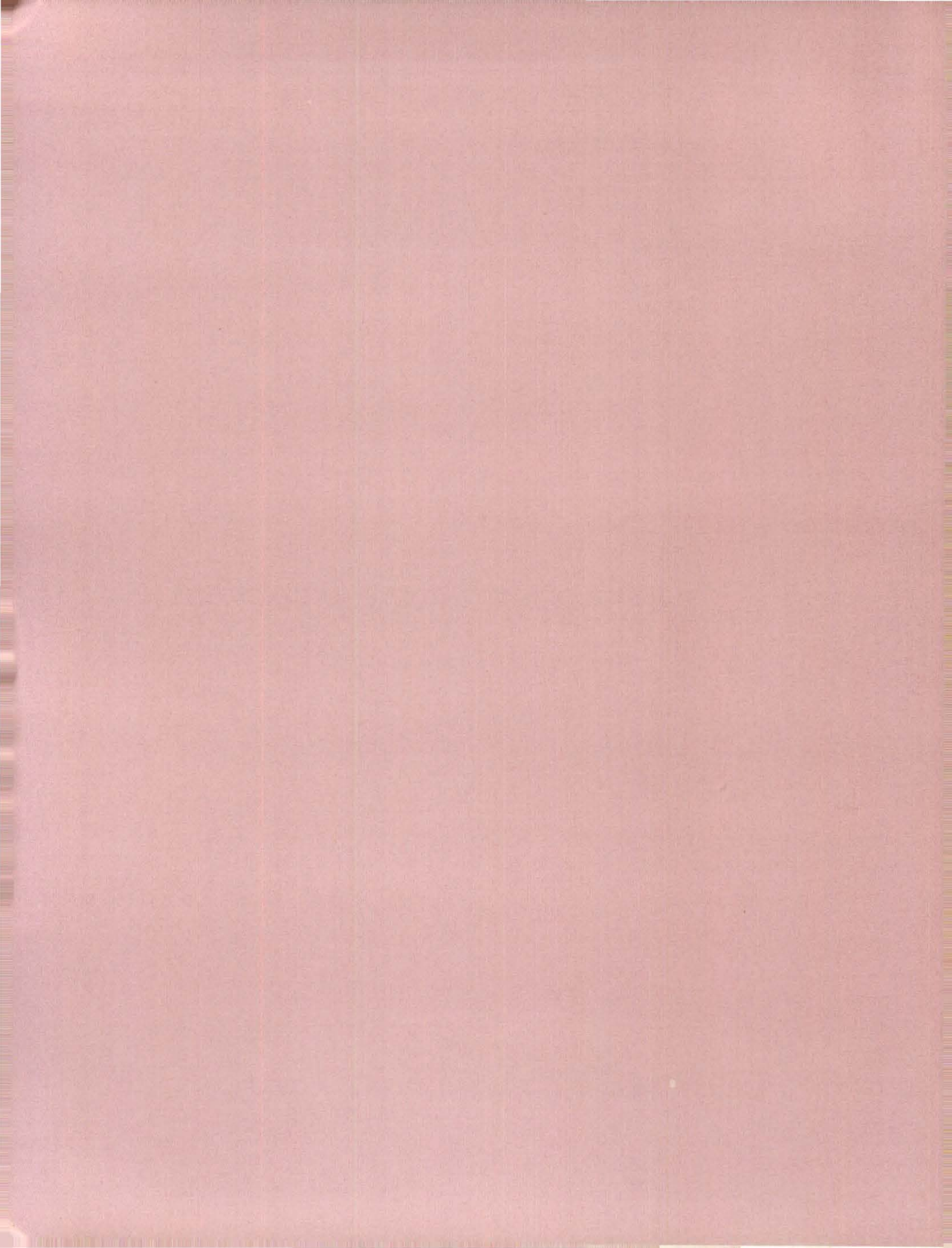
Financial Reporting

The Government's compliance with various rules, procedures and directives was lacking in various departments, which was evident from delays in furnishing of utilisation certificates against loans and grants by various grantee institutions. Delays were also noticed in submission of annual accounts by autonomous bodies and departmentally managed commercial undertakings. There were instances of large outstanding cases of losses and misappropriations for which departmental action was pending for long periods. Significant amounts of expenditure and receipts under Central and State schemes, booked under the Minor head '800-Other Expenditure' and '800-Other Receipts' were not distinctly depicted in the State Finance Accounts of 2010-11, affecting the correctness in financial reporting.

The departments should ensure timely submission of utilisation certificates in respect of the grants released for specific purposes to the grantee institutions and the annual accounts in respect of the autonomous bodies to the Principal Accountant General (Accounts and Entitlement), Kerala and the Principal Accountant General (Civil and Commercial Audit), Kerala respectively. Departmental enquiries in respect of all fraud and misappropriation cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases. Large amounts received or expended under various schemes should be depicted in the accounts distinctly, instead of clubbing the same under the Minor head '800-Other Expenditure' and '800-Other Receipts' to ensure correctness in financial reporting.

CHAPTER I

Finances of the State Government



Chapter I Finances of the State Government

Profile of Kerala

The State of Kerala, located at the southern end of the country, accounts for one *per cent* of the total area of the country and about three *per cent* of the population. As indicated in **Appendix 1.1**, in the last ten years, the density of population in Kerala has increased from 819 persons per sq. km to 859 persons per sq. km. The State ranks high in the human development index with a literacy rate of 93.91 *per cent* (highest in the country) and life expectancy at birth of 74 years when compared to the General Category States' average. The infant mortality rate of the State is very low (12 per thousand) as compared to the General Category States' average. The State has also less population below poverty line as compared to General Category States. The State has shown marginally lower economic growth in the past decade as the compound annual growth rate of its Gross State Domestic Product (GSDP) for the period 2001-02 to 2010-11 has been 14.57 *per cent* as compared to 14.68 *per cent* in General Category States. During this period, its population also grew by 4.86 *per cent* only (lowest among General Category States) against 17.56 *per cent* in General Category States. The per capita income compound annual growth rate in Kerala (12.50 *per cent*) has been higher than that of the General Category States (11.32 *per cent*) in the current decade. However, the State has slightly higher urban and rural inequality compared to the All India average.

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 2011. It provides a broad perspective of the finances of the Government of Kerala during 2010-11 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 are 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, Government laid its Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan for 2010-11 to 2012-13 in the State legislature in March 2010.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2010-11) *vis-à-vis* the previous year, while **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1 Summary of Current Year's Fiscal Operations

(₹ in crore)

2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11		
Section-A: Revenue					Non Plan	Plan	Total
26109.40	Revenue receipts	30990.95	31132.37	Revenue expenditure	30469.07	4195.74	34664.81
17625.02	Tax revenue	21721.69	13935.52	General services	15233.96	184.43	15418.39
1852.22	Non-tax revenue	1930.79	10467.15	Social services	9605.19	2505.61	12110.80
4398.78	Share of Union Taxes/ Duties	5141.85	4240.72	Economic services	2851.76	1505.70	4357.46
2233.38	Grants from Government of India	2196.62	2488.98	Grants-in-aid and Contributions	2778.16	--	2778.16
Section-B: Capital					Non Plan	Plan	Total
48.96	Miscellaneous Capital Receipts	24.61	2059.39	Capital Outlay	598.03	2765.66	3363.69
38.47	Recoveries of Loans and Advances	44.23	876.68	Loans and Advances disbursed	442.43	319.31	761.74
6615.52	Public Debt receipts*	7188.90	1765.06	Repayment of Public Debt*	#	#	1975.03
5.84	Contingency Fund	26.27	26.27	Contingency Fund	#	#	33.92
61313.56	Public Account receipts	73753.97	57271.53	Public Account disbursements	#	#	70558.27
3387.81	Opening Cash Balance	4388.26	4388.26	Closing Cash Balance	#	#	5059.73
97519.56	Total	116417.19	97519.56	Total			116417.19

Source: Finance Accounts of the State for 2009-10 and 2010-11.

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

* Excluding net transactions under Ways and Means advances and overdraft

The following are the significant changes in fiscal transactions during 2010-11 over the previous year.

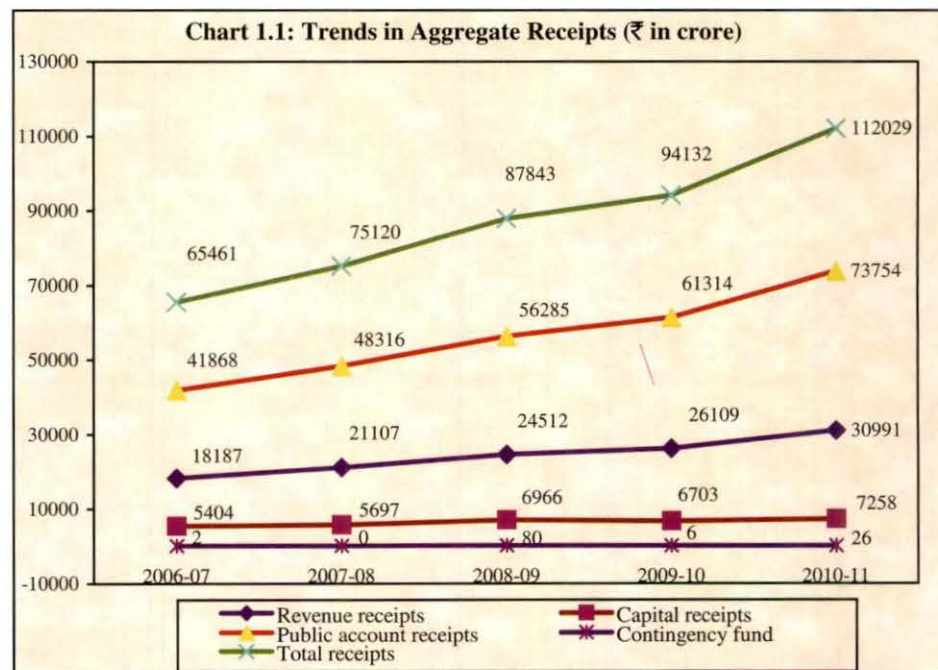
- The Revenue receipts grew by 18.7 per cent (₹ 4881.55 crore) relative to the previous year. The increase was under tax revenue (₹ 4096.67 crore), State's share of Union taxes and duties (₹ 743.07 crore) and non-tax revenue (₹ 78.57 crore). The increase was offset by decrease of ₹ 36.76 crore in grants-in-aid from the Government of India (GOI). The total of tax revenues collected during 2010-11 (₹ 21721.69 crore) was in line with the normative assessment made by the Thirteenth Finance Commission (ThFC) (₹ 21725.63 crore) for the year but was higher by four per cent than the projection made in the Medium Term Fiscal Plan (₹ 20884.23 crore). The State's Own Non-tax revenue (₹ 1930.79 crore) was lower by 16.6 per cent than the target fixed in the Medium Term Fiscal Plan (₹ 2314.31 crore) for the year 2010-11.
- The Revenue expenditure increased by ₹ 3532.44 crore (11.3 per cent) due to increase in expenditure under General Services (₹ 1482.87 crore), Social Services (₹ 1643.65 crore), Economic Services (₹ 116.74 crore) and Grants-in-aid and Contributions (₹ 289.18 crore). Actual Non-Plan Revenue Expenditure during 2010-11 (₹ 30469.07 crore) exceeded the normative assessment made by the ThFC (₹ 28349.37 crore) by 7.5 per cent.

- Capital expenditure increased by ₹ 1304.30 crore (63.3 per cent) mainly due to increase in expenditure under Economic Services, especially under 'Roads and Bridges' (₹ 569.78 crore), 'Co-operation' (₹ 167.13 crore) and 'Ports and Light Houses' (₹ 115.94 crore).
- Public debt receipts increased by ₹ 573.38 crore due to increase in internal debt receipts by ₹ 774.32 crore offset by decrease in borrowings from GOI by ₹ 200.94 crore. Public debt repayment increased by ₹ 209.97 crore.
- Public Account receipts and disbursements increased by ₹ 12440.41 crore and ₹ 13286.74 crore respectively over the previous year.
- The cash balance of the State as on 31 March 2011 increased to ₹ 5059.73 crore from ₹ 4388.26 crore as on 31 March 2010.

1.2 Resources of the State

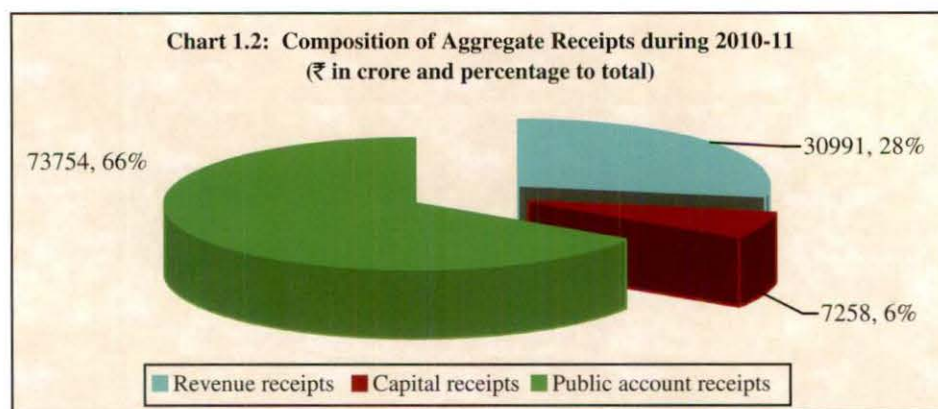
1.2.1 Resources of the State as per Annual Finance Accounts

Revenue¹ and capital² are the two streams of receipts that constitute the resources of the Government. **Table 1.1** presents the receipts and disbursements of the Government during 2010-11 as recorded in the Finance Accounts 2010-11 while **Chart 1.1** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.2** depicts the composition of resources of the State during 2010-11.



¹ Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from GOI.

² Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestment, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account.



The total receipts of the State Government for the year 2010-11 were ₹ 1,12,029 crore. Of these, revenue receipts were ₹ 30,991 crore, constituting 28 per cent of the total receipts, capital receipts constituted six per cent and Public Account receipts constituted 66 per cent of the total receipts.

1.2.2 Funds transferred to State implementing agencies outside the State Budgets

The Government of India (GOI) has been transferring a sizeable quantum of funds directly to the State implementing agencies³ for the implementation of various schemes/programmes in social and economic sectors for human and social development of the population. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are understated. To present a holistic picture on the availability of aggregate resources in the State, details of funds directly transferred to the State implementing agencies during 2008-09 to 2010-11 are presented in **Table 1.2**.

Table-1.2: Funds transferred directly to State implementing agencies
(₹ in crore)

Programme/Scheme	Implementing agency in the State	2008-09	2009-10	2010-11
Mahatma Gandhi National Rural Employment Guarantee Scheme	District Rural Development Agencies (Poverty Alleviation Unit)	200.47	467.71	704.23
Pradhan Mantri Gram Sadak Yojana	Kerala State Rural Roads Development Agency	84.02	100.11	146.27
Rural Housing - Indira Awaas Yojana	District Rural Development Agencies (Poverty Alleviation Unit)	156.56	194.71	185.91
Rashtriya Madhyamik Shiksha Abhiyan	Secondary Education Development Society Kerala	Nil	8.93	15.13
Swaranjayanti Gram Swarozgar Yojana	District Rural Development Agencies (Poverty Alleviation Unit)	44.85	44.27	42.62
National Horticulture Mission	Kerala State Horticulture Mission	75.17	Nil	44.00
National Rural Drinking Water Programme	Kerala Water Authority	112.90	152.04	159.83

³ State implementing agency includes any organisation/institution including non-governmental organisation which is authorised by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. Primary Education Development Society of Kerala for Sarva Shiksha Abhiyan, Kerala State Health and Family Welfare Society for the National Rural Health Mission and Kerala State Rural Roads Development Agency for Pradhan Mantri Gram Sadak Yojana.

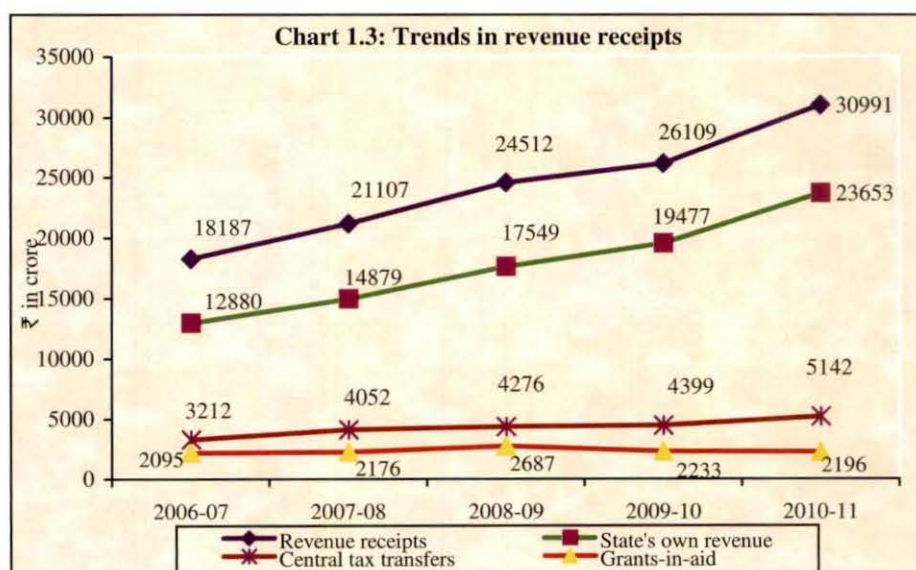
Programme/Scheme	Implementing agency in the State	2008-09	2009-10	2010-11
Sarva Shiksha Abhiyan	Primary Education Development Society of Kerala	108.54	119.90	196.61
Swarna Jayanti Shahari Rozgar Yojana	State Poverty Eradication Mission (Kudumbashree)	10.30	9.50	4.74
Central Rural Sanitation Programme	Suchithwa Mission, Kerala	33.80	25.95	22.86
National Rural Health Mission	State Health and Family Welfare Society	84.96	245.83	236.86
MPs Local Area Development Scheme	District Collectors	35.00	86.00	68.00
Rashtriya Swasthya Bima Yojana	Comprehensive Health Insurance Agency of Kerala	13.71	18.34	52.69
Integrated Watershed Management Programme	District Rural Development Agencies (Poverty Alleviation Unit)	11.46	3.20	16.88
Others ⁴		120.37	125.64	267.28
Total		1,092.11	1,602.13	2163.91

Source: Appendix VII of Finance Accounts 2010-11.

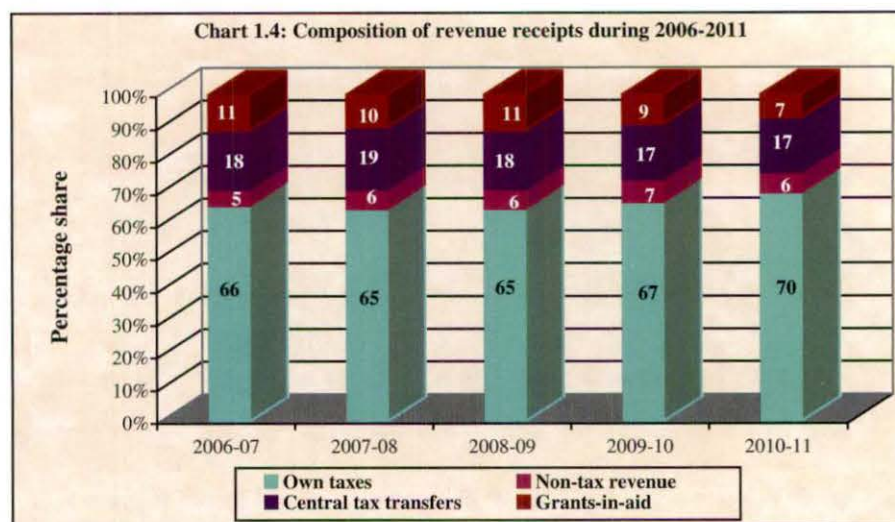
The GOI directly transferred ₹ 2163.91 crore to the State implementing agencies during 2010-11. Direct transfer of funds from the GOI to State implementing agencies ran the risk of improper monitoring of utilisation of funds by these agencies. Unless uniform accounting practices are followed by all these agencies, with proper documentation and timely reporting of expenditure, it would be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts gives details of the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trend and composition of revenue receipts over the period 2006-11 are presented in Appendix 1.5 and also depicted in Charts 1.3 and 1.4 respectively.



⁴ Please see Appendix VII of Finance Accounts – Vol.II for details of individual programme/scheme.



The Revenue receipts increased from ₹ 18,187 crore in 2006-07 to ₹ 30,991 crore in 2010-11. The contribution of the State's own taxes under total revenue receipts increased from 66 per cent in 2006-07 to 70 per cent in 2010-11 whereas the contribution of non-tax revenue increased only marginally from five per cent in 2006-07 to six per cent in 2010-11. The contribution of grants-in-aid from GOI decreased from 11 per cent in 2006-07 to seven per cent in 2010-11, whereas the contribution of Central tax transfers decreased marginally from 18 per cent in 2006-07 to 17 per cent in 2010-11.

During 2001-02 to 2009-10, the compound growth rate of revenue receipts (14.15 per cent) was lesser than the growth rate of other General Category States (15.20 per cent). This growth rate for the period 2001-02 to 2010-11 increased to 14.63 per cent (Appendix 1.1).

Revenue receipts collected during 2010-11 at ₹ 30990.95 crore was lower than the projection made in the Medium Term Fiscal Plan (₹ 31180.82 crore) by ₹ 189.87 crore.

The trends in revenue receipts relative to GSDP are presented in Table 1.3.

Table 1.3: Trends in revenue receipts relative to GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue receipts (RR) (₹ in crore)	18,187	21,107	24,512	26,109	30,991
State's own taxes (₹ in crore)	11,942	13,669	15,990	17,625	21,722
Rates of growth					
Revenue receipts (per cent)	18.9	16.1	16.1	6.5	18.7
State's own taxes (per cent)	22.1	14.5	17.0	10.2	23.2
RR/GSDP (per cent)	11.8	12.1	12.2	11.3	11.7
Buoyancy Ratios⁵					
Revenue Buoyancy w.r.t GSDP	1.5	1.2	1.1	0.4	1.2
State's own tax Buoyancy w.r.t GSDP	1.8	1.04	1.1	0.7	1.5

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

⁵Buoyancy ratios indicate the elasticity or degree of responsiveness of fiscal variables with respect to a given change in the base variable. For instance, for 2010-11, revenue buoyancy at 1.2 implies that revenue receipts tend to increase by 1.2 percentage points, if the GSDP increases by one per cent.

- In 2007-08 and 2008-09, the growth rate of revenue receipts was 16.1 *per cent* each year whereas in 2009-10, the growth rate was only 6.5 *per cent*. However, the growth rate increased to 18.7 *per cent* in 2010-11 which was mainly due to huge increase of ₹ 4097 crore (23.2 *per cent*) in State's own tax revenue compared to the previous year.
- Revenue buoyancy with reference to GSDP showed a declining trend from 2006-07 to 2009-10. However, in 2010-11, it increased to 1.2 as compared to 0.4 in 2009-10 due to high growth of revenue receipts.
- The State's own tax buoyancy with reference to GSDP during 2010-11 was the highest (1.5) during the four years 2007-08 to 2010-11. This was due to sharp increase in growth rate of State's own tax revenue (23.2 *per cent*) during the year compared to the growth rate of GSDP (15.2 *per cent*).

Grants-in-aid from the Government of India

Grants-in-aid from the Government of India decreased by 1.6 *per cent* from ₹ 2233.38 crore in 2009-10 to ₹ 2196.62 crore in 2010-11. The decrease was under 'Grants for State Plan Schemes' (4.2 *per cent*), 'Non-Plan Grants' (24.1 *per cent*) and 'Grants for Central Plan Schemes' (10.8 *per cent*) partly offset by increase under 'Grants for Centrally Sponsored Plan Schemes' (29.2 *per cent*).

Central tax transfers

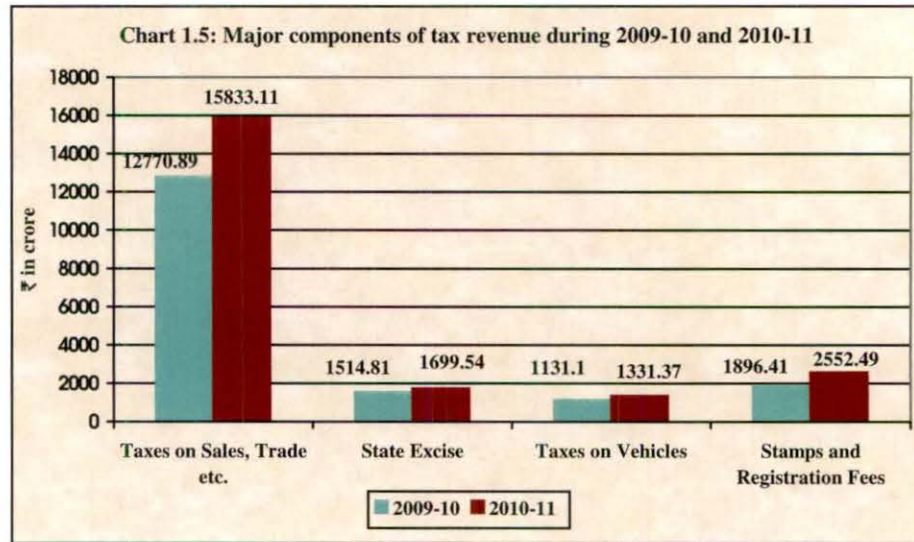
Central tax transfers increased by 16.9 *per cent* from ₹ 4398.78 crore in 2009-10 to ₹ 5141.85 crore in 2010-11. The increase was mainly under 'Customs' (₹ 283.47 crore), 'Corporation tax' (₹ 199.48 crore) and 'Union Excise Duties' (₹ 158.18 crore).

1.3.1 State's own resources

The State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts, Central assistance for Plan schemes, etc. The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties *vis-à-vis* budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during 2006-11 are presented in **Appendix 1.6**.

1.3.1.1 Own Tax Revenue

The State's own tax revenue increased by 23.2 *per cent* during the current year (₹ 21,722 crore) as compared to the previous year (₹ 17,625 crore). Component-wise increase is indicated in **Chart 1.5**.



‘Taxes on Sales, Trade etc.’, were the major source of the State’s own tax revenue during the year (73 per cent) followed by ‘Stamps and Registration Fees’ (12 per cent), ‘State Excise’ (eight per cent) and ‘Taxes on Vehicles’ (six per cent).

‘Taxes on Sales, Trade etc.’, increased by 24 per cent (₹ 3062.22 crore) during 2010-11 over the previous year. This increase was mainly due to increase in receipts under ‘Receipts under State Sales Tax Act’ (₹ 2189.14 crore), ‘Value Added Tax’ (₹ 861.90 crore) and ‘Receipts under Central Sales Tax Act’ (₹ 17.48 crore). This was partly offset by decrease in receipts under ‘Other Receipts’ (₹ 6.30 crore).

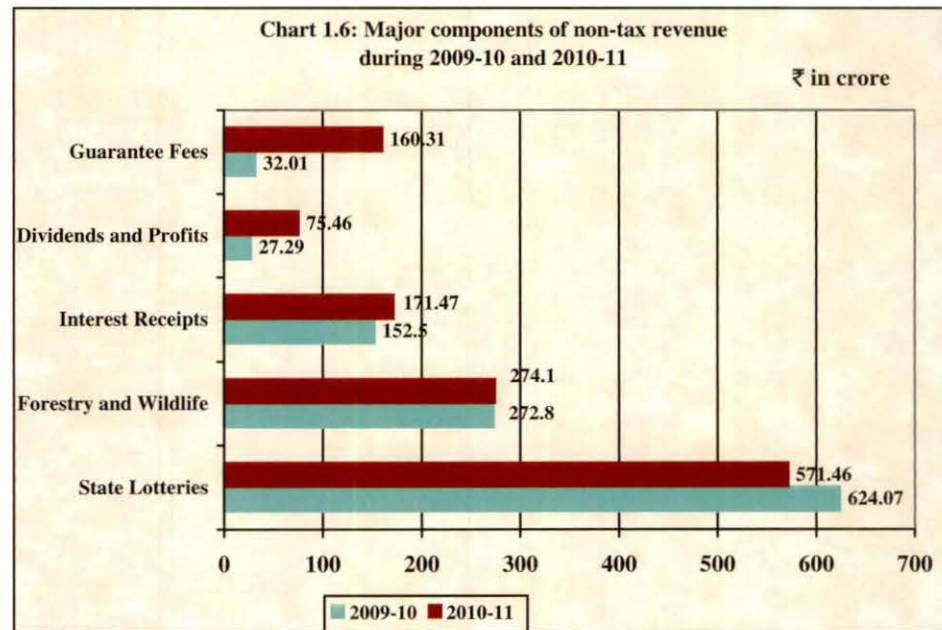
Receipts under ‘Taxes on Vehicles’ increased by 17.7 per cent (₹ 200.27 crore) due to increased receipts mainly under ‘Receipts under the State Motor Vehicles Taxation Acts’ (₹ 168.41 crore) and ‘Receipts under Indian Motor Vehicles Act’ (₹ 27.76 crore). Receipts under ‘State Excise’ increased by 12.2 per cent (₹ 184.73 crore) during 2010-11 over the previous year which was mainly under ‘Foreign Liquors and Spirits’ (₹ 188.80 crore), ‘Malt Liquor’ (₹ 12.15 crore) partly offset by decrease in receipts under ‘Country Fermented Liquors’ (₹ 10.57 crore) and ‘Other Receipts’ (₹ 6.08 crore).

‘Stamps and Registration Fees’ increased by 34.6 per cent (₹ 656.08 crore) during 2010-11 over the previous year due to increase of receipts under ‘Sale of Non-Judicial Stamps’ (₹ 439.73 crore), ‘Fees for registering documents’ (₹ 286.41 crore) partly offset by decrease in ‘Duty on Impressing of Documents’ (₹ 52.05 crore) under ‘Stamps-Non-Judicial’.

The total of tax revenues collected during 2010-11 (₹ 21,721.69 crore) was in line with the normative assessment made by the ThFC (₹ 21,725.63 crore) for the year but was higher by four per cent than the projections made in the Medium Term Fiscal Plan (₹ 20884.23 crore).

1.3.1.2 Non-Tax Revenue

Non-tax revenue increased by ₹ 78.57 crore (4.2 per cent) during the current year (₹ 1930.79 crore) over the previous year (₹ 1852.22 crore).



Non-tax revenue sources mainly comprised receipts from 'State Lotteries' (30 per cent), 'Forestry and Wildlife' (14 per cent) and 'Interest Receipts, Dividends and Profits' (13 per cent). The increase was mainly under 'Guarantee Fees' (₹ 128.30 crore), 'Dividends and Profits' (₹ 48.17 crore), 'Other Administrative Services'⁶ (₹ 34.21 crore), partly off set by decrease in receipts under 'State Lotteries' (₹ 52.61 crore). Though the receipts under 'State Lotteries' were ₹ 571.46 crore during the year, with an equally high expenditure of ₹ 460.24 crore, the net yield from lotteries was only ₹ 111.22 crore. This was lower than the net yield of ₹ 121.28 crore from lotteries during the previous year. Non-tax revenue realised during 2010-11 under various components *vis-à-vis* the budget estimates of 2010-11 was as in **Table 1.4**.

Table 1.4: Non-tax revenue realised *vis-à-vis* Budget estimates

(₹ in crore)

Sl. No.	Component of non-tax revenue	Budget estimates 2010-11	Actuals
1.	Forestry and Wildlife	360.11	274.10
2.	Interest receipts	119.43	171.47
3.	Dividends and profits	41.31	75.46
4.	State Lotteries	694.60	571.46
Overall Non-tax revenue		2314.31	1930.79

Source: Finance Accounts and Annual Financial Statement 2010-2011 of the State Government

Expenditure on tax collection

The expenditure on collection in respect of Stamps and Registration fees, State Excise, Taxes on Vehicles and Sales Tax was higher as compared to the All India average during the period 2006-07 to 2008-09 (**Appendix 1.6**). It would be prudent to improve the tax administration in order to increase the revenue and thereby reduce the cost of collection.

⁶ Includes receipts relating to Fees for Government Audit, Fines and Forfeitures, Service Fees, Reimbursement of election related expenses by Government of India, Guest Houses, Government Hostels, etc.

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

Test check of the records of 581 units of commercial taxes, motor vehicles, forest and other departmental offices during 2010-11 revealed under assessment/short levy/loss of revenue aggregating ₹ 4786.23 crore in 3,913 cases. During the course of the year, the departments concerned accepted under assessments and other deficiencies of ₹ 76.24 crore involved in 1,060 cases, of which 379 cases involving ₹ 52.59 crore were pointed out in audit during 2010-11 and the rest in earlier years. The departments collected ₹ 17.63 crore in 796 cases during 2010-11.

The number of refund cases pending at the beginning of the year 2010-11, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2010-11 as reported by the Excise department were as follows:

Table 1.5: Refunds made during the year

(₹ in lakh)

Sl. No.	Revenue Head		Claims outstanding at the beginning of the year	Claims received during the year	Refunds made during the year	Balance outstanding at the end of the year
1.	State Excise	No. of cases	3	7	8	2
		Amount	1.73	60.81	61.25	1.29

Source: Information received from Excise Department.

Information regarding settlement of refund cases relating to Sales Tax, Value Added Tax and Agricultural Income Tax called for from Commercial Taxes Department was not yet received (October 2011).

1.3.3 Revenue arrears

The arrears of revenue as on 31 March 2011 in respect of some principal heads of revenue amounted to ₹ 5358.55 crore, of which ₹ 1678.98 crore was outstanding for more than five years as mentioned in Table 1.6.

Table 1.6: Arrears of revenue

(₹ in crore)

Sl. No	Department	Amount of arrears as on 31 March 2011	Arrears outstanding for more than 5 years
1.	Commercial Taxes	4962.05	1552.46
	An amount of ₹ 3184.95 crore was due from individuals, private firms and private companies; ₹ 1344.52 crore was due from Public Sector Undertakings (PSUs) of the Government of India and ₹ 410.30 crore was due from PSUs of Government of Kerala.		
2.	Forest	185.04	86.02
	An amount of ₹ 163.87 crore was due from PSUs of Government of India and ₹ 11.91 crore was due from individuals, private companies etc.		
3.	Local Fund Audit	115.15	
	The arrears represent audit fees due from various local bodies		
4.	Stationery	12.83	9.92
	An amount of ₹ 2.79 crore was due from the Education Department; ₹ 1.22 crore was due from the Director of Civil Supplies and ₹ 1.14 crore was due from the Election Department		
5.	Factories and Boilers	1.06	0.09
	An amount of ₹ 92.47 lakh was due from individuals, private firms and private companies. An amount of ₹ 12.65 lakh is likely to be written off.		

Sl. No	Department	Amount of arrears as on 31 March 2011	Arrears outstanding for more than 5 years
6.	Police	82.42	30.49
	₹ 1.21 crore, ₹ 53.24 crore, ₹ 0.02 crore, ₹ 0.15 crore, ₹ 3.36 crore and ₹ 18.98 crore were due from Government of Tamil Nadu, Southern Railway, Bharat Sanchar Nigam Limited, Postal Department, Airport Authority of India and Kerala State Electricity Board respectively.		
Total		5358.55	1678.98

Source: Report No.3 of the Comptroller and Auditor General of India (Revenue Receipts), Government of Kerala for the year ended 31 March 2011.

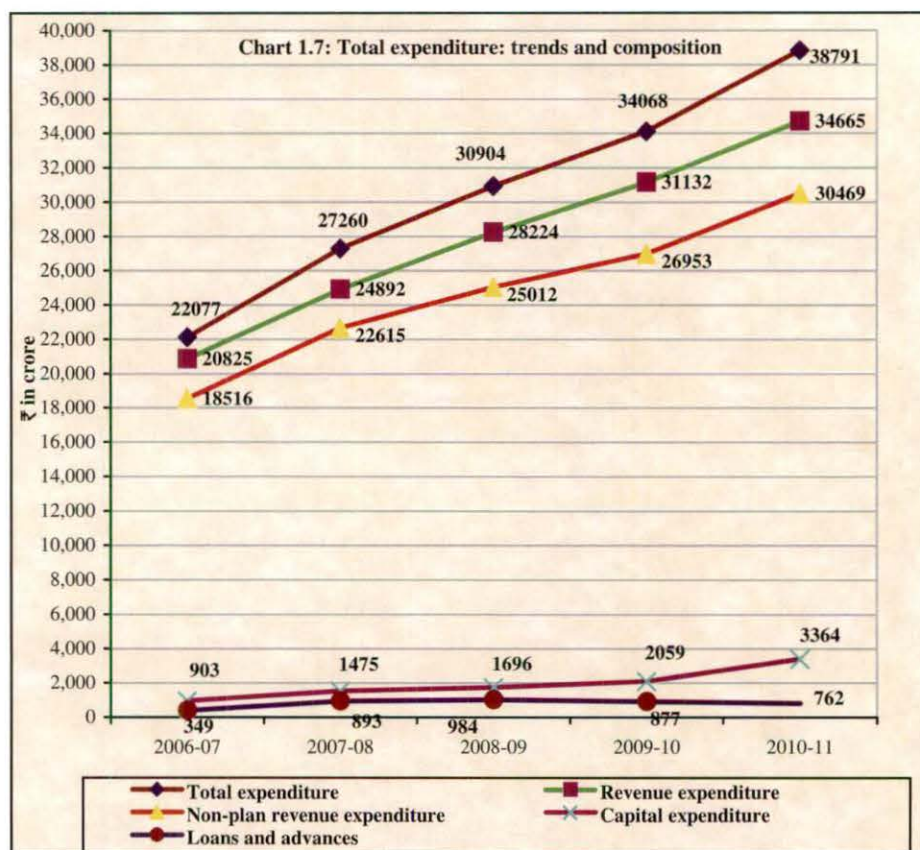
The State Government have to make efforts to realise the arrears of revenue so that revenue deficit can be reduced to a considerable extent.

1.4 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since responsibilities for major expenditure 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 expenditure directed towards development and social sectors.

1.4.1 Growth and composition of expenditure

The total expenditure of the State Government consists of revenue expenditure as well as capital expenditure which includes 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 (2006-11). Its composition, both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.8 and 1.9.**

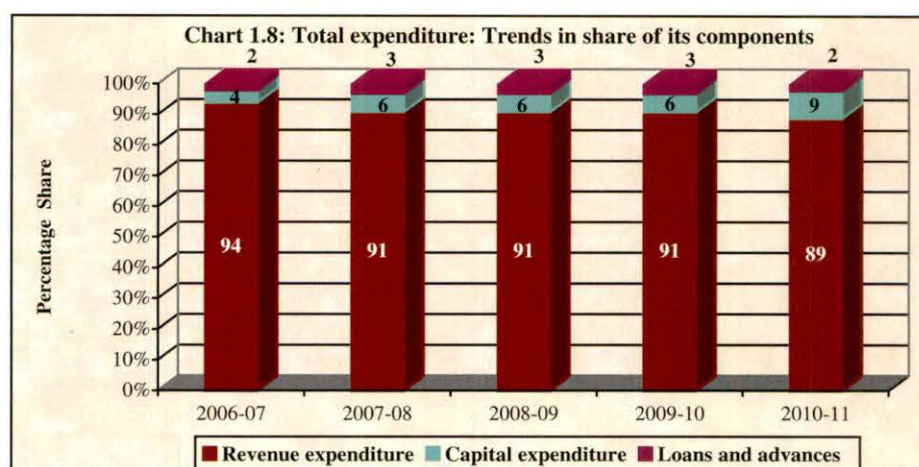


The total expenditure increased by 13.9 *per cent* in 2010-11 to ₹ 38,791 crore from ₹ 34,068 crore in the previous year. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.7**. During 2001-02 to 2009-10, the compound growth rate of total expenditure (13.49 *per cent*) was less than the growth rate of other General Category States (13.53 *per cent*). The growth rate for the period 2001-02 to 2010-11 further increased to 13.51 *per cent* (**Appendix 1.1**).

Table 1.7: Total expenditure – basic parameters

	2006-07	2007-08	2008-09	2009-10	2010-11
Total expenditure (TE) (₹ in crore)	22077	27260	30904	34068	38791
Rate of growth (per cent)	13.1	23.5	13.4	10.2	13.9
TE/GSDP ratio (per cent)	14.4	15.6	15.4	14.8	14.6
RR/TE ratio (per cent)	82.4	77.4	79.3	76.6	79.9
Buoyancy of Total expenditure with reference to:					
GSDP (ratio)	1.1	1.7	0.9	0.7	0.9
RR (ratio)	0.7	1.5	0.8	1.6	0.7

The increase of ₹ 4723 crore (13.9 *per cent*) in total expenditure in 2010-11 over the previous year was mainly on account of increase of ₹ 3,533 crore in revenue expenditure and ₹ 1305 crore in capital expenditure set-off by a decrease of ₹ 115 crore in disbursement of loans and advances.



During the five-year period 2006-11, nearly 89 to 94 *per cent* of the total expenditure constituted revenue expenditure whereas capital expenditure ranged between four and nine *per cent* of the total expenditure during the same period. The revenue expenditure increased in absolute terms from ₹ 20825 crore in 2006-07 to ₹ 34665 crore in 2010-11 but its percentage to total expenditure decreased from 94 to 89 *per cent* during the same period. Capital expenditure increased from ₹ 903 crore in 2006-07 to ₹ 3364 crore in 2010-11 and its percentage to total expenditure increased from four to nine *per cent* during the same period.

Revenue expenditure increased by 11.3 *per cent* (₹ 3533 crore) during 2010-11 when compared to previous year. The increase in revenue expenditure during 2010-11 was mainly due to increase in expenditure under 'Pension and Other Retirement Benefits' (₹ 1062 crore), 'General Education' (₹ 876 crore), 'Interest Payment' (₹ 397 crore), 'Medical and Public Health' (₹ 293 crore), 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions' (₹ 289 crore), 'Social Security and Welfare' (₹ 192 crore) and 'Police' (₹ 132 crore).

Capital expenditure increased by 63.3 *per cent* (₹ 1305 crore) during 2010-11 when compared to previous year. The increase in capital expenditure during 2010-11 was mainly due to increase in expenditure under 'Roads and Bridges' (₹ 570 crore), 'Co-operation' (₹ 167 crore), 'Ports and Light Houses' (₹ 116 crore) and 'Housing' (₹ 80 crore).

The buoyancy of total expenditure with reference to GSDP was more than one during 2006-07 to 2007-08. However, this ratio declined to less than one during the period 2008-09 to 2010-11 due to decrease in the rate of growth of total expenditure as compared to the rate of growth of GSDP.

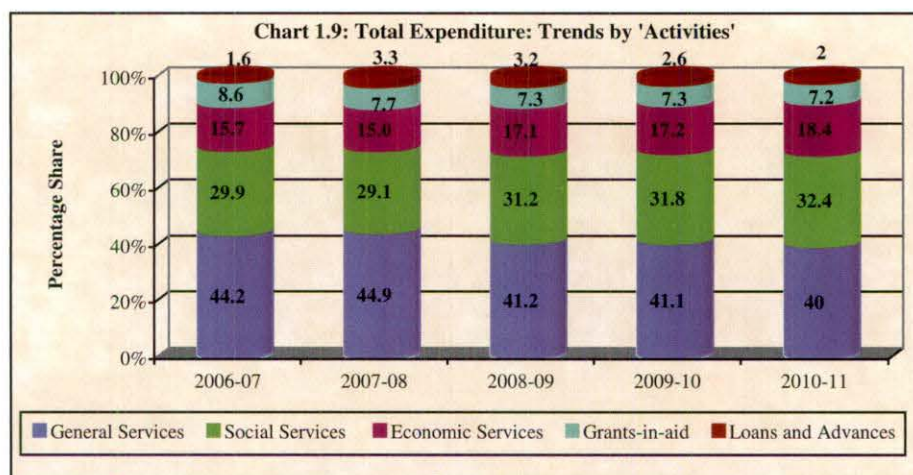
Trends in total expenditure in terms of activities

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 are indicated in **Table 1.8**.

Table-1.8: Components of expenditure – relative shares

	(in per cent)				
	2006-07	2007-08	2008-09	2009-10	2010-11
General Services	44.2	44.9	41.2	41.1	40.0
of which, Interest Payments	19.0	15.9	15.1	15.5	14.7
Social Services	29.9	29.1	31.2	31.8	32.4
Economic Services	15.7	15.0	17.1	17.2	18.4
Grants-in-aid	8.6	7.7	7.3	7.3	7.2
Loans and Advances	1.6	3.3	3.2	2.6	2.0

The movement of the relative shares of the above components of expenditure indicated that the shares of Social Services and Economic Services in the total expenditure increased during 2010-11 over the previous year. These increases were set off by decrease in the respective shares of General Services, grants-in-aid and loans and advances.



The share of Social Services in total expenditure during 2010-11 increased mainly on account of increase in expenditure under 'Education, Sports, Art and Culture' (₹ 904 crore), 'Health and Family Welfare' (₹ 348 crore) and 'Social Welfare and Nutrition' (₹ 256 crore) whereas the share of Economic Services increased mainly due to increase in expenditure under 'Agriculture and Allied Activities' (₹ 497 crore), 'Transport' (₹ 403 crore) and 'Industry and Minerals' (₹ 202 crore).

In the major 12 schemes⁷ (as listed in Annexure to Statement 12 of the Finance Accounts 2010-11), out of ₹ 738 crore released by the Government of India, the State Government released only ₹ 638 crore for the schemes and the balance amount of ₹ 100 crore was lying in the cash balance of the State Government.

⁷ Integrated Child Development Services (ICDS), National Programme of Nutritional Support to Primary Education (MDM), Rashtriya Krishi Vikas Yojana, National Rural Health Mission (NRHM), Pre-Matric Scholarship for Minorities, Post-Matric Scholarship and Book Banks for SC Students, Improvement of Agricultural Statistics, Scheme for providing Quality Education in Madrassas (SPQEM), Strengthening of Teachers Training Institutions, Merit-Cum-Means based Scholarship for Minorities for Professional and Technical Courses, Post-Matric Scholarship for Minorities and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls.

Incidence of revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations and as such, does not result in any addition to the State's infrastructure and service network. Revenue expenditure had the predominant share of around 89 *per cent* in the total expenditure during 2010-11. The overall revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.9**.

Table 1.9: Revenue expenditure – basic parameters

	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue expenditure (RE), of which	20825	24892	28224	31132	34665
Non-plan revenue expenditure (NPRE)	18516	22615	25012	26953	30469
Plan revenue expenditure (PRE)	2309	2277	3212	4179	4196
Rate of Growth of					
RE (<i>per cent</i>)	13	19.5	13.4	10.3	11.3
NPRE (<i>per cent</i>)	21.8	22.1	10.6	7.8	13
PRE (<i>per cent</i>)	(-) 28.4	(-) 1.4	41.1	30.1	0.4
Revenue expenditure as percentage to TE	94.3	91.3	91.3	91.4	89.4
NPRE/GSDP (<i>per cent</i>)	12	12.9	12.4	11.7	11.5
NPRE as percentage of TE	83.9	83	80.9	79.1	78.5
NPRE as percentage of RR	101.8	107.1	102	103.2	98.3
Buoyancy of revenue expenditure with					
GSDP (ratio)	1.04	1.4	0.9	0.7	0.7
Revenue receipts (ratio)	0.7	1.2	0.8	1.6	0.6

Source : Finance Accounts

The revenue expenditure increased during 2010-11 by ₹ 3533 crore (11.3 *per cent*) over the previous year. The revenue expenditure during 2010-11 was lesser than the projections made in the Medium Term Fiscal Plan by ₹ 146 crore.

Non-Plan revenue expenditure (NPRE) showed an increasing trend during the period 2006-11, whereas Plan revenue expenditure (PRE) showed inter-year variations with an increasing trend from 2008-09 onwards. NPRE showed an increase of 13 *per cent* in 2010-11 (₹ 3516 crore) over 2009-10. The increase in NPRE during the year compared to the previous year was mainly due to increase in expenditure under Pension and other retirement benefits (₹ 1062 crore), General Education (₹ 762 crore), Interest Payments (₹ 397 crore), Compensation and Assignment to Local Bodies and Panchayati Raj Institutions (₹ 289 crore), Social Security and Welfare (₹ 244 crore), Medical and Public Health (₹ 242 crore), Police (₹ 119 crore) and Power (₹ 100 crore). This was partly offset by decrease in expenditure under Roads and Bridges (₹ 329 crore). Plan Revenue Expenditure (PRE) showed only a marginal increase of ₹ 17 crore in 2010-11 (₹ 4196 crore) when compared to previous year (₹ 4179 crore).

Actual NPRE during 2010-11 (₹ 30469 crore) exceeded the normative assessment made by the Thirteenth Finance Commission (₹ 28349 crore) by ₹ 2120 crore (7.5 *per cent*).

1.4.2 Committed expenditure of the Government

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.10** and **Chart 1.10** present the trends in the expenditure on these components during 2006-11.

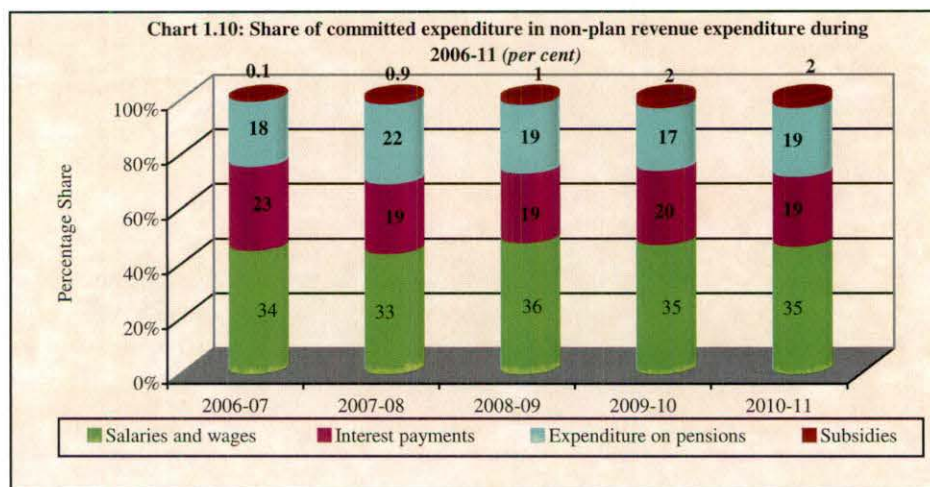
Table 1.10: Components of committed expenditure

(₹ in crore)

Components of committed expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actuals
Salaries* and Wages, <i>Of which</i>	6638 (36.5)	7757 (36.8)	9146 (37.3)	9894 (37.9)	11427	11178 (36.1)
Non-Plan Heads	6377	7448	8895	9529	NA	10815 (34.9)
Plan Heads**	261	309	251	365	NA	363 (1.2)
Interest Payments (MH 2049)	4190 (23.0)	4330 (20.5)	4660 (19.0)	5292 (20.3)	5786	5690 (18.4)
Expenditure on Pensions (MH 2071)	3295 (18.1)	4925 (23.3)	4686 (19.1)	4706 (18.0)	5427	5767 (18.6)
Subsidies	23	202 (1)	355 (1.4)	442 (1.7)	NA	627 (2.0)
Revenue expenditure	20825	24892	28224	31132	34810	34665
Revenue receipts	18187	21107	24512	26109	31181	30991

* 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
 NA: Not available
 Figures in the parentheses indicate percentage to revenue receipts

Source: Finance Accounts of the State Government



Expenditure on salaries under Non-Plan heads during 2010-11 was ₹ 10,815 crore, recording a growth of 13.5 per cent over the previous year, whereas salaries under Plan during 2010-11 remained at a slightly lower level when compared to the previous year. The salary expenditure will increase further in the coming years due to implementation of the recommendations of the Ninth State Pay Revision Commission.

Pension payments increased by 22.5 per cent (₹ 1061 crore) from ₹ 4,706 crore in 2009-10 to ₹ 5,767 crore in 2010-11. In 2010-11 pension payment exceeded the projections made by the State Government in the

Medium Term Fiscal Plan (₹ 5,427 crore) by six *per cent* and the assessment made by the Thirteenth Finance Commission (₹ 5,501 crore) by five *per cent*. Interest payments increased by 7.5 *per cent* during 2010-11 (₹ 5,690 crore) when compared to the previous year (₹ 5,292 crore).

Payment of subsidies increased steeply from ₹ 23 crore in 2006-07 to ₹ 202 crore in 2007-08 and thereafter to ₹ 355 crore in 2008-09, ₹ 442 crore in 2009-10 and ₹ 627 crore in 2010-11. The huge increase in subsidy in 2007-08 over the previous year was mainly due to payment of subsidy to the Food Corporation of India (FCI) in respect of rice and wheat distributed to ration cardholders of BPL⁸ families and subsidy to the Kerala State Civil Supplies Corporation for market intervention operations. The increase of ₹ 185 crore in subsidy during 2010-11 over the previous year was mainly due to payment of subsidy to the Kerala State Electricity Board towards power tariff concessions and to liquidate its revenue deficit (₹ 100 crore), enhanced payment of subsidy to Co-operatives for conducting festival markets (₹ 50 crore), enhanced payment of subsidy (₹ 87 crore) to FCI in respect of ration rice and wheat distributed to ration card holders of BPL families. This was partly offset by reduction in payment of subsidy to 'Special Support Scheme for farm sector' (₹ 38 crore).

The ratio of salaries, interest payments, pensions and subsidies to revenue receipts of the State during the current year was 75 *per cent*, a decrease of three percentage points from the previous year.

1.4.3 Financial assistance given by the State Government 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 1.11**.

Table 1.11: Financial assistance to local bodies, educational institutions, etc.
(₹ in crore)

Financial Assistance to Institutions	2006-07	2007-08	2008-09	2009-10	2010-11
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2666.63	2812.88	3306.81	3546.61	4087.83
Municipal Corporations and Municipalities	385.43	485.85	966.99	834.46	901.87
Zilla Parishads and Other Panchayati Raj Institutions	2219.28	2421.93	2600.11	2996.66	3411.65
Development Agencies	6.15	1.36	1.95	2.04	5.25
Hospitals and Other Charitable Institutions	43.32	53.98	56.66	76.40	139.02
Other Institutions ⁹	916.46	468.50	658.83	1159.47	1252.58
Total	6237.27	6244.50	7591.35	8615.64	9798.20
Assistance as percentage of revenue expenditure	30	25	27	28	28

Source: Finance Accounts and information received from the State Government

The financial assistance to local bodies and other institutions increased from ₹ 6237.27 crore in 2006-07 to ₹ 9798.20 crore in 2010-11. As a percentage of

⁸ Below Poverty Line

⁹ Other institutions, *inter alia*, include Kerala State Road Transport Corporation (₹ 160 crore), Kerala State Information Technology Mission (₹ 25.07 crore), State Council for Science, Technology & Environment (₹ 44.58 crore), Kerala State Housing Board (₹ 63.49 crore), Kerala Agricultural Workers Welfare Fund Board (₹ 40.45 crore), Kerala State Textile Corporation (₹ 34.56 crore), INFOPARK (₹ 156.18 crore) etc.

revenue expenditure, it ranged between 25 to 30 per cent during the period 2006-11. The financial assistance to Zilla Parishads, Municipalities, Corporations, etc., increased by ₹ 482.40 crore to ₹ 4313.52 crore in 2010-11 from ₹ 3831.12 crore in 2009-10 which was mainly due to more devolution of funds to local bodies towards maintenance of assets, expansion and development and traditional functions.

1.5 Quality of Expenditure

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

1.5.1 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 1.12** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2007-08 and 2010-11.

Table 1.12: Fiscal priority of the State in 2007-08 and 2010-11

(in per cent)

Fiscal Priority by the State*	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education /AE	Health/AE
General Category States' Average (Ratio) 2007-08	16.85	64.28	32.54	16.14	14.64	3.98
Kerala's Average (Ratio) 2007-08	15.56	47.37	31.52	5.41	16.74	4.73
General Category States' Average (Ratio) 2010-11	16.65	64.42	36.75	13.27	17.42	4.35
Kerala's Average (Ratio) 2010-11	14.62	52.64	32.86	8.67	17.87	5.32

* As per cent to GSDP
 AE: Aggregate 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.

- In 2007-08 and 2010-11, the State Government spent relatively less as a proportion of its GSDP compared to the General Category States' average.
- In 2007-08 and 2010-11, development expenditure as a proportion of aggregate expenditure has also been lower than the General Category States' average. Developmental expenditure consists of both economic sector expenditure and social sector expenditure.
- Adequate priority has not been given to Social sector during 2007-08 and 2010-11. As far as health sector and education sector's fiscal

priority is concerned, the State has given adequate priority to these sectors.

- The proportion of capital expenditure has been much lower as compared to General Category States during 2007-08 and 2010-11. However, it is observed that the State has shown some improvement in 2010-11 as compared to 2007-08 by increasing expenditure on capital but it is still lower than General Category States' average.
- The Government may consider enhancing the proportion of expenditure on economic and capital sectors in order to create the much needed assets to stimulate growth and give priority to physical capital formation that will further increase the growth prospects of the State by creating durable assets.

1.5.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods¹⁰. Apart from improving the allocation towards development expenditure¹¹, particularly in view of the fiscal space being created on account of decline in expenditure on debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. Development expenditure comprised revenue and capital expenditure including loans and advances in socio-economic services. **Table 1.13** presents the trends in development expenditure relative to the aggregate expenditure of the State during the period 2006-07 to 2010-11. **Chart 1.11** presents component-wise development expenditure during 2006-11. **Table 1.14** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

¹⁰ *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.

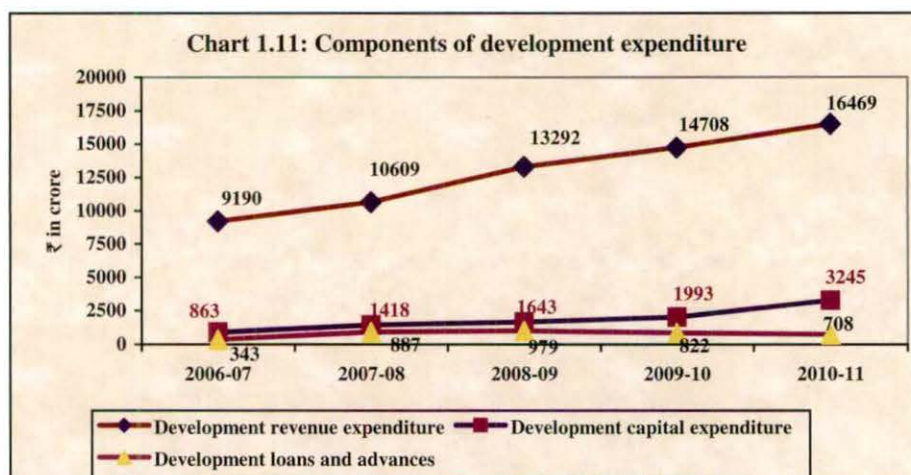
¹¹ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table 1.13: Development expenditure

Components of Development Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actuals
(₹ in crore)						
Development Expenditure (a to c)						
a. Development revenue expenditure	9190 (41.6)	10609 (38.9)	13292 (43.0)	14,708 (43.2)	16,988	16,469 (42.5)
b. Development capital expenditure	863 (3.9)	1418 (5.2)	1643 (5.3)	1,993 (5.9)	3,792	3245 (8.4)
c. Development loans and advances	343 (1.6)	887 (3.3)	979 (3.2)	822 (2.4)	777	708 (1.8)

Figures in parentheses indicate percentage to aggregate expenditure

Source: Finance Accounts and Annual Financial Statement of the State Government for 2010-11



Development expenditure increased by 96 per cent (₹ 10026 crore) from ₹ 10396 crore in 2006-07 to ₹ 20422 crore in 2010-11. Development revenue expenditure constituted 81 per cent of development expenditure whereas the share of development capital expenditure including loans and advances was only 19 per cent.

Development revenue expenditure increased by 12 per cent (₹ 1761 crore) from ₹ 14708 crore in 2009-10 to ₹ 16469 crore in 2010-11. The increase was mainly due to increase in expenditure under the accounts heads; 'General Education' (₹ 876 crore), 'Power' (₹ 98 crore), 'Social Security and Welfare' (₹ 192 crore), 'Medical and Public Health' (₹ 293 crore), 'Labour and Employment' (₹ 98 crore), 'Fisheries' (₹ 93 crore) and 'Food Storage and Warehousing' (₹ 92 crore).

Development capital expenditure increased by 62.8 per cent (₹ 1252 crore) from ₹ 1993 crore in 2009-10 to ₹ 3245 crore in 2010-11. The increase was mainly due to increase in expenditure under the accounts heads; 'Roads and Bridges' (₹ 570 crore), 'Co-operation' (₹ 167 crore), 'Ports and Light Houses' (₹ 116 crore) and 'Housing' (₹ 80 crore). This was partly offset by decrease in expenditure under 'Water Supply and Sanitation' (₹ 86 crore).

Table 1.14: Efficiency of expenditure in selected Social and Economic Services*(in per cent)*

Social/Economic Infrastructure	2009-10			2010-11		
	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	0.4	87.3	...	0.7	86.1	0.1
Health and Family Welfare	3.7	74.8	0.1	4.8	75.8	0.7
Water Supply, Sanitation, Housing and Urban Development	15	3.6	2.5	16.6	3.4	2.6
Total (SS)	3.2	63.4	0.8	3.8	62.8	1.0
Economic Services (ES)						
Agriculture and Allied Activities	8.1	31.8	0.4	13.7	29.4	0.7
Irrigation and Flood Control	46.6	50.1	49.5	47.2	49.4	46.8
Power and Energy	..	0.3		--	0.1	
Transport	43.2	12.9	34.7	64.6	19.9	37.5
Total (ES)	26.0	26.7	12.1	36.0	28.1	10.2
Total (SS+ES)	11.4	52.8	4.1	15.9	53.6	3.4

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

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

During the current year, the ratio of capital expenditure to total expenditure under Social Services increased to 3.8 per cent from 3.2 per cent in the previous year. The increase was mainly due to assigning more priority to capital expenditure under 'Water Supply, Sanitation, Housing and Urban Development' where capital expenditure as a percentage of total expenditure increased from 15 per cent to 16.6 per cent and under 'Health & Family Welfare' where the ratio of capital expenditure to total expenditure increased from 3.7 to 4.8 per cent. The percentage of capital expenditure to total expenditure under Economic Services increased from 26 per cent in 2009-10 to 36 per cent in 2010-11. The higher priority of capital expenditure under Economic Services was mainly under 'Agriculture & Allied Activities' and 'Transport' where capital expenditure as a percentage of total expenditure increased from 8.1 per cent and 43.2 per cent to 13.7 per cent and 64.6 per cent respectively.

The share of salaries and wages in revenue expenditure under Social Services decreased from 63.4 per cent in 2009-10 to 62.8 per cent in 2010-11. But the share of salaries and wages in revenue expenditure under Economic Services increased from 26.7 per cent in 2009-10 to 28.1 per cent in 2010-11.

1.5.3 Overstatement/understatement of expenditure affecting quality of expenditure

Some types of transactions in Government accounts such as keeping of funds in deposit/treasury savings bank/public sector bank accounts after drawal from the Consolidated Fund, refunds of funds relating to earlier years, etc. would have the effect of overstatement or understatement of expenditure of the relevant years thus affecting the quality of expenditure. The following instances have come to the notice of audit.

- Out of ₹ 28.92 crore booked under the major head '2810-New and Renewable Energy', ₹ 23.14 crore amounting to 80 per cent of the expenditure was drawn on the last day of the financial year. The

amount was seen credited to treasury savings bank accounts and treasury public account of the Agency for Non-Conventional Energy and Rural Technology. Thus the expenditure under the Major Head '2810' for the year 2010-11 was overstated by ₹ 23.14 crore.

- The Director of Scheduled Castes Development refunded ₹ 6.99 crore under the head '2225-01-911' in May 2010. The amount was the unspent balance out of amounts drawn during 2009-10 for payment of scholarships to students.

1.6 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government 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 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.

1.6.1 Financial results of irrigation works

In the case of eight irrigation projects, which have been declared commercial, with a cumulative capital outlay of ₹ 123.42 crore as on 31 March 2011, the revenue realised from them during 2010-11 was ₹ 1.18 crore which was less than one *per cent* of the total outlay. After considering the working and maintenance expenses of ₹ 31.69 crore and interest charges of ₹ 10.99 crore, these projects suffered a net loss of ₹ 41.50 crore.

1.6.2 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31 March 2011 is given in **Table 1.15**.

Table 1.15: Status of incomplete projects in the State

(₹ in crore)

Sl. No	Name of the department/project	No. of incomplete projects/ works	Initial budgeted cost	Revised cost of projects	Cost over-run	Cumulative actual expenditure as on 31 March 2011
1.	Water Resources Department – (Irrigation project)	32 works (in eight projects)	87.25	586.21 (23 works)	515.75 (23 works)	466.93
2.	Water Resources Department – (Irrigation and Minor Irrigation Works)	39	80.14	41.13 (18 works)	9.85 (18 works)	40.25
3.	Public Works Department – (Roads and Bridges)	95	344.01	121.39 (24 works)	37.29 (24 works)	259.84
4.	Public Works Department – (Buildings)	56	152.50	56.49 (16 works)	19.14 (16 works)	86.19
5.	Harbour Engineering Department	19	219.82	90.82 (5 works)	44.99 (5 works)	263.84
	Total	241	883.72	896.04 (86 works)	627.02	1117.05

Source: Appendix X of Finance Accounts 2010-11

According to information included in the Finance Accounts, 241 projects/works on which an expenditure of ₹ 1117.05 crore was incurred up to March 2011 were not completed at the end of March 2011 though the stipulated period of completion was over. Further, of the 241 incomplete projects/works, the original cost of 86 projects/works was revised by the Government which resulted in cost overrun amounting to ₹ 627.02 crore as on 31 March 2011. The reasons attributed by the departments for the slow implementation of projects/works were paucity of funds, shortage of technical staff, delay in getting land, changes in alignment, delays in sanctioning revised estimates, court cases, etc.

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

1.6.3 Investment and returns

As of 31 March 2011, the State Government had invested ₹ 3,807.52 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (Table 1.16). The average return on these investments was 1.3 *per cent* in the last five years while the Government paid an average interest rate ranging from 7.3 *per cent* to 8.4 *per cent* on its borrowings during 2006-2011.

Table 1.16: Return on investments

Investment/Return/Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year (₹ in crore)	2392.03	2483.99	3153.10	3328.25	3807.52
Return (₹ in crore)	30.17	28.63	33.53	27.29	75.46
Return (<i>per cent</i>)	1.3	1.2	1.1	0.8	2.0
Average rate of interest on Government borrowing (<i>per cent</i>)	8.4	7.9	7.5	7.5	7.3
Difference between interest rate and return (<i>per cent</i>)	7.1	6.7	6.4	6.7	5.3

Source: Finance Accounts of the State Government

During 2010-11, the State Government invested ₹ 49.91 crore in Statutory Corporations, ₹ 218.74 crore in Government Companies and ₹ 235.22 crore in Co-operative Banks and Societies. Two Statutory Corporations and 58 Government Companies with aggregate Government investments of ₹ 1623 crore were incurring losses and their accumulated losses amounted to ₹ 3406.81 crore as per the latest accounts furnished by these Companies. Of the loss-making Companies, six Companies with an investment of ₹ 13.42 crore up to 31 March 2011 were under liquidation and one Company with an investment of ₹ 1.35 crore was under lockout from June 1993.

Nine major Companies which had accumulated profits as per the latest accounts furnished by them are listed in Table 1.17.

Table 1.17: Major profit making companies

(₹ in crore)

Sl. No	Name of Government Company	Accounts for the year ended	Accumulated profit
1.	Kerala State Electricity Board	2009-10	1486.18
2.	The Kerala Minerals and Metals Limited	2010-11	290.91
3.	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	2009-10	330.89
4.	Malabar Cements Limited	2009-10	126.42
5.	The Kerala State Financial Enterprises Limited	2009-10	147.87
6.	The Rehabilitation Plantations Limited	2010-11	107.12
7.	The Kerala Agro-Machinery Corporation Limited.	2009-10	74.46
8.	The Plantation Corporation of Kerala Limited	2010-11	120.84
9.	Kerala State Industrial Development Corporation Limited	2010-11	97.42

Source: Annexure 2 of Audit Report (Commercial) for the year ended 31 March 2011

1.6.4 Departmentally managed Commercial Undertakings

Activities of quasi-commercial nature are performed by certain Government departments. There were three¹² departmental commercial undertakings in the State as of March 2011. The department-wise position of the investments made by the Government up to the year for which *pro forma* accounts were finalised, net profit/loss as well as return on capital invested in these undertakings are given in **Appendix 1.7**. The following was observed:

- An amount of ₹ 183.43 crore had been invested by the State Government in these undertakings at the end of the financial year up to which their accounts were finalised.
- One undertaking, viz., the Kerala State Insurance Department earned a net profit of ₹ 11.41 crore against the capital of ₹ 3.18 crore invested by the Government.
- Two loss-making undertakings viz. State Water Transport Department and Text Book Office were incurring losses continuously for more than five years.
- The accumulated losses of the State Water Transport Department were ₹ 150.66 crore as against the total investment of ₹ 158.99 crore.

In view of the heavy losses in the State Water Transport Department and in the Text Book Office, the Government should review their working.

1.6.5 Loans and advances by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing loans and advances to many institutions/organisations. **Table 1.18** presents the outstanding loans and advances as on 31 March 2011 and interest receipts *vis-à-vis* interest payments during the last five years.

¹² Kerala State Insurance Department, Text Book Office and State Water Transport Department

Table 1.18: Average interest received on loans advanced by the State Government
(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Opening balance	5,431	5,562 ¹³	6,280 ¹⁴	6910 ¹⁵	7749
Amount advanced during the year	349	893	984	877	762
Amount repaid during the year	66	45	36	38	44
Closing balance	5,714	6,410	7228	7749	8467
Net addition	283	848	948	839	718
Interest receipts	28	51	48	46	54
Interest receipts as a percentage of outstanding loans and advances	0.5	0.9	0.7	0.6	0.7
Interest payments as a percentage of outstanding fiscal liabilities of the State Government	8.4	7.9	7.5	7.5	7.3
Difference between interest payments and interest receipts (<i>per cent</i>)	(-) 7.9	(-) 7.0	(-) 6.8	(-) 6.9	(-) 6.6

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31 March 2011 increased by ₹ 718 crore compared to those of the previous year. The major disbursement of loans during the current year was mainly to the Kerala State Road Transport Corporation (₹ 160 crore), to the Kerala State Co-operative Agricultural and Rural Development Bank Limited (₹ 126 crore) and to the Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹ 99 crore). Interest received against these loans remained less than one *per cent* during the period 2006-07 to 2010-11 and was 0.7 *per cent* during 2010-11 as against the cost of borrowing of 7.3 *per cent* during the year.

1.6.6 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 1.19**.

Table 1.19: Cash balances and investment of cash balances
(₹ in crore)

Particulars	As on 1 April 2010	As on 31 March 2011	Increase/ Decrease(-)
Cash balances	4388.26	5059.73	671.47
Investments from cash balances (a + b)	3230.42	3517.46	287.04
a. GOI Treasury Bills	3219.94	3506.98	287.04
b. GOI Securities	10.48	10.48	...
Fund-wise break-up of investments from earmarked balances (a to d)	1097.23	1480.74	383.51
a. Reserve funds bearing interest	...	...	...
b. Reserve funds not bearing interest	1097.23	1480.74	383.51

¹³ Difference of ₹ 152.42 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2007-08.

¹⁴ Difference of ₹ 130.26 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnotes b, d and e of Statement 5 of the Finance Accounts 2008-09.

¹⁵ Difference of ₹ 317.93 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.

Particulars	As on 1 April 2010	As on 31 March 2011	Increase/ Decrease(-)
c. Deposit bearing interest	...	...	...
d. Deposit not bearing interest	...	...	...
Interest realised during the year on investment of cash balances	95.21	106.58	11.37

Source: Finance Accounts of the State Government

- The cash balance as on 31 March 2011 increased by ₹ 671.47 crore over the previous year.
- The interest realised during the year on investment of cash balances increased by ₹ 11.37 crore as compared to the previous year.

1.6.6.1 Outstanding balances under the head 'Cheques and Bills'

This head is an intermediary accounting head for initial record of transactions which are to be cleared eventually. 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 uncashed cheques.

As on 31 March 2011, there was an outstanding balance (cumulative) of ₹ 1207.72 crore and to this extent, the Government cash balance stood overstated.

1.7 Assets and Liabilities

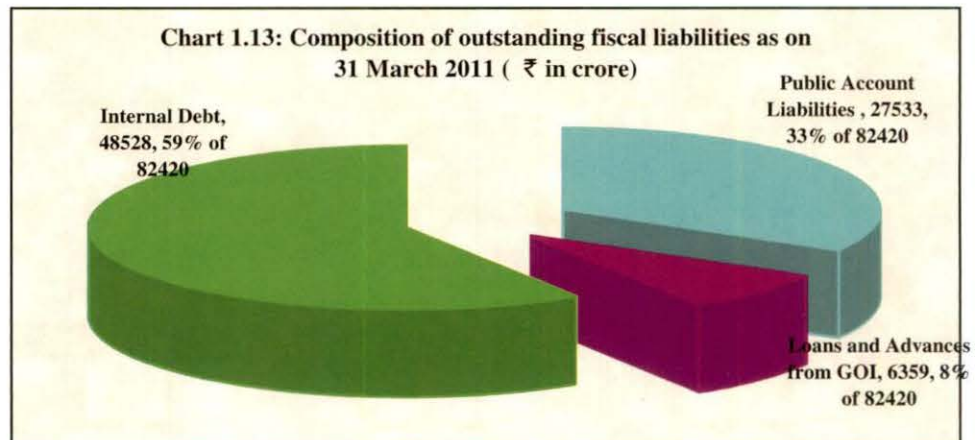
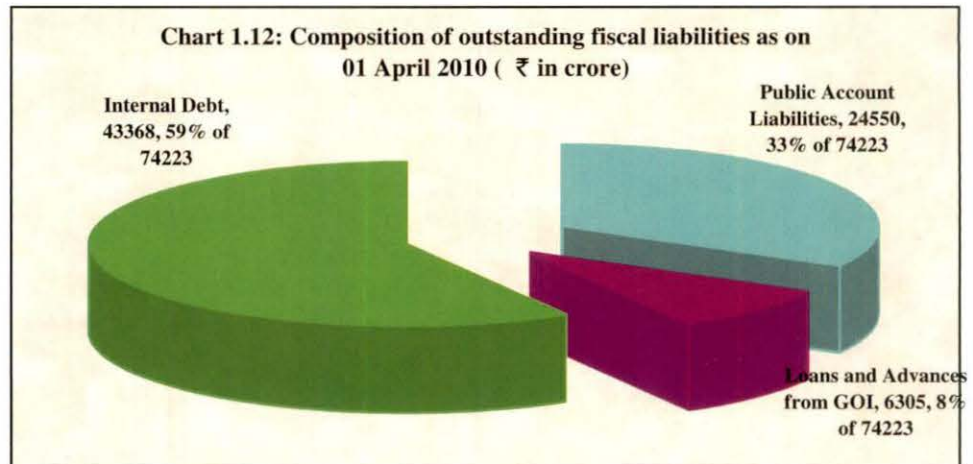
1.7.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and assets as on 31 March 2011, compared with the corresponding position as on 31 March 2010. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GOI, receipts from the Public Account and Reserve Funds, the assets mainly comprise the capital outlay and loans and advances given by the State Government and its cash balances.

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

1.7.2 Fiscal liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.5**. The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.12** and **1.13**.



The overall fiscal liabilities of the State increased from ₹ 74223 crore in 2009-10 to ₹ 82420 crore in 2010-11, a growth rate of 11 *per cent*. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. As at the end of March 2011, the Consolidated Fund liabilities (₹ 54887 crore) comprised Market Loans (₹ 30744 crore), Loans from the Government of India (₹ 6359 crore) and Other Loans (₹ 17784 crore). The Public Account liabilities (₹ 27533 crore) comprised Small Savings, Provident Funds, etc., (₹ 23786 crore)¹⁶, interest bearing obligations (₹ 38 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹ 3709 crore). The fiscal liabilities which were 32.2 *per cent* of GSDP in 2009-10 decreased to 31.1 *per cent* of GSDP in 2010-11. These liabilities stood at 2.7 times the revenue receipts at the end of 2010-11 compared to 2.8 times at the end of 2009-10. The Thirteenth Finance Commission recommended that the debt stock of the States should be reduced to less than 30 *per cent* of GSDP by 2014-15. In order to achieve this target, the State Government may consider adopting a well-planned strategy to review the stock of fiscal liabilities.

¹⁶ This includes liabilities from the Treasury Savings Bank Account (₹ 4348 crore) and Treasury Fixed Deposits (₹ 6043 crore)

The overall fiscal liabilities of the State include balance under Reserve Funds amounting to ₹ 1801.79 crore (as on 31 March 2011). The details in respect of two of the reserve funds are given in succeeding paragraphs:

(a) State Disaster Response Fund

The State Disaster Response Fund (SDRF) has been set up from 1 April 2010 replacing the existing Calamity Relief Fund. The size of the Fund for Kerala for the year 2010-11 fixed by the Thirteenth Finance Commission was ₹ 131.08 crore, 75 per cent of which was to be contributed by the Central Government and 25 per cent by the State Government. During the year the Central and the State Governments contributed their share. In addition ₹ 12.78 crore received from the National Disaster Response Fund and ₹ 9.99 crore towards additional contribution made by the State Government were credited to SDRF. As on 31 March 2011, the balance in SDRF was ₹ 37.56 crore after setting off the expenditure for disaster relief operations.

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 during 2010-11.

(b) Consolidated Sinking Fund

The State Government had set up a Consolidated Sinking Fund 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. 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 ₹ 339.59 crore during 2010-11 to the Consolidated Sinking Fund. However, the State Government contributed only ₹ 275 crore to the Fund, which resulted in a shortfall of ₹ 64.59 crore during the year. As on 31 March 2011, the outstanding balance in the Sinking Fund was ₹ 1473.67 crore.

1.7.3 Status of guarantees – contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by borrowers for whom the guarantees have been extended. Section 3 of the Kerala Ceiling on Government Guarantees Act, 2003 which came into effect on 5 December 2003 stipulates that the total outstanding Government Guarantees as on the first day of April every year shall not exceed ₹ 14,000 crore. As per Section 6 of the Act, 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 ₹ 442.94 crore collected during 2003-04 to 2010-11 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.

The maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2006-07 are given in **Table 1.20**.

Table 1.20: Guarantees given by the Government of Kerala

Guarantees	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Maximum amount guaranteed	12646.70	14871.08	11385.54	10,225.78	12625.07
Outstanding amount of guarantees	9405.33	8317.34	7603.32	7495.00	7425.79
Percentage of maximum amount guaranteed to total revenue receipts	70	70	46	39	41
Criteria as per Kerala Ceiling on Government Guarantees Act, 2003 (Outstanding amount of guarantees as on the first day of April)	14,000	14,000	14,000	14,000	14,000

Source: Finance Accounts of the State Government

The outstanding guarantees at the end of the past five years i.e. 2006-11 ranged between ₹ 7,426 crore and ₹ 9,405 crore, which were well within the ceiling prescribed by the Kerala Ceiling on Government Guarantees Act.

The arrears of guarantee commission receivable as of March 2011 were ₹ 231.90 crore.

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability¹⁷ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁸; sufficiency of non-debt receipts¹⁹; net availability of borrowed funds²⁰; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State

¹⁷ 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.

¹⁸ 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 rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, their debt-GSDP ratio would be constant or their debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling.

¹⁹ 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.

²⁰ 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.

Government securities. **Table 1.21** analyses the debt sustainability of the State according to these indicators for the period of four years beginning from 2007-08.

Table 1.21: Debt sustainability: indicators and trends

(₹ in crore)

Indicators of Debt Sustainability	2007-08	2008-09	2009-10	2010-11
Debt Stabilisation (Quantum Spread + Primary Deficit)	1360	2555	2113	3823
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 2278	(-) 247	(-) 1525	141
Net Availability of Borrowed Funds	1629	3334	2834	2507
Burden of Interest Payments (Interest Payment/Revenue Receipts <i>percent</i>)	21	19	20	18
Maturity Profile of debt				
Up to one year	1.65	1.59	1587.67 (3.2)	2566.98 (4.7)
One to three years	4913.86 (12.4)	5852.42 (13.1)	4503.59 (9.1)	5205.33 (9.5)
Three to five years	4863.95 (12.3)	5349.27 (11.9)	5215.70 (10.5)	6260.17 (11.4)
Five to seven years	5447.94 (13.8)	6241.10 (13.9)	6786.36 (13.7)	9314.78 (17.0)
Seven years and above	23385.70 (59.1)	26576.50 (59.3)	27363.90 (55.1)	28162.37 (51.3)
Information not furnished by State Government	938.69 (2.4)	801.97 (1.8)	4216.09 (8.4)	3377.55 (6.1)

Figures in parentheses indicate the percentage to total State debt

Source: Finance Accounts of the State Government

During 2007-08 to 2010-11, the quantum spread together with primary deficit was positive, indicating a declining trend in Debt-GSDP ratio. The resource gap (sufficiency of non-debt receipts) was negative during the period 2007-10 which showed that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. However in 2010-11, the resource gap turned positive indicating sufficient capacity of the State to sustain the debt. During 2010-11, the net availability of borrowed funds after providing interest and repayment of principal decreased to ₹ 2507 crore from ₹ 2834 crore in 2009-10. This showed that a larger part of the borrowings was being used for debt redemption (including interest), leaving only a small portion of the borrowed funds to be spent for developmental activities.

The maturity profile of State debt indicates that the Government will have to repay 37.9 *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.

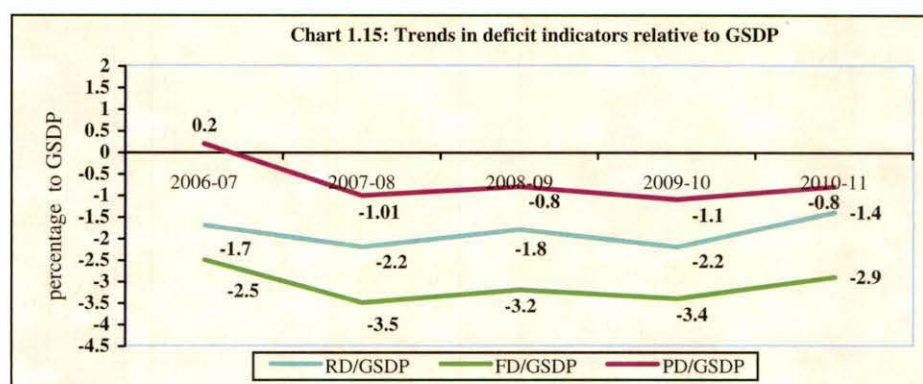
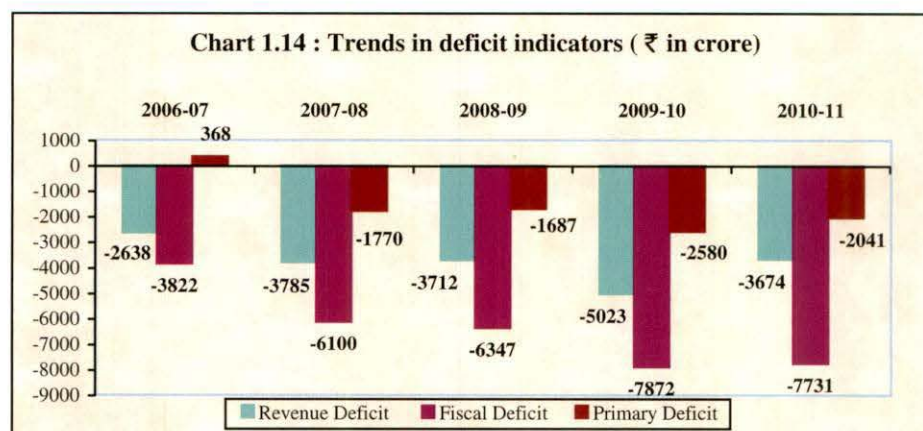
1.9 Fiscal Imbalances

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

assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under the Fiscal Responsibility Act/Rules for the financial year 2010-11.

1.9.1 Trends in deficits

Charts 1.14 and 1.15 presents the trends in deficit indicators over the period 2006-11.



The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts showed inter-year variations during 2006-11. It increased steadily from ₹ 2638 crore in 2006-07 to ₹ 5023 crore in 2009-10 except for a slight decrease in 2008-09. However, it decreased sharply to ₹ 3674 crore in 2010-11. The decrease of 26.9 *per cent* in revenue deficit during the current year compared to the previous year was due to the growth rate of 18.7 *per cent* in revenue receipts compared to the growth rate of 11.3 *per cent* in revenue expenditure.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased steadily from ₹ 3822 crore in 2006-07 to ₹ 7872 crore in 2009-10 but decreased to ₹ 7731 crore in 2010-11. Decrease in revenue deficit (₹ 1349 crore), decrease in non-debt capital receipts (₹ 18 crore) and increase in capital expenditure (₹ 1305 crore) and decrease in disbursement of loans and advances (₹ 115 crore) during the year led to decrease in fiscal deficit by ₹ 141 crore during the year over the previous year.

As a proportion of GSDP, the revenue deficit decreased to 1.4 per cent and the fiscal deficit to 2.9 per cent in 2010-11 from 2.2 per cent and 3.4 per cent in 2009-10. The Medium Term Fiscal Plan for the years 2010-11 to 2012-13 envisaged a revenue deficit target of 1.48 per cent of GSDP and a fiscal deficit target of 3.49 per cent of GSDP for the year 2010-11. The achievement with regard to revenue and fiscal deficit was better than the targets fixed in the Medium Term Fiscal Plan.

Primary deficit decreased from ₹ 2580 crore in 2009-10 to ₹ 2041 crore in 2010-11. Decrease in revenue deficit, fiscal deficit and primary deficit indicate the improved fiscal position of the State during 2010-11.

1.9.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.22**. Receipts and disbursements under the components of financing the fiscal deficit during 2010-11 are given in **Table 1.23**

Table 1.22: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2006-07	2007-08	2008-09	2009-10	2010-11
Decomposition of fiscal deficit						
1	Revenue deficit	2638	3785	3712	5023	3674
2	Net capital expenditure	901	1467	1687	2010	3339
3	Net loans and advances	283	848	948	839	718
Total fiscal deficit		3822	6100	6347	7872	7731
Financing pattern of fiscal deficit*						
1	Market borrowings	1786	3634	4782	4710	4770
2	Loans from Government of India	(-) 46	161	476	297	54
3	Special Securities Issued to National Small Savings Fund	2177	107	(-) 102	(-) 140	42
4	Loans from Financial Institutions	336	309	116	(-) 16	348
5	Small Savings, PF etc	(-) 306	1324	2589	2849	2490
6	Deposits and Advances	428	492	132	437	469
7	Suspense and Miscellaneous	319	118	(-) 85	370	(-) 197
8	Remittances	(-) 4	49	23	57	27
9	Others	(-) 43	(-) 160	72	(-) 31	399
10	Total (1 to 9)	4647	6034	8003	8533	8402
11	Increase (-)/Decrease (+) in Cash Balance	(-) 825	66	(-) 1656	(-) 661	(-) 671
12	Overall deficit	3822	6100	347	7872	7731

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

Source: Finance Accounts of the State Government

Table 1.23: Receipts and disbursements under components financing the fiscal deficit during 2010-11

		(₹ in crore)		
Particulars		Receipt	Disbursement	Net
1	Market borrowings	5500	730	4770
2	Loans from Government of India	362	308	54
3	Special Securities Issued to National Small Savings Fund	390	348	42
4	Loans from Financial Institutions	938	590	348
5	Small Savings, PF etc	16686	14196	2490
6	Deposits and Advances	5638	5169	469
7	Suspense and Miscellaneous	42747	42944	(-) 197
8	Remittances	8132	8105	27
9	Others	577	178	399

	Particulars	Receipt	Disbursement	Net
10	Total (1 to 9)	80970	72568	8402
11	Increase (-)/Decrease (+) in Cash Balance			(-) 671
12	Overall deficit			7731

Source: Finance Accounts of the State Government

During 2006-07 market borrowings and special securities issued to National Small Savings Fund financed a major part of the fiscal deficit. However, during 2007-08 to 2010-11, the special Securities issued to National Small Savings Fund showed a declining trend and the fiscal deficit was financed mainly by market borrowings, provident funds and small savings. The net accretions from other sources in the Public Account such as deposits, suspense, remittance, etc., was also utilised to finance the fiscal deficit.

During 2010-11, the State Government raised ₹ 5500 crore as market loans at an average interest rate of 8.4 per cent and ₹ 389.44 crore from special securities issued to NSSF at an interest rate of 9.50 per cent. The State Government also received loans amounting to ₹ 414.68 crore from NABARD at an average interest rate of 7.5 per cent, ₹ 440 crore from LIC at an interest rate of 9.5 per cent and ₹ 83.39 crore from NCDC at interest rates ranging from 9.75 to 11.75 per cent during 2010-11. The State Government also received loans amounting to ₹ 361.40 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 2010-11, the State Government received ₹ 10344.07 crore as deposits through Treasury Saving Bank accounts at an average interest rate of 5 per cent and ₹ 2666.20 crore as Treasury Fixed Deposits at interest rates ranging from 7.25 per cent and 9.5 per cent. The outstanding amount of such deposits as on 31 March 2011 was ₹ 10410.34 crore.

1.9.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.24**) 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 1.24: 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)
2006-07	18255	16635	903	349	17887	(+) 1620	(+) 368
2007-08	21160	20562	1475	893	22930	(+) 598	(-) 1770
2008-09	24557	23564	1696	984	26244	(+) 993	(-) 1687
2009-10	26,196	25,840	2,059	877	28,776	(+) 356	(-) 2580
2010-11	31060	28975	3364	762	33101	(+) 2085	(-) 2041

Source: Finance Accounts of the State Government

Bifurcation of the factors leading to primary deficit or surplus of the State reveals that the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary revenue expenditure²¹ requirements during 2006-11. However, the surplus non-debt receipts were not enough to meet the expenditure requirements under the capital account during the period 2006-11 except during 2006-07, which resulted in the primary deficit. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which to some extent may be desirable to improve the productive capacity of the State's economy.

1.10 Conclusion

Oversight of funds transferred directly from the GOI to the State implementing agencies: The Government of India directly transferred ₹ 2163.91 crore to State implementing agencies during the year. Direct transfer of funds from the Government of India to the State implementing agencies ran the risk of inadequate monitoring of utilisation of funds by these agencies in the absence of uniform accounting policies and effective monitoring system (**Para 1.2.2**).

Pattern of Revenue and Expenditure: Revenue receipts during the year increased by 18.7 per cent over the previous year as against 6.5 per cent during the previous year. The high growth rate was mainly due to growth rate of 23.2 per cent in States' own tax revenue compared to 10.2 per cent during the previous year (**Para 1.3**).

The expenditure pattern of the State reveals that as a percentage of total expenditure the revenue expenditure declined to 89 per cent during the year from 91 per cent during the previous year whereas capital expenditure increased to nine per cent from six per cent of the previous year. Non-Plan Revenue Expenditure at ₹ 30469 crore exceeded the normative assessment made by the Thirteenth Finance Commission (₹ 28349 crore) by 7.5 per cent (**Para 1.4.1**). The committed expenditure on salary and wages, pensions, interest payments and subsidies constituted 75 per cent of revenue receipts during 2010-11, a decrease of three percentage points compared to the previous year. Such an improvement may be difficult in the coming years after implementation of the recommendations of the Ninth State Pay Commission (**Para 1.4.2**).

²¹ Primary revenue expenditure represents revenue expenditure less expenditure on interest.

Capital expenditure during the year constituted nine *per cent* of the total expenditure and increased by 63.3 *per cent* over the previous year. However, proportion of expenditure spent on capital was much lower as compared to General Category States (**Paras 1.4.1 and 1.5.1**).

Review of Government investments: The average return on the Government's investment in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives was 1.3 *per cent* in the last five years while Government paid an average interest rate ranging from 7.3 *per cent* to 8.4 *per cent* on its borrowings during this period (**Para 1.6.3**).

Prudent Cash Management: The cash balance of the State as on 31 March 2011 increased to ₹ 5059.73 crore from ₹ 4388.26 crore as on 31 March 2010. The interest realised during the year on investment of the cash balance increased as compared to the previous year (**Para 1.6.6**).

Debt Management: Fiscal liabilities at the end of the current year worked out to ₹ 82,420 crore and stood at 31.1 *per cent* of GSDP (**Para 1.7.2**). During 2010-11 the quantum spread together with primary deficit and the resource gap were positive indicating a declining trend in Debt-GSDP ratio and capacity of the State to sustain the debt (**Para 1.8**).

Deficits: All the key fiscal parameters, i.e., revenue, fiscal and primary deficits indicated a declining trend in 2010-11 when compared to the previous year. The revenue, fiscal and primary deficits decreased from ₹ 5023 crore, ₹ 7872 crore and ₹ 2580 crore in 2009-10 to ₹ 3674 crore, ₹ 7731 crore and ₹ 2041 crore respectively in 2010-11. The ratio of revenue deficit to fiscal deficit decreased from 63.8 *per cent* in 2009-10 to 47.5 *per cent* in 2010-11 (**Appendix 1.5**). As a proportion of GSDP, the revenue deficit decreased to 1.4 *per cent* and the fiscal deficit to 2.9 *per cent* in 2010-11 from 2.2 *per cent* and 3.4 *per cent* in 2009-10. The achievement with regard to revenue and fiscal deficit was better than the targets fixed in the Medium Term Fiscal Plan (**Para 1.9.1**).

1.11 Recommendations

The Government should:

- set up a mechanism to monitor the utilisation of funds directly received by the implementing agencies of the State Government from the Government of India.
- enhance the proportion of expenditure on economic and capital sectors in order to create the much needed assets to stimulate growth;
- take steps to ensure better value for money in investments. Otherwise, high-cost borrowed funds will continue to be invested in projects with low financial returns. Projects which are justified on account of low financial but high socio-economic returns may be identified and prioritized with full justification for channeling high-cost borrowings there;
- review the performance of State Public Sector Undertakings which are incurring huge losses and a revival strategy should be worked out for

those undertakings which can be made viable. Undertakings which are not viable may be closed down;

- adopt a well-planned strategy to review the stock of fiscal liabilities in order to adhere to the target of reducing it to less than 30 *per cent* of GSDP by 2014-15 set by the Thirteenth Finance Commission;
- use borrowed funds as far as possible only for creation of assets and revenue expenditure should be met fully from revenue receipts and
- take measures to increase tax compliance, collection of revenue arrears and pruning the unproductive expenditure to eliminate the deficit as recommended by the Thirteenth Finance Commission.

CHAPTER II

Financial Management and Budgetary Control

CHAPTER II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.1.3 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 'Demand 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 estimating revenue and anticipating 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 larger nor smaller. 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 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 2010-11 against 47 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(-)/ Excess(+)
Voted					
I Revenue	28915.55	2951.46	31867.01	29160.78	(-) 2706.23
II Capital	4081.39	1067.96	5149.35	3332.00	(-) 1817.35
III Loans and Advances	834.09	376.64	1210.73	761.74	(-) 448.99
Total Voted	33831.03	4396.06	38227.09	33254.52	(-) 4972.57
Charged					
IV Revenue	6193.85	4.72	6198.57	6096.94	(-) 101.63
V Capital	72.82	12.64	85.46	47.83	(-) 37.63
VI Public Debt Repayment	12351.10	...	12351.10	1975.03	(-) 10376.07
Total Charged	18617.77	17.36	18635.13	8119.80	(-) 10515.33
Appropriation to Contingency Fund (if any)	...	...	...	...	...
Grand Total	52448.80	4413.42	56862.22	41374.32²²	(-) 15487.90

Source: Appropriation Accounts 2010-11

The overall savings of ₹ 15,487.90 crore was the result of savings of ₹ 15,488.05 crore in 44 grants and 21 appropriations under the Revenue Section and 26 grants and eight appropriations under the Capital Section, offset by excess of ₹ 0.15 crore in one grant and two appropriations under the Capital Section.

The status of savings/excess (as per Appropriation Accounts) was intimated (July 2011) to the Controlling Officers, requesting them to explain the significant variations. Out of 1169 sub-heads in respect of which savings/excess were reported, explanations for variations were not received (August 2011) in respect of 896 sub-heads.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The appropriation audit revealed that in 16 cases, savings exceeded ₹ 10 crore in each case and were also more than 20 per cent of the total provisions (Appendix 2.1). Against the total savings of ₹ 13584.08 crore, savings of ₹ 13449.10 crore (99 per cent) occurred in eleven cases²³ relating to 10 grants and one appropriation as indicated in Table 2.2.

²² These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure (revenue: ₹ 592.91 crore and capital: ₹ 16.14 crore, Total: ₹ 609.05 crore)

²³ Savings of ₹ 50 crore and above in each case.

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

(₹ in crore)									
Sl. No.	Number and name of Grant/Appropriation	Original	Supplementary	Total	Expenditure	Savings	Surrender	Net savings (-)/ excess (+)	
Revenue (Voted)									
1.	XIV Stationery and Printing and Other Administrative Services	206.53	51.04	257.57	202.33	55.24	51.76	(-) 3.48	
2.	XX Water Supply and Sanitation	598.58	53.44	652.02	388.87	263.15	158.31	(-) 104.84	
3.	XXI Housing	154.73	13.76	168.49	98.42	70.07	64.28	(-) 5.79	
4.	XXII Urban Development	932.17	5.00	937.17	374.13	563.04	533.15	(-) 29.89	
5.	XXXVI Community Development	285.46	75.01	360.47	263.51	96.96	92.34	(-) 4.62	
Capital (Voted)									
6.	XV Public Works	2470.53	188.45	2658.98	1472.84	1186.14	720.56	(-) 465.58	
7.	XX Water Supply and Sanitation	657.00	...	657.00	212.53	444.47	447.18	(+) 2.71	
8.	XXIX Agriculture	115.72	11.19	126.91	49.62	77.29	69.11	(-) 8.18	
9.	XXXVIII Irrigation	303.63	162.57	466.20	261.55	204.65	130.91	(-) 73.74	
10.	XLI Transport	260.27	182.00	442.27	330.25	112.02	95.92	(-) 16.10	
Capital (Charged)									
11.	Public debt repayment	12351.10	...	12351.10	1975.03	10376.07	10373.27	(-) 2.80	
Total		18335.72	742.46	19078.18	5629.08	13449.10	12736.79	(-) 712.31	

Source: Appropriation Accounts 2010-11

Savings exceeding ₹ 100 crore in each case are discussed below :

i) Grant No. 'XX-Water Supply and Sanitation' (Revenue-Voted)

The grant closed with a savings of ₹ 263.15 crore which included supplementary provision of ₹ 53.44 crore. Further, augmentation of funds (₹ 53.44 crore) through supplementary grants proved unnecessary as the total expenditure of ₹ 388.87 crore was less than even the original provision of ₹ 598.58 crore. Savings occurred mainly under the heads '2215 Water Supply and Sanitation, 01-Water Supply, 190-Assistance to Public Sector and Other Undertakings, 99-Grant-in-aid to the Kerala Water Authority' (₹ 68.00 crore) due to release of Government of India's share towards Technology Mission Schemes and Accelerated Rural Water Supply Schemes direct to the Kerala Water Authority, '2215 Water Supply and Sanitation, 01-Water Supply, 800-Other Expenditure, 61-New drinking water supply schemes at Kumarakom and Parassala' (₹ 62.00 crore) due to slow progress of implementation of drinking water supply schemes, '2215-01-Water Supply', '800-Other Expenditure' below sub-heads '60-Special Package Against Recession in Kerala 2010-11' (₹ 20.00 crore); '58-Water Supply Scheme to Erumeli Panchayat' (₹ five crore) and '78-Manufacturing units for Bottled water' (₹ four crore) due to slow progress in implementation of schemes. Moreover, only 60 per cent (₹ 158.31 crore) of the total savings under this grant was surrendered.

ii) Grant Number 'XXII-Urban Development' (Revenue-Voted)

Against the original provision of ₹ 932.17 crore, the expenditure was only ₹ 374.13 crore resulting in a savings of ₹ 563.04 crore. Further, augmentation

of funds (₹ five crore) through supplementary grant proved unnecessary as the expenditure was less than even the original provision. Savings occurred mainly under the heads '2217-Urban Development, 80-General, 800-Other Expenditure, 91-Kerala Sustainable Urban Development Project' (₹ 208.67 crore) due to delay in implementation of the project on account of delay in getting various approvals from the State and Central level authorities; '2217-Urban Development, 05-Other Urban Development Schemes, 800-Other Expenditure, 89-Jawaharlal Nehru National Urban Renewal Mission' (₹ 191.10 crore) due to non-completion of tender formalities to undertake works under the Mission and '2217-Urban Development-03-Integrated Development of Small and Medium Towns, 191-Assistance to Municipal Corporations, 74-Urban Infrastructure Development Scheme for Small and Medium Towns' (₹ 78.76 crore) due to delay in acquisition of land.

iii) Grant No. 'XV-Public Works' (Capital-Voted)

The grant closed with savings of ₹ 1186.14 crore which included supplementary provision of ₹ 188.45 crore. In view of the final savings, the supplementary grant obtained in March 2011 could have been limited to a token amount. Further, out of the savings of ₹ 1186.14 crore only ₹ 720.56 crore (61 per cent) was surrendered. Major savings of ₹ 1143.45 crore occurred under '5054-Capital Outlay on Roads and Bridges-04-District and Other Roads, 337-Road Works, 83- Projects under anti-recession stimulus package – Public Works (Roads)' (₹ 397.33 crore); '5054-Capital Outlay on Roads and Bridges-04-District and Other Roads, 101-Bridges, 86-Projects under anti-recession stimulus package – Public Works (Bridges)' (₹ 398.10 crore); '5054-Capital Outlay on Roads and Bridges-04- District and Other Roads, 337-Road Works, 82 – Projects under anti recession stimulus package, one time maintenance of District and Village Roads' (₹ 226.86 crore) and '5054-04 District and Other Roads, 800-Other Expenditure, 89-Works having NABARD Assistance' (₹ 121.09 crore). The reasons for the savings have not been received (July 2011) from the department.

iv) Grant No. 'XX-Water Supply and Sanitation' (Capital-Voted)

The grant closed with savings of ₹ 444.47 crore against the original budget provision of ₹ 657 crore. The budget allotment under the head '6215-Loans for Water Supply and Sanitation, 01-Water Supply, 190-Loans to Public Sector and other undertakings, 98-Loans to the Kerala Water Authority for implementing Japan Bank for International Co-operation Assisted Water Supply Project' was injudiciously reduced from ₹ 600 crore to ₹ 96.46 crore through re-appropriation of ₹ 503.54 crore. However, the actual expenditure incurred was ₹ 99.17 crore resulting in excess expenditure of ₹ 2.71 crore.

v) Grant No. 'XXXVIII – Irrigation' (Capital-Voted)

The grant closed with savings of ₹ 204.65 crore which included supplementary provision of ₹ 162.57 crore. In view of the overall savings, the supplementary grant of ₹ 158.22 crore obtained in March 2011 proved wholly unnecessary as the expenditure (₹ 261.55 crore) did not even come upto the level of the original provision (₹ 303.63 crore). Savings of ₹ 46.89 crore occurred under the head '4711-Capital outlay on Flood Control Projects, 01-Flood Control, 103-Civil Works, 90-Kuttanad Package' due to non-release of second instalment of Central assistance.

vi) Grant No. 'XLI-Transport' (Capital -Voted)

Savings under the grant were ₹ 112.02 crore. Savings occurred under the sub-heads, '84-Priority Scheme under Thirteenth Finance Commission' (₹ 56.25 crore) and '86-Development of feeder canals connecting the National Water Way III' (₹ 40.00 crore) below '5075-Capital Outlay on Other Transport Services – 60- Others-800 Other Expenditure'. During 2008-09 and 2009-10 also the entire provision of ₹ 40 crore under the head '5075-60-800-86' remained unutilized which indicated improper scrutiny of budget proposals at various levels of Government.

vii) Public Debt Repayment (Capital-Charged)

Savings under the grant were ₹ 10376.07 crore. Major savings of ₹ 10375 crore occurred under '6003 Internal Debt of the State Government, 110 Ways and Means advances from the Reserve Bank of India' (₹ 10025 crore) and '6004 Loans and Advances from the Central Government, 06-Ways and Means Advances' (₹ 350 crore) due to non-availing of Ways and Means Advances from the Reserve Bank of India and Government of India during the year in view of the improved liquidity position of the State Finances.

2.3.2 Persistent savings

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

Table 2.3: Persistent savings

Sl. No.	Number and Name of Grant/Appropriation	Amount of saving (Percentage)		
		2008-09	2009-10	2010-11
(₹ in crore)				
Revenue Voted				
1	XXII Urban Development	148.16 (22)	531.22 (61)	563.04 (60)
Capital voted				
2	XVII Education, Sports, Art and Culture	30.05 (47)	37.71 (43)	22.31 (21)
3	XX Water Supply and Sanitation	241.00 (37)	545.73(51)	444.47 (68)
4	XXV Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	26.91 (44)	22.31 (37)	37.90 (34)
5	XXIX Agriculture	50.63 (62)	64.96 (64)	77.29 (61)
6	XXXI Animal Husbandry	3.72 (51)	2.97 (40)	8.63 (46)
7	XXXIV Forest	3.48 (20)	3.53 (21)	6.00 (30)
8	XXXVIII Irrigation	102.08 (33)	120.06 (34)	204.65 (44)
9	XLII Tourism	14.16 (45)	60.02 (79)	17.90 (34)
Capital Charged				
10	Public Debt Repayment	4920.56 (47)	9742.10 (80)	10376.07 (84)

Source: Appropriation Accounts 2008-09, 2009-10 and 2010-11

2.3.3 Excess over provision during 2010-11 requiring regularisation

The Appropriation Accounts disclosed excess expenditure of ₹ 15 lakh over the authorization from the Consolidated Fund of the State during 2010-11 in one grant and two appropriations. This excess expenditure of ₹ 15 lakh required regularization under Article 205 of the Constitution as summarized in **Table 2.4**.

Table 2.4: Excess over provision requiring regularisation during 2010-11

(₹ in lakh)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
Voted Grants – Capital				
1.	XII Police	1000.00	1014.00	14.00
Charged Appropriation-Capital				
2.	XXIX Agriculture	4.00	5.00	1.00
3.	XXXII Dairy ²⁴	..	..	..
Total Charged		1004.00	1019.00	15.00

Source: Appropriation Accounts of the State Government, 2010-11

2.3.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 333.59 crore for the years 1990-91 to 2009-10 was still to be regularised (December 2011) 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 2.2**.

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

(₹ in crore)

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
1990-91	1	...	0.36
1992-93	1	...	0.04
1995-96	1	...	21.12
1996-97	...	1	0.00 ²⁵
1997-98	1	...	3.92
1998-99	1	...	7.88
2000-01	1	...	14.66
2001-02	2	...	29.08
2003-04	3	...	128.61
2006-07	1	...	1.28
2008-09	5	1	103.57
2009-10	8	2	23.07
Total	25	4	333.59

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

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

2.3.5 Unnecessary/Excessive/Inadequate Supplementary provision

Supplementary provisions aggregating ₹ 1143.10 crore, obtained in 25 cases of ₹ 50 lakh or more in each case during the year, proved unnecessary as the

²⁴ The total appropriation, expenditure and excess expenditure relating to this appropriation were ₹ 471000, ₹ 471083 and ₹ 83 respectively.

²⁵ ₹ 32791 only.

expenditure did not come up to the level of the original provisions as detailed in **Appendix 2.3**.

In 31 cases, against the additional requirement of ₹ 2,218.02 crore, supplementary grants of ₹ 3,132.85 crore were obtained, resulting in savings exceeding ₹ one crore and above in each case, aggregating ₹ 914.83 crore (**Appendix 2.4**).

2.3.6 Excessive/unnecessary/insufficient 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. There were excesses/savings of more than ₹ two crore in 102 sub-heads even after re-appropriation as detailed in **Appendix 2.5**. Reasons for the variations were not furnished by the department/Government.

2.3.7 Substantial surrenders

Substantial surrenders (where more than 50 *per cent* of the total provision²⁶ were surrendered) were made in respect of 252 sub-heads on account of either non-implementation or slow implementation of plan schemes/programmes. Out of the total provision amounting to ₹ 2360.02 crore in these 252 sub-heads, ₹ 1802.65 crore (76 *per cent*) was surrendered which included *cent per cent* surrender in 53 sub-heads as indicated in **Appendix 2.6**.

2.3.8 Surrender in excess of actual saving

In 25 cases (grants) the amounts surrendered (₹ 50 lakh or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 789.17 crore, the amount surrendered was ₹ 870.47 crore, resulting in excess surrender of ₹ 81.30 crore. Details are given in **Appendix 2.7**.

2.3.9 Anticipated savings not surrendered

As per Para 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 2010-11, there were, however, six grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 128.05 crore (0.8 *per cent* of the total savings of ₹ 15488.05 crore) the details of which are given in **Appendix 2.8**.

Similarly, out of the total savings of ₹ 3954.62 crore under 27 grants/appropriations with savings of ₹ one crore and above in each grant/appropriation, amounts aggregating ₹ 1419.09 crore (36 *per cent* of savings) were not surrendered, details of which are given in **Appendix 2.9**. Besides, in 50 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 13793.53 crore (**Appendix 2.10**) was surrendered on the last two working days of March 2011, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

²⁶ Total provision refers to Original provision plus Supplementary provision.

2.3.10 Rush of expenditure at the end of financial year 2010-11

According to Para 91 (2) of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 46 sub-heads listed in **Appendix 2.11**, expenditure of ₹ 10 crore and above and also more than 50 per cent of the total expenditure for the year was incurred in March 2011. **Table 2.6** also presents the Major Heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.6: Cases of rush of expenditure towards the end of the financial year 2010-11
(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	4858 Capital Outlay on Engineering Industries	12.27	12.27	100.00	12.27	100.00
2	4860 Capital Outlay on Consumer Industries	35.79	35.79	100.00	35.79	100.00
3	7053 Loans for Civil Aviation	32.00	32.00	100.00	32.00	100.00
4	4055 Capital Outlay on Police	10.15	10.08	99.31	10.08	99.31
5	2551 Hill Areas	24.34	24.12	99.10	19.24	79.05
6	4515 Capital Outlay on Other Rural Development Programmes	22.49	22.00	97.82	21.27	94.58
7	5051 Capital Outlay on Ports and Light Houses	152.14	146.71	96.43	70.76	46.51
8	2801 Power	105.43	99.97	94.82	99.97	94.82
9	2810 New and Renewable Energy	28.92	26.64	92.12	26.36	91.15
10	4425 Capital Outlay on Co-operation	211.07	183.50	86.94	175.50	83.15
11	2217 Urban Development	373.84	310.11	82.95	246.84	66.03
12	4702 Capital Outlay on Minor Irrigation	27.18	21.54	79.25	16.06	59.09
13	2216 Housing	98.41	77.18	78.43	48.91	49.70
14	4225 Capital Outlay on Scheduled Castes, Scheduled Tribes and Other Backward Classes	72.38	54.98	75.96	27.89	38.53
15	5053 Capital Outlay on Civil Aviation	49.07	37.07	75.55	27.07	55.17
16	5452 Capital Outlay on Tourism	34.61	25.87	74.75	18.93	54.70
17	4405 Capital Outlay on Fisheries	83.98	55.03	65.53	44.64	53.16
18	6860 Loans for Consumer Industries	57.96	37.56	64.80	37.56	64.80
19	4059 Capital Outlay on Public Works	107.52	67.15	62.45	48.67	45.27
20	2245 Relief on Account of Natural Calamities	155.89	97.13	62.31	65.37	41.93
21	2405 Fisheries	207.74	127.41	61.33	117.83	56.72
22	2425 Co-operation	194.91	118.76	60.93	98.47	50.52
23	5054 Capital Outlay on Roads and Bridges	1408.11	843.24	59.88	751.87	53.40
24	2215 Water Supply and Sanitation	388.88	232.21	59.71	202.65	52.11
25	2501 Special Programmes for Rural Development	33.05	19.61	59.33	12.47	37.73
26	4210 Capital Outlay on Medical and Public Health	98.80	54.42	55.08	38.96	39.43
27	4215 Capital Outlay on Water Supply and Sanitation	113.36	59.00	52.05	29.00	25.58

Sl. No.	Major Head		Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2011	
				Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
28	2075	Miscellaneous General Services	606.25	315.39	52.02	239.90	39.57
29	4701	Capital Outlay on Medium Irrigation	109.78	56.57	51.53	31.17	28.39

2.3.11 Unexplained re-appropriations

Para 86 (3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy himself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as 'based on actual requirement', 'based on trend of expenditure', 'expenditure is less than that anticipated', etc. as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 grants issued by the Finance Department revealed that in respect of 559 out of 1835 items (30 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.

2.3.12 Drawal of funds to avoid lapse of budget grant

As per the provision of Article 40 (c) (7) of the Kerala Financial Code Volume I, a Government servant should not, on any account, reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in a 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. Funds provided in the budget are for actual expenditure to be incurred during the year and any unspent provision lapses at the close of the financial year. Audit scrutiny revealed that ₹ 307.57 crore was drawn by the departmental officers and deposited them in the Treasury Savings Banks/Treasury Public Accounts or released them to the implementing agencies towards the close of the financial year 2010-11 to prevent them from lapsing. The details are given in **Appendix 2.12**.

The irregular deposit of funds enabled the departments to avoid lapse of budget provision and to bypass budgetary compulsions to spend the amount before the close of the financial year. Further, utilising funds voted for expenditure during a financial year in the subsequent year amounted to bypassing the control of the Legislature over expenditure out of the Consolidated Fund of the State. Moreover, as the funds drawn were not spent during the financial year, the Government accounts did not reflect the factual position.

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 detailed 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, 31 AC bills drawn by 26 DDOs up to March 2011 involving ₹ 2.64 crore were not adjusted as of June 2011 due to non-receipt of DC bills, details of which are enumerated in **Appendix 2.13**. Year-wise details are given in **Table 2.7**. 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 2.7: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(₹ in crore)

Year	AC bills		DC bills		DC bills as percentage of AC bills	Outstanding AC bills	
	Number	Amount	Number	Amount		Number	Amount
2009-10	367	5.98	361	4.17	98	6	1.81
2010-11	395	3.52	370	2.69	94	25	0.83
Total		9.50		6.86		31	2.64

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

2.4.2 Unreconciled expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, 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. Even though non-reconciliation of departmental figures is being pointed out regularly in CAG's Audit Reports, lapses on the part of the Controlling Officers in this regard continued to persist during 2010-11 also. Ninety one Controlling Officers did not reconcile expenditure amounting to ₹ 29127.60 crore as of June 2011. In respect of 67 Controlling Officers, amounts exceeding ₹ 10 crore in each case

amounting to ₹ 28163.65 crore remained unreconciled during 2009-10. The details are shown in **Appendix 2.14**.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Kerala Contingency Fund Act, 1957 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent nature, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹ 100 crore. Till the close of the year, a total amount of ₹ 33.92 crore under 2015 Elections (₹ 12.43 crore drawn on 11 March 2011), 2406 Forestry and Wild life (₹ 2.49 crore drawn on 30 March 2011) and under 6216 Loans for Housing (₹ 19 crore drawn on 30 March 2011) was not recouped to the Fund.

2.6 Review of Selected Grants

A review of budgetary procedure and control over expenditure for 2010-11 conducted during August 2011 relating to 'Grant No XLII – Tourism' and 'Grant No. XLVI – Social Security and Welfare' revealed the following:

2.6.1 XLII – Tourism

2.6.1.1 Persistent Savings

Persistent savings ranging from 34 to 79 *per cent* of the provision were noticed under the capital section of Grant No. XLII – Tourism during the years 2008-09 to 2010-11.

2.6.1.2 Delay in sending reappropriation/surrender proposals

As per paragraph 93(1) of the Kerala Budget Manual, re-appropriation/surrender proposals are to be sent to the Finance Department not later than 25 February of the relevant financial year. However, during 2008-09 to 2010-11, the Director of Tourism sent the reappropriation/surrender proposals only in the last week of March. Consequently, orders surrendering ₹ 6.12 crore in the revenue section and ₹ 54 lakh in the capital section were issued by the Finance Department only on the last day of the financial year. Such surrenders serve no purpose as the surrendered amounts cannot be used to meet the requirements of any other department. Audit also noticed that only 56 and three *per cent* of the savings in the revenue and capital section respectively were surrendered indicating that the Director of Tourism had not assessed the actual saving available for surrender even at the close of the financial year.

2.6.1.3 Delay in utilizing central funds

Government of India released the first instalment of ₹ two crore in October 2009 for upgradation of five Food Craft Institutes. The Director of Tourism sent proposals to the Government for providing funds only in September 2010, i.e after a lapse of nearly a year. Funds were provided only in the last batch of Supplementary demands for grants in March 2011. The amount was drawn on 31 March 2011 and released to the institutions in April 2011, eighteen months after receipt of Government of India's share. The Director of Tourism stated

(August 2011) that the department was not aware of the release of funds by the Government of India in October 2009.

2.6.2 XLVI – Social Security and Welfare

2.6.2.1 Failure to surrender funds

An amount of ₹ 5.84 crore was provided under the head 2235-02-102-71 (Plan) for the scheme 'Nutrition Programme for Adolescent Girls'. The State Planning Board informed (November 2010) that the scheme was not included in the Annual Plan of 2010-11. Accordingly, the provision should have been surrendered immediately as required in paragraph 91 of the Kerala Budget Manual. But the Director of Social Welfare initiated action to surrender the funds only on 29 March 2011, after the last date (25 February 2011) fixed by the Finance Department for receipt of proposals of surrender. This resulted in non-surrender of the savings.

2.6.2.2 Parking of Central funds in the bank accounts

The Government of India, Ministry of Women and Child Development approved (November 2010) the implementation of a scheme, 'Indira Gandhi Matritva Sahayog Yojana – Conditional Maternity Benefit' on a pilot basis in 52 selected districts across the country. The Government of India also released (January 2011) ₹ 3.58 crore to the State Government as the first instalment of grants-in-aid during 2010-11 for implementation of the scheme in Palakkad district. The scheme, *inter alia*, envisaged conduct of a baseline survey for identification of beneficiaries in the piloted districts to roll out the scheme, cash transfer of ₹ 4000 per pregnant and lactating women, cash incentive for anganwadi workers and helpers, etc. The Director of Social Welfare drew the entire amount of ₹ 3.58 crore on 31 March 2011 and deposited it in a Public Sector bank account in order to show utilization of Central grant during 2010-11 itself. Subsequently, the Director of Social Welfare transferred ₹ 3.50 crore in August 2011 to the Programme Officer, ICDS, Palakkad district by demand draft and the Programme Officer, in turn, distributed (August 2011) the amount to the bank accounts of the Child Development Project Officers of the district which remained unutilised. Further developments were awaited (October 2011).

2.6.2.3 Drawal of funds to prevent lapse of budget provision

The Director of Social Welfare drew ₹ 7.81 crore on 31 March 2011 being funds provided in the budget for the year 2010-11 towards implementation of the following programmes under 'Integrated Child Development Services (100 per cent Centrally Sponsored Scheme) and deposited it in treasury savings bank account:-

- i) Provision of uniform sarees for Anganwadi workers and helpers (₹ 2.58 crore)
- ii) Provision of pre-school kits for Anganwadi centres (₹ 3.30 crore)
- iii) Provision of medicine kits to Anganwadi centres (₹ 1.93 crore)

The Director of Social Welfare stated (August 2011) that the funds were transferred to treasury savings bank account in order not to lose the eligible Central assistance during 2010-11 for these schemes. The Director also stated

that sanction had since been obtained from the Government for the distribution of sarees through 'HANTEX²⁷'. Regarding pre-school kits and medicine kits, the Director stated (August 2011) that supply order had been placed with HLL (a Central Public Sector Undertaking) for medicine kits and tenders for purchase of pre-school kits would be finalized within two months. Thus the entire funds relating to three programmes under a Central scheme remained unutilized in treasury savings bank accounts even after the close of the financial year.

2.6.2.4 Non-regularisation of additional authorisation of funds

Paragraph 95(3) of the Kerala Budget Manual provides for additional authorization of funds by the Administrative department with the concurrence of the Finance Department in cases not involving 'new service' and where the requirement of funds is urgent and expenditure cannot be postponed till the supplementary grants of next batch are voted. But all such cases are required to be regularized before the close of the financial year by providing additional funds to cover the expenditure either through reappropriation or by obtaining supplementary grant.

The Finance Department authorized additional expenditure of Rupees one crore in January 2011 invoking paragraph 95(3) of the Kerala Budget Manual under the head of account '2235-60-200-75' for issue of biometric identity cards to all Welfare Pensioners in Kollam district. Though expenditure of ₹ 50 lakh was incurred, the expenditure had not been regularized before the close of the financial year 2010-11. As a result there was uncovered excess expenditure of ₹ 50 lakh under this head of account.

2.6.2.5 Unnecessary supplementary grants

According to provisions (paragraph 88) in the Kerala Budget Manual, supplementary grants are to be obtained only when the amount authorized by the Annual Appropriation Act to be expended for a particular service for the current financial year is found to be insufficient for the purpose. Hence, non-utilisation of the supplementary grants obtained during the year is indicative of the failure on the part of the Chief Controlling Officers, Administrative Departments of the Secretariat and the Finance Department to correctly assess that funds were actually needed. Moreover, if there are anticipated savings under the grant, the additional requirement of funds can be met through reappropriation of savings except on a 'new service'. Even in this case, only a token provision is enough to satisfy the new service procedure and the balance can be met by reappropriation.

Under revenue section of 'Grant No. XLVI- Social Security and Welfare', ₹ 169.89 crore was obtained as supplementary grant during 2010-11, whereas the savings under the grant was ₹ 195.05 crore at the close of the year. This indicated that the supplementary grant obtained during 2010-11 was unnecessary as the additional requirement of funds could have been met by reappropriation of savings under the grant. This showed the failure on the part of Chief Controlling Officers/Administrative Department/Finance Department

²⁷ A state autonomous body

to monitor the progress of expenditure and to exercise proper control over expenditure.

2.7 Errors in budgeting

According to provisions of the Kerala Budget Manual (Paragraph 14), the budget estimates should always receive careful personal attention of the officers who submit them and should be as accurate as practicable. The estimates submitted by the Departments are scrutinized by the Administrative and the Finance Departments also to ensure their reasonableness and accuracy before presentation to the Legislature. The instances of unnecessary provision of funds and omission to provide required funds have been noticed during audit. A few significant cases are mentioned below.

- (a) An amount of ₹ 43.75 crore was provided under the head of account '4711-02-102-92 Priority schemes under Thirteenth Finance Commission Award' in Grant No. XXXVIII Irrigation. The Thirteenth Finance Commission had not awarded any grant for such schemes and consequently no expenditure was incurred. Though the funds were wrongly provided, the provision was not surrendered till the close of the financial year.
- (b) A sum of ₹ 40 crore was provided in the Budget under the head of account '2230-01-800-99 Rashtriya Swasthya Bima Yojana', under Grant No XXIV Labour and Labour Welfare for implementing the Centrally Sponsored Scheme. This included Government of India share of ₹ 30 crore and State Government's matching share of ₹ 10 crore. As the Government of India's share was being released directly to the implementing agency²⁸ by the Government of India, no provision was required to be made in the State budget for the Central share. The funds wrongly provided were retained till the last day of the financial year and were surrendered on 31 March 2011.
- (c) An amount of ₹ 6.25 crore was provided under the head of account '2205-103-86 Priority schemes' under the Thirteenth Finance Commission Award in Grant No XVII Education, Sports, Art and Culture. As the Thirteenth Finance Commission did not award any grant for such a scheme, the entire provision was surrendered.
- (d) Subventions from Central Road Fund are released by the Government of India as grants to State Governments for incurring expenditure on schemes of road development approved by the Government of India. The amounts so received are to be transferred to the reserve fund 'Subvention from Central Road Fund' by debit to the head of account '3054-05-797-99'. Though provision for the transfer of grant received is to be made every year in the budget, there was omission to make necessary provision in the budget for 2010-11. Consequently, on transfer of ₹ 81.34 crore received from the Government of India to the reserve fund, there was uncovered excess expenditure of an equivalent amount under the head of account '3054-05-797-99' as there was no budget provision to cover the expenditure.

²⁸ Comprehensive Health Insurance Agency of Kerala.

The above mentioned cases indicate that Departmental budget estimates were not prepared by the department with due care and attention and that scrutiny by the Administrative and the Finance Departments of the departmental proposals were inadequate to detect even the errors and omissions involving large amounts in the proposals.

2.8 Failure in appropriation control

The amount authorized by the Legislature through the original budget and the supplementary grant for July 2010 in the Capital portion of 'Grant No.XXI – Housing' was ₹ 48.71 crore. One of the conditions prescribed for issue of additional authorization under the provisions of KBM is that the grant as a whole should not be exceeded before supplementary grant has been made by the Legislature to cover the additional authorization. It was, however, noticed that the Finance Department issued (September 2010) a sanction authorizing additional expenditure of ₹ 71.37 crore under the head of account '4216-80-800-98 – Additional Central Assistance – Tsunami (Housing)' invoking paragraph 95 (3) of the Kerala Budget Manual (KBM). This resulted in the grant being exceeded during the period October 2010 to February 2011 before additional funds were obtained through supplementary grant in March 2011.

2.9 Outcome of inspection of treasuries

There were 23 District Treasuries, 186 sub-treasuries and 12 Stamp depots in the State as of March 2011. The Principal Accountant General (A&E), Kerala inspected 166 treasuries (District Treasuries: 23; sub-treasuries: 131, Check-post treasury: 4 and One-man treasury: 8). Some of the irregularities and deficiencies noticed in the functioning of treasuries are mentioned in the succeeding paragraphs.

2.9.1 Excess payment of pension

There was excess payment of pension/family pension amounting to ₹ 58.49 lakh in 687 cases in 99 treasuries (including 12 district treasuries) during 2010-11. The main reasons for excess payments were errors in calculation of revised pension, non-reduction of family pension after expiry of authorised period, payment of ineligible festival allowance, medical allowance and incorrect calculation of dearness relief. Out of the excess payment of ₹ 58.49 lakh, treasuries²⁹ recovered ₹ 11.69 lakh and the balance amount of ₹ 46.80 lakh remained to be recovered as of March 2011.

2.9.2 Mustering of pensioners

In terms of Rule 280 (a) of the Kerala Treasury Code Vol.I, the Treasury Officer should conduct mustering of pensioners annually in the case of pensioners/family pensioners/Pension Treasury Savings Bank Account holders and once in three years, where payment of pension is made through money orders. These provisions are made to prevent fraudulent payments. However, in 336 cases, in 77 treasuries as listed in **Appendix 2.15**, mustering of pensioners was pending for two to three years.

²⁹ 40 treasuries have recovered the full amount and in respect of other treasuries recovery has been made partly.

2.10 Conclusion

The overall savings of ₹ 15487.90 crore were the net result of savings of ₹ 15488.05 crore, set off by excess of ₹ 15 lakh. The excess expenditure requires regularisation of the State Legislature. In 25 cases, ₹ 870.47 crore was surrendered against the actual savings of ₹ 789.17 crore, which resulted in excess surrender of ₹ 81.30 crore. Expenditure to the extent of ₹ 29127.60 crore was not reconciled with the figures of Office of the Principal Accountant General (A&E), Kerala. Anticipated savings of ₹ 13793.53 crore were surrendered on the last two working days of the financial year. There was rush of expenditure of more than 50 *per cent* under 29 major heads.

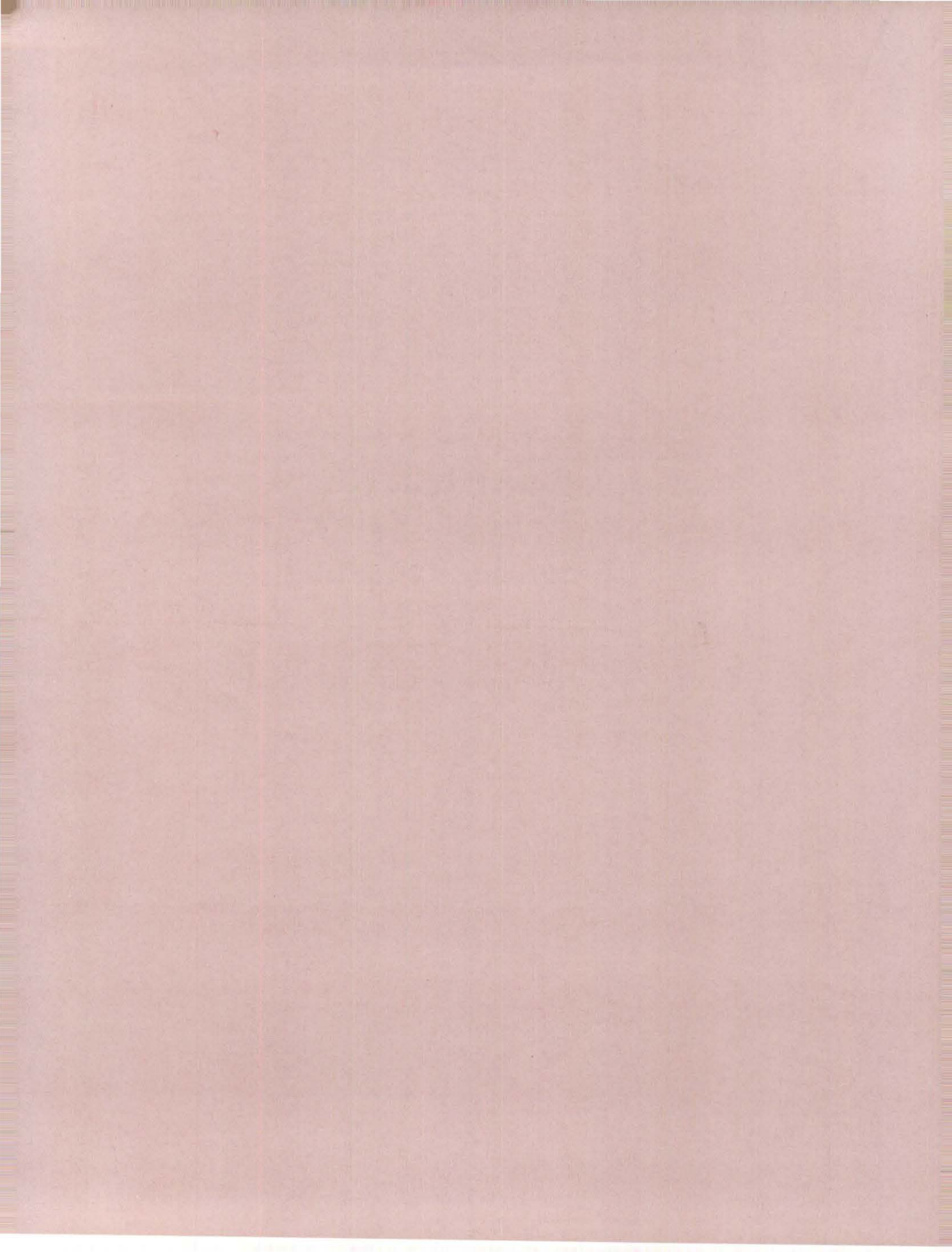
2.11 Recommendations

The Government should ensure that:

- all the departments submit realistic budget estimates, keeping in view the trends of expenditure and the actual requirement of funds in order to avoid large savings/excesses;
- all departments closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants is strictly avoided and
- surrender of funds are made much before the last working day of the closing year so as to enable the Government to utilise the funds on other schemes.

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

Financial rules³⁰ of the Government require that the authority sanctioning grant-in-aid is to stipulate in every order sanctioning the grant a time limit for utilisation of the grant not exceeding one year from the date of sanction. The utilisation certificate for grants-in-aid exceeding ₹ 10000, is to be forwarded to the Principal Accountant General (Accounts and Entitlement), Kerala. In the case of sanction not exceeding ₹ 10000, the utilisation certificate is to be watched by the Head of Department and he is required to send a statement to the Principal Accountant General (Accounts and Entitlement), Kerala indicating the number and date of sanction, authority issuing sanction, name of grantee institution, etc., not later than 30 June. It was observed that 47 utilisation certificates for ₹ 15.36 crore were yet to be received as of June 2011 in respect of grants paid during the period 2009-10 and 2010-11. Details of department-wise breakup of outstanding utilisation certificates are given in **Appendix 3.1**. 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)

Range of delay in number of years	Total grants paid		Utilisation Certificates outstanding	
	Number	Amount	Number	Amount
Less than 1 year	232	243.33	47	15.36

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 to Audit every year, detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of 270 bodies/authorities received for the year 2009-10, attracted audit by the Comptroller and Auditor General of India. Of these 270 bodies/authorities, 129 were audited during 2010-11.

³⁰ Article 210 of the Kerala Financial Code (Vol.I).

As of March 2011, 10 annual accounts of ten autonomous bodies/authorities due up to 2009-10 had not been received by the Principal Accountant General (Civil and Commercial Audit), Kerala. The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of annual accounts due from Government Bodies

Sl. No.	Delay in number of years	Number of Bodies/ Authorities
1.	Less than 1 year	10

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

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

There are 23 autonomous bodies in the field of legal aid, human rights, development of khadi, etc. The audit of accounts of these bodies 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 and their placement in the Legislature are indicated in **Appendix 3.3**.

3.4 Departmentally managed Commercial Undertakings

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

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 (Civil and Commercial Audit), Kerala within a specified timeframe.

As of 31 March 2011, there were three³¹ such undertakings, which had not prepared their accounts up to 2009-10. The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government is given in **Appendix 3.4**.

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

³¹ Kerala State Insurance Department, State Water Transport Department and Text Book Office

the Principal Accountant General (Civil and Commercial Audit), Kerala as well as to the Heads of Department.

The State Government reported 119 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹ 7.45 crore up to the period June 2011 on which final action was pending. The department-wise break up of pending cases and age-wise analysis are given in **Appendix 3.5** and the nature of these cases is given in **Appendix 3.6**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.3**.

Table 3.3: Profile of misappropriations, losses, defalcations, etc.

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
Less than 5 years	20	142.15	Theft	15	4.30
5 - 10	49	425.71	Misappropriation/loss of material	104	740.32
10 - 15	20	64.44			
15 - 20	13	95.02			
20 - 25	11	7.20	Total	119	744.62
25 and above	6	10.10	Cases of losses written off during the year	Nil	Nil
Total	119	744.62	Total pending cases	119	744.62

Source: Cases reported by departments of the State Government

Further analysis indicates that the reasons for which the cases were outstanding could be classified under the four categories listed in **Table 3.4**.

Table 3.4: 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	Nil	Nil
2	Departmental action initiated but not finalised	57	506.08
3	Awaiting orders for recovery or write off	43	150.83
4	Pending in the courts of law	19	87.71
	Total	119	744.62

Source: Information received from Departments of the State Government

3.6 Operation of omnibus Minor Head - 800

Bookings under Minor Head '800 – Other Receipts' and '800-Other Expenditure' is opaque as these heads do not disclose the schemes, programmes, etc, to which the amount relate. It accommodates expenditure/receipts which cannot be classified under the available programme minor heads.

During 2010-11, expenditure aggregating ₹ 3575.04 crore was classified under the Minor Head '800 Other Expenditure' in the accounts under 77 Major Heads of Accounts which constituted more than nine *per cent* of the total expenditure recorded under these Major Heads. Some significant expenditure on schemes such as 'Road renovation scheme implemented through Local Self Government Institutions (₹ 179.22 crore), 'Development of Vizhinjam Deep Water International Transshipment Terminal' (₹ 140.26 crore), 'Rashtriya

Krishi Vikas Yojana (ACA)' (₹ 120.20 crore), 'Land Acquisition and Infrastructure Development under IT-Technopark and Infopark' (₹ 116.18 crore), 'Special Development Fund for MLAs' (₹ 108.00 crore), 'House to Houseless-SCP' (₹ 106.89 crore), 'Debt Relief Programme for Fishermen outside Tsunami Area' (Rs 100.00 crore), etc. are not depicted distinctly in the Finance Accounts, but are rolled up in the minor head '800-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.

Similarly, Revenue Receipts aggregating ₹ 435.96 crore were classified under the Minor Head '800-Other Receipts' under 51 Major Head of accounts which represents 1.69 per cent of the total receipts under these Major Heads. Major amounts of Non-tax Revenue under Co-operation, Other Administrative Services, Roads and Bridges, etc. were classified under this Minor Head.

Classification of large amounts under the omnibus Minor head '800-Other Expenditure/Receipts' affected the transparency in financial reporting.

3.7 Transfer of funds to Personal Deposit Accounts

Transfer to Personal Deposit Accounts (PD Accounts) is booked as expenditure in the Consolidated Fund (service major heads) of the State. 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. The aggregate balance in the PD Accounts as on 31 March 2010 was ₹ 76.34 crore. During 2010-11, an amount of ₹ 918.07 crore was credited to PD Accounts and ₹ 866.23 crore was debited to these accounts. The aggregate balance in the PD Accounts as on 31 March 2011 was ₹ 128.18 crore.

3.8 Conclusion

Non-submission of utilization certificates in respect of grants released for specific purposes indicated lack of proper monitoring by the departments in the utilization of grants and loans. Non-submission of the annual accounts for audit by the grantee institutions was fraught with the risk of misutilisation of funds. Due to delays in finalisation of accounts by departmental commercial undertakings, the Government's investments in these organisations could not be scrutinised by Audit. The large number of the outstanding cases of misappropriations, losses, etc. and non-recovery of amounts indicated lack of sincere efforts by the departments to make good the losses and fix responsibility.

Significant amounts of expenditure and receipts under Central and State schemes, booked under the Minor head '800-Other expenditure' and '800-Other receipts' were not distinctly depicted in the State Finance Accounts of 2010-11, affecting the correctness of financial reporting.

3.9 Recommendations

The Government should ensure that:

- the departments submit utilisation certificates in respect of the grants released for specific purposes to the grantee institutions in time;
- the annual accounts in respect of the autonomous bodies are submitted in time to the Principal Accountant General (Civil and Commercial Audit), Kerala;
- departmental enquiries in respect of all fraud and misappropriation cases are expedited to bring the defaulters to book and internal controls in all the organisations are strengthened to prevent such cases and
- large amounts received or expended under various schemes are depicted in the accounts distinctly, instead of clubbing the same under the Minor head '800-Other Expenditure' and '800-Other Receipts' to ensure correctness in financial reporting.



(G.N.SUNDER RAJA)

Principal Accountant General (Civil and
Commercial Audit), Kerala

Thiruvananthapuram,

The 2 MAR 2012

Countersigned

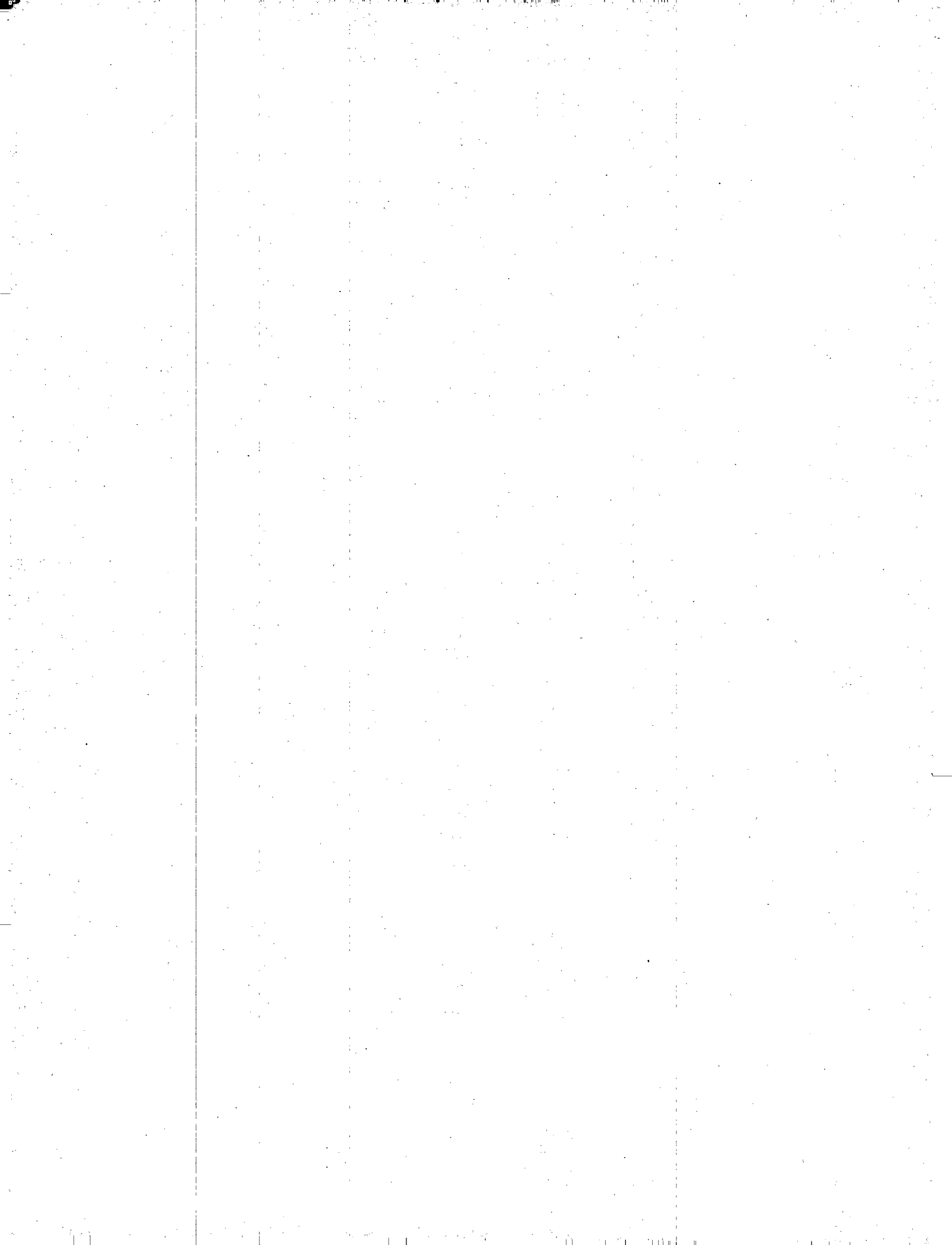


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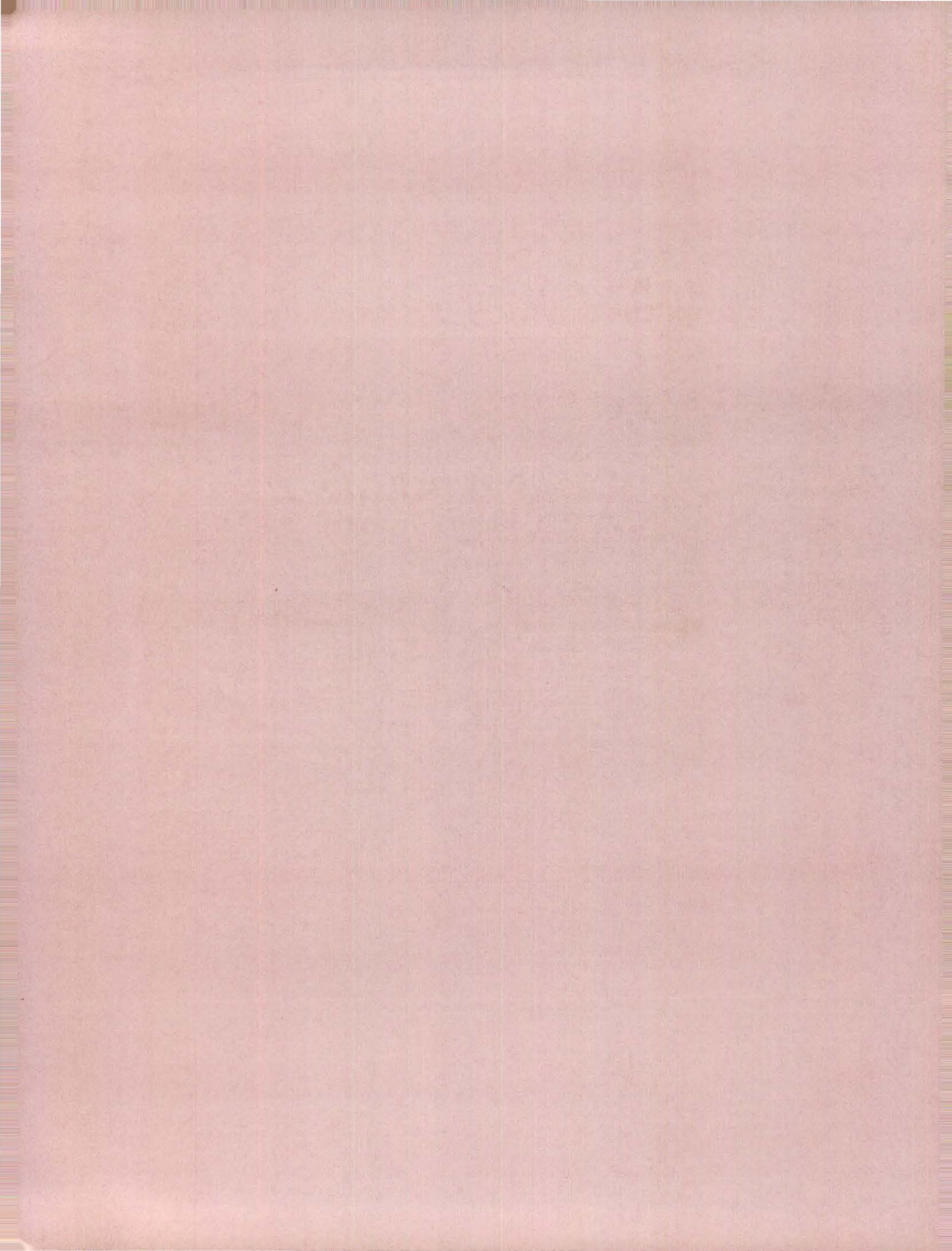
Comptroller and Auditor General of India

New Delhi,

The 4 MAR 2012



APPENDICES



Appendix 1.1
State Profile
(Reference: Page 1)

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)	859 persons per Sq. km.
4	³² Population Below Poverty Line (BPL) (All India Average = 27.5 per cent)	15 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 = 74.0 per cent)	93.91 per cent
6	Infant mortality ³³ (per 1000 live births) (All India Average = 50 per 1000 live births)	12
7	Life Expectancy at birth ³⁴ (All India Average =63.5 years)	74 years
8	Gini Coefficient ³⁵	
	a. Rural (All India = 0.30)	0.34
	b. Urban (All India = 0.37)	0.40
9	Gross State Domestic Product (GSDP) 2010-2011 at current prices	₹ 2,65,322 crore
	Per capita GSDP CAGR (2001-02 to 2010-11)	
	Kerala	12.50 per cent
	General Category States	11.32 per cent
10	GSDP CAGR (2001-02 to 2010-11)	
	Kerala	14.57 per cent
	General Category States	14.68 per cent
11	Population Growth (2001 to 2011)	
	Kerala	4.86 per cent
	General Category States	17.56 per cent

B. Financial Data

CAGR	Particulars		
	2001-02 to 2009-10		2001-02 to 2010-11
	General Category States	Kerala	Kerala
	(In per cent)		
a. of Revenue Receipts	15.20	14.15	14.63
b. of Own Tax Revenue	14.53	14.60	15.52
c. of Non Tax Revenue	13.87	16.57	15.11
d. of Total Expenditure	13.53	13.49	13.51
e. of Capital Expenditure	22.61	17.72	22.06
f. of Revenue Expenditure on Education	12.73	11.68	11.98
g. of Revenue Expenditure on Health	11.97	10.77	11.63
h. of Salary and Wages	11.45	11.43	11.58
i. of Pension	14.09	12.47	13.53

³² Source of General Data: BPL (Planning Commission and NSSO data, 61 Round)

³³ Infant mortality rate (SRS Bulletin January 2011), Financial data is based on Finance Accounts of the State Government.

³⁴ Life Expectancy of birth (Office of the Registrar General of India, Ministry of Home Affairs)
Economic Review 2010-11

³⁵ Gini Coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP)

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 1)

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

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

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

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

Part B: Layout of Finance Accounts

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.

Statement No.	About
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 1)

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:

	2006-07	2007-08	2008-09	2009-10	2010-11
GSDP ³⁶ (₹ in crore)	1,53,785	1,75,141	2,01,020	2,30,316	2,65,322
Growth rate of GSDP	12.4	13.9	14.8	14.6	15.2

Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2008-09 are provisional and that for 2009-10 are Quick Estimates. The figures for 2010-11 are adopted from the budget documents for 2011-12.

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)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
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

³⁶ 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 2010-11 to 2012-13 are given in the following table.

**Outcome indicators set out in the Medium Term Fiscal Plan for the years
2010-11 to 2012-13**

(₹ in crore)

Sl. No.	Item	2007-08 Accounts	2008-09 Accounts	2009-10 Revised Estimates	2010-11 Budget Estimates	Forward estimates	
						2011-12	2012-13
1.	Revenue Receipts	21107	24512.18	26526.49	31180.82	37106.97	42470.17
1 (a)	State's Own Tax Revenue	13669	15990.18	17403.48	20884.23	25061.08	28820.24
1 (b)	Non Tax Revenue	1210	1559.29	1780.32	2314.31	2430.03	2551.53
1 (c)	Resources from Centre	6228	6962.71	7342.69	7982.28	9615.87	11098.41
2.	Revenue Expenditure	24892	28223.85	30608.12	34810.37	43035.10	45212.28
2(a)	Non-interest Revenue Expenditure	20562	23564.16	25406.56	29023.89	36544.67	37918.36
2 (b)	Interest	4330	4659.69	5201.56	5786.48	6490.43	7293.92
2 (c)	Salaries	7693.66	9063.81	10145.65	11332.37	14012.89	13995.37
2 (d)	Pensions	4925	4686.43	4628.3	5426.84	8111.32	7954.47
2 (e)	Non - SPI Revenue Expenditure	7943.34	9813.92	10632.61	12264.68	14420.46	15968.52
2(e)(i)	Subsidies (Food, Housing, Transport and Industry)	219	328.6	488.74	248.90	286.24	314.86
2 (e) (ii)	Power Subsidy	0	0	0	0	0	0
2 (e) (iii)	Maintenance and repair (Roads, Buildings and Irrigation)	633	857.9	484.74	469.6	1068	1114.67
2 (e) (iv)	Devolution to LSGs	2273	2439.17	2670.05	2889.43	3322.84	3821.27
2 (e) (v)	Administrative Expenditure	1473	1620.3	1782.33	1960.56	2156.62	2372.28
2 (e) (vi)	Other Revenue Expenditure	3376	4567.95	5206.75	6696.19	7365.81	8102.39
3.	Revenue Surplus/ Deficit	-3784.84	-3711.67	-4081.63	-3629.55	-5928.13	-2742.11
4.	Capital Expenditure	1475	1695.6	1941.19	4145.38	2717.67	7147.46
5.	Net Loan disbursements	848	948	680	778	894.7	1029
6.	Fiscal Deficit /Surplus	-6100.2	-6346.21	-6697.74	-8543.28	-9540.49	-10918.47
7.	Primary Fiscal Deficit/ Surplus	-1770.55	-1686.52	-1496.18	-2756.8	-3050.06	-3624.56
8.	End of the period Debt	55410	63270	70016.86	78327.82	88063.69	98959.79
9.	Debt Service	4330	4659.69	5201.56	5786.48	6490.43	7293.92
10.	Salary + Pension + Interest	16948.66	18409.93	19975.51	22545.69	28614.64	29243.76
11.	Explicit Power subsidy	0	0	0	0	0	0
12.	Consolidated Capital Expenditure	2323	2643.6	2621.19	4923.38	3612.37	8176.37
13.	Debt Stock	55410	63270	70016.86	78327.82	88063.69	98959.79
14.	Government Guarantees	8317	7992	7192.8	7912.08	8703.29	9573.62
15.	Interest/ Revenue (%)	20.51	19.01	19.61	18.56	17.49	17.17
16.	Debt/ Revenue (%)	262.52	258.12	263.95	251.21	237.32	233.01
17.	(Salary + Pension + Interest)/ Revenue (%)	80.30	75.11	75.30	72.31	77.11	68.86
18.	(Salary + Pension + Interest)/ GSDP (%)	10.23	9.70	9.31	9.22	10.50	9.37
19.	(Salary + Pension)/ GSDP (%)	7.61	7.24	6.89	6.85	8.11	7.03
20.	Revenue Deficit/ Revenue Receipt (%)	17.93	15.14	15.39	11.64	15.98	6.46
21.	RD/GSDP (%)	2.28	1.96	1.90	1.48	2.17	0.88
22.	FD/GSDP (%)	3.68	3.34	3.12	3.49	3.50	3.50
23.	Debt stock / GSDP (%)	33.44	33.33	32.63	32.02	32.30	31.70
24.	GSDP (in crore)	165722	189841	214580	244612	272643	312176
25.	Nominal GSDP Growth Rate (%)		14.55	13.03	14.00	11.46	14.50
26.	Average Interest rate (%)		7.85	7.81	7.80	7.80	7.80
27.	Domar Gap		6.70	5.23	6.19	3.66	6.70

Appendix 1.4
Part A-Abstract of receipts and disbursements for the year 2010-11
 (Reference: Paragraph 1.1.1; Page 1)

(₹ in crore)

Receipts				Disbursements				
2009-10			2010-11	2009-10				2010-11
	Section – A: Revenue				Non-Plan	Plan	Total	
26109.40	I. Revenue Receipts		30990.95	31132.37	I. Revenue Expenditure			34664.81
17625.02	Own Tax Revenue	21721.69		13935.52	General Services	15233.96	184.43	15418.39
1852.22	Non-Tax Revenue	1930.79		10467.15	Social Services	9605.19	2505.61	12110.80
4398.78	State's share of Union Taxes and Duties	5141.85		5979.76	Education, Sports, Art and Culture	6290.94	556.83	6847.77
645.45	Non-Plan Grants	490.06		1652.93	Health and Family Welfare	1626.13	338.69	1964.82
975.32	Grants for State Plan Schemes	934.22		756.03	Water Supply, Sanitation, Housing and Urban Development	297.34	563.77	861.11
612.61	Grants for Central Plan and Centrally Sponsored Plan Schemes	772.34		29.20	Information and Broadcasting	12.63	17.09	29.72
				739.86	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	197.67	553.99	751.66
				298.77	Labour and Labour Welfare	270.40	126.40	396.80
				974.61	Social Welfare and Nutrition	869.83	348.84	1218.67
				35.99	Others	40.25	--	40.25
				4240.72	Economic Services	2851.76	1505.70	4357.46
				1762.58	Agriculture and allied activities	1405.78	659.01	2064.79
				413.22	Rural Development	212.38	173.15	385.53
				23.52	Special Areas Programmes	--	24.33	24.33
				291.86	Irrigation and Flood control	302.15	25.44	327.59
				69.15	Energy	102.75	31.60	134.35
				266.42	Industry and Minerals	76.63	230.94	307.57
				1043.05	Transport	613.00	127.00	740.00
				69.26	Science, Technology and Environment	24.50	25.11	49.61
				301.66	General Economic Services	114.57	209.12	323.69
				2488.98	Grants-in-aid and Contributions	2778.16		2778.16
5022.97	II. Revenue Deficit carried over to Section B		3673.86		Revenue Surplus carried over to Section B			
31132.37	Total - Section A		34664.81	31132.37	Total - Section A			34664.81

Appendix 1.4 Part A – Contd.

(`in crore)

Receipts				Disbursements					
2009-10		2010-11	2009-10		Non-Plan	Plan	Total	2010-11	
	<u>Section B: Others</u>								
3387.81	III. Opening Cash Balance including Permanent Advances, Cash Balance Investment and Investment of earmarked funds	4388.26	Nil	III. Opening Overdraft from Reserve Bank of India			Nil		
48.96	IV. Miscellaneous Capital Receipts	24.61	2059.39	IV. Capital Outlay	598.03	2765.66	3363.69	3363.69	
			66.60	General Services	40.41	78.14	118.55		
			363.63	Social Services	20.47	458.77	479.24		
			49.49	Education, Sports, Art and Culture	0.47	85.12	85.59		
			62.65	Health and Family Welfare	--	98.80	98.80		
			207.94	Water Supply, Sanitation, Housing and Urban Development	20.00	182.30	202.30		
			37.87	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	72.37	72.37		
			3.84	Social Welfare and Nutrition		15.28	15.28		
			1.84	Other Social Services		4.90	4.90		
			1629.16	Economic Services	537.15	2228.75	2765.90		
			157.94	Agriculture and allied activities	198.92	153.73	352.65		
			254.37	Irrigation and Flood Control	28.22	264.08	292.30		
			203.25	Industry and Minerals	10.00	354.29	364.29		
			992.46	Transport	294.89	1403.43	1698.32		
			15.94	General Economic Services	2.63	32.15	34.78		
			0.20	Science, Technology and Environment	--	1.07	1.07		
			5.00	Rural Development	2.49	20.00	22.49		

Appendix 1.4 Part A – Concl'd.

(₹ in crore)

Receipts		Disbursements			
2009-10		2010-11	2009-10		2010-11
38.47	V. Recoveries of Loans and Advances	44.23 ³⁷	876.68	V. Loans and Advances Disbursed	761.74
0.44	From Power Projects	--	0.50	For Power Projects	--
15.03	From Government Servants	19.29	54.44	To Government Servants	53.75
23.00	From Others	24.94	821.74	To Others	707.99
	VI. Revenue Surplus brought down		5022.97	VI. Revenue Deficit brought down	3673.86
6615.52	VII. Public Debt Receipts	7188.90	1765.06	VII. Repayment of Public Debt	1975.03
6053.18	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	6827.50	1499.38	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	1667.43
Nil	Net transactions under Ways and Means Advances excluding overdraft	Nil	Nil	Net transactions under Ways and Means Advances excluding overdraft	Nil
562.34	Loans and Advances from Central Government	361.40	265.68	Repayment of Loans and Advances to Central Government	307.60
	VIII. Appropriation from the Consolidated Fund	--		VIII. Appropriation to Contingency Fund	--
5.84	IX. Amount transferred to Contingency Fund	26.27	26.27	IX. Expenditure from Contingency Fund	33.92
61313.56	X. Public Account Receipts	73753.97	57271.53	X. Public Account Disbursements	70558.27
12923.06	Small Savings, Provident Funds, etc.	16685.56	10073.77	Small Savings, Provident Funds, etc.	14195.62
458.26	Reserve Funds	551.54	129.85	Reserve Funds	144.32
5010.84	Deposits and Advances	5637.77	4573.97	Deposits and Advances	5168.86
35651.84	Suspense and Miscellaneous	42746.81	35281.70	Suspense and Miscellaneous	42944.10
7269.56	Remittances	8132.29	7212.24	Remittances	8105.37
--	XI.- Closing Overdraft from Reserve Bank of India	--	4388.26	XI. Cash Balance at end	5059.73
			22.98	Cash in Treasuries	27.22
			(-) 6.46	Local Remittances	-0.61
			41.88	Deposits with Reserve Bank	32.27
			2.21	Departmental cash balance including Permanent Advance	2.65
			3230.42	Cash Balance Investment	3517.46
			1097.23	Investment from earmarked funds	1480.74
71410.16	Total – Section B	85426.24	71410.16	Total – Section B	85426.24

³⁷ Including Loans & Advances written off ₹ 0.10 crore

Appendix 1.4
Part –B-Summarised financial position of the Government of Kerala
as on 31 March 2011

(Reference: Paragraphs 1.1.1; Page 1 and 1.7.1; Page 26)

(₹ in crore)

As on 31 March 2010	Liabilities		As on 31 March 2011
43368.03	Internal Debt		48528.10
25972.99	Market Loans bearing interest	30743.32	
0.11	Market Loans not bearing interest	0.30	
3138.22	Loans from Life Insurance Corporation of India	3330.28	
363.15	Loans from General Insurance Corporation of India	340.77	
1064.74	Loans from National Bank for Agriculture and Rural Development	1334.35	
186.58	Loans from National Co-operative Development Corporation	224.92	
902.49	Loans from other institutions	772.73	
11739.75	Special securities issued to National Small Savings Fund of the Central Government	11781.43	
-	Ways and Means Advances from Reserve Bank of India excluding Overdrafts	-	
-	Overdrafts from Reserve Bank of India	-	
6305.28	Loans and Advances from Central Government		6359.08
1.16	Pre 1984-85 Loans	1.16	
32.95	Non-Plan Loans	30.57	
6214.86	Loans for State Plan Schemes	6276.26	
4.67	Loans for Central Plan Schemes	3.71	
51.64	Loans for Centrally Sponsored Plan Schemes	47.38	
73.73	Contingency Fund		66.08
21296.12	Small Savings, Provident Funds, etc.		23786.06
2956.55	Deposits		3425.39
1394.56	Reserve Funds		1801.79
1065.80	Suspense and Miscellaneous		868.56
76460.07	Total		84835.06

Appendix I.4 – Part B Concl'd.

(₹ in crore)

As on 31 March 2010	Assets		As on 31 March 2011
17685.82³⁸	Gross Capital Outlay on Fixed Assets -		21024.91
3365.55	Investments in shares of Companies, Corporations, etc.	3893.89	
14320.27	Other Capital Outlay	17131.02	
7748.96³⁹	Loans and Advances -		8466.47
2661.65	Loans for Power Projects	2661.65	
5005.68	Other Development Loans	5688.83	
81.63	Loans to Government servants and Miscellaneous loans	115.99	
0.28	Advances		0.22
	Suspense and Miscellaneous Balances		
333.93	Remittance Balances		307.00
34.11	Adjustment on account of retirement/disinvestment		58.71⁴⁰
4388.26⁴¹	Cash -		5059.73
16.52	Cash in Treasuries and Local Remittances	26.61	
41.88	Deposits with Reserve Bank	32.27	
1.95	Departmental Cash Balance	2.28	
0.26	Permanent Advances	0.37	
3230.42	Cash Balance Investments	3517.46	
1097.23	Reserve Fund Investments	1480.74	
46268.71⁴²	Deficit on Government Account -		49918.02
41294.70	Accumulated deficit at the beginning of the year	46268.71	
5022.97	Add: (i) Revenue Deficit of the current year	3673.86	
	(ii) Miscellaneous Government account	0.06	
48.96	Less: Miscellaneous Capital Receipts	24.61	
76460.07	Total		84835.06

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 ₹ 10.01 crore (net credit) between the figures reflected in the accounts ₹ 32.27 crore and that intimated by the Reserve Bank of India ₹ 22.26 crore. Out of the difference, an amount ₹ one crore (net credit) has been cleared and the balance is under investigation.

³⁸ Balances as on 31 March 2010 differ from those shown in the previous year's account due to proforma adjustments which were explained in footnote (I) of Statement 5 and footnotes (f) and (E) of Statement 13 of Finance Accounts 2010-11.

³⁹ Balances as on 31 March 2010 differ from those shown in the previous year's account due to proforma adjustment which were explained in footnote (c) of Statement 7 and footnote (Q) of Statement 16 of Finance Accounts 2010-11.

⁴⁰ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital vide footnote (m) of Statement 17 of Finance Accounts 2010-11.

⁴¹ Differs from those shown in previous year's account due to inclusion of investment from earmarked funds under 'Cash' in order to have uniformity in exhibition of figures with new format of Finance Accounts 2010-11 (Statement of Financial Position)

⁴² Differs from last year's figure due to proforma adjustments carried out vide footnote (f) of Statement 13 of Finance Accounts 2010-11.

Appendix 1.5
Time series data on the State Government finances
(Reference: Paragraphs 1.3; Page 5 and Paragraph 1.7.2; Page 26)

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part A. Receipts					
1. Revenue Receipts	18187	21107	24512	26109	30991
(i) Tax Revenue	11942 (66)	13669 (65)	15990 (65)	17625 (67)	21722 (70)
Taxes on Agricultural Income	10 ⁽⁴³⁾	22 ⁽⁴³⁾	12 ⁽⁴³⁾	28 ⁽⁴³⁾	47 ⁽⁴³⁾
Taxes on Sales, Trade, etc.	8563 (72)	9372 (69)	11377 (71)	12771(72)	15833 (73)
State Excise	953 (8)	1169 (9)	1398 (9)	1515 (9)	1700 (08)
Taxes on Vehicles	708 (6)	853 (6)	937 (6)	1131 (6)	1331(06)
Stamps and Registration fees	1520 (13)	2028 (15)	2003 (13)	1896 (11)	2552 (12)
Land Revenue	47 ⁽⁴³⁾	47 ⁽⁴³⁾	48 ⁽⁴³⁾	54 ⁽⁴³⁾	56 ⁽⁴³⁾
Other Taxes	141(01)	178 (01)	215 (01)	230(01)	203 (01)
(ii) Non Tax Revenue	938(5)	1210 (6)	1559 (6)	1852 (07)	1931 (06)
(iii) State's share in Union taxes and duties	3212(18)	4052 (19)	4276 (18)	4399 (17)	5142 (17)
(iv) Grants in aid from Government of India	2095(11)	2176 (10)	2687 (11)	2233 (9)	2196 (07)
2. Miscellaneous Capital Receipts	2	8	9	49	25
3. Recovery of Loans and Advances	66	45	36	38	44
4. Total revenue and Non debt capital receipts (1+2+3)	18255	21160	24557	26196	31060
5. Public Debt Receipts	5336	5644	6921	6616	7189
Internal Debt (excluding Ways & Means Advances and Overdraft)	5131	5227	6153	6053	6828
Net transactions under Ways and Means Advances excluding Overdraft	...	...	...	...
Loans and advances from Government of India	205	417	768	563	361
6. Total receipts in the Consolidated Fund (4+5)	23591	26804	31478	32812	38249
7. Contingency Fund Receipts	2	...	80	6	26
8. Public Account receipts	41868	48316	56285	61314	73754
9. Total receipts of State (6+7+8)	65461	75120	87843	94132	112029
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	20825 (94)	24892 (91)	28224 (91)	31132 (91)	34665 (89)
Plan	2309 (11)	2277 (9)	3212 (11)	4179 (13)	4196 (12)
Non-Plan	18516 (89)	22615 (91)	25012 (89)	26953(87)	30469 (88)
General Services (incl. Interest payment)	9723 (47)	12184 (49)	12667 (45)	13935(45)	15418 (44)
Social Services	6478 (31)	7790 (31)	9363 (33)	10467(34)	12111 (35)
Economic Services	2712 (13)	2819 (11)	3929 (14)	4241 (13)	4358 (13)
Grants-in-aid and Contributions	1912 (9)	2099 (9)	2265 (8)	2489 (8)	2778 (08)
11.Capital Expenditure	903 (4)	1475 (6)	1696 (6)	2059 (6)	3364 (09)
Plan	886 (98)	1452(98)	1671 (99)	1902 (92)	2766 (82)
Non-Plan	17 (2)	23 (2)	25 (1)	157 (8)	598 (18)
General Services	40 (4)	57 (4)	53 (3)	67 (3)	119 (04)
Social Services	116 (13)	135 (9)	291 (17)	363 (18)	479 (14)
Economic Services	747 (83)	1283 (87)	1352 (80)	1629 (79)	2766 (82)
12. Disbursement of Loans and Advances	349 (2)	893 (3)	984 (3)	877 (3)	762 (02)
13. Total (10+11+12)	22077	27260	30904	34068	38791

⁴³ insignificant

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part B. Expenditure/Disbursement					
14. Repayment of Public Debt	1083	1433	1650	1765	1975
Internal Debt (excluding Ways and Means Advances and Overdrafts)	832	1177	1358	1499	1667
Net transactions under Ways and Means Advances excluding Overdrafts	...	...	...	...	...
Loans and Advances from Government of India	251	256	292	266	308
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	23160	28693	32554	35833	40766
17. Contingency Fund disbursements	...	80	6	26	34
18. Public Account disbursements	41477	46413	53628	57272	70558
19. Total disbursement by the State (16+17+18)	64637	75186	86188	93131	111358
Part C. Deficits					
20. Revenue Deficit (1-10)	(-) 2638	(-) 3785	(-) 3712	(-) 5023	(-) 3674
21. Fiscal Deficit (4-13)	(-) 3822	(-) 6100	(-) 6347	(-) 7872	(-) 7731
22. Primary Deficit (-) /Surplus (+) (21+23)	(+) 368	(-) 1770	(-) 1687	(-) 2580	(-) 2041
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	4190	4330	4660	5292	5690
24. Financial Assistance to local bodies, etc.	6237	6245	7591	8616	9798
25. Ways & Means Advances/Overdrafts availed (days)	226	214	90	18	Nil
Ways and Means Advances availed (days)	165	167	90	18	Nil
Overdraft availed (days)	61	47	nil	nil	Nil
26. Interest on WMA/Overdraft	12	13	5	0.54	Nil
27. Gross State Domestic Product (GSDP) at current prices ⁴⁴	153785	175141	201020	230316	265322
28. Outstanding Fiscal Liabilities (year end)	52161	58108	66097	74223	82420
29. Outstanding guarantees (year end)	9405	8317	7603	7495	7426
30. Maximum amount guaranteed (year end)	12647	14871	11386	10226	12625
31. Number of incomplete projects/works	136	140	121	187	241
32. Capital blocked in incomplete projects/works ⁴⁵	1544	1628	1653	973	1117

⁴⁴ GSDP figures communicated by Director of Economics and Statistics of Government of Kerala. The figures for 2008-09 are provisional and that for 2009-10 are Quick Estimates. The figures for 2010-11 are adopted from the Budget documents 2011-12.

⁴⁵ Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	7.8	7.8	8.0	7.7	8.2
Own non-tax revenue/GSDP	0.6	0.7	0.8	0.8	0.7
Central Transfers/GSDP	3.5	3.6	3.5	2.9	2.8
II Expenditure Management					
Total Expenditure/GSDP	14.4	15.6	15.4	14.8	14.6
Total Expenditure/Revenue Receipts	121	129	126	130	125
Revenue Expenditure/Total Expenditure	94.3	91.3	91.3	91.4	89.4
Revenue Expenditure on Social Services/Total Expenditure	29.3	28.6	30.3	30.7	31.2
Revenue Expenditure on Economic Services/Total Expenditure	12.3	10.3	12.7	12.4	11.2
Capital Expenditure/Total Expenditure	4.1	5.4	5.5	6.0	8.7
Capital Expenditure on Social and Economic Services/Total Expenditure.	3.9	5.2	5.3	5.8	8.4
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 1.7	(-) 2.2	(-) 1.8	(-) 2.2	(-) 1.4
Fiscal deficit/GSDP	(-) 2.5	(-) 3.5	(-) 3.2	(-) 3.4	(-) 2.9
Primary Deficit (surplus) /GSDP	0.2	(-) 1.01	(-) 0.8	(-) 1.1	(-) 0.8
Revenue Deficit/Fiscal Deficit	69.0	62.0	58.5	63.8	47.5
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	33.9	33.2	32.9	32.2	31.1
Fiscal Liabilities/RR	286.8	275.3	269.7	284.3	265.9
Primary deficit vis-à-vis quantum spread	2281	1360	2555	2113	3823
Debt Redemption (Principal +Interest)/ Total Debt Receipts (in per cent)	99.1	91.7	86.8	88.8	91.9
V Other Fiscal Health Indicators					
Return on Investment	1.3	1.2	1.1	0.8	2.0
Balance from Current Revenue (₹ in crore)	(-) 1332	(-) 2713	(-) 2254	(-) 2155	(-) 910
Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

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

Appendix 1.6
Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection
(Reference: Paragraph 1.3.1; Page 7 and Paragraph 1.3.1.2; Page 9)

(₹ 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.	2006-07	7930.38	8563.31	78.21	0.91	0.82
		2007-08	10035.51	9371.76	89.75	0.96	0.83
		2008-09	10616.39	11377.13	102.59	0.90	0.88
		2009-10	12733.94	12770.89	126.01	0.99	Not available
		2010-11	15125.69	15833.11	115.61	0.73	
2.	Stamps (non-judicial) and registration fees	2006-07	924.63	1470.73	59.06	4.02	2.33
		2007-08	1449.47	1946.08	77.64	3.99	2.09
		2008-09	2320.46	1931.75	82.97	4.30	2.77
		2009-10	2630.30	1812.89	100.70	5.55	Not available
		2010-11	2095.43	2477.19	101.56	4.10	
3.	State excise	2006-07	944.73	953.07	58.07	6.09	3.30
		2007-08	986.86	1169.25	69.40	5.94	3.27
		2008-09	1299.85	1397.64	72.84	5.21	3.66
		2009-10	1440.52	1514.81	83.31	5.50	Not available
		2010-11	1836.21	1699.54	92.51	5.44	
4.	Taxes on vehicles	2006-07	730.00	707.74	21.61	3.05	2.47
		2007-08	835.08	853.17	26.00	3.05	2.58
		2008-09	1008.64	937.45	30.05	3.21	2.93
		2009-10	958.63	1131.10	33.96	3.00	Not available
		2010-11	1301.88	1331.37	35.55	2.67	

Appendix 1.7
Summarised financial statement of Departmentally managed
Commercial/Quasi-commercial Undertakings
(Reference: Paragraph 1.6.4; Page 24)

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of accounts	Mean Govt capital	Block assets at depreciated cost	Depreciation provided during the Year	Turnover	Net profit/ Loss	Interest on Capital	Total return	Percentage Return on capital (Mean)
1	2	3	4	5	6	7	8	9	10 (8+9)	11
1.	State Water Transport	2007-08	14962.38	717.38	60.80	450.44	(-) 1723.36	143.58	(-) 1579.78	Nil
2.	Kerala State Insurance Department	2008-09	323.33	19.79	2.65	12700.18	1140.50	Nil	1140.50	352.74
3.	Text Book Office	2003-04	1752.57	No fixed assets	..	2472.61	(-) 561.10	135.61	(-) 425.49	Nil

Source : *pro forma* accounts of the respective undertakings.

Appendix 2.1
Savings in excess of ₹ 10 crore in each case and more than 20 per cent of
the total provision

(Reference: Paragraph 2.3.1; Page 38)

(₹ in crore)

Sl. No	Grant No. and Name	Total Grant/ Appropriation	Savings	Percentage of savings
Revenue Voted				
1	XIV Stationery and Printing and Other Administrative Services	257.57	55.24	21
2	XX Water Supply and Sanitation	652.02	263.15	40
3	XXI Housing	168.49	70.07	42
4	XXII Urban development	937.17	563.04	60
5	XXXVI Community Development	360.47	96.96	27
Capital Voted				
6	XV Public Works	2658.98	1186.14	45
7	XVII Education, Sports, Art and Culture	108.49	22.31	21
8	XVIII Medical and Public Health	126.04	27.26	22
9	XX Water Supply and Sanitation	657.00	444.47	68
10	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	110.38	37.90	34
11	XXIX Agriculture	126.91	77.29	61
12	XXXVIII Irrigation	466.20	204.65	44
13	XLI Transport	442.27	112.02	25
14	XLII Tourism	52.51	17.90	34
Capital Charged				
15	XV Public Works	72.44	29.61	41
16	Public Debt Repayment	12351.10	10376.07	84
Total		19548.04	13584.08	

Appendix 2.2
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 42)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
1990-91	1 Grant	Revenue - XXVIII	3658715	Notes vetted by audit. Not yet discussed by PAC.
1992-93	1 Grant	Capital - XXV	367400	Notes vetted by audit. Not yet discussed by PAC.
1995-96	1 Grant	Revenue - XXVI	211210533	Notes vetted by audit. Not yet discussed by PAC.
1996-97	1 Appropriation	Capital - XXV	32791	Notes vetted by audit. Not yet discussed by PAC.
1997-98	1 Grant	Capital - XXV	39265631	Notes vetted by audit. Not yet discussed by PAC.
1998-99	1 Grant	Revenue - XXV	78764570	Notes vetted by audit. Not yet discussed by PAC.
2000-01	1 Grant	Revenue - XXV	146560697	Notes vetted by audit. Not yet discussed by PAC.
2001-02	2 Grants	Revenue - XI	193559472	Notes vetted by audit. Not yet discussed by PAC.
		Capital - XXVIII	97209059	Notes vetted by audit. Not yet discussed by PAC.
2003-04	3 Grants	Revenue - XVII	1218609617	Final/Revised copies of notes not received. Not yet discussed by PAC
		Revenue - XI	41122987	Notes vetted by audit. Not yet discussed by PAC.
		Revenue - XLIII	26400000	Notes vetted by audit. Not yet discussed by PAC.
2006-07	1 Grant	Revenue - XLII	12772873	Notes vetted by audit. Not yet discussed by PAC.
2008-09	5 Grants	Revenue - XV	992290290	Notes vetted by audit. Not yet discussed by PAC
		Revenue - VII	35486464	Notes vetted by audit. Not yet discussed by PAC.
		Revenue - IX	2422867	Notes vetted by audit. Not yet discussed by PAC.
		Revenue - XII	2837441	Notes vetted by audit. Not yet discussed by PAC.
		Capital - XII	1986814	Notes vetted by audit. Not yet discussed by PAC.
	1 Appropriation	Capital - XXXVIII	662216	Notes vetted by audit. Not yet discussed by PAC.
2009-10	8 Grants	Revenue - III	1040075	Final/Revised copies of notes not received. Not yet discussed by PAC
		Revenue - V	58149523	Initial notes not received. Not yet discussed by PAC
		Revenue - VII	55510479	Initial notes not received. Not yet discussed by PAC
		Revenue - IX	16630122	Final/Revised copies of notes not received. Not yet discussed by PAC
		Revenue - XXVIII	13036755	Initial notes not received. Not yet discussed by PAC
		Revenue - XXXI	26833060	Final/Revised copies of notes not received. Not yet discussed by PAC
		Revenue - XXXIV	32216217	Final/Revised copies of notes not received. Not yet discussed by PAC
		Capital - XIX	4016	Initial notes not received. Not yet discussed by PAC
	2 Appropriations	Revenue - XI	161640	Notes vetted by audit. Not yet discussed by PAC.
		Revenue - XVI	27128083	Initial notes not received. Not yet discussed by PAC
Total			3335930407	

Appendix 2.3
Cases where supplementary provision (₹ 50 lakh or more in each case)
proved unnecessary
(Reference: Paragraph 2.3.5, Page 43)

(₹ 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	265.56	230.40	35.16	14.82
2.	X Treasury and Accounts	109.27	106.34	2.93	9.19
3.	XII Police	1149.52	1140.93	8.59	9.68
4.	XIII Jails	51.64	50.63	1.01	0.72
5.	XIV Stationery and Printing and Other Administrative Services	206.53	202.33	4.20	51.04
6.	XVII Education, Sports, Art and Culture	7004.66	6939.33	65.33	244.23
7.	XX Water Supply and Sanitation	598.58	388.87	209.71	53.44
8.	XXI Housing	154.73	98.42	56.31	13.77
9.	XXII Urban development	932.17	374.13	558.04	5.00
10.	XXV Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	844.40	775.17	69.23	24.81
11.	XXIX Agriculture	973.28	904.82	68.46	34.89
12.	XXXIV Forest	258.20	221.65	36.55	8.06
13.	XXXV Panchayat	138.55	131.46	7.09	12.35
14.	XXXVI Community Development	285.46	263.51	21.95	75.01
15.	XXXVIII Irrigation	233.43	208.39	25.04	9.44
16.	XLI Transport	34.49	27.64	6.85	1.29
17.	XLVI Social Security and Welfare	1104.73	1079.56	25.17	169.89
Capital (Voted)					
18.	XV Public Works	2470.53	1472.84	997.69	188.45
19.	XVIII Medical and Public Health	107.23	98.78	8.45	18.81
20.	XXV Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	91.47	72.48	18.99	18.91
21.	XXIX Agriculture	115.72	49.63	66.09	11.20
22.	XXX Food	35.94	32.46	3.48	3.20
23.	XXXIV Forest	19.17	14.00	5.17	0.83
24.	XXXVI Community Development	4.50	2.49	2.01	1.50
25.	XXXVIII Irrigation	303.64	261.55	42.09	162.57
	Total	17493.40	15147.81	2345.59	1143.10

Appendix 2.4
Cases of excessive supplementary grants/appropriations
(Savings of ₹ one crore and above)
(Reference: Paragraph 2.3.5, Page 43)

(₹ in crore)

Sl. No.	Number and name of Grant/Appropriation	Original	Supplementary	Total	Expenditure	Savings	Surrender of funds	Net savings/excess (+)
Revenue (Voted)								
1.	III Administration of Justice	220.80	59.29	280.09	254.48	25.61	26.26	(+) 0.65
2.	IV Elections	78.16	24.10	102.26	93.53	8.73	7.48	1.25
3.	V Agricultural Income Tax and Sales Tax	126.36	6.04	132.40	127.85	4.55	9.04	(+) 4.49
4.	XI District Administration and Miscellaneous	279.23	69.56	348.79	321.14	27.65	26.05	1.60
5.	XV Public Works	824.41	403.36	1227.77	1134.00	93.77	6.76	87.01
6.	XVI Pensions and Miscellaneous	6017.99	582.60	6600.59	6365.74	234.85	48.27	186.58
7.	XVIII Medical and Public Health	1730.58	68.24	1798.82	1761.75	37.07	62.09	(+) 25.02
8.	XXIII Information and Publicity	27.73	7.58	35.31	29.75	5.56	4.92	0.64
9.	XXIV Labour and Labour Welfare	366.38	110.70	477.08	400.89	76.19	58.69	17.50
10.	XXVI Relief on account of natural calamities	207.82	125.09	332.91	282.33	50.58	50.04	0.54
11.	XXVII Co-operation	116.63	91.42	208.05	195.27	12.78	14.77	(+) 1.99
12.	XXVIII Miscellaneous Economic Services	60.98	19.15	80.13	71.74	8.39	6.79	1.60
13.	XXX Food	194.80	204.24	399.04	395.70	3.34	5.07	(+) 1.73
14.	XXXI Animal Husbandry	263.97	16.95	280.92	275.98	4.94	6.37	(+) 1.43
15.	XXXIII Fisheries	97.81	116.51	214.32	207.85	6.47	6.96	(+) 0.49
16.	XXXVII Industries	291.07	50.12	341.19	309.12	32.07	26.52	5.55
17.	XL Ports	28.23	9.28	37.51	28.43	9.08	8.80	0.28
18.	XLII Tourism	104.94	42.58	147.52	136.62	10.90	6.12	4.78
19.	XLIII Compensation and Assignments	2696.49	91.54	2788.03	2785.92	2.11	0	2.11
Revenue (Charged)								
20.	III Administration of Justice	44.10	1.92	46.02	44.59	1.43	1.56	(+) 0.13
21.	XVI Pensions and Miscellaneous	10.76	2.00	12.76	11.58	1.18	1.61	(+) 0.43
Capital (Voted)								
22.	XVII Education, Sports, Art and Culture	46.26	62.23	108.49	86.18	22.31	21.70	0.61
23.	XXI Housing	22.44	126.97	149.41	143.15	6.26	7.92	(+) 1.66
24.	XXIV Labour and Labour Welfare	4.00	2.63	6.63	4.90	1.73	1.36	0.37
25.	XXVII Co-operation	69.03	296.48	365.51	352.32	13.19	13.00	0.19
26.	XXXI Animal Husbandry	8.75	10.00	18.75	10.13	8.62	8.61	0.01
27.	XXXIII Fisheries	79.86	34.09	113.95	92.26	21.69	21.66	0.03
28.	XXXVII Industries	329.92	288.43	618.35	566.44	51.91	14.29	37.62
29.	XLI Transport	260.27	182.00	442.27	330.25	112.02	95.92	16.10
30.	XLII Tourism	30.72	21.79	52.51	34.61	17.90	0.54	17.36
Capital (Charged)								
31.	XXXVIII Irrigation	0.36	5.96	6.32	4.37	1.95	1.47	0.48
Total		14640.85	3132.85	17773.70	16858.87	914.83	570.64	

Appendix 2.5
Excess/Unnecessary/Insufficient re-appropriation of funds
(Reference: Paragraph 2.3.6; Page 43)

(₹ in lakh)

Sl. No.	Grant number and Description	Head of Account	Re-appropriation	Final Excess(+)/ Savings(-)	
1.	II Heads of States, Ministers and Head quarters staff	3451-101-53	(-) 593.00	(-) 1508.00	
2.	V Agricultural Income Tax and Sales Tax	2040-101-97	(-) 787.76	395.81	
3.	VI Land Revenue	2029-102-95	(-) 834.42	(-) 268.57	
4.		2029-101-99	(-) 581.15	233.52	
5.	VII Stamps and Registration	2030-02-101-99	15.20	(-) 385.96	
6.	VIII Excise	2039-001-98	(-) 841.54	361.48	
7.		2039-001-99	(-) 177.28	380.47	
8.		Debt Charges	2049-04-101	0.01	(-) 4151.37
9.		2049-03-115-98	3779.30	16377.44	
10.		2049-03-104-99	3495.20	2891.82	
11.	X Treasury and Accounts	2054-097-98	(-) 459.71	215.01	
12.	XII Police	2055-104-99	(-) 3739.10	635.72	
13.		2055-115-99	(-) 1186.10	510.00	
14.		2055-101-98	171.88	(-) 289.50	
15.		2055-109-99	5218.94	(-) 1724.13	
16.		2055-101-99	(-) 127.32	845.12	
17.	XIV Stationery and Printing and Other Administrative Services	2058-103-99	(-) 46.24	(-) 247.83	
18.	XV Public Works	3054-80-800-94	(-) 692.00	(-) 289.09	
19.		3054-03-337-98	8832.00	(-) 5630.39	
20.		5054-04-337-83	(-) 61261.09	215.28	
21.		5054-04-101-86	(-) 35202.25	(-) 4615.08	
22.		5054-04-337-82	(-) 22000.00	(-) 685.63	
23.		5054-03-337-95	(-) 400.00	(-) 288.63	
24.		4059-01-051-72	(-) 76.32	(-) 223.68	
25.		5054-03-101-99	4.81	(-) 299.86	
26.		5054-80-800-81	314.28	(-) 430.41	
27.		5054-04-337-99	28743.54	(-) 1155.71	
28.		5054-80-001-99	11329.87	(-) 405.27	
29.		5054-04-101-96	5766.06	(-) 570.30	
30.		5054-04-337-94	6342.67	(-) 1437.57	
31.		5054-04-101-99	5356.00	(-) 1220.51	
32.		5054-03-337-98	2239.55	(-) 815.37	
33.		4059-60-051-98	62.87	329.28	
34.		5054-04-101-98	405.92	(-) 221.67	
35.		5054-04-337-91	634.72	(-) 458.13	
36.		5054-04-101-95	4013.83	(-) 3998.87	
37.		5054-04-337-89	494.23	(-) 493.55	
38.		5054-04-800-88	(-) 934.63	(-) 2925.49	
39.		XVI Pensions and Miscellaneous	2071-01-109-98	466.38	(-) 467.34
40.		XVII Education, Sports, Art and Culture	2202-02-109-86	0.85	(-) 11615.17
41.			2202-03-104-99	(-) 4965.05	(-) 655.52
42.			2202-02-109-99	(-) 209.47	(-) 3207.03
43.			2202-02-800-87	(-) 25.18	(-) 2312.10
44.			2202-01-101-98	(-) 18.63	(-) 1579.71
45.			2202-02-110-95	3.23	(-) 902.27
46.	2203-103-99		(-) 16.63	(-) 390.06	
47.	2202-02-108-99		(-) 72.85	(-) 296.93	
48.	2202-02-109-93		(-) 3.32	(-) 274.58	

Sl. No.	Grant number and Description	Head of Account	Re-appropriation	Final Excess(+)/ Savings(-)
49.		2202-01-102-99	(-) 101.12	10214.20
50.		2202-02-110-99	(-) 237.57	3661.01
51.		2202-01-101-99	(-) 116.05	3422.69
52.		2202-03-103-99	1120.97	1284.08
53.		2202-02-110-94	27.32	1853.36
54.		2202-02-001-99	30.64	426.93
55.	XVIII Medical and Public Health	2210-06-101-91	(-) 10.68	(-) 1670.31
56.		2210-01-102-98	(-) 62.59	(-) 1447.41
57.		2210-01-110-96	(-) 31.09	(-) 1152.47
58.		2210-01-110-97	(-) 125.16	(-) 1011.17
59.		2210-03-110-99	(-) 508.54	(-) 482.35
60.		2210-02-102-99	(-) 59.73	(-) 646.86
61.		2210-06-101-97	(-) 51.98	(-) 342.65
62.		2210-05-105-75	(-) 3.11	(-) 368.71
63.		2210-06-101-79	(-)0.84	(-) 339.43
64.		2210-06-101-85	(-)1.18	(-) 335.48
65.		2210-01-110-95	(-)21.76	(-) 307.72
66.		2210-01-110-90	(-)2.49	(-) 246.18
67.		2210-05-105-19	(-) 20.31	(-) 221.61
68.		2210-01-104-99	(-) 14.21	(-) 221.58
69.		2210-03-103-99	(-) 193.32	3007.75
70.		2210-05-105-96	(-) 72.47	1566.73
71.		2210-05-105-97	(-) 362.10	1812.75
72.		2210-06-003-97	(-) 7.67	1159.86
73.		2210-05-105-94	12.37	1002.90
74.		2210-01-110-98	(-) 506.80	1519.17
75.		2210-05-105-98	(-) 380.58	1234.41
76.		2210-05-105-95	(-) 45.73	801.99
77.		2210-05-105-92	2.22	293.89
78.	XIX Family Welfare	2211-101-96	(-) 3872.09	(-) 672.12
79.		2211-001-98	(-) 0.45	(-) 214.49
80.	XX Water Supply and Sanitation	6215-01-190-98	(-) 50354.00	271.45
81.	XXI Housing	4216-01-106-96	(-) 250.00	250.00
82.	XXII Urban Development	2217-05-192-82	(-) 89.52	(-) 805.68
83.		2217-05-191-86	(-) 59.68	(-) 537.12
84.	XXIV Labour and Labour Welfare	2230-01-800-97	(-) 700.00	(-) 635.43
85.	XXV Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	2225-01-197-50	28.56	(-) 373.80
86.	XXIX Agriculture	4402-203-97	(-) 304.50	(-) 575.50
87.		4402-203-98	304.50	(-) 224.50
88.	XXXI Animal Husbandry	2403-103-99	1.35	(-) 414.37
89.		2403-102-99	(-) 25.14	(-) 211.10
90.		2403-101-98	(-) 236.95	949.07
91.	XXXIV Forest	2406-01-001-99	484.52	(-) 387.57
92.	XXXV Panchayat	2515-800-81	(-) 1519.68	942.48
93.	XXXVI Community Development	2515-001-49	(-) 1312.06	(-) 305.71
94.	XXXVII Industries	6885-60-190-99	(-) 1000.00	(-) 500.00
95.	XXXVIII Irrigation	2701-80-001-97	(-) 324.00	(-) 235.56
96.	XLII Tourism	3452-80-001-95	(-) 22.24	(-) 256.28
97.	Public Debt Repayment	6004-02	(-) 1614.11	229.97
98.	XLVI Social Security and Welfare	2235-60-191-50	115.89	(-) 4429.91
99.		2235-02-102-98	(-) 1469.54	(-) 2390.43
100.		2235-02-106-99	(-) 249.76	209.50
101.		2235-60-198-50	4612.53	2008.25
102.		2235-60-192-50	420.98	(-) 247.40

Appendix 2.6
Results of review of substantial surrenders made during the year
(Reference: Paragraph 2.3.7; Page 43)

(₹ in crore)

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks
1.	VI Land Revenue	National Land Records Modernisation Programme – Bhoomikeralam Programme (50% CSS) (2506-00-800-97)	15.50	100	Out of this savings of ₹ 1.31 crore was due to reclassification. Reasons for balance savings have not been intimated (July 2011).
2.	VI Land Revenue	NLRMP – Digitisation of land records (50% of CSS) (2506-00-800-96)	4.50	100	Reasons not intimated. (July 2011).
3.	XI District Administration and Miscellaneous	Tsunami Rehabilitation Programme (2053-800-88)	2.00	100	Reasons not intimated (July 2011).
4.	XVII Education, Sports, Art and Culture	National Programme of Mid-Day Meals in Schools – Centralised Kitchen (2202-01-112-94)	10.00	100	Reasons not intimated. (July 2011)
5.		Archaeology- Priority Scheme under 13 th Finance Commission Award (2205-103-86)	6.25	100	Reasons not intimated. (July 2011)
6.		Tsunami Rehabilitation Programme (2202-80-800-50)	5.00	100	Reasons not intimated. (July 2011)
7.		Scheme for Small Hydro Generation (RIDF) (2810-00-800-91)	5.00	100	Due to non-release of funds to ANERT for the scheme
8.		Construction of Stadium at Kunnankulam (2204-104-14)	1.00	100	Due to non-finalisation of the project for construction/renovation activities.
9.		ERUDITE-Scholars in Residence Programme (2202-03-105-98)	1.00	100	Reasons not intimated (July 2011).
10.		Sports Development Fund (2204-03-800-78)	1.00	100	Reasons not intimated (July 2011).
11.		Construction of Municipal Stadium Complex at Kasaragode (2204-104-50)	1.00	100	Due to non-finalisation of the project for construction/renovation activities.
12.		P.P. Esthose Stadium, Moovattupuzha (2202-104-28)	1.00	100	Delay was because of non-encashment of the bill due to treasury restrictions.
13.		New Engineering Colleges started during the previous plans (RIDF) (4202-02-105-96)	6.00	100	Out of this, savings of ₹3.64 crore was due to slow progress of works. Reasons for the balance savings not intimated.
14.		Development of all Government Polytechnics (RIDF) (4202-02-104-96)	4.00	100	Out of this savings of ₹2.96 crore was due to slow progress of works. Reasons for the balance savings not intimated.
15.		Construction of Building for Directorate of Higher Secondary Education and Vocational Higher Secondary Education Department (4202-01-202-96)	3.00	100	Out of this savings of ₹1.75 crore was due to slow progress of works. Reasons for the balance savings not intimated
16.		Construction of College Hostels and Buildings under RIDF scheme (4202-01-203-96)	3.00	100	Reasons not intimated (July 2011)

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks	
17.	XVIII Medical and Public Health	Tsunami Rehabilitation Programme under Health Department (2210-80-800-79)	2.00	100	Due to the decision to seek State Plan assistance after fully utilizing the additional central assistance from Government of India.	
18.		Other Health Schemes – Indian Institute of Diabetes (2210-01-200-93)	1.00	100	Reasons not intimated (July 2011).	
19.		Opening of New Homoeo Dispensaries (2210-02-102-82)	1.00	100	Reasons not intimated (July 2011).	
20.		State Board of Medical Research (2210-05-105-99)	1.53	100	Reasons not intimated (July 2011).	
21.		Acquisition of Land and Creation of Infrastructure for Kerala University of Health and Allied Sciences (4210-03-001-93)	20.00	100	Due to non-commencement of work.	
22.		Completion of ongoing Construction Works (Major/ Minor) – GH/WCH/Other Hospitals under DHS (NABARD) (4210-01-110-75)	16.40	100	Due to non-commencement of work.	
23.		Construction of Works under DHS (4210-01-110-74)	8.00	100	Due to non-commencement of work.	
24.		Strengthening of Nursing/ Pharmacy College in Homoeopathy (4210-03-102-97)	3.60	100	Due to non-commencement of work.	
25.		Construction of New Building – Taluk Hospital, Punalur (4210-110-72)	2.72	100	Due to non-commencement of work.	
26.		Establishment of Medical University (4210-03-001-94)	2.50	100	Due to non-commencement of work.	
27.		Other Health Schemes – Indian Institute of Diabetes (4210-01-200-95)	1.40	100	Reasons not intimated (July 2011)	
28.		Homoeo Medical College, College Hospitals and College Hostel Thiruvananthapuram – Land Acquisition and Buildings (4210-03-102-99)	6.06	100	Reasons not intimated.	
29.		XX Water Supply and Sanitation	Special Package Against Recession in Kerala (2215-01-800-60)	20.00	100	Due to slow progress of works.
30.			Water Supply Scheme to Erumeli Panchayat (2215-01-800-58)	5.00	100	Due to slow progress of works.
31.	Manufacturing Units for Bottled Water (2215-01-800-78)		4.00	100	Due to slow progress of works.	
32.	PVC Pipe Factory at Chavara (2215-01-800-69)		2.00	100	Due to slow progress of works.	
33.	XXI Housing	Pravasi affordable housing scheme (2216-80-800-87)	1.00	100	Due to slow progress of works.	
34.		Housing Scheme at Devikulam for Government Employees (4216-01-106-95)	2.00	100	Due to slow progress of work.	
35.		Residential Flats for Economically Weaker Sections in Urban Area (4216-01-106-96)	2.50	100	Due to slow progress of work.	
36.	XXIV Labour and Labour Welfare	Orientation cum Training Programme (2230-03-800-83)	1.00	100	Due to non-receipt of sanction from Government of India for continuing the scheme.	

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks
37.	XXV Welfare of Scheduled Castes/Scheduled Tribes and other	General Development of Primitive Tribal Groups (Central Sector Scheme with 100 per cent Central Assistance) (2225-02-794-92)	10.00	100	Reasons not intimated. (July 2011)
38.	Backward Classes	Dr.Ambedkar Bhavan (4225-80-800-99)	2.50	100	Due to slow progress of work.
39.	XXIX Agriculture	Development of Kuttanadu wetland ECO system and Idukki District (2401-00-800-40)	5.00	100	Reasons not intimated (July 2011).
40.		Marketing facilities – RIDF projects (4435-01-101-97)	5.00	100	Reasons not intimated (July 2011).
41.		Agricultural Farms – Rural Infrastructure Development Fund (4401-104-96)	1.00	100	Due to non-receipts of any claim.
42.	XXXIII Fisheries	Tsunami Rehabilitation Programme (2405-800-25)	1.00	100	Reasons not intimated (July 2011).
43.		Integrated Coastal Area development project under RIDF (4405-800-81)	5.00	100	Due to non-finalisation of tender formalities.
44.	XXXVII Industries	Integrated Handloom Development Scheme (2851-103-47)	1.05	100	Due to non-release of central share by Government of India.
45.		Loans to Co-operatives – Construction of Godowns/Work Sheds/Processing Centres/Showroom of Apex Primary Handloom Weavers Co-operative Societies (NCDC share) (6851-195-51)	2.00	100	Due to non-receipt of applications under the scheme 'Margin money assistance for working capital to Thiruvananthapuram Taluk integrated Silk Handloom Weavers' Co-operative Society'.
46.	XL Ports	Capital Dredging at Minor Ports –Ports Department (State Sector) (5051-02-200-96)	1.90	100	Due to delay in starting of work.
47.		Vizhinjam Cargo Harbour (HED) (5051-80-800-84)	1.75	100	Due to delay in starting of work.
48.		Azheekal Port (Sand Purification Unit) (5051-80-800-68)	1.50	100	Due to delay in starting of work.
49.	XLI Transport	Priority Scheme under 13 th Finance Commission (5075-60-800-84)	56.25	100	Reason not intimated (July 2011).
50.		Development of feeder canals connecting the national water way III (RIDF scheme) (5075-60-800-86)	40.00	100	Reason not intimated (July 2011)
51.		Establishment of Vehicle Testing Station (5055-800-87)	2.25	100	Reason not intimated (July 2011)
52.		Procurement of Handheld Radars and Wireless Sets for Speed Trap (5055-00-800-96)	1.50	100	Reason not intimated (July 2011)
53.	XLII Tourism	Special Package for Tourism Development (3452-80-800-42)	1.75	100	Reason not intimated (July 2011).

Appendix 2.7
Surrender (₹ 50 lakh or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.8; Page 43)

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue (Voted)					
1.	I State Legislature	35.84	0.35	1.37	1.02
2.	III Administration of Justice	280.09	25.61	26.26	0.65
3.	V Agricultural Income Tax and Sales Tax	132.40	4.55	9.04	4.49
4.	VI Land Revenue	245.62	46.43	46.66	0.23
5.	VII Stamps and Registration	105.89	0.02	2.63	2.61
6.	VIII Excise	96.06	3.52	10.95	7.43
7.	X Treasury and Accounts	118.46	12.13	15.95	3.82
8.	XIII Jails	52.35	1.72	1.76	0.04
9.	XVIII Medical and Public Health	1798.82	37.07	62.09	25.02
10.	XIX Family Welfare	265.40	49.12	58.63	9.51
11.	XXVII Co-operation	208.05	12.78	14.77	1.99
12.	XXX Food	399.05	3.34	5.07	1.73
13.	XXXI Animal Husbandry	280.93	4.94	6.37	1.43
14.	XXXII Dairy	58.79	10.05	10.29	0.24
15.	XXXIII Fisheries	214.32	6.47	6.96	0.49
16.	XXXIV Forest	266.26	44.61	45.98	1.37
17.	XXXV Panchayat	150.89	19.44	31.48	12.04
18.	XLI Transport	35.77	8.13	8.87	0.74
Revenue (Charged)					
19.	III Administration of Justice	46.02	1.43	1.56	0.13
20.	XVI Pensions and Miscellaneous	12.77	1.18	1.61	0.43
Capital (Voted)					
21.	XVIII Medical and Public Health	126.04	27.26	28.45	1.19
22.	XX Water Supply and Sanitation	657.00	444.47	447.18	2.71
23.	XXI Housing	149.41	6.26	7.92	1.66
24.	XXXIV Forest	20.00	6.00	6.08	0.08
25.	XL Ports	164.42	12.29	12.54	0.25
Total		5920.65	789.17	870.47	81.30

Appendix 2.8

**Statement of grants/appropriations in which savings occurred but no part of which had been surrendered
(Reference: Paragraph 2.3.9, Page 43)**

(₹ in crore)

Sl. No.	Number and name of grant/ appropriation	Saving
Revenue (Voted)		
1	XLIII – Compensation and Assignments	2.12
Revenue (Charged)		
2	Debt charges	96.06
3	XV – Public Works	0.02
4	XXXIV – Forest	0.08
Capital (Voted)		
5	XXXII – Dairy	0.16
Capital (Charged)		
6	XV – Public Works	29.61
Total		128.05

Appendix 2.9
Details of saving of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.9, Page 43)

(₹ in crore)

Sl. No.	Number and name of grants/ appropriation	Saving (₹ 1 crore and above)	Surrender	Saving which remained to be surrendered
Revenue (Voted)				
1.	II Heads of States, Ministers and Headquarters Staff	49.97	32.41	17.56
2.	IV Elections	8.73	7.48	1.25
3.	IX Taxes on Vehicles	2.87	1.05	1.82
4.	XI District Administration and Miscellaneous	27.65	26.05	1.60
5.	XIV Stationery and Printing and Other Administrative Services	55.24	51.76	3.48
6.	XV Public Works	93.77	6.76	87.01
7.	XVI Pensions and Miscellaneous	234.85	48.27	186.58
8.	XVII Education, Sports, Art and Culture	309.56	161.26	148.30
9.	XX Water Supply and Sanitation	263.16	158.31	104.85
10.	XXI Housing	70.08	64.28	5.80
11.	XXII Urban development	563.04	533.15	29.89
12.	XXIV Labour and Labour Welfare	76.19	58.69	17.50
13.	XXV Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	94.04	83.06	10.98
14.	XXVIII Miscellaneous Economic Services	8.39	6.79	1.60
15.	XXIX Agriculture	103.36	87.88	15.48
16.	XXXVI Community Development	96.96	92.34	4.62
17.	XXXVII Industries	32.07	26.52	5.55
18.	XLII Tourism	10.90	6.12	4.78
19.	XLVI Social Security and Welfare	195.05	45.68	149.37
Revenue (Charged)				
20.	II Heads of States, Ministers and Headquarters Staff	2.14	0.74	1.40
Capital (Voted)				
21.	XV Public Works	1186.14	720.56	465.58
22.	XXIX Agriculture	77.29	69.11	8.18
23.	XXX Food	6.69	5.60	1.09
24.	XXXVII Industries	51.91	14.29	37.62
25.	XXXVIII Irrigation	204.65	130.91	73.74
26.	XLI Transport	112.02	95.92	16.10
27.	XLII Tourism	17.90	0.54	17.36
Total		3954.62	2535.53	1419.09

Appendix 2.10
Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2011
(Reference: Paragraph 2.3.9, Page 43)

(₹ in crore)

Sl. No.	Grant Number and Major head	Amount of surrender	Percentage of total provision
1.	II 3451 Secretariat Economic Services	31.11	19.75
2.	III 2014 Administration of Justice	27.82	8.53
3.	VI 2029 Land Revenue	27.34	12.17
4.	VI 2506 Land Reforms	19.29	92.74
5.	VIII 2039 State Excise	11.05	11.49
6.	X 2054 Treasury and Accounts Administration	15.95	13.46
7.	XI 2053 District Administration	23.05	12.03
8.	XII 2055 Police	17.56	1.51
9.	XIV 2070 Other Administrative Services	45.91	26.23
10.	XV 5054 Capital Outlay on Roads and Bridges	720.56	30.17
11.	XVI 2075 Miscellaneous General Services	49.87	7.32
12.	XVII 2202 General Education	60.14	0.93
13.	XVII 2204 Sports and Youth Services	23.80	16.75
14.	XVII 2810 Non-conventional sources of energy	26.43	47.97
15.	XVII 3425 Other Scientific Research	28.67	38.87
16.	XVII 4202 Capital Outlay on Education, Sports, Art and Culture	21.57	20.01
17.	XVIII 2210 Medical and Public Health	62.15	3.43
18.	XVIII 4210 Capital Outlay on Medical and Public Health	34.51	26.12
19.	XIX 2211 Family Welfare	58.63	22.09
20.	XX 2215 Water Supply and Sanitation	158.31	24.28
21.	XX 6215 Loans for Water Supply and Sanitation	442.18	73.70
22.	XXI 2216 Housing	64.28	38.15
23.	XXII 2217 Urban Development	533.15	56.89
24.	XXIV 2230 Labour and Employment	58.69	12.29
25.	XXV 2225 Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	81.81	9.57
26.	XXV 4225 Capital Outlay on Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	37.10	33.66
27.	XXVI 2245 Relief on account of Natural Calamities	50.04	11.46
28.	XXVII 2425 Co-operation	14.77	7.10
29.	XXIX 2401 Crop Husbandry	33.46	5.78
30.	XXIX 2551 Hill Areas	10.68	30.01
31.	XXIX 2702 Minor Irrigation	32.77	17.61
32.	XXIX 4402 Capital Outlay on Soil and Water Conservation	10.70	30.44
33.	XXIX 4702 Capital outlay on Minor Irrigation	51.24	65.16
34.	XXXII 2404 Dairy Development	10.29	17.50
35.	XXXIII 4405 Capital Outlay on Fisheries	21.66	23.05
36.	XXXIV 2406 Forestry and Wildlife	45.98	16.44
37.	XXXV 2515 Other Rural Development Programmes	31.48	20.86
38.	XXXVI 2505 Rural Employment	32.76	65.16
39.	XXXVI 2515 Other Rural Development Programmes	54.00	19.89
40.	XXXVII 2851 Village and Small Industries	25.53	9.58
41.	XXXVIII 2700 Major Irrigation	19.24	14.21
42.	XXXVIII 2701 Medium Irrigation	13.87	10.72
43.	XXXVIII 4700 Capital Outlay on Major Irrigation	25.27	32.77
44.	XXXVIII 4701 Capital Outlay on Medium Irrigation	55.42	28.40
45.	XXXVIII 4711 Capital Outlay on Flood Control Projects	51.68	25.81

Sl. No.	Grant Number and Major head	Amount of surrender	Percentage of total provision
46.	XL 5051 Capital Outlay on Ports and Light Houses	12.54	7.63
47.	XLI 5075 Capital Outlay on Other Transport Services	90.27	70.11
48.	XLVI 2235 Social Security and Welfare	45.68	3.58
49.	Public Debt 6003 Internal Debt of the State Government	10007.13	85.68
50.	Public Debt 6004 Loans and Advances from the Central Government	366.14	54.53
	Total	13793.53	

Appendix 2.11
Rush of Expenditure towards the end of the year
(Reference: Paragraph 2.3.10, Page 44)

(₹ in crore)

Sl. No.	Grant No	MJH	SMJH	MIH	SBH	Total Expenditure	Expenditure incurred during January-March 2011	Expenditure incurred during March 2011	Percentage of total expenditure incurred during	
									January-March 2011	March 2011
1.	XXXVIII	4860	01	190	94	21.27	21.27	21.27	100.00	100.00
2.	XLI	7053	02	190	99	32.00	32.00	32.00	100.00	100.00
3.	XXXV	4515	00	800	98	20.00	20.00	20.00	100.00	100.00
4.	XXXIX	2801	80	101	94	45.97	45.97	45.97	100.00	100.00
5.	XXXIX	2801	80	101	99	54.00	54.00	54.00	100.00	100.00
6.	XXVII	4425	00	107	86	150.00	150.00	150.00	100.00	100.00
7.	XXVII	4425	00	108	35	11.83	11.83	11.83	100.00	100.00
8.	XXII	2217	03	191	74	90.44	90.44	90.44	100.00	100.00
9.	XXII	2217	05	800	89	32.49	32.49	32.49	100.00	100.00
10.	XXXVII	6860	01	190	95	34.56	34.56	34.56	100.00	100.00
11.	XXXVII	2245	05	101	99	153.86	153.86	153.86	100.00	100.00
12.	XXVI	2425	00	800	96	18.87	18.87	18.87	100.00	100.00
13.	XV	5054	04	800	88	33.40	33.40	33.40	100.00	100.00
14.	XV	5054	80	190	99	13.00	13.00	13.00	100.00	100.00
15.	XV	5054	80	800	72	179.22	179.22	179.22	100.00	100.00
16.	XX	4215	01	800	98	20.00	20.00	20.00	100.00	100.00
17.	XXIV	2230	01	103	19	25.00	25.00	25.00	100.00	100.00
18.	XXIV	2230	01	103	33	40.00	40.00	40.00	100.00	100.00
19.	XVIII	2210	05	001	93	21.50	21.50	21.50	100.00	100.00
20.	XVII	2202	01	101	83	25.00	25.00	25.00	100.00	100.00
21.	XXXVI	2505	02	101	99	17.24	17.24	17.24	100.00	100.00
22.	XXXIII	2405	00	800	24	100.00	99.45	99.45	99.45	99.45
23.	XXII	2217	01	800	99	10.46	10.29	10.27	98.37	98.18
24.	XXXIV	2406	01	101	84	10.40	10.35	10.17	99.52	97.79
25.	XXI	2216	80	103	99	17.85	17.85	17.22	100.00	96.47

Sl. No.	Grant No	MJH	SMJH	MIH	SBH	Total Expenditure	Expenditure incurred during January-March 2011	Expenditure incurred during March 2011	Percentage of total expenditure incurred during	
									January-March 2011	March 2011
26.	XV	5054	01	337	98	15.11	14.61	14.55	96.69	96.29
27.	XVI	2075	00	103	98	216.53	196.91	193.85	90.94	89.53
28.	XV	5054	04	337	99	276.03	242.75	230.71	87.94	83.58
29.	XXIX	2551	01	101	08	21.47	21.47	17.80	100.00	82.91
30.	XXVII	2425	00	108	80	70.00	65.00	55.00	92.86	78.57
31.	XV	5054	04	337	94	49.05	45.92	37.53	93.62	76.51
32.	XXII	2217	05	192	81	38.92	31.83	28.23	81.78	72.53
33.	XXII	2217	80	800	91	71.00	71.00	50.00	100.00	70.42
34.	XV	5054	04	101	96	51.96	47.58	36.51	91.57	70.27
35.	XX	2215	01	800	63	80.00	56.00	56.00	70.00	70.00
36.	XX	2215	01	800	68	50.00	35.00	35.00	70.00	70.00
37.	XLVI	2235	60	200	76	16.22	16.22	11.35	100.00	69.98
38.	XV	4059	01	051	71	23.07	22.68	15.91	98.31	68.96
39.	XXXVII	4859	02	800	97	40.00	26.79	26.79	66.98	66.98
40.	XXX	2408	01	800	94	24.06	18.25	15.68	75.85	65.17
41.	XXXIII	4405	00	800	80	34.49	26.38	21.21	76.49	61.50
42.	XXXVIII	4711	02	103	93	30.43	20.72	18.70	68.09	61.45
43.	XV	5054	04	101	99	47.75	28.98	29.15	60.69	61.05
44.	XVII	2202	03	102	92	43.72	30.07	26.17	68.78	59.86
45.	XV	5054	03	337	98	18.29	11.29	10.26	61.73	56.10
46.	XLI	5053	02	190	97	49.07	37.07	27.07	75.55	55.17

MJH- Major Head; SMJH – Sub-Major Head; MIH – Minor Head; SBH – Sub head

Appendix 2.12

**Drawal of funds during 2010-11 to avoid lapse of budget grant
(Reference: Paragraph 2.3.12, Page 45)**

(₹ in crore)

Sl. No.	Name of the drawing officer	Head of Account and Purpose of drawal	Amount drawn and date of drawal	Remarks
LABOUR AND REHABILITATION DEPARTMENT				
1.	Director of Coir Development	2230-01-103-33 Income Support Scheme for workers of traditional sectors such as khadi, coir, handloom, etc.	20.00 (31 March 2011)	The amount was drawn and kept in the Treasury Savings Bank account maintained at District Treasury, Alappuzha in the joint designation of the Managing Director, Coirfed and the Director of Coir Development.
2.	Director of Handloom and Textiles	- do -	10.00 (31 March 2011)	The amount was drawn and kept in the bank account of General Manager of the District Industries Centre concerned.
3.	Director of Industries and Commerce	- do -	10.00 (31 March 2011)	The amount was transferred to the Secretary, Khadi and Village Industries Board for providing income support to workers engaged in khadi sector.
SCHEDULED CASTES/SCHEDULED TRIBES DEVELOPMENT DEPARTMENT				
4.	Director of Scheduled Castes Development	2225-01-800-26 Development of Ambedkar Complex at Mannanthala	2.71 (31 March 2011)	The work of development of Ambedkar Complex was entrusted to Kerala State Construction Corporation Limited (KSCC). Hence the amount was drawn by transfer-credit to the TSB account jointly operated by the Director of Scheduled Castes Development and the MD, KSCC Ltd. Memorandum of Understanding between KSCC and the Director was signed only in July 2011. Work has not been started so far (August 2011).
FISHERIES AND PORTS DEPARTMENT				
5.	Director of Fisheries	2405-800-24 Debt Relief of loans availed by Fishermen from National Backward Classes Finance and Development Corporation, National Minorities Development Finance Corporation, Co-operative societies, Co-operative banks, etc	44.38 (30 March 2011)	Amount drawn by the Director and credited to his TSB account. The amount was paid to Additional Registrar of Co-operative Societies by demand draft on 30 March 2011 for providing debt relief. Out of this, ₹ 42.26 crore was released to six Co-operative Banks on 14 July 2011 and the balance of ₹ 2.12 crore remained unutilized (August 2011).

Sl. No.	Name of the drawing officer	Head of Account and Purpose of drawal	Amount drawn and date of drawal	Remarks
6.	Director of Fisheries	2405-800-24 Debt Relief of loans availed by Fishermen from National Backward Classes Finance and Development Corporation, National Minorities Development Finance Corporation, Co-operative societies, Co-operative banks, etc	43.14 (31 March 2011)	Amount drawn and credited to the TSB account of Director of Fisheries. The entire amount remained unutilized (August 2011).
HOUSING DEPARTMENT				
7.	The Secretary, Kerala State Housing Board	2216-80-103-99(20) Suraksha Housing Scheme	2.22 (31 March 2011)	The amount is for payment of subsidy to Below Poverty Line families to construct houses. The amount was credited to TSB account of Kerala State Housing Board and kept unutilized. Audit also noticed that at the time of transfer, ₹ 4.43 crore out of ₹ 8.58 crore which was released earlier for the scheme (up to 2009-10) was remaining unspent in the TSB account.
8.	The Secretary, Kerala State Housing Board	2216-80-103-99(34) MN One lakh Housing Reconstruction Scheme	15.00 (31 March 2011)	The amount was credited to TSB account of Kerala State Housing Board. Only ₹ 4.10 crore was spent up to the end of August 2011.
LOCAL SELF GOVERNMENT DEPARTMENT				
9.	The Project Director, Kerala Sustainable Urban Development Project (KSUDP)	2217-03-119-74 Additional Central assistance for Urban Infrastructure Scheme for Small and Medium Towns	90.44 (11 March 2011)	Amount transfer credited to TSB account of Project Director, KSUDP.
10.		2217-05-800-89 Jawaharlal Nehru National Urban Renewal Mission	12.88 (11 March 2011) 19.61 (26 March 2011)	
CO-OPERATION DEPARTMENT				
11.	Registrar of Co-operative Societies	2425-108-39 (subsidy) 4425-108-35 (share capital contribution) Assistance for market intervention support and processing for 14 Service Co-operative Banks/Societies	1.27 (31 March 2011) 10.05 (31 March 2011)	The amount was credited to the Treasury Public Account of Kerala State Co-operative Bank for disbursement to the Service Co-operative banks after satisfying the terms and conditions prescribed by the Government. The Registrar of Co-operative Societies informed (August 2011) that ₹ 3.96 crore relating to five Service Co-operative banks remained to be distributed as they had not furnished the necessary documents prescribed by the Government.

Sl. No.	Name of the drawing officer	Head of Account and Purpose of drawal	Amount drawn and date of drawal	Remarks
AGRICULTURE DEPARTMENT				
12.	Director of Agriculture	2401-104-86-01 Debt Relief Assistance under Kerala Farmers Debt Relief Commission Act, 2006	14.28 (28 March 2011 and 31 March 2011)	Amount transferred to TSB account of Registrar of Co-operative Societies for disbursement of assistance to co-operative banks and societies. Out of ₹ 24.28 crore received during 2010-11, ₹ 14.91 crore remained unutilized (August 2011).
POWER DEPARTMENT				
13.	Director, ANERT ⁴⁶	2810-00-800-86 (Plan) Rural Electrification Programme for the marginalized and disadvantaged	6.38 (30 March 2011)	Amount was credited to TSB account of ANERT. The beneficiary list has not been finalized and the project has not been implemented (August 2011).
14.	Director, ANERT	2810-00-800-85 (Plan) Improved Choolah Programme	2.50 (30 March 2011)	Amount was credited to TSB account of ANERT. Only ₹ 0.66 crore has been expended (August 2011).
15.	Director, ANERT	2810-60-800-92 (Plan) Knowledge support for the Decentralised Power Generation and Demand side Management in Local Governments	2.71 (31 March 2011)	Amount was credited to TSB account of ANERT. Only ₹ 1.02 lakh has been spent (August 2011)
Total			307.57	

⁴⁶ Agency for Non-conventional Energy and Rural Technology – A Government of Kerala undertaking

Appendix 2.13
Pendency in submission of Detailed Contingent bills against Abstract
Contingent (AC) bills drawn during 2009-10 and 2010-11
(Reference: Paragraph 2.4.1, Page 46)

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Number of AC bills	Amount
1.	Veterinary Polyclinic, Nedumangad	1	112500
2.	Administrative Assistant, Veterinary Dispensary, Velavoor	1	25000
3.	District Animal Husbandry Office, Thiruvananthapuram	1	10000
4.	Veterinary Dispensary, Kulathoor	1	15790
5.	Veterinary Dispensary, Aruvikkara	1	100000
6.	Veterinary Dispensary, Arumanoor	1	25000
7.	Veterinary Dispensary, Sreekaryam	1	25000
8.	Project Officer, Integrated Tribal Development Project, Kannur	1	499950
9.	District Education Officer, Malappuram	1	550000
10.	Child Development Project Officer, Vengare, Malappuram	1	227000
11.	Child Development Project Officer, Kozhikode	1	227000
12.	Child Development Project Officer, Kannur (Urban)	1	298000
13.	Child Development Project Officer, Kasaragode	1	227000
14.	Child Development Project Officer, Payyannur	1	745000
15.	Child Development Project Officer, Kannur (Rural)	1	227000
16.	Project Officer, Integrated Tribal Development Project, Wayanad	2	700000
17.	District Education Officer, Wayanad	1	49000
18.	Child Development Project Officer, Mankada, Malappuram	1	3999600
19.	Headmaster, GMVHSS, Nilambur	1	26500
20.	Superintendent, Central Prison, Kannur	2	1000000
21.	District Social Welfare Officer, Palakkad	3	32500
22.	Veterinary Surgeon, Veterinary Dispensary, Edathuruthu	1	27300
23.	Deputy Collector, LA(RCF), Palakkad	1	100000
24.	Principal Agricultural Officer, Palakkad	2	15908100
25.	Principal Agricultural Officer, Thrissur	1	1000000
26.	Assistant Director of Agriculture, Thalikulam	1	200000
	Total	31	26357240

Appendix 2.14
List of controlling officers where amounts exceeding ₹ 10 crore in each case remained unreconciled during 2010-11
(Reference: Paragraph 2.4.2, Page 47)

(₹ in crore)

Sl. No.	Name of the Controlling Officer	Amount not reconciled
1.	Secretary, Kerala Public Service Commission	53.70
2.	Secretary to Government, General Administration Department	105.20
3.	Secretary, State Planning Board	19.25
4.	Principal Secretary to Government, Finance Department	12968.08
5.	Secretary to Government, Information Technology Department	161.25
6.	Secretary to Government, Water Resources Department.	448.88
7.	Secretary to Government, Local Self Government Department	71.66
8.	Secretary, Revenue Department	142.44
9.	Secretary to Government, Health and Family Welfare Department	164.48
10.	Secretary to Government, Housing Department	39.78
11.	Secretary to Government, Industries Department	43.79
12.	Secretary to Government, Science & Technology Department	12.17
13.	Secretary to Government, Transport Department	106.07
14.	Advocate General	14.34
15.	Registrar General, High Court of Kerala	258.16
16.	Chief Electoral Officer	20.87
17.	State Election Commissioner	65.15
18.	Commissioner of Commercial Taxes	106.04
19.	Commissioner of Land Revenue	571.09
20.	Director of Survey and Land Records	55.40
21.	Inspector General of Registration	46.14
22.	Excise Commissioner	90.19
23.	Director of Treasuries	602.95
24.	Director of National Savings	130.12
25.	Director General of Police	1104.11
26.	Director General of Police (Prisons)	86.10
27.	Controller of Stationery	12.50
28.	Director of Printing	51.13
29.	Director of Vigilance Investigation	30.12
30.	Commandant General, Fire & Rescue Services	64.46
31.	Director of State Lotteries	253.83
32.	Director of Public Instruction	2881.13
33.	Director of Vocational Higher Secondary Education	126.57
34.	Secretary, Kerala Sports Council	21.34
35.	Director, Higher Secondary Education	2173.26
36.	Text Book Officer	54.30
37.	Secretary, Kerala State Library Council	14.70
38.	Director, Indegenous Medicines	87.03
39.	Director, Insurance Medical Services Department	56.51
40.	Director of Homoeopathy	43.84
41.	Director of Health Services	763.01
42.	Director of Medical Education	479.90
43.	Housing Commissioner, Kerala State Housing Board	17.85
44.	Director of Municipal Administration	15.00
45.	Chief Town Planner	129.36
46.	Director, Kerala Sustainable Urban Development Project	81.38
47.	Director of Urban Affairs	107.31
48.	Labour Commissioner	190.63

Sl. No.	Name of the Controlling Officer	Amount not reconciled
49.	Director of Training	56.47
50.	Director of Employment	63.68
51.	Director of Scheduled Castes Development	561.34
52.	Director of Scheduled Tribes Development Department	40.69
53.	Director of Social Welfare Department	220.81
54.	Registrar of Co-operative Societies	191.06
55.	Director of Agriculture	562.87
56.	Director of Groundwater Department	22.36
57.	Director of Civil Supplies	404.05
58.	Director of Animal Husbandry	188.34
59.	Director of Dairy Development	10.70
60.	Chief Conservator of Forests	107.72
61.	Director of Panchayats	37.48
62.	Commissioner of Rural Development	227.51
63.	Director of Industries and Commerce	73.00
64.	Director of Ports	140.26
65.	Director of State Water Transport	18.37
66.	Director of Tourism	83.32
67.	Secretary, Tourism Department	11.05
	Total	28163.65

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

Appendix 2.15
Non-mustering of pensioners
(Reference: Paragraph 2.9.2; Page 51)

Sl. No.	Name of Treasury	Number of cases
1.	Sub Treasury, Kattappana	4
2.	Sub Treasury, Adimali	4
3.	Sub Treasury, Devikulam	3
4.	Sub Treasury, Mancompu	4
5.	Sub Treasury, Pathanapuram	4
6.	Sub Treasury, Chadayamangalam	18
7.	District Treasury, Kottarakkara	5
8.	Sub Treasury, Sasthamkotta	3
9.	Sub Treasury, Kottarakkara	5
10.	Sub Treasury, Chavara	4
11.	Sub Treasury, Paravoor	4
12.	Sub Treasury, Kundara	6
13.	Sub Treasury, Chathannoor	4
14.	Pension Payment Sub Treasury, Kollam	4
15.	Sub Treasury, Karunagappally	5
16.	Sub Treasury, Kazhakkootam	4
17.	Sub Treasury, Vaikom	3
18.	Sub Treasury, Erattupettah	3
19.	Sub Treasury, Meenachil	3
20.	Sub Treasury, Kothamangalam	6
21.	Sub Treasury, Mannar	3
22.	Sub Treasury, Edathua	6
23.	Sub Treasury, Harippad	4
24.	Sub Treasury, Konni	5
25.	Sub Treasury, Nayarambalam	5
26.	Sub Treasury, Adoor	4
27.	Sub Treasury, Pathanamthitta	4
28.	District Treasury, Pathanamthitta	4
29.	Sub Treasury, Karukachal	5
30.	Sub Treasury, Pallickathodu	7
31.	Sub Treasury, Gandhinagar	5
32.	Sub Treasury, Ettumanoor	4
33.	District Treasury, Kottayam	4
34.	Sub Treasury, Kadakkal	4
35.	Pension Payment Sub Treasury, Neyyattinkara	6
36.	Sub Treasury, Vizhinjam	4
37.	Sub Treasury, Parassala	4
38.	Sub Treasury, Vithura	3

Sl. No.	Name of Treasury	Number of cases
39.	Rural District Treasury, Kattakada	5
40.	Sub Treasury, Nedumangadu	4
41.	Sub Treasury, Varkala	5
42.	Sub Treasury, Kadakkavoor	6
43.	Sub Treasury, Payyoli	4
44.	Rural District Treasury, Irinjalakuda	6
45.	Sub Treasury, Annamanada	2
46.	Sub Treasury, Thriprayar	4
47.	Sub Treasury, Kodungallur	3
48.	Sub Treasury, Changaramkulam	4
49.	Sub Treasury, Chittoor	4
50.	Sub Treasury, Cherppulassery	4
51.	Sub Treasury, Shoranur	4
52.	Sub Treasury, Kasaragode	6
53.	Sub Treasury, Nileshwar	5
54.	Sub Treasury, Chattanchal	3
55.	District Treasury, Mattannur	5
56.	Sub Treasury, Iritty	4
57.	Sub Treasury, Koothuparamba	4
58.	Sub Treasury, Peravoor	3
59.	District Treasury, Wayanad	3
60.	Sub Treasury, Sulthan Bathery	4
61.	Sub Treasury, Pulappally	4
62.	Sub Treasury, Vythiri	4
63.	District Treasury, Thrissur	4
64.	Sub Treasury, Chelakkara	4
65.	Sub Treasury, Cherppu	5
66.	Sub Treasury, Chakkarakallu	2
67.	Sub Treasury, Kannur	4
68.	District Treasury, Kannur	4
69.	Sub Treasury, Pazhayangadi	4
70.	District Treasury, Thamarassery	4
71.	Sub Treasury, Thiruvampady	4
72.	Sub Treasury, Balussery	4
73.	Sub Treasury, Pulamanthole	4
74.	Sub Treasury, Valanchery	1
75.	Sub Treasury, Karuvarakundu	4
76.	Sub Treasury, Kondotty	5
77.	Sub Treasury, Areacode	6
	Total	336

Appendix 3.1
Utilisation Certificates outstanding as on 30 June 2011
(Reference: Paragraph 3.1; Page 53)

(₹ in lakh)

Department	Year of payment of grant	Total grants paid		Utilisation certificates					
				Not due		Received		Outstanding	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
Cultural Affairs	2009-10	17	278.35	Nil	...	Nil	...	17	278.35
Cultural Affairs	2010-11	89	4588.57	56	963.73	7	2625.30	26	999.54
Sports and Youth Affairs	2009-10	3	254.25	Nil	...	Nil	...	3	254.25
Sports and Youth Affairs	2010-11	11	2342.18	10	2076.18	1	266.00	Nil	...
Higher Education	2010-11	21	3338.32	21	3338.32	Nil	...	Nil	...
Tourism	2010-11	1	65.57	1	65.57	Nil	...	Nil	...
Technical Education	2010-11	16	2906.14	Nil	...	16	2906.14	Nil	...
General Education	2010-11	23	1887.75	7	174.75	16	1713.00	Nil	...
Health and Family Welfare	2010-11	36	8354.58	13	2706.58	23	5648.00	Nil	...
Scheduled Castes and Scheduled Tribes Development	2010-11	3	79.00	1	29.00	2	50.00	Nil	...
Land Revenue	2010-11	3	82.68	3	82.68	Nil	...	Nil	...
Animal Husbandry	2010-11	2	100.00	2	100.00	Nil	...	Nil	...
Co-operation	2010-11	7	55.80	6	51.55	Nil	....	1	4.25
Total		232	24333.19	120	9588.36	65	13208.44	47	1536.39

Appendix 3.2
Statement showing names of bodies and authorities, the accounts of which had not
been received as of March 2011
(Reference: Paragraph 3.2; Page 54)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (₹ in lakh)
Higher Education			
1.	Institute of Human Resources Development in Electronics, Thiruvananthapuram	2009-10	425
2.	Centre for Continuing Education, Thiruvananthapuram	2009-10	150.38
Health and Family Welfare			
3.	Kerala Ayurvedic Studies and Research Society, Kottakkal	2009-10	387.66
Local Self Government			
4.	Trivandrum Development Authority, Thiruvananthapuram	2009-10	22
Science and Technology			
5.	Tropical Botanical Garden and Research Institute, Thiruvananthapuram	2009-10	-
6.	Malabar Botanic Garden Society, Thiruvananthapuram	2009-10	-
Labour and Rehabilitation			
7.	Kerala Handloom Workers Welfare Fund Board, Kannur	2009-10	392.35
Scheduled Castes and Scheduled Tribes Development			
8.	Institute of Civil Services Examinations Training Society, Thiruvananthapuram	2009-10	40
General Education			
9.	State Institute of Children's Literature, Thiruvananthapuram	2009-10	180
Tourism			
10	Kerala Institute of Tourism and Travel Studies	2009-10	99.98
Total number of Annual Accounts:10			

* Details not received from the institutions.

Appendix 3.3
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.3; Page 54)

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 2012-13	2007-08	2007-08	2003-04	18.12.2008	11.3.2011	32 months 11 days
2.	Command Area Development Authority, Thrissur	Up to 2011-12	2009-10	2008-09	2005-06	11.3.2008	30.3.2011	9 months
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Up to 2011-12	2009-10	2009-10	2003-04	25.11.2008	21.7.2010	21 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	Up to 2011-12	2009-10	2009-10		Information not received	19.11.2010	4 months 19 days
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2008-09	2007-08	2004-05	11.3.2008	27.9.2011	26 months 27 days
6.	Kerala State Human Right Commission, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	09.09.2009	21.7.2010	21 days
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	01.07.2009	22.11.2010	4 months 22 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	26.2.2008	1.4.2011	9 months 1 day
9.	District Legal Services Authority, Kollam	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	17.2.2009	21.7.2010	21 days
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2005-06	23.7.2007	1.4.2011	9 months 1 day
11.	District Legal Services Authority, Alappuzha	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2008-09	22.12.2010	24.6.2010	Nil
12.	District Legal Services Authority, Kottayam	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	24.6.2008	20.7.2010	20 days
13.	District Legal Services Authority, Idukki	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	24.6.2008	27.7.2010	27 days

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 Act enacted by Parliament	2009-10	2009-10	2006-07	25.11.2008	3.2.2011	7 months 3 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2008-09	23.6.2009	13.10.2010	3 months 13 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	23.7.2009	27.10.10	3 months 27 days
17.	District Legal Services Authority, Malappuram	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	23.7.2009	1.6.2010	Nil
18.	District Legal Services Authority, Kozhikode	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	23.7.2008	15.6.2010	Nil
19.	District Legal Services Authority, Wayanad	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2008-09	22.12.2010	24.2.2011	7 months 24 days
20.	District Legal Services Authority, Kannur	1998-99 onwards Act enacted by Parliament	2009-10	2008-09	2006-07	23.06.2009	16.7.2010	16 days
21.	District Legal Services Authority, Kasaragode	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	23.6.2009	16.7.2010	16 days
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2007-08	1.7.2009	22.11.2010	4 months 22 days
23.	Kerala Water Authority	Up to 2013-14	2006-07	2005-06	2005-06	30.03.2010	8.12.2009	29 months 8 days

Appendix 3.4
Statement of finalisation of *pro forma* accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
(Reference: Paragraph 3.4; Page 54)

Sl. No.	Name of the undertaking	Accounts finalised up to	Investment as per the last accounts finalised (₹ in crore)	Reasons for delay in preparation of accounts
1.	State Water Transport Department	2007-08	158.99	Lack of qualified professionals for preparation of accounts.
2.	Kerala State Insurance Department	2008-09	3.18	Reasons not available
3.	Text Book Office	2003-04	21.26	Government decided (December 2008) to dispense with the preparation of <i>pro forma</i> accounts for the period from 1975-76 to 1986-87. Decision on preparation of <i>pro forma</i> accounts for the period from 1987-88 to 2003-04 is pending with the Government (June 2010).

Note: Besides, *pro forma* accounts were due in respect of rubber plantation activities of Open Prison, Nettukaltheri (for 2008-09 and 2009-10) and Feed Compounding Unit, Chengannur (from 2007-08 to 2009-10). Even though the Intensive Poultry Development Block, Muvattupuzha was non-functional since November 1998, the *pro forma* accounts were due for the period 1993-94 to 1996-97 and 2003-04 to 2009-10.

Appendix 3.5
Department-wise/duration-wise break-up of cases of
misappropriation, defalcation, etc.
(Reference: Paragraph 3.5; Page 55)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and above	Total number of cases
1.	Agriculture	3 (30.63)	2 (1.30)	... ..	3 (88.21)	... ..	... ..	8 (120.14)
2.	Animal Husbandry	1 (0.35)	1 (3.65)	... ..	... ..	... ..	... ..	2 (4.00)
3.	Cultural Affairs - Archives	... ..	... ..	... ..	... ..	... ..	1 (0.2)	1 (0.2)
4.	Co-operation	... ..	... ..	1 (11.30)	... ..	... ..	... ..	1 (11.30)
5.	Finance-National Savings	... ..	... ..	... ..	... ..	1 (0.45)	... ..	1 (0.45)
6.	Finance – Treasuries	4 (67.95)	4 (29.27)	4 (39.21)	2 (0.17)	2 (1.54)	2 (0.66)	17 (138.80)
7.	Fisheries and Ports	... ..	1 (2.38)	1 (1.32)	... ..	... ..	... ..	2 (3.7)
8.	Forest and Wildlife	... ..	8 (32.63)	... ..	1 (0.36)	1 (0.85)	... ..	10 (33.84)
9.	General Education	2 (1.74)	2 (10.34)	8 (2.77)	2 (0.16)	1 (1.10)	2 (3.64)	17 (19.75)
10.	Health and Family Welfare – Indian Systems of Medicine	... ..	... ..	1 (1.84)	... ..	... ..	... ..	1 (1.84)
11.	Health and Family Welfare – Health Services	5 (25.27)	3 (151.16)	1 (4.03)	2 (1.64)	3 (2.23)	... ..	14 (184.33)
12.	Health and Family Welfare - Medical Education	1 (1.16)	2 (17.97)	... ..	... ..	... ..	... ..	3 (19.13)
13.	Higher Education – Collegiate Education	... ..	1 (0.20)	1 (0.73)	1 (0.02)	... ..	... ..	3 (0.95)
14.	Higher Education - Technical Education	... ..	1 (7.44)	... ..	... ..	... ..	... ..	1 (7.44)
15.	Home Department – Police	1 (3.93)	... ..	... ..	... ..	1 (0.38)	... ..	2 (4.31)
16.	Industries	... ..	... ..	2 (0.47)	... ..	... ..	... ..	2 (0.47)
17.	Local Self Government	... ..	3 (4.51)	2 (2.77)	1 (1.85)	... ..	... ..	6 (9.13)
18.	Public Works Department	1 (1.87)	3 (8.36)	... ..	... ..	... ..	... ..	4 (10.23)
19.	Revenue – Survey and Land Records	... ..	... ..	... ..	... ..	... ..	1 (5.60)	1 (5.60)
20.	Scheduled Castes and Scheduled Tribes Development	... ..	... ..	... ..	... ..	2 (0.65)	... ..	2 (0.65)
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.	Water Resources	... ..	17 (146.30)	... ..	... ..	... ..	... ..	17 (146.30)
Total		20 (142.15)	49 (425.71)	20 (64.44)	13 (95.02)	11 (7.2)	6 (10.10)	119 (744.62)

(Figures in brackets indicate ₹ in lakh)

Appendix 3.6
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 55)

Name of Department	Theft		Misappropriation/ loss of Government material		Total	
	Number of cases	Amount (₹ in lakh)	Number of cases	Amount (₹ in lakh)	Number of cases	Amount (₹ in lakh)
Agriculture			8	120.14	8	120.14
Animal Husbandry			2	4.00	2	4.00
Cultural Affairs -Archives			1	0.2	1	0.2
Co-operation			1	11.30	1	11.30
Finance-National Savings			1	0.45	1	0.45
Finance – Treasuries			17	138.80	17	138.80
Fisheries and Ports			2	3.70	2	3.70
Forest and Wildlife			10	33.84	10	33.84
General Education	9	1.05	8	18.70	17	19.75
Health and Family Welfare – Indian Systems of Medicine			1	1.84	1	1.84
Health and Family Welfare – Health Services	2	2.16	12	182.17	14	184.33
Health and Family Welfare - Medical Education			3	19.13	3	19.13
Higher Education – Collegiate Education	2	0.22	1	0.73	3	0.95
Higher Education - Technical Education			1	7.44	1	7.44
Home Department – Police			2	4.31	2	4.31
Industries			2	0.47	2	0.47
Local Self Government			6	9.13	6	9.13
Public Works Department			4	10.23	4	10.23
Revenue – Survey and Land Records			1	5.60	1	5.60
Scheduled Castes and Scheduled Tribes Development			2	0.65	2	0.65
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
Water Resources	1	0.55	16	145.75	17	146.30
Total	15	4.30	104	740.32	119	744.62