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on 28 June 2011



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

**ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2010

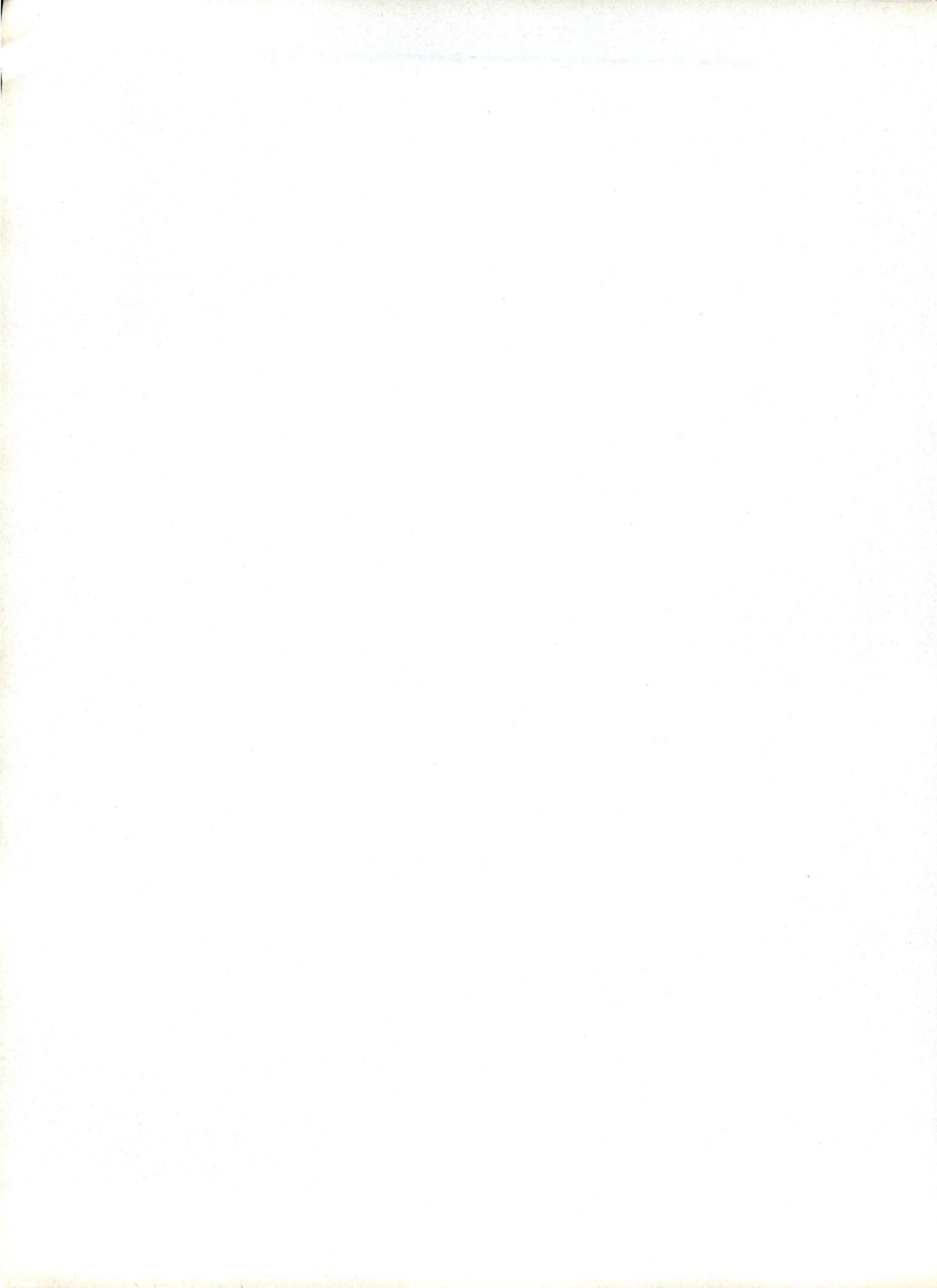
Report No.1

GOVERNMENT OF KERALA

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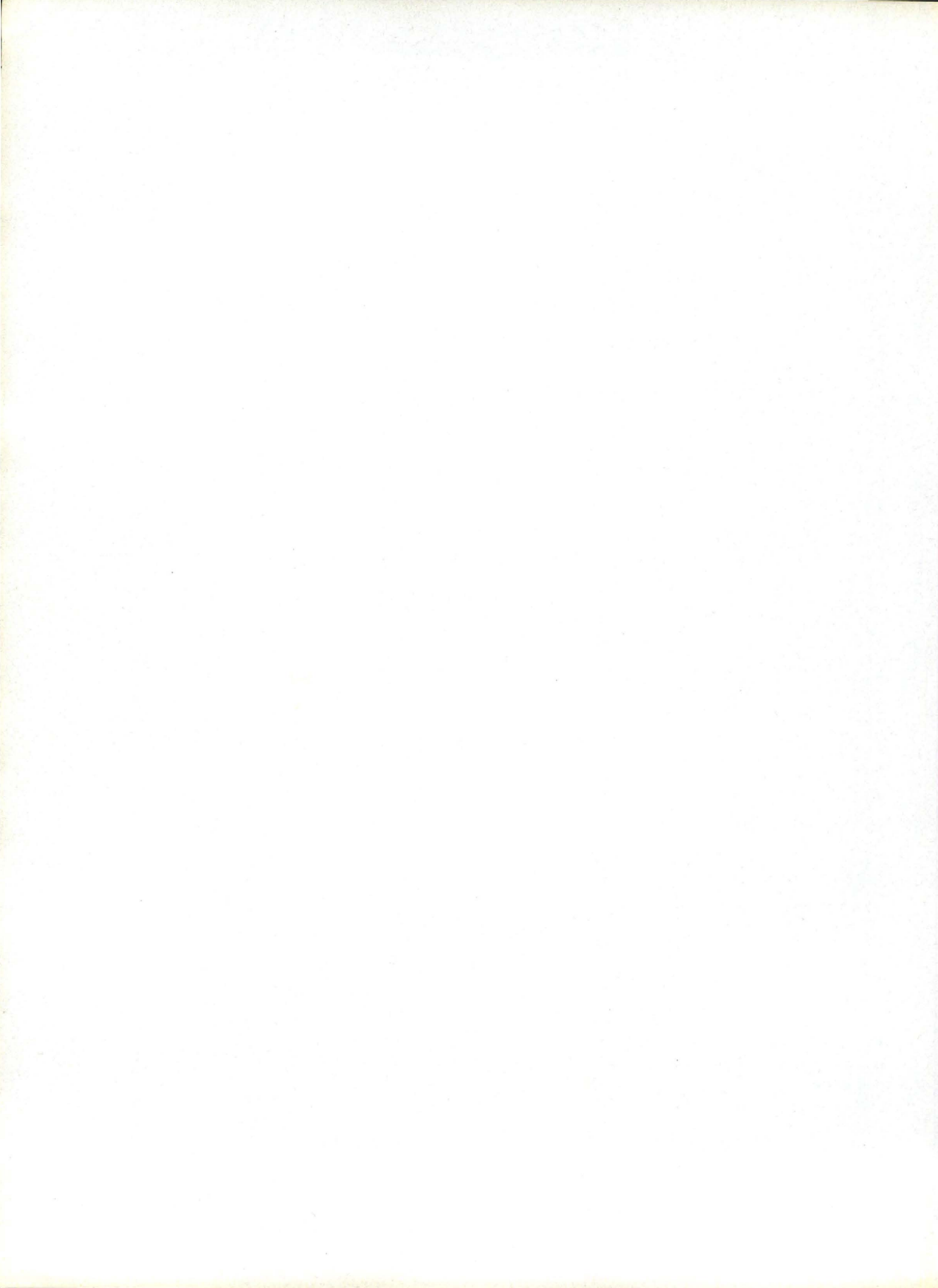
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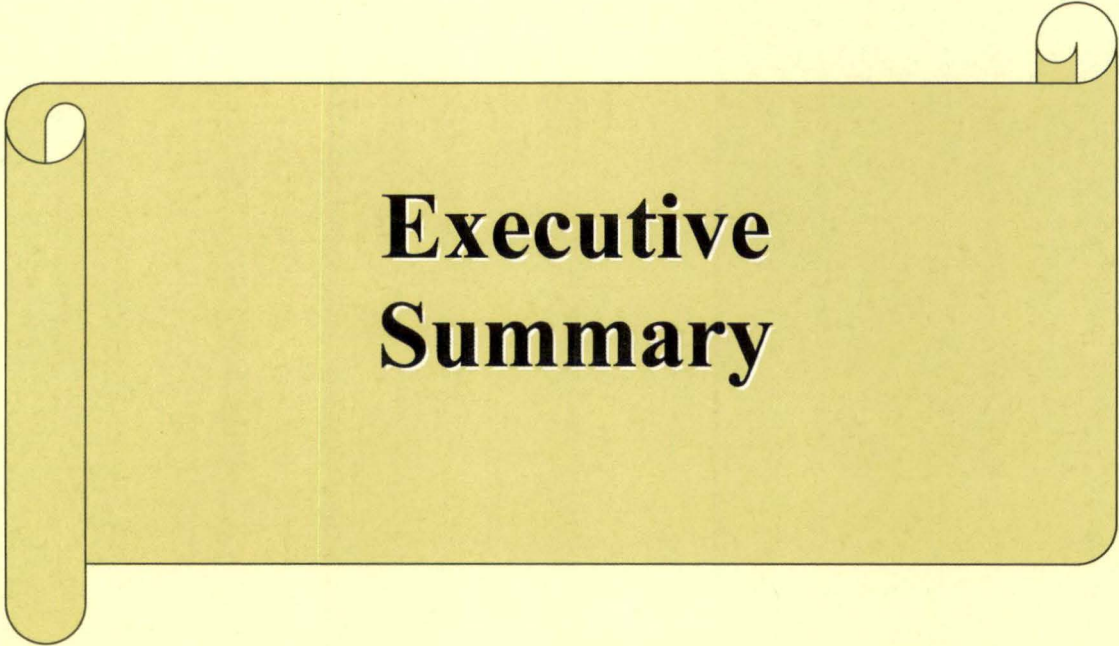
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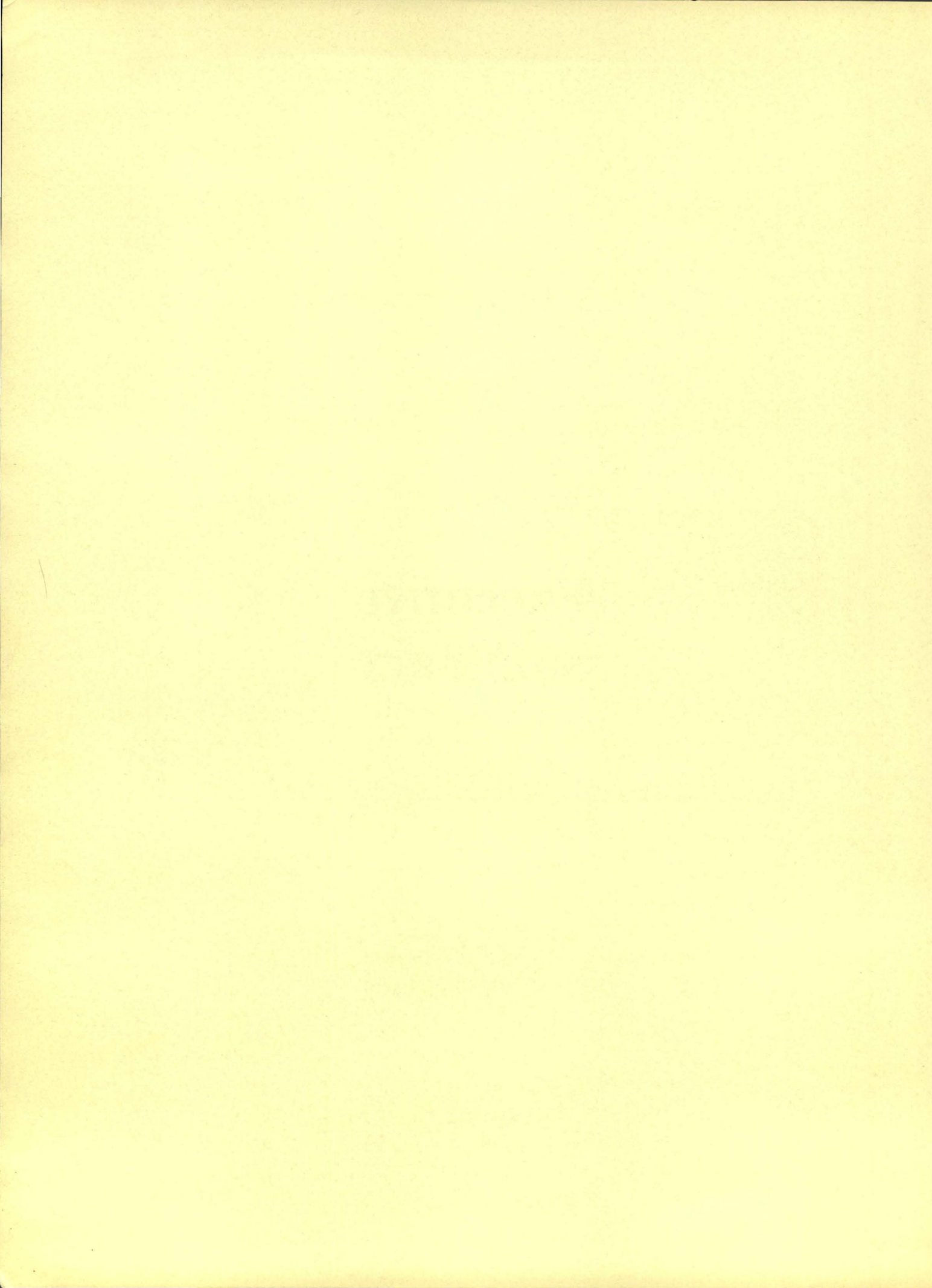
PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2010.
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 90.92 *per cent* and life expectancy at birth of 74 years when compared to the General Category States' average. The infant mortality rate (13 per thousand) of the State is very low compared to the General Category States' average. The Gross State Domestic Product (GSDP) of Kerala State has been growing at a compound annual growth rate (12.76 *per cent*) as compared to other General Category States' growth rate (12.54 *per cent*). 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 2009-10 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 Fiscal Responsibility Act, 2003 and in the budget estimates of 2009-10.

The Report

Based on the audited accounts of the Government of Kerala for the year ended March 2010, this Report provides an analytical review of the Annual Accounts of the State Government. The financial performance of the State has been assessed based on the Fiscal Responsibility Act 2003, the Medium Term Fiscal Plan, budget documents, Economic Review 2009, the Twelfth Finance Commission (TFC) Report and other financial data obtained from various Government departments and organizations. 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 at 31 March 2010. It provides an insight into trends in committed expenditure and borrowing pattern, besides a brief account of Central funds transferred directly to the State implementing agencies through the off-budget route.

Chapter 2 is based on 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 has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal discipline: During the current year, the revenue deficit increased by ₹ 1311 crore over the previous year due to disproportionate growth of revenue

expenditure (10.3 *per cent*) vis-à-vis revenue receipts (6.5 *per cent*). The low growth rate of revenue receipts during the year was mainly due to decrease of ₹ 453.81 crore in grant-in-aid from the Government of India. The Government has to make efforts to realise arrears of revenue amounting to ₹ 4422.81 crore so that the revenue deficit can be reduced to a considerable extent.

The Fiscal Responsibility Act, 2003 enacted on 5 December 2003 envisaged elimination of the revenue deficit and reduction of the fiscal deficit to two *per cent* of the estimated Gross State Domestic Product (GSDP) by 31 March 2007. Though TFC recommended elimination of the revenue deficit and reduction of the fiscal deficit to three *per cent* of GSDP by March 2009, the State Government could not adhere to the targets, primarily due to the financial impact of the State Pay Commission's award. However, the State Government aims to achieve the target for elimination of revenue deficit and keeping the fiscal deficit to 3.25 *per cent* of GSDP by the end of 2010-11, in the Medium Term Fiscal Plan presented to the Legislature with the budget for 2009-10. In order to achieve these targets, the Government needs to mobilise additional resources both through tax and non-tax sources, make efforts to collect revenue arrears and prune unproductive expenditure in the ensuing years.

Revenue Expenditure: The revenue expenditure constituted 91 *per cent* of the total expenditure and increased by 10.3 *per cent* during the year over the previous year. Non-Plan Revenue Expenditure (NPRE) increased by 7.8 *per cent* over the previous year. The NPRE exceeded the normative assessment made by TFC by 19.5 *per cent*. The ratio of salaries and wages, pension liabilities, interest payments and subsidies to revenue receipts was 78 *per cent*, an increase of one percentage point from the previous year. Interest payments as a percentage of revenue receipts ranged between 19 and 25 *per cent* during the TFC award period as against the TFC recommendation to keep the ratio to 15 *per cent* by 2009-10. The Plan revenue expenditure (PRE) also showed an increase of 30 *per cent* over the previous year.

Capital expenditure: The capital expenditure increased during the year by 21.5 *per cent* over the previous year but constituted only six *per cent* of the total expenditure. The priority given to capital expenditure continued to be much lower in comparison with the General Category States' average during 2005-06 and 2009-10. The Government may consider enhancing the proportion of expenditure on the economic and capital sectors as a proportion of the aggregate expenditure 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 one *per cent* in the last five years while the Government paid an average interest rate ranging from 7.5 to 8.4 *per cent* on its borrowings during this period. It would be prudent to review the performance of State Public Sector undertakings to improve the average rate of returns on the capital invested.

Fiscal liabilities: The ratio of fiscal liabilities to GSDP at 34.6 *per cent* during 2009-10 was higher than the norm of 30 *per cent* recommended by TFC. 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 25 *per cent* of GSDP by 2014-15 set by the Thirteenth Finance Commission.

Funds transferred from the Government of India direct to the State implementing agencies: Government of India directly transferred ₹ 1634.72 crore to State implementing agencies during the year. Direct transfer of funds from the Government of India to the State implementing agencies ran the risk of improper utilisation of funds by these agencies in the absence of uniform accounting policies and an effective monitoring system. The State Government needs to build a system to monitor the funds directly received by the implementing agencies of the State Government from the Government of India.

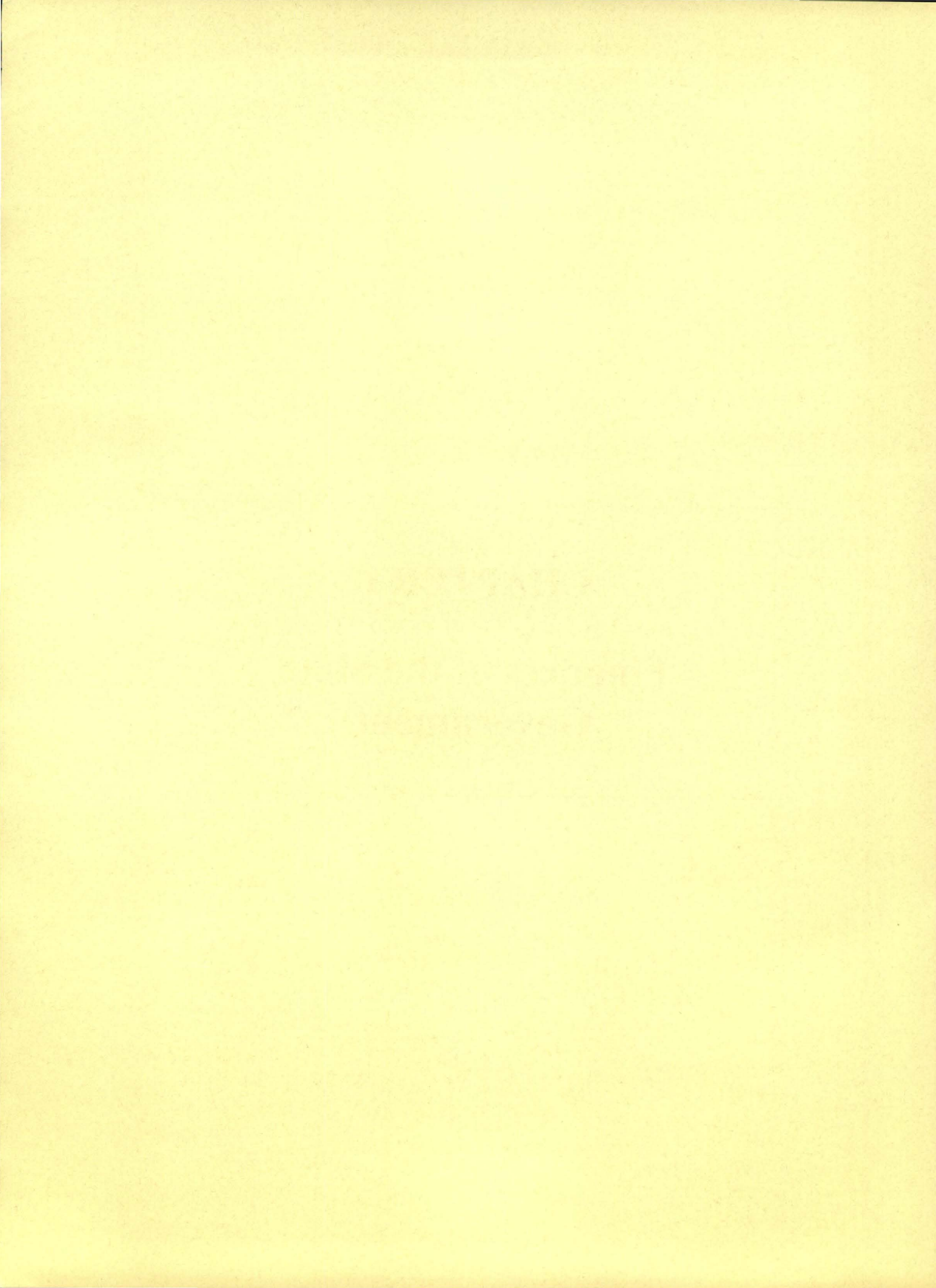
Financial Management and Budgetary Control: During 2009-10, expenditure of ₹ 36887.50 crore was incurred against total grants and appropriations of ₹ 50115.55 crore, resulting in savings of ₹ 13228.05 crore. The overall savings were the net result of savings of ₹ 13317.11 crore, offset by excess of ₹ 89.06 crore. Excess expenditure of ₹ 23.07 crore in eight grants and two appropriations during 2009-10 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 ₹ 530.12 crore from 1990-91 to 2008-09 as of October 2010. In 33 cases, surrenders of funds amounting to ₹ 3477.53 crore were made on the last two working days of the financial year, while in 19 grants/appropriations, savings amounting to ₹ 870.72 crore were not surrendered. In 21 cases, ₹ 167.32 crore was surrendered in excess of the actual savings. In 87 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.

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



CHAPTER I

**Finances of the State
Government**



Chapter I Finances of the State Government

1.1 Introduction

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 90.92 *per cent* and life expectancy at birth of 74 years when compared to the General Category States' averages. The infant mortality rate (13 per thousand) of the State is very low compared to the General Category States' average. The Gross State Domestic Product (GSDP) of Kerala has been growing at a compound annual growth rate (12.76 *per cent*) as compared to other General Category States' growth rate (12.54 *per cent*). However, the State has slightly higher urban and rural inequality compared to the All India average (**Appendix 1.1**).

This chapter provides a broad perspective of the finances of the Government of Kerala during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.2**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.3**.

1.2 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2009-10) 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)

2008-09	Receipts	2009-10	2008-09	Disbursements	2009-10		
Section-A: Revenue					Non Plan	Plan	Total
24512.18	Revenue receipts	26109.40	28223.86	Revenue expenditure	26953.32	4179.05	31132.37
15990.18	Tax revenue	17625.02	12667.37	General services	13564.69	370.83	13935.52
1559.29	Non-tax revenue	1852.22	9362.84	Social services	8119.17	2347.98	10467.15
4275.52	Share of Union Taxes/ Duties	4398.78	3928.53	Economic services	2780.48	1460.24	4240.72
2687.19	Grants from Government of India	2233.38	2265.12	Grants-in-aid and Contributions	2488.98	--	2488.98

2008-09	Receipts	2009-10	2008-09	Disbursements	2009-10		
Section-B: Capital					Non Plan	Plan	Total
9.11	Miscellaneous Capital Receipts	48.96	1695.60	Capital Outlay	157.23	1902.16	2059.39
35.64	Recoveries of Loans and Advances	38.47	983.69	Loans and Advances disbursed	172.48	704.20	876.68
6921.40	Public Debt receipts*	6615.52	1650.34	Repayment of Public Debt*	#	#	1765.06
80.00	Contingency Fund	5.84	5.84	Contingency Fund	#	#	26.27
56284.56	Public Account receipts	61652.53	53627.80	Public Account disbursements	#	#	57949.47
973.79	Opening Cash Balance	2629.55	2629.55	Closing Cash Balance	#	#	3291.03
88816.68	Total	97100.27	88816.68	Total	#	#	97100.27

Source: Finance Accounts of the State for 2008-09 and 2009-10.

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 2009-10 over the previous year.

- Revenue receipts grew by 6.5 per cent (₹ 1,597 crore) relative to the previous year. The increase was under tax revenue (₹ 1,635 crore), State's share of Union taxes and duties (₹ 123 crore) and non-tax revenue (₹ 293 crore). The increase was offset by decrease in grants-in-aid from the Government of India (GOI) (₹ 454 crore).
- Revenue expenditure and capital expenditure increased by 10.3 per cent (₹ 2,909 crore) and 21.5 per cent (₹ 364 crore) respectively over the previous year.
- Public debt receipts decreased by ₹ 306 crore, mainly due to decrease in internal debt by ₹ 100 crore and borrowings from GOI by ₹ 206 crore. Public debt repayment increased by ₹ 115 crore.
- Public Account receipts and disbursements increased by ₹ 5368 crore and ₹ 4322 crore respectively over the previous year. Thus, increase in net receipts during the year was ₹ 1046 crore.
- The cash balance of the State as on 31 March 2010 increased to ₹ 3291.03 crore from ₹ 2629.55 crore as on 31 March 2009.

The budget estimates and actuals for 2009-10 for some important fiscal parameters are indicated in **Chart 1.1**:

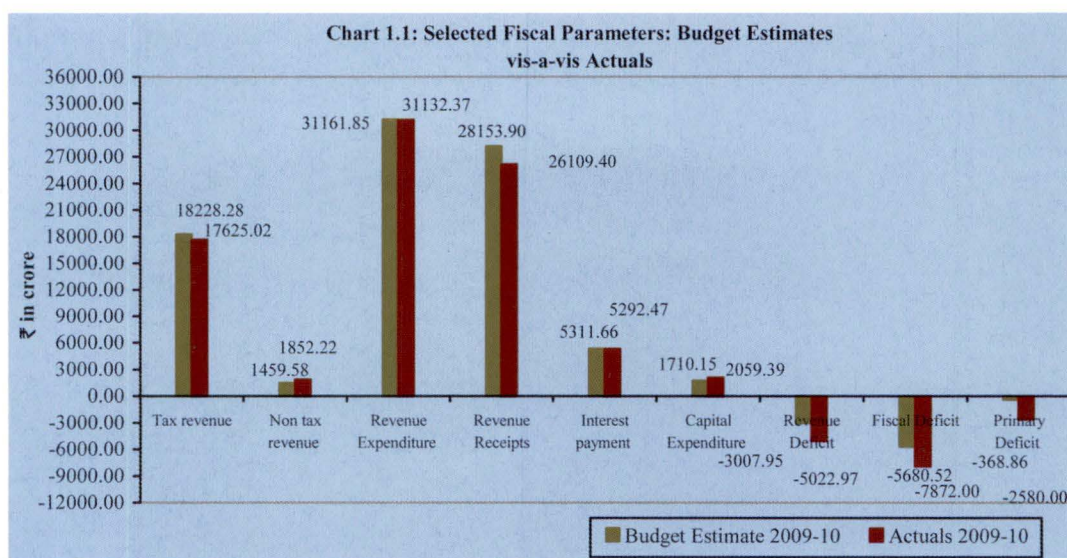
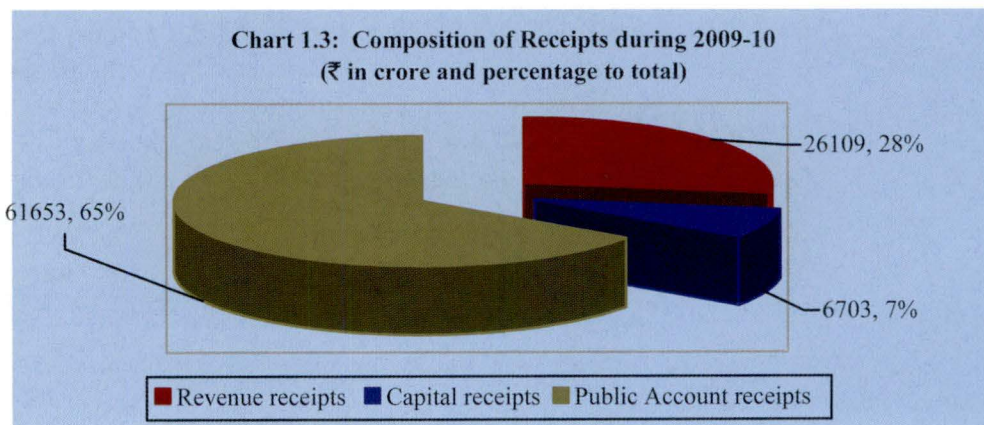
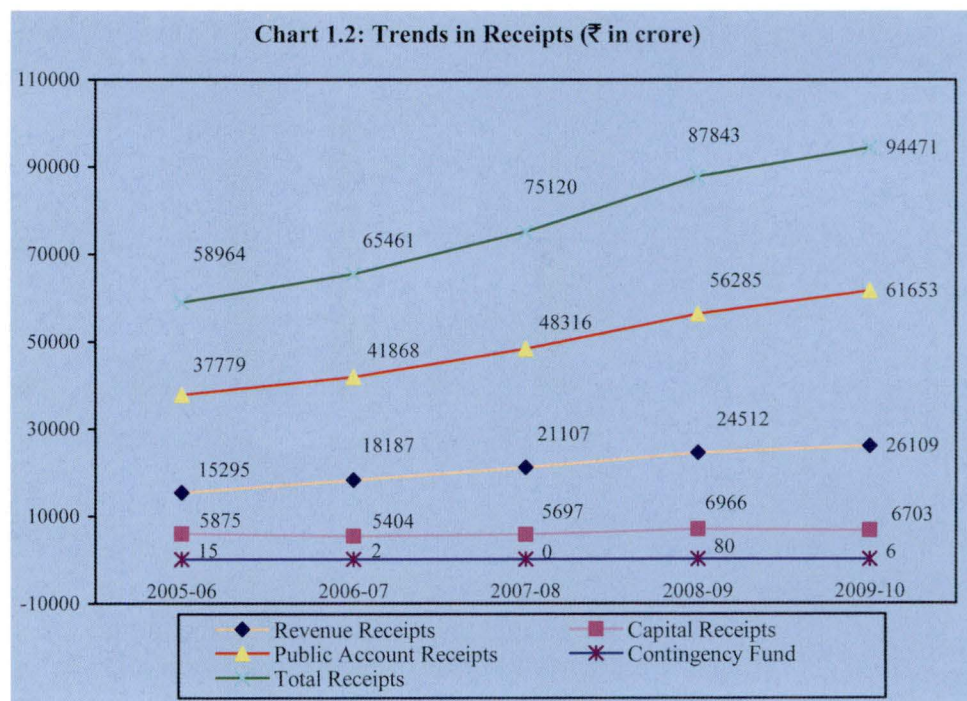


Chart 1.1 shows that the actual revenue expenditure was fairly in line with the budget estimates whereas the actual revenue receipts fell significantly short of the budget estimates by ₹ 2045 crore (7.3 per cent). The capital expenditure showed an increase of ₹ 349 crore (20.4 per cent) over the budget estimates. The revenue deficit, the fiscal deficit and the primary deficit were away from the mark mainly due to the differences between the budget estimates and actuals in revenue receipts and expenditure. Against an estimated revenue deficit of ₹ 3008 crore, the financial year ended with a revenue deficit of ₹ 5023 crore; an increase of ₹ 2015 crore. The fiscal deficit and primary deficit were also more by ₹ 2191 crore and ₹ 2211 crore respectively over the budget estimates.

1.3 Resources of the State

1.3.1 Resources of the State as per Annual Finance Accounts

The receipts that constitute the resources of the State Government are classified as revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from Government of India as well as accruals from the Public Account. **Table-1.1** shown earlier presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts. **Chart 1.2** depicts the trends in various components of the receipts of the State during 2005-10. **Chart 1.3** depicts the composition of resources of the State during the current year.



The total receipts of the State Government for the year 2009-10 were ₹ 94,471 crore. Of these, revenue receipts were ₹ 26,109 crore, constituting 28 per cent of the total receipts, capital receipts constituted seven per cent and Public Account receipts constituted 65 per cent of the total receipts.

1.3.2 Funds transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to State implementing agencies¹ for the implementation of various schemes/programmes in social and economic sectors, recognized as critical. As these funds are not routed through the State Budget/State Treasury System,

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

the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources in the State, details of funds directly transferred to the State implementing agencies are presented in **Table 1.2**.

Table-1.2: Funds transferred directly to State implementing agencies

(₹ in crore)

Programme/Scheme	Implementing Agency in the State	2008-09	2009-10
Mahatma Gandhi National Rural Employment Guarantee Scheme	District Rural Development Agencies (Poverty Alleviation Unit)	200.47	467.71
Pradhan Mantri Gram Sadak Yojana ²	Kerala State Rural Roads Development Agency	84.02	100.11
Rural Housing - Indira Awaas Yojana	District Rural Development Agencies (Poverty Alleviation Unit)	156.56	194.71
Rashtriya Madhyamik Shiksha Abhiyan	Secondary Education Development Society Kerala	Nil	8.93
Swarn Jayanthi Gram Swarozgar Yojana	District Rural Development Agencies (Poverty Alleviation Unit)	44.85	44.27
National Horticulture Mission	Kerala State Horticulture Mission	75.17	Nil
Accelerated Rural Water Supply Programme	Kerala Water Authority	112.90	152.04
Sarva Shiksha Abhiyan	Primary Education Development Society of Kerala	108.54	119.90
Swarn Jayanthi Shahari Rozgar Yojana	State Poverty Eradication Mission (Kudumbashree)	10.30	9.50
Central Rural Sanitation Programme	District Rural Development Agencies (Poverty Alleviation Unit)	33.80	25.95 ³
National Rural Health Mission	State Health and Family Welfare Society	84.96	245.17
MPs Local Area Development Scheme	District Collectors	35.00	86.00
Rashtriya Swasthya Bima Yojana	Comprehensive Health Insurance Agency of Kerala	13.71	18.34
Integrated Watershed Management Programme	District Rural Development Agencies (Poverty Alleviation Unit)	11.46	3.20
Others ⁴		144.06	158.89
Total		1115.80	1,634.72

Source: Appendix VII of Finance Accounts 2009-10 and information furnished by the implementing agencies.

Government of India (GOI) directly transferred ₹ 1634.72 crore to State implementing agencies during 2009-10. Direct transfers from GOI to the State implementing agencies without routing them through the State budget can be risky unless uniform accounting practices are diligently followed by all these agencies. Further, without proper documentation and timely reporting of expenditure, it would be difficult to monitor the end use of these direct transfers.

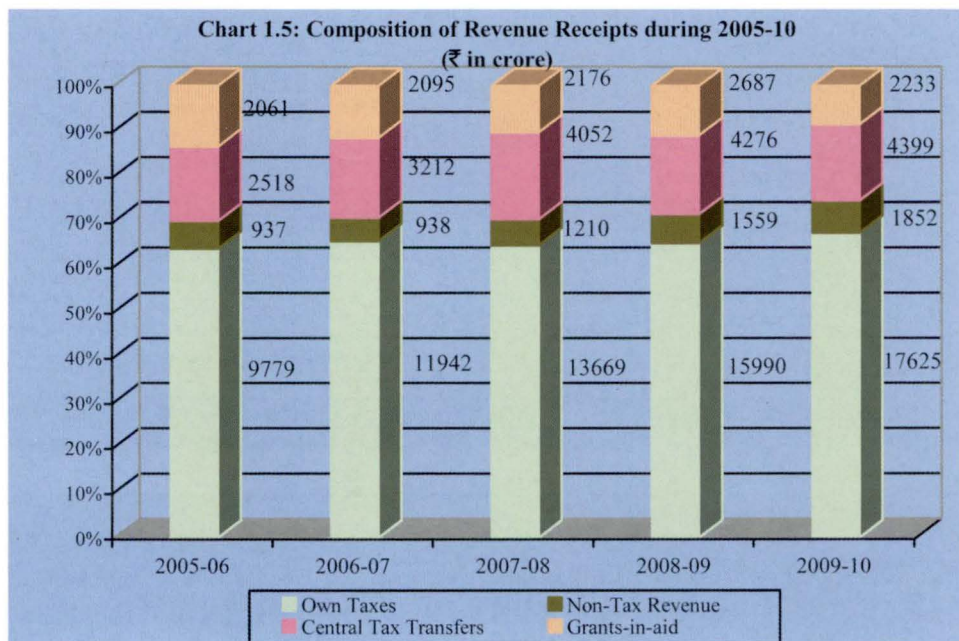
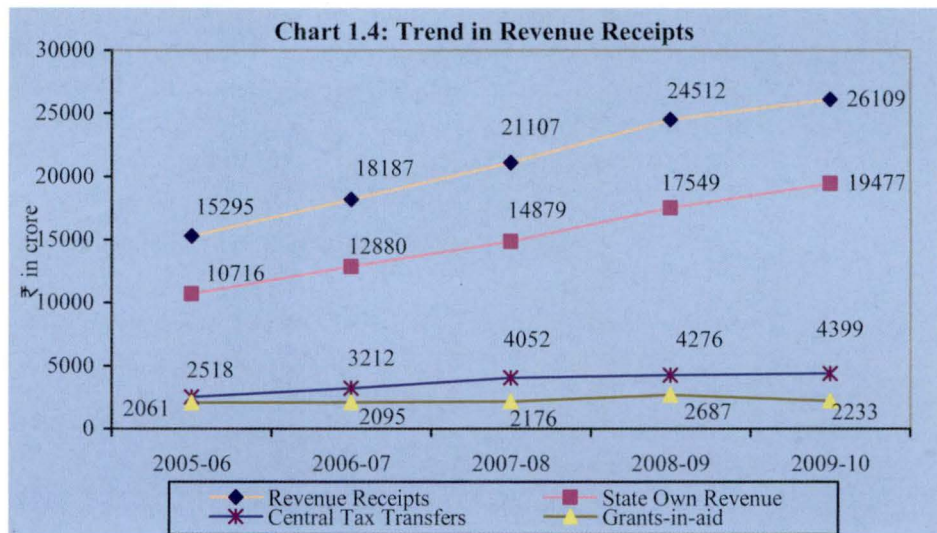
1.4 Revenue Receipts

Revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. Statement-11 of the Finance Accounts gives details of the revenue receipts of the Government. The trend and composition of revenue receipts over the period 2005-10 are presented in **Appendix 1.5** and also depicted in **Charts 1.4** and **1.5** respectively.

² The figures include the funds released by National Rural Roads Development Agency (2008-09 : ₹ 64.48 crore and 2009-10 : ₹ 23 crore).

³ Includes ₹ 16.20 crore sanctioned to Block Panchayats as award money under *Nirmal Gram Puraskar* and released to Suchithwa Mission

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



Revenue receipts increased from ₹ 15,295 crore in 2005-06 to ₹ 26,109 crore in 2009-10. The contribution of the State's own taxes under total revenue receipts increased from 64 per cent in 2005-06 to 67 per cent in 2009-10 whereas the contribution of non-tax revenue increased only marginally from six per cent in 2005-06 to seven per cent in 2009-10. The contribution of grants-in-aid from GOI decreased from 13 per cent in 2005-06 to nine per cent in 2009-10, whereas the contribution of Central tax transfers remained at the same level of 17 per cent in 2009-10 compared to 2005-06.

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

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (RR) (₹ in crore)	15,295	18,187	21,107	24,512	26,109
State's own taxes (₹ in crore)	9,779	11,942	13,669	15,990	17,625
Rates of growth					
Revenue Receipt (per cent)	13.3	18.9	16.1	16.1	6.5
State's own taxes (per cent)	9.1	22.1	14.5	17.0	10.2
RR/GSDP (per cent)	12.2	12.5	12.7	12.9	12.2
Buoyancy Ratios⁵					
Revenue Buoyancy w.r.t GSDP	0.96	1.2	1.1	1.1	0.5
State's Own Tax Buoyancy w.r.t GSDP	0.7	1.4	1.01	1.2	0.8

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

- 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. The low growth rate of revenue receipts during 2009-10 compared to 2008-09 was mainly due to decrease of ₹ 453.81 crore in grant-in-aid from GOI.
- The GSDP was estimated to increase by 13 per cent during 2009-10 over the previous year. However, the growth rate of the State's own taxes during 2009-10 (10.2 per cent) was lesser than the growth rate of GSDP indicating that the State has the potential to widen its tax base and augment revenue.
- The State's own tax buoyancy with reference to GSDP stood at 0.8 as against 1.3 prescribed by TFC. Ideally, the rate of growth of its own taxes should be equal to or more than the increase in GSDP.

Debt waiver under Debt Consolidation and Relief facilities

The Twelfth Finance Commission (TFC) framed a scheme of debt relief of Central loans named Debt Consolidation and Relief Facilities based on fiscal performance of the State linked to the reduction of deficits of the States. Under the scheme, the repayments due on Central loans, from 2005-06 to 2009-10, after consolidation and reschedule of loans, were to be eligible for write off. The amount sanctioned by the GOI as debt relief each year was to be adjusted by showing repayment of Central loans and crediting the amount to the head of account '0075 Miscellaneous receipts'. The States was to be eligible for the benefit, subject to fulfilment of certain conditions, viz. legislating the FRBM Act, gradual abolition of revenue deficit by 2008-09, bringing annual reduction targets for fiscal deficit, bringing out the Annual Fiscal Policy Statement, etc. As assessed by the TFC, in the case of Kerala, the amount of repayment due for the period 2005-10 after consolidation and reschedule of repayment was ₹ 1063.05 crore. The ratio of total repayment to average revenue deficit (2001-02 to 2003-04) was 0.31, by which repayments were to be written off for every rupee reduction in revenue deficit. Thus, the annual repayment due was ₹ 212.61 crore. During the period 2005-10, GOI sanctioned ₹ 250.26 crore as debt relief for the Government as detailed in **Table 1.4.**

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 2009-10, revenue buoyancy at 0.5 implies that revenue receipts tend to increase by 0.5 percentage points, if the GSDP increases by one per cent.

Table 1.4: Debt relief sanctioned by GOI

(₹ in crore)

Year	Debt relief due as per TFC recommendations	Debt Relief sanctioned by the Central Government
2005-06	212.61	0.00
2006-07	212.61	102.40*
2007-08	212.61	147.86**
2008-09	212.61	0.00
2009-10	212.61	0.00
Total	1063.05	250.26

* Received in 2008-09 ** Received in 2009-10

The shortfall of ₹ 812.79 crore in receipt of the benefit of debt relief scheme, and the non-tax revenue receipts to that extent, was due to non-fulfillment of the conditionalities for receiving the debt relief by the State Government.

1.4.1 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 variations between the budget estimates and the actual receipts under principal heads of tax and non-tax revenue for the year 2009-10 are mentioned in **Table 1.5**.

Table 1.5: Variations between Budget estimates and actuals

(₹ in crore)

Sl. No	Revenue head	Budget estimates	Actual receipts	Variations increase (+) shortfall(-)	Percentage
Tax revenue					
1.	Taxes/VAT on sales, trade etc.	12733.94	12770.89	36.95	0.3
2.	State Excise	1440.52	1514.81	74.29	5.2
3.	Stamp duty and registration fees	2728.63	1896.41	(-) 832.22	(-) 30.5
4.	Taxes on vehicles	958.63	1131.10	172.47	18.0
5.	Taxes and duties on electricity	47.24	24.78	(-) 22.46	(-) 47.5
6.	Land revenue	52.50	53.93	1.43	2.7
7.	Other taxes and duties on commodities and services	183.81	140.28	(-) 43.53	(-) 23.7
Non-tax revenue					
1.	Non-ferrous mining and metallurgical industries	42.45	39.26	(-) 3.19	(-) 7.5
2.	Forestry and wild life	227.80	272.80	45.0	19.8
3.	Interest receipts	89.20	152.50	63.3	71.0

Source: Annual Financial Statement 2009-10 of the State Government and Finance Accounts 2009-10.

While stamp duty and registration fees, taxes and duties on electricity, etc., showed decrease, other sources such as Value Added Tax, Sales tax, State excise, taxes on vehicles, etc., increased. The following reasons for variations were reported by the concerned departments.

Stamp duty and Registration fees: The decrease was due to decline in the number of documents registered and the number of documents having higher consideration value due to economic recession.

Taxes and duties on Electricity: The decrease was due to non-remittance of surcharge by the Kerala State Electricity Board and due to remittance of duty by some licensees only up to November 2009.

Forestry and Wild life: The increase in revenue was due to effective extraction of teak plantation during the year and making available for sale, more quantity of teak timber through regular and retail outlets.

Taxes on vehicles: The increase was due to increase in the vehicle population.

The gross collection in respect of major taxes and duties vis-à-vis budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years 2005-06 to 2009-10 are presented in **Appendix 1.6**. The expenditure on collection in respect of Stamps and Registration fees, State Excise and Taxes on Vehicles was higher as compared to the All India Average during the period 2005-06 to 2008-09. In the case of sales tax, the expenditure on collection was slightly higher than the All India Average during 2006-07 to 2008-09. It would be prudent to improve the tax administration in order to increase the revenue and thereby reduce the cost of collection.

1.4.1.1 Own Tax Revenue

Taxes on sales, trade, etc., were the major sources of the State's own tax revenue during the year (72 *per cent*) followed by stamps and registration fees (11 *per cent*), State excise (nine *per cent*) and taxes on vehicles (six *per cent*). The State's own tax revenue increased by 10.2 *per cent* during the current year (₹ 17,625 crore) as compared to the previous year (₹ 15,990 crore).

Taxes on sales, trade, etc., increased by 12.3 *per cent* (₹ 1394 crore) during 2009-10 over the previous year. This increase was mainly due to increase in receipts under 'Trade Tax'⁶ (₹ 1353.29 crore) and under the State Sales Tax Act (₹ 177.73 crore). This was partly offset by decrease in receipts under the Central Sales Tax Act (₹ 132.43 crore) and other receipts (₹ 4.84 crore). Receipts under Tax on Vehicles increased by 20.7 *per cent* (₹ 193.65 crore) due to more receipts mainly under 'Receipts under the State Motor Vehicles Taxation Acts' (₹ 193.43 crore). Receipts under 'State Excise' increased by 8.4 *per cent* (₹ 117.18 crore) during 2009-10 over the previous year which was mainly under 'Foreign liquors and spirits' (₹ 169.69 crore) partly offset by decrease in receipts under 'Country fermented liquors' (₹ 53.69 crore).

Stamps and registration fees decreased by 5.3 *per cent* (₹ 106.58 crore) during 2009-10 over the previous year due to decrease of receipts under 'sale of non-judicial stamps' (₹ 143.59 crore), fees for registering documents (₹ 11.81 crore) and other receipts (₹ 21.37 crore) under 'Registration Fees' partly offset by increase in 'Duty on impressing of documents' (₹ 61.17 crore) under 'Stamps non-judicial'. The decrease in stamps and registration fees was due to decrease in the number of documents registered and decrease in the number of documents having higher consideration due to economic recession.

⁶ Trade tax includes Value Added Tax (VAT), licence and registration fees under VAT, etc.

Tax revenues collected during 2009-10 (₹ 17,625.02 crore) fell short of the normative assessment made by TFC (₹ 18,987.94 crore) by ₹ 1,362.92 crore (7.2 per cent).

1.4.1.2 Non-Tax Revenue

Non-tax revenue increased by ₹ 293 crore (18.8 per cent) during the current year (₹ 1852 crore) over the previous year (₹ 1,559 crore). Non-tax revenue sources mainly comprised receipts from State lotteries (34 per cent), forestry and wildlife (15 per cent) and interest, dividends and profits (10 per cent). The increase was mainly under State lotteries (₹ 142.67 crore), adjustments towards the debt-waiver scheme (₹ 45.46 crore), interest receipts (₹ 68.81 crore) and forestry and wildlife (₹ 49.09 crore). Though the receipts under State lotteries were ₹ 624.07 crore during the year, with an equally high expenditure of ₹ 502.79 crore, the net yield from lotteries was only ₹ 121.28 crore. The net yield from lotteries during the previous year was, however, ₹ 109.13 crore. Non-tax revenue realised during 2009-10 under various components vis-à-vis the budget estimates of 2009-10 was as in **Table 1.6**.

Table 1.6: Non-tax Revenue realised vis-à-vis Budget estimates

(₹ in crore)

Sl. No.	Component of non-tax revenue	Budget estimates 2009-10	Actuals
1.	Forestry and Wildlife	227.80	272.80
2.	Interest receipts	89.20	152.50
3.	Dividends and profits	36.56	27.28
4.	State Lotteries	474.60	624.07
Overall Non-tax revenue		1459.58	1852.22

Source: Finance Accounts and Annual Financial Statement 2009-2010 of the State Government

The non-tax revenue realised during 2009-10 (₹ 1852.22 crore) fell short of the normative assessment made by TFC (₹ 2,010.76 crore) by ₹ 158.54 crore (7.9 per cent).

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

Test check of the records of 683 units of commercial taxes, motor vehicles, State excise, forest and other departmental offices during 2009-10 revealed underassessment/short levy/loss of revenue aggregating ₹ 1,659.93 crore in 5,369 cases. During the course of the year, the concerned departments accepted underassessments and other deficiencies of ₹ 295.27 crore involved in 1,284 cases, of which 494 cases involving ₹ 285.21 crore were pointed out in audit during 2009-10 and the rest in earlier years. The departments collected ₹ 7.53 crore in 1,165 cases during 2009-10.

Government waived (December 2009) ₹ 622.83 crore of motor vehicles tax arrears to be received from the Kerala State Road Transport Corporation (KSRTC) as on 31 March 2008 and ₹ 197.39 crore being the arrears as on 31 March 2008 towards interest and penal interest on loans given by the Government to KSRTC.

Government also waived (March 2010) ₹ 4.14 lakh being the lease rent for the period 1 April 1998 to 31 March 2008 due from a Government company.

The number of refund cases pending at the beginning of the year 2009-10, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2009-10 as reported by the Commercial Taxes and Excise departments were as follows:

Table 1.7: 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	4	4	5	3
		Amount	1.81	1.45	1.53	1.73
2.	Sales Tax	No. of cases	52	456	347	161
		Amount	101.49	248.36	265.42	84.43
3.	Agricultural Income Tax	No. of cases	2	4	6	Nil
		Amount	0.31	11.44	11.75	Nil
4.	Value Added Tax	No. of cases	1286	5873	4386	2773
		Amount	2392.58	10,459.93	7,526.64	5325.87

Source: Information received from Excise and Commercial Taxes Departments

1.4.3 Revenue Arrears

The arrears of revenue as on 31 March 2010 in respect of some principal heads of revenue amounted to ₹ 4,422.81 crore, of which ₹ 2,191.72 crore was outstanding for more than five years as mentioned in Table 1.8.

Table 1.8 : Arrears of Revenue

		(₹ in crore)	
Sl. No.	Department	Amount of arrears as on 31 March 2010	Arrears outstanding for more than 5 years
1.	Mining and Geology	0.33	0.17
	₹ 16.50 lakh was under revenue recovery, ₹ 4.19 lakh stayed by courts, ₹ 3.25 lakh is likely to be written off.		
2.	Local Fund Audit	94.14	54.15
	Audit charges due from local bodies, Universities etc. The stage of arrears was not furnished by the department. (June 2010).		
3.	Stationery	16.09	12.51
	The stage of recovery of arrears had not been furnished by the department. (June 2010)		
4.	State Excise	189.21	187.27
	₹ 113.12 crore was under revenue recovery. ₹ 48.63 crore was stayed by court, etc. Recovery held up due to rectification/review of application in respect of ₹ 3.22 crore and ₹ 3.27 crore was likely to be written off.		
5.	Police	46.54	22.86
	₹ 1.69 crore, ₹ 22.75 crore, ₹ 0.31 crore, ₹ 0.42 crore, ₹ 1.53 crore and ₹ 17.63 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.		
6.	Labour	1.27	....
7.	Printing	28.43	16.41
8.	Motor Vehicles	292.21	20.14
	₹ 12.34 crore was under Revenue Recovery and ₹ 34.50 lakh stayed by court/Government.		
9.	Electrical Inspectorate	3753.56	1878.12
	₹ 3746.82 crore was due from Kerala State Electricity Board and ₹ 3.55 crore was due from Thrissur Municipal Corporation.		
10.	Registration	0.22	....
11.	Factories and Boilers	0.81	0.09
	An amount of ₹ 66.10 lakh was due from individuals, private firms, private companies, etc. An amount of ₹ 6.49 lakh is likely to be written off.		
Total		4422.81	2191.72

Source: Information received from the concerned departments.

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

1.4.4 Utilisation of grants under Twelfth Finance Commission award

The Finance Commission has the mandate to recommend the principles which should govern the grants-in-aid of revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States, which are in need of assistance under Article 275 of the Constitution of India. The TFC has awarded grant-in-aid of ₹ 2900.19 crore to the State for the period 2005-2010 under various sectors. The split-up of the award amount, its receipt, and shortfalls in receipt are furnished in **Table 1.9**.

Table 1.9: Details of TFC award

(₹ in crore)			
Name of the sector	Amount awarded by TFC	Amount received by the State	Shortfall in receipt
1. Non-plan revenue deficit	470.37	470.37	Nil
2. Maintenance of Roads and Bridges	642.32	481.74	160.58
3. Maintenance of buildings	103.50	90.57	12.93
4. Maintenance of forests	25.00	24.75	0.25
5. Heritage conservation	25.00	22.93	2.07
6. State specific needs	500.00	259.66	240.34
7. Assistance to Local bodies	1134.00	1134.00	Nil
Total	2900.19	2484.02	416.17

Source: TFC Report and information furnished by State Government

From the above table, it is seen that there was a total shortfall in receipt of funds amounting to ₹ 416.17 crore which was due to non-fulfilment of conditions prescribed by the TFC and not showing adequate progress in utilisation of funds by the State Government. The sectors in which there were substantial shortfalls in receipt of funds are detailed below:

(i) Maintenance of Roads and Bridges and Buildings

According to the conditions prescribed by the TFC for the release of awards for maintenance of roads and bridges, grants were to be budgeted every year from 2006-07 and spent for meeting the Non-Plan revenue expenditure under various heads. The State was eligible for ₹ 160.58 crore each year from 2006-07 to 2009-10, in two instalments of ₹ 80.29 crore each. Government of India released ₹ 80.29 crore as the first instalments in all the four years but did not release second instalments for 2008-09 and 2009-10. Government stated (November 2010) that the reason for non-release of second instalment for 2008-09 was because the expenditure incurred (₹ 501 crore) under Non-Plan revenue was less compared to the projected Non-Plan revenue expenditure for 2006-07 (₹ 631.94 crore). The second instalment for 2009-10 was recovered by adjustment towards the second instalment grant for 2006-07 released earlier, due to non-fulfilment of specific conditions of TFC.

In the case of maintenance of buildings, the TFC insisted that the grant-in-aid for maintenance of public buildings other than residential building was to be budgeted and spent towards non-salary maintenance items of Non-Plan revenue expenditure under Major head 2059-Minor head 053 under various sub-major heads. However, the State Government had not budgeted the grants received under separate heads of account as stipulated in the TFC guidelines.

Audit observed that GOI released only ₹ 90.57 crore⁷ out of ₹ 103.50 crore awarded by TFC. Government stated (November 2010) that the reduction in the Central grant was due to non-adherence to the norms fixed by the TFC.

(ii) State-specific Needs

Under this sector ₹ 500 crore was sanctioned by the TFC for improvement of inland waterways and canals (₹ 225 crore), improvement of quality of school education (₹ 100 crore) and coastal zone management (₹ 175 crore). The grant for 2006-07 was to be released in four instalments (in May, August, November and February) whereas the release of grants for 2007-08 and 2008-09 was to be based on utilisation of 75 per cent of the grant released in the previous years. However, the grant for 2009-10 was to be released in two instalments, the first instalment after 90 per cent of the grant was certified as utilised and the remaining 10 per cent when completion certificates were provided by the State. In order to utilise the funds, Government had provided ₹ 469.16 crore for the three sectors⁸ in the budget for 2006-07 to 2009-10. Though ₹ 325.02 crore was shown as expenditure till March 2010, ₹ 217.48 crore (67 per cent) was the expenditure during 2009-10. Thus, due to slow progress in execution of projects/works during the first three years, the State had received only ₹ 259.66 crore during the award period, resulting in a shortfall of ₹ 240.34 crore.

Further scrutiny revealed that the actual utilisation was even less than ₹ 325.02 crore due to the following:

- Out of ₹ 101.72 crore (till March 2010) for 'Improvement of Waterways and Canals', ₹ 40 crore was drawn by the Executive Engineer, Inland Navigation division, Kollam in March 2010 and released to three⁹ Public Sector Undertakings(PSUs) as advance payment for executing eight works entrusted to them. As the amount remained unutilised as of May 2010 with the PSUs, the drawal was to prevent lapse of budget provision and to show utilization before the expiry of the award period.
- Similarly out of ₹ 91.91 crore (till March 2010) shown as expenditure for 'Improvement of quality of school education', ₹ 4.52 crore was kept in the Treasury Savings Bank account of the Director of Higher Secondary Education and remained unutilised as of March 2010. Government stated (November 2010) that the implementation of the scheme was entrusted to Local Self Government Institutions and ₹ 4.29 crore had been released to them.

⁷ ₹ 25.88 crore each during 2006-07 and 2007-08, ₹ 25.87 crore in 2009-10 and ₹ 12.94 crore during 2008-09 (first instalment).

⁸ Improvement of water ways and canals: ₹225 crore, Improvement of quality of school education: ₹ 100 crore and Coastal zone management: ₹ 144.16 crore

⁹ Kerala Shipping and Inland Navigation Corporation, Travancore Cements Limited and Kerala State Maritime Development Corporation.

(iii) Under-utilisation of grants received under Maintenance of Forests and Heritage Conservation

Audit scrutiny of the utilization of funds received also revealed that the implementing departments of the State Government could not utilise even the funds received in some sectors as detailed below:

- The State Government had received an amount of ₹ 24.75 crore against the award of ₹ 25 crore for 'Maintenance of Forests', of which ₹ 23.89 crore was utilised for the intended purposes and ₹ 0.86 crore remained unutilised at the end of March 2010. The Additional Principal Chief Conservator of Forests (Development) stated (May 2010) that the reasons for non-utilisation of ₹ 0.86 crore were due to delay in completion of certain works by the contractors and poor response to bids invited for some works.
- Out of the grant-in-aid of ₹ 22.93 crore received for preservation and protection of historical monuments, archaeological sites, public libraries, museums and archives, etc. under the sector 'Heritage Conservation', the State Government could utilize only ₹ 14.70 crore till March 2010. The Government stated (November 2010) that utilization of funds in the Archeology Department was very meagre (₹ 0.31 crore) till 2008-09 due to non-availability of a Conservation Engineer in the department. In the State Archives Department, it was due to delay in approving the project by the Public Works Department.

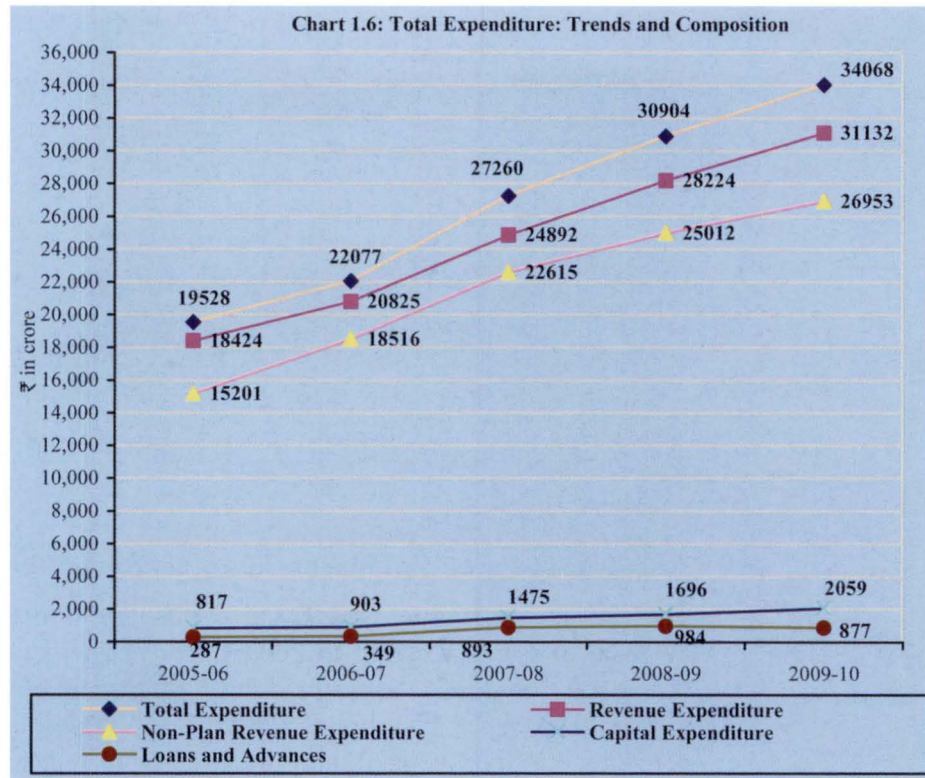
1.5 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since responsibilities for major expenditure are entrusted with them. There are, however, budgetary constraints in raising public expenditure financed by deficits or borrowings some of which are arising from fiscal responsibility legislations. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process¹⁰ at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.5.1 Growth and Composition of Expenditure

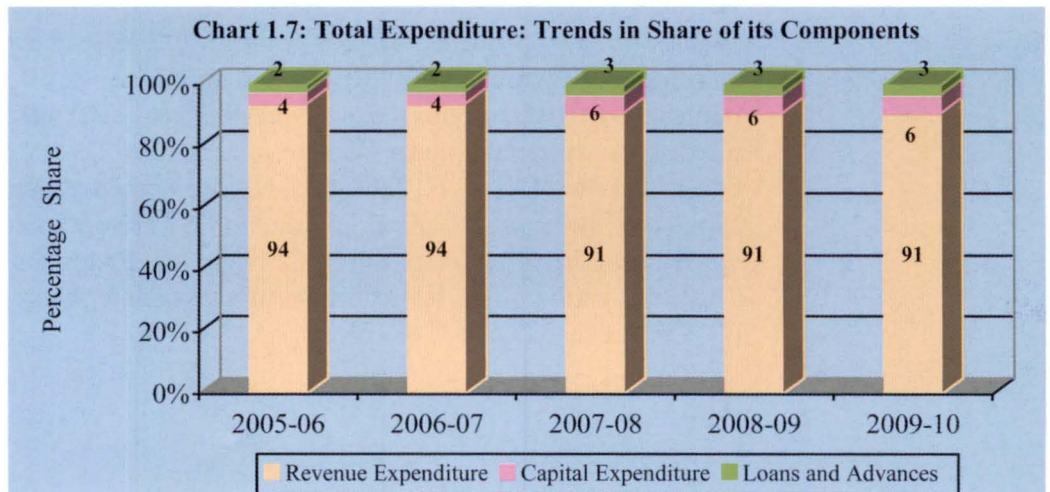
The total expenditure of the State Government consists of revenue expenditure as well as capital expenditure which includes expenditure on loans and advances. The trends in various components of total expenditure-Plan and Non-Plan revenue expenditure, committed expenditure such as salaries and wages, interest payments, pension payments and subsidies, financial assistance to local bodies, etc., are discussed in the succeeding paragraphs. **Chart 1.6** presents the trends in total expenditure of the State Government over a period of five years (2005-10). Its composition, both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**.

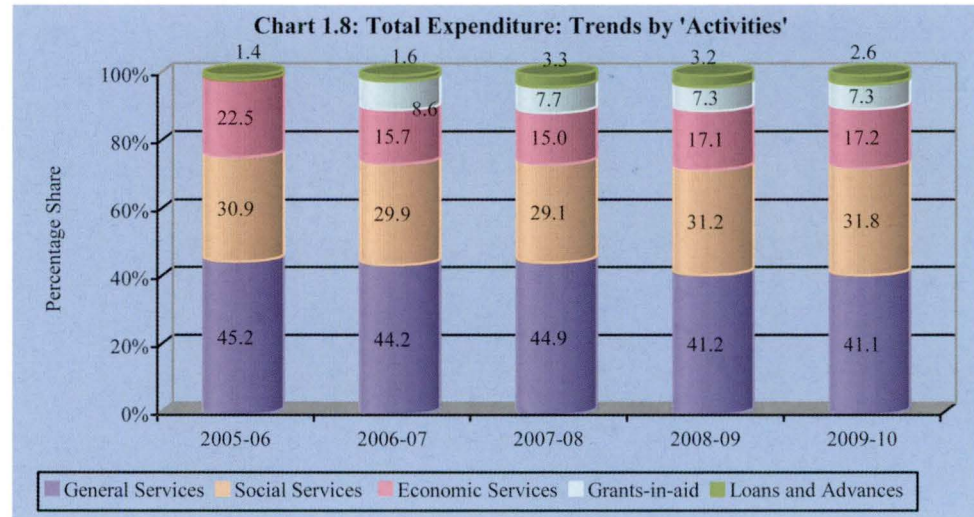
¹⁰ The Twelfth Finance Commission had recommended that all States should restructure their finances through fiscal consolidation (reduction of deficit and debt) and adopt a fiscal correction path by setting clear targets through a fiscal reform legislation.



During the five-year period 2005-10, nearly 91 to 94 per cent of the total expenditure constituted revenue expenditure whereas capital expenditure ranged between four and six per cent of the total expenditure during the same period.

The total expenditure increased by 10.2 per cent in 2009-10 to ₹ 34,068 crore from ₹ 30,904 crore in the previous year. The increases were under revenue expenditure (₹ 2,908 crore) and capital expenditure (₹ 363 crore) whereas the decrease was under disbursement of loans and advances (₹ 107 crore).





Trends in share of components of Total Expenditure

The revenue expenditure increased in absolute terms from ₹ 18,424 crore in 2005-06 to ₹ 31,132 crore in 2009-10 but its percentage to total expenditure decreased from 94 to 91 *per cent* during the same period. Capital expenditure increased from ₹ 817 crore in 2005-06 to ₹ 2,059 crore in 2009-10 and its percentage to total expenditure increased from four to six *per cent* during the same period.

Non-Plan revenue expenditure (NPRE) showed an increasing trend during the period 2005-10, whereas Plan revenue expenditure (PRE) showed inter-year variations with an increasing trend during 2008-09 and 2009-10. NPRE showed an increase of 7.8 *per cent* in 2009-10 (₹ 1,941 crore) over 2008-09. The increase in NPRE during the year compared to the previous year was mainly due to increase in expenditure under Interest Payment (₹ 633 crore), General Education (₹ 357 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹ 224 crore), Miscellaneous General Services (₹ 165 crore), Medical and Public Health (₹ 106 crore), Labour and Employment (₹ 92 crore) and Social Security and Welfare (₹ 85 crore). This was partly offset by decrease in expenditure under Roads and Bridges (₹ 160 crore). PRE showed an increase of 30 *per cent* (₹ 967 crore) during 2009-10 when compared to the previous year. The increase was mainly due to increase in expenditure under Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (₹ 226 crore), District Administration (₹ 203 crore), Family Welfare (₹ 100 crore), General Education (₹ 84 crore), Sports and Youth Services (₹ 76 crore), Rural Development (₹ 82 crore) and Roads and Bridges (₹ 67 crore). This was partly offset by reduction of expenditure under Urban Development (₹ 195 crore) and Power (₹ 68 crore).

The actual NPRE during 2009-10 *vis-à-vis* the normative assessment made by TFC for the year is given in **Table 1.10**.

Table 1.10: NPRE *vis-à-vis* assessment by TFC

(₹ in crore)

	Assessment made by TFC	Actual Non-Plan Revenue Expenditure
Non-Plan Revenue Expenditure	22,562	26,953

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

Actual NPRE during 2009-10 exceeded the normative assessment made by TFC for the year by ₹ 4,391 crore (19.5 per cent). The increase was mainly due to increased devolution of funds to Local Self Government Institutions based on the recommendations of the Third State Finance Commission (₹ 2,345 crore), increased expenditure under pension (₹ 581 crore), interest (₹ 199 crore), Economic Services (₹ 816 crore) and Social Services (₹ 376 crore).

1.5.2 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 1.11** and **Chart 1.9** present the trends in the expenditure on these components during 2005-10.

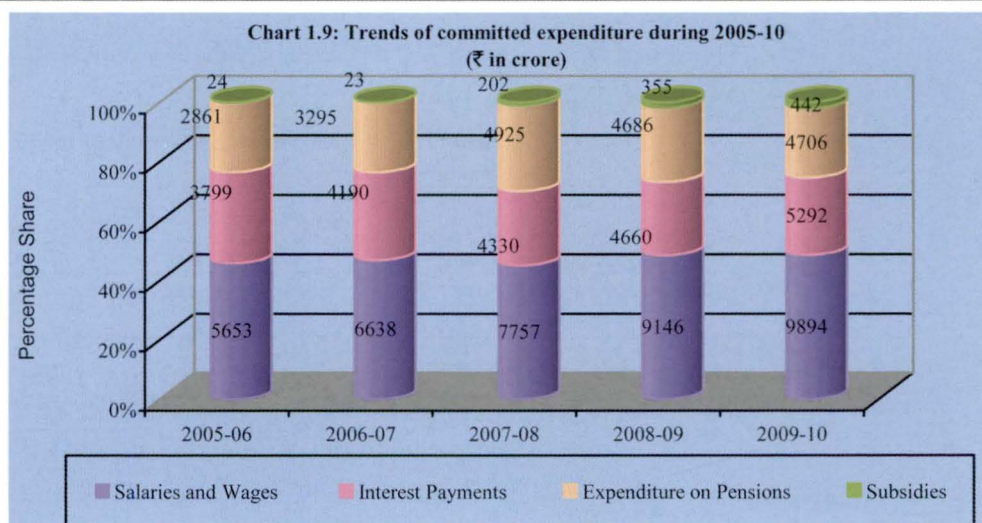
Table 1.11: Components of committed expenditure

(₹ in crore)

Components of Committed Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE	Actuals
Salaries* and Wages , <i>Of which</i>	5653 (37)	6638 (36.5)	7757 (36.8)	9146 (37.3)	10277	9894 (37.9)
Non-Plan Heads	5428	6377	7448	8895	NA	9529
Plan Heads**	225	261	309	251	NA	365
Interest Payments (MH 2049)	3799 (24.8)	4190 (23.0)	4330 (20.5)	4660 (19.0)	5312	5292 (20.3)
Expenditure on Pensions (MH 2071)	2861 (18.7)	3295 (18.1)	4925 (23.3)	4686 (19.1)	5006	4706 (18.0)
Subsidies	24	23	202 (1)	355 (1.4)	NA	442 (1.7)
Revenue Expenditure	18424	20825	24892	28224	31162	31132
Revenue receipts	15295	18187	21107	24512	28154	26109

* 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 2009-10 was ₹ 9,529 crore, recording a growth of 7.1 per cent over the previous year, whereas salaries under Plan during 2009-10 increased by 45.4 per cent when compared to the previous year. The salary expenditure was about 47 per cent of revenue expenditure net of interest and pension payments. This was higher than the norm of 35 per cent recommended by TFC. The salary expenditure will increase further in the coming years once the recommendations of the new State Pay Revision Commission are implemented.

Pension payments increased marginally by 0.4 per cent (₹ 20 crore) from ₹ 4,686 crore in 2008-09 to ₹ 4,706 crore in 2009-10. However, in 2009-10, they were less than the projections made by the State Government in the Medium Term Fiscal Plan (₹ 5,006 crore) by six per cent but exceeded the assessment made by TFC (₹ 4,125 crore) by 14 per cent.

Interest payments increased by 13.6 per cent during 2009-10 (₹ 5,292 crore) when compared to the previous year (₹ 4,660 crore). The TFC recommended that States should endeavour to keep interest payments as a ratio of revenue receipts at 15 per cent by 2009-10. It was, however, observed that interest payments as a percentage of revenue receipts ranged between 19 and 25 per cent during the TFC award period.

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 and ₹ 442 crore in 2009-10. The huge increase in subsidy in 2007-08 over the previous year was mainly due to payment of subsidy to Food Corporation of India in respect of rice and wheat distributed to ration cardholders of BPL¹¹ families and subsidy to Kerala State Civil Supplies Corporation for market intervention operations. The increase of ₹ 87 crore in subsidy during 2009-10 over the previous year was mainly due to enhanced payment of subsidy to Food Corporation of India in respect of rice and wheat distributed to cardholders of BPL families (₹ 80 crore) and subsidy towards free supply of electricity to small and marginal paddy growers (₹ 21 crore). This was partly offset by

¹¹ Below Poverty Line

reduction in payment of subsidy to Kerala State Civil Supplies Corporation Limited for market intervention operations (₹ 22 crore).

The ratio of salaries, interest payments, pensions and subsidies to revenue receipts of the State during the current year was 78 per cent, an increase of one percentage point from the previous year.

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

The quantum of assistance provided by way of grants and loans to local bodies, educational institutions, Government companies, Welfare Fund Boards, etc during the current year relative to the previous years is presented in **Table 1.12**.

Table 1.12: Financial assistance to local bodies, etc

	(₹ in crore)				
Financial Assistance to Institutions	2005-06	2006-07	2007-08	2008-09	2009-10
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2144.52	2666.63	2812.88	3306.81	3546.61
Municipal Corporations and Municipalities	318.94	385.43	485.85	966.99	834.46
Zilla Parishads and Other Panchayati Raj Institutions	1719.53	2219.28	2421.93	2600.11	2996.66
Development Agencies	14.52	6.15	1.36	1.95	2.04
Hospitals and Other Charitable Institutions	34.28	43.32	53.98	56.66	76.40
Other Institutions ¹²	1307.30	916.46	468.50	658.83	1159.47
Total	5539.09	6237.27	6244.50	7591.35	8615.64
Assistance as percentage of revenue expenditure	30	30	25	27	28

Source: Finance Accounts and information received from State Government

The financial assistance to local bodies and other institutions constituted 25 to 30 per cent of revenue expenditure during the period 2005-10. The increase in financial assistance to Zilla Parishads, Municipalities, Corporations, etc., during the period 2006-07 to 2009-10 compared to the previous year was due to devolution of funds to local bodies towards maintenance of assets, expansion and development and traditional functions based on the recommendations of the Third State Finance Commission.

1.6 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).

¹² Other institutions, *inter alia*, include Kerala Road Fund Board (₹ 208.55 crore), Kerala State Road Transport Corporation (₹ 105 crore), Kerala Urban Development Finance Corporation (₹ 85.75 crore), Kerala Agricultural Workers Welfare Fund Board (₹ 75.50 crore) and State Poverty Eradication Mission (₹ 36.50 crore).

1.6.1 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 category to aggregate expenditure) would be attached to a particular sector if it is below the national average. **Table 1.13** analyses the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during 2005-06 and 2009-10.

Table 1.13: Fiscal Priority of the State in 2005-06 and 2009-10

(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) 2005-06	17.75	61.76	30.76	13.97	14.95	4.05
Kerala State's Average (Ratio) 2005-06	15.55	54.78	31.42	4.18	17.91	5.12
General Category States Average (Ratio) 2009-10	18.24	66.05	35.76	14.85	16.21	4.28
Kerala State's Average (Ratio) 2009-10	15.88	51.43	33.02	6.04	17.70	5.04
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 Source: For GSDP, the information was collected from the State's Directorate of Economics and Statistics						

- In 2005-06 and 2009-10, the Kerala Government spent relatively less as a proportion of GSDP compared to the General Category States' average.
- In 2005-06 and 2009-10, the fiscal priority given to DE was inadequate as the ratio of DE in terms of AE was less than the all States' average. During 2005-06 and 2009-10 the fiscal priority given to Education and Health which formed part of SSE was higher than the all States' average. This indicates that the fiscal priority given to the Economic Services sector during the period was very low.
- The priority given to CE continues to be much lower in comparison with the General Category States' average as the CE/AE ratios of the State at 4.18 and 6.04 *per cent* during 2005-06 and 2009-10 respectively were much lower than the General Category States' average ratio of 13.97 and 14.85 *per cent* in those years.

Government may consider enhancing the proportion of expenditure on economic and capital sectors in order to create the much needed assets to stimulate growth.

1.6.2 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 goods¹³. Apart from improving the allocation towards development expenditure¹⁴, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.14** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.15** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.14: Development expenditure

Components of Development Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE	Actuals
Development Expenditure (a to c)						
a. Development Revenue Expenditure	9668 (49.5)	9190 (41.6)	10609 (38.9)	13292 (43.0)	14,707	14,708 (43.2)
b. Development Capital Expenditure	747 (3.8)	863 (3.9)	1418 (5.2)	1643 (5.3)	1,677	1,993 (5.9)
c. Development Loans and Advances	282 (1.4)	343 (1.6)	887 (3.3)	979 (3.2)	1,028	822 (2.4)

Figures in parentheses indicate percentage to aggregate expenditure

Source: Finance Accounts and Annual Financial Statement of the State Government for 2009-10

Development revenue expenditure increased by 10.7 per cent (₹ 1,416 crore) from ₹ 13,292 crore in 2008-09 to ₹ 14,708 crore in 2009-10. The increase was mainly due to increase in expenditure under the accounts heads; General Education (₹ 441 crore), Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (₹ 234 crore), Social Security and Welfare (₹ 161 crore), Medical and Public Health (₹ 106 crore), Labour and Employment (₹ 98 crore), Sports and Youth Services (₹ 85 crore), Water Supply and Sanitation (₹ 80 crore) and Crop Husbandry (₹ 78 crore).

Development capital expenditure increased by 21.3 per cent (₹ 350 crore) from ₹ 1,643 crore in 2008-09 to ₹ 1,993 crore in 2009-10. The increase was mainly due to increase in expenditure under the accounts heads; Roads and Bridges (₹ 248 crore), Water Supply and Sanitation (₹ 169 crore) and Telecommunication and Electronic Industries (₹ 76 crore). This was partly

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

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

offset by decrease in expenditure under Housing (₹ 121 crore) and Major Irrigation (₹ 64 crore).

Table 1.15: Efficiency of expenditure in selected Social and Economic Services
(Per cent)

Social/Economic Infrastructure	2008-09			2009-10		
	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	0.2	89	NA	0.4	87.3	...
Health and Family Welfare	2.8	73	NA	3.7	74.8	0.1
Water Supply, Sanitation, Housing and Urban Development	10.7	3	NA	15	3.6	2.5
Total (SS)	2.8	66	NA	3.2	63.4	0.8
Economic Services (ES)						
Agriculture and Allied Activities	5.7	34	NA	8.1	31.8	0.4
Irrigation and Flood Control	42.4	40	NA	46.6	50.1	49.5
Power and Energy	--	0.2	NA	..	0.3	
Transport	36.2	11	NA	43.2	12.9	34.7
Total (ES)	24.1	26	NA	26.0	26.7	12.1
Total (SS+ES)	10.3	54	NA	11.4	52.8	4.1
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations and Maintenance; NA : Not Available						

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 3.2 per cent from 2.8 per cent in the previous year. The increase was mainly due to assigning priority to capital expenditure under Water Supply, Sanitation, Housing and Urban Development which increased from 10.7 per cent to 15 per cent. The percentage of capital expenditure to total expenditure under Economic Services increased from 24.1 per cent in 2008-09 to 26 per cent in 2009-10. The higher priority of capital expenditure under Economic Services was mainly under Irrigation and Flood Control and Transport where capital expenditure as a percentage of total expenditure increased from 42.4 per cent and 36.2 per cent to 46.6 per cent and 43.2 per cent respectively.

The share of salaries and wages in revenue expenditure under Social Services decreased from 66 per cent in 2008-09 to 63.4 per cent in 2009-10. But the share of salaries and wages in revenue expenditure under Economic Services increased marginally from 26 per cent to 26.7 per cent in 2009-10 mainly due to increase in share of salaries and wages under 'Irrigation and Flood Control' and 'Transport'.

1.7 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 needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies. The State should also take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital

expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.7.1 Financial results of Irrigation Works

In the case of eight irrigation projects, which have been declared commercial, with a cumulative capital outlay of ₹ 123.30 crore as on 31 March 2010, the revenue realised from them during 2009-10 was ₹ 1.51 crore which was one *per cent* of the total outlay. After considering the working and maintenance expenses of ₹ 25.80 crore and interest charges of ₹ 11.04 crore, these projects suffered a net loss of ₹ 35.33 crore.

1.7.2 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31 March 2010 is given in **Table 1.16**.

Table 1.16: 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-runs	Cumulative actual expenditure as on 31.3.2010
1.	Water Resources Department – (Major irrigation project)	5	200.10	748.27	548.17	451.35
2.	Water Resources Department – (Irrigation and Minor Irrigation Works)	22	59.63	61.42	1.79	25.16
3.	Public Works Department – (Roads and Bridges)	87	299.16	320.30	21.14	234.27
4.	Public Works Department – (Buildings)	57	158.15	178.74	20.59	114.09
5.	Harbour Engineering Department	16	150.14	181.99	31.85	148.57
	Total	187	867.18	1490.72	623.54	973.44

Source: Details furnished by Departments

As per the information made available by the Irrigation Department, five¹⁵ projects which were to be completed between 1981 and 2010 were incomplete even after incurring ₹ 451.35 crore. The delays in completion of these projects also resulted in a huge cost overrun of ₹ 548.17 crore at the close of the current year. Besides, 182 other capital works on which ₹ 522.09 crore was spent up to March 2010 also remained incomplete in the Public Works, Harbour Engineering and Water Resources Departments, involving cost overruns amounting to ₹ 75.37 crore as on 31 March 2010. The reasons attributed by the departments for the slow implementation of projects/works were paucity of funds, shortage of staff, delay in getting land, changes in alignment, delays in sanctioning revised estimates, delays in getting designs approved, slackness on the part of contractors, labour problems, protests from local people, etc.

The amount blocked in these projects was six *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 overruns involved in their completion.

¹⁵ Banasurasagar, Idamalayar, Karappuzha, Muvattupuzha and Palakappandy.

1.7.3 Investment and returns

As of 31 March 2010, Government had invested ₹ 3,322.76 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (**Table 1.17**). The average return on these investments was one *per cent* in the last five years while the Government paid an average interest rate ranging from 7.5 *per cent* to 8.4 *per cent* on its borrowings during 2005-2010.

Table 1.17: Return on Investments

Investment/Return/Cost of Borrowings	2005-06	2006-07	2007-08	2008-09	2009-10
Investment at the end of the year (₹ in crore)	2145.04	2392.03	2483.99	3153.10	3322.76
Return (₹ in crore)	18.19	30.17	28.63	33.53	27.29
Return (<i>per cent</i>)	0.8	1.3	1.2	1.1	0.8
Average rate of interest on Government borrowing (<i>per cent</i>)	8.3	8.4	7.9	7.5	7.5
Difference between interest rate and return (<i>per cent</i>)	7.5	7.1	6.7	6.4	6.7

Source: Finance Accounts of the State Government

During 2009-10, the State Government invested ₹ 15.50 crore in Statutory Corporations, ₹ 109.84 crore in Government Companies and ₹ 61.77¹⁶ crore in Co-operative Banks and Societies. Two Statutory Corporations and 57 Government Companies with aggregate Government investments of ₹ 1508.64 crore were incurring losses and their accumulated losses amounted to ₹ 3790.58 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 2010 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 1.18**:

Table 1.18: Major profit making companies

		(₹ in crore)
Sl. No	Name of Government Company	Accumulated profit
1.	Kerala State Electricity Board	1245.46
2.	The Kerala Minerals and Metals Limited	451.74
3.	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited.	187.72
4.	Malabar Cements Limited	126.42
5.	The Kerala State Financial Enterprises Limited	114.43
6.	The Rehabilitation Plantations Limited	90.05
7.	The Kerala Agro-Machinery Corporation Limited.	74.46
8.	The Plantation Corporation of Kerala Limited	56.81
9.	Kerala State Industrial Development Corporation Limited	63.15

Source: Annexure 2 of Audit Report (Commercial) for the year ended 31 March 2010

1.7.4 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by certain Government departments. There were three¹⁷ departmental commercial undertakings in the State as of March 2010. The department-wise position of the investments made by the Government up to the year for which *pro forma* accounts were

¹⁶ Actual increase in investment in Co-operative banks and societies during the year was ₹ 44.32 crore due to decrease of ₹ 17.45 crore consequent on retirement of capital vide footnotes (ww), (xx),(yy), (zz), (AA),(BB) and (CC) of Statement 14 of Finance Accounts 2009-10.

¹⁷ Kerala State Insurance Department, Text Book Office and State Water Transport Department

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 ₹ 882.16 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 ₹ 9.82 crore against the capital of ₹ 720.35 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 ₹ 133.17 crore as against the total investment of ₹ 140.55 crore.

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

1.7.5 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 1.19** presents the outstanding loans and advances as on 31 March 2010 and interest receipts vis-à-vis interest payments during the last five years.

Table 1.19: Average interest received on loans advanced by the State Government
(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2005-06	2006-07	2007-08	2008-09	2009-10
Opening balance	5,210 ¹⁸	5,431 ¹⁹	5,562 ²⁰	6,280 ²¹	6910 ²²
Amount advanced during the year	287	349	893	984	877
Amount repaid during the year	52	66	45	36	38
Closing balance	5,445	5,714	6,410	7228	7749
Net addition	235	283	848	948	839
Interest receipts	31	28	51	48	46
Interest receipts as a percentage of outstanding loans and advances	0.6	0.5	0.9	0.7	0.6
Interest payments as a percentage of outstanding fiscal liabilities of the State Government.	8.3	8.4	7.9	7.5	7.5
Difference between interest payments and interest receipts (per cent)	(-) 7.7	(-) 7.9	(-) 7.0	(-) 6.8	(-) 6.9

Source: Finance Accounts of the State Government.

Total outstanding loans and advances as on 31 March 2010 increased by ₹ 839 crore compared to those of the previous year. The major disbursement

¹⁸ Difference of ₹ 66.55 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2005-06.

¹⁹ Difference of ₹ 13.89 crore with reference to the previous year's closing balance was on account of *pro forma* adjustments vide footnote (b) of Statement 5 of the Finance Accounts 2006-07.

²⁰ 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.

²¹ Difference of ₹ 130.26 crore with reference to the previous years closing balance was on account of *pro forma* adjustments vide footnotes b, d and e of Statement 5 of the Finance Accounts 2008-09.

²² Difference of ₹ 317.93 crore with reference to previous years closing balance was on account of *pro forma* adjustments vide footnote (pp) of Statement No.16 of Finance Accounts 2009-10.

of loans during the current year was to the Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹ 324 crore), Industry and Minerals (₹ 122 crore), Roads and Bridges Development Corporation (₹ 156 crore) and Kerala State Road Transport Corporation (₹ 105 crore). Interest received against these loans remained less than one *per cent* during the period 2005-06 to 2009-10 and was 0.6 *per cent* during 2009-10 as against the cost of borrowing of 7.5 *per cent* during the year.

1.7.6 Cash Balances and Investment of Cash Balances

Table 1.20 depicts the cash balances and investments made by the State Government out of the cash balances during the year.

Table 1.20: Cash Balances and Investment of Cash balances

(₹ in crore)

Particulars	As on 1 April 2009	As on 31 March 2010	Increase/ Decrease(-)
Cash balances	2629.55	3291.03	661.48
Investments from cash balances (a + b)	2589.73	3230.42	640.69
a. GOI Treasury Bills	2579.25	3219.94	640.69
b. GOI Securities	10.48	10.48	...
Fund-wise break-up of investments from earmarked balances (a to d)	758.26	1097.23	338.97
a. Reserve funds bearing interest	...	...	...
b. Reserve funds not bearing interest	758.26	1097.23	338.97
c. Deposit bearing interest	...	...	...
d. Deposit not bearing interest	...	...	...
Interest realised during the year on investment of cash balances	22.71	95.21	72.50

Source: Finance Accounts of the State Government

- The cash balance as on 31 March 2010 increased by ₹ 661.48 crore over the previous year.
- The interest realised during the year on investment of cash balances increased by ₹ 72.50 crore as compared to the previous year.

1.8 Assets and Liabilities

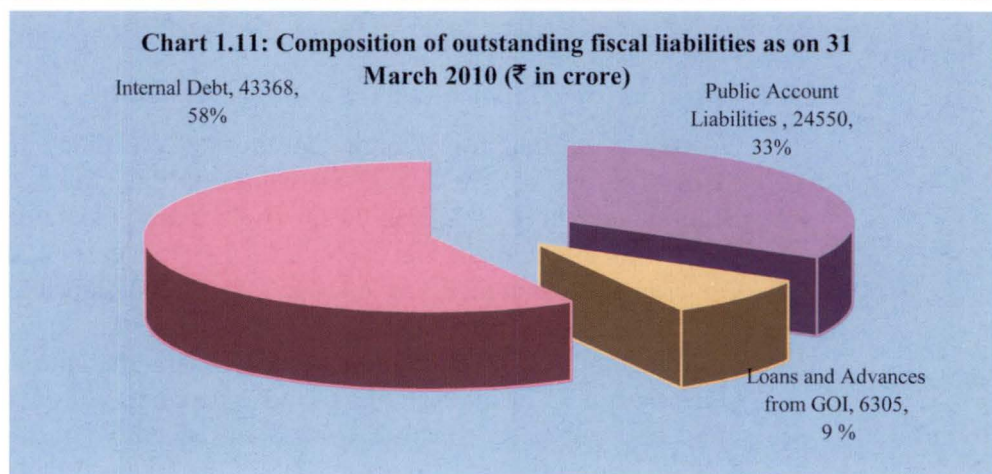
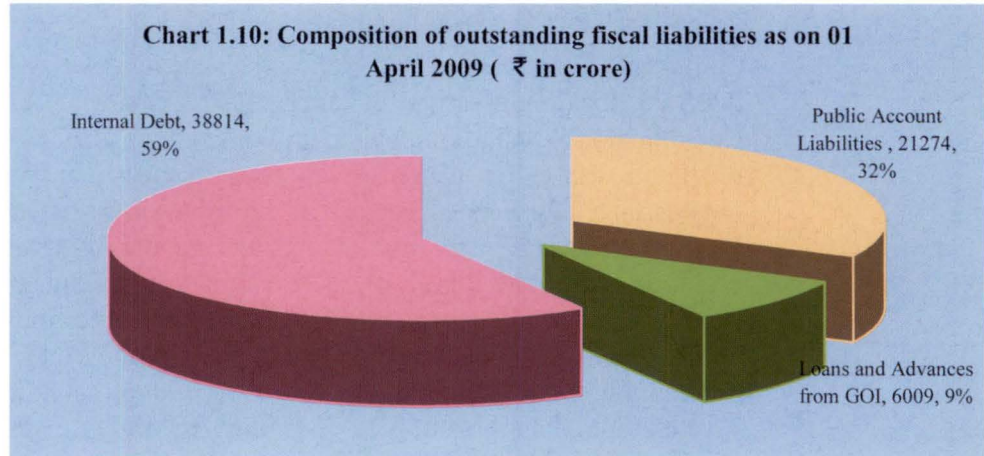
1.8.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and assets as on 31 March 2010, compared with the corresponding position on 31 March 2009. 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.

1.8.2 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 are presented in **Charts 1.10** and **1.11**.



The overall fiscal liabilities of the State increased from ₹ 47,832 crore in 2005-06 to ₹ 74,223 crore in 2009-10. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. As at the end of March 2010, the Consolidated Fund liabilities (₹ 49,673 crore) comprised market loans (₹ 25,973 crore), loans from Government of India (₹ 6,305 crore) and other loans (₹ 17,395 crore). The Public Account liabilities (₹ 24,550 crore) comprised Small Savings, Provident Funds, etc., (₹ 21,296 crore)²³, interest bearing obligations (₹ 10 crore) and non-interest bearing obligations like deposits and other earmarked funds (₹ 3,244 crore). The growth rate was 12.3 per cent during 2009-10 over the previous year. The ratio of fiscal liabilities to GSDP decreased marginally from 34.8 in 2008-09 to 34.6 in 2009-10. The ratio of fiscal liabilities to GSDP was 34.6 per cent in 2009-10 and was higher than the norm of 30 per cent recommended by the

²³ This includes liabilities from the treasury savings bank account (₹ 3745 crore) and treasury fixed deposits (₹ 5521 crore)

TFC for the year. These liabilities stood at 2.8 times the revenue receipts at the end of 2009-10 compared to 2.7 times at the end of 2008-09. The Thirteenth Finance Commission recommended that the debt stock of the States should be reduced to less than 25 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.

The State Government had set up a Consolidated Sinking Fund during 2005-06 for amortisation of open market loans. A revised scheme of Consolidated Sinking Fund came into effect from 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities. The rate of contribution to the Consolidated Sinking Fund was 0.5 per cent of the outstanding liabilities as at the end of the previous year. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the open market loans of the Government in 2010-11 and 2011-12 and for redemption of all outstanding liabilities of the Government from 2012-13 onwards as per the revised scheme. During the year, the State Government contributed ₹ 276.36 crore to the Fund. As on 31 March 2010, the outstanding balance in the Sinking Fund was ₹ 1092.67 crore.

1.8.3 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, 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 ₹ 282.63 crore collected during 2003-04 to 2009-10 had not been credited to the Fund but was treated as non-tax revenue and used for meeting the revenue expenditure of the Government.

As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2005-06 are given in **Table 1.21**.

Table 1.21: Guarantees given by the Government of Kerala

Guarantees	(₹ in crore)				
	2005-06	2006-07	2007-08	2008-09	2009-10
Maximum amount guaranteed (Principal only)	13751.80	12646.70	14871.08	11385.54	10,225.78
Outstanding amount of guarantees (including interest)	11934.69	9405.33	8317.34	7603.32	7495.00
Percentage of maximum amount guaranteed to total revenue receipts	90	70	70	46	39
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. 2005-10 ranged between ₹ 7,495 crore and ₹ 11,935 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 2010 were ₹ 113.99 crore. Out of this, ₹ 107.59 crore related to eight²⁴ institutions which had arrears exceeding ₹ one crore in each case.

1.9 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability²⁵ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation²⁶; sufficiency of non-debt receipts²⁷; net availability of borrowed funds²⁸; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.22** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2007-08.

Table 1.22: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	₹ in crore		
	2007-08	2008-09	2009-10
Debt Stabilisation (Quantum Spread + Primary Deficit)	1568	2439	1055
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 2278	(-) 247	(-) 1525
Net Availability of Borrowed Funds	1629	3334	2834
Burden of Interest Payments (Interest Payment/Revenue Receipts per cent)	21	19	20
Maturity Profile of debt (in years)			
0 – 1	1.65	1.59	1587.67 (3.2)
1 – 3	4913.86 (12.4)	5852.42 (13.1)	4503.59 (9.1)
3 – 5	4863.95 (12.3)	5349.27 (11.9)	5215.70 (10.5)
5 – 7	5447.94 (13.8)	6241.10 (13.9)	6786.36 (13.7)
7 and above	23385.70 (59.1)	26576.50 (59.3)	27363.90 (55.1)
Information not furnished by State Government	938.69 (2.4)	801.97 (1.8)	4216.09 (8.4)

Figures in parentheses indicate the percentage to total State debt

Source: Finance Accounts of the State Government

During 2007-08 to 2009-10, the quantum spread together with primary deficit was positive, indicating a declining trend in Debt-GSDP ratio. The resource

²⁴ Kerala State Housing Board (₹ 66.04 crore), Kerala State Electricity Board (₹ 2.99 crore), Kerala State Financial Enterprises Ltd (₹ 16.41 crore), Kerala State Power and Infrastructure Finance Corporation Ltd (₹ 1.66 crore), Kerala Industrial Infrastructure Development Corporation (₹ 1.88 crore), The Travancore Rayons Ltd. (₹ 5.13 crore), Kerala State Co-operative Agricultural and Rural Development Bank Ltd. (₹ 11.92 crore), United Electrical Industries Ltd (₹ 1.56 crore).

²⁵ 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.

²⁶ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt x rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, their debt-GSDP ratio would be constant or their debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling.

²⁷ 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.

²⁸ 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.

gap (sufficiency of non-debt receipts) was negative throughout the period 2007-10 which showed that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. This means that the Government would have no option but to go for debt receipts to meet its operational expenditure. Moreover, the net availability of borrowed funds after providing for interest and repayment of principal decreased during 2009-10 from the previous year which showed that a larger part of the borrowings was being used for current consumption including debt servicing, leaving only a small portion of the borrowed funds to be spent for developmental activities. The burden of interest payments (Interest Payment/Revenue Receipts ratio) was much higher in Kerala (20 per cent) than the TFC recommended norm of 15 per cent.

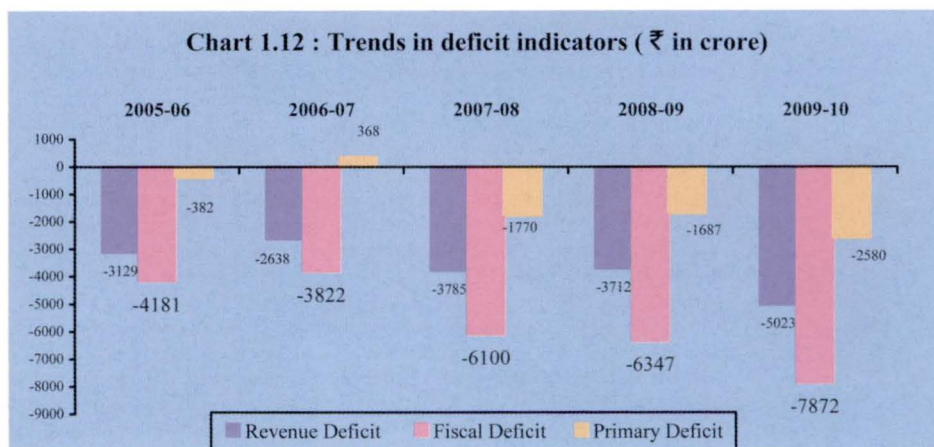
The maturity profile of State debt indicates that the Government will have to repay 33.3 per cent of its debt between one and seven years. Government may consider following a debt management strategy in such a way that fresh loans do not have to be repaid during the years in which huge repayments are due as this would put a strain on the Government budget during that period. The State may have to borrow further during these years to repay those loans.

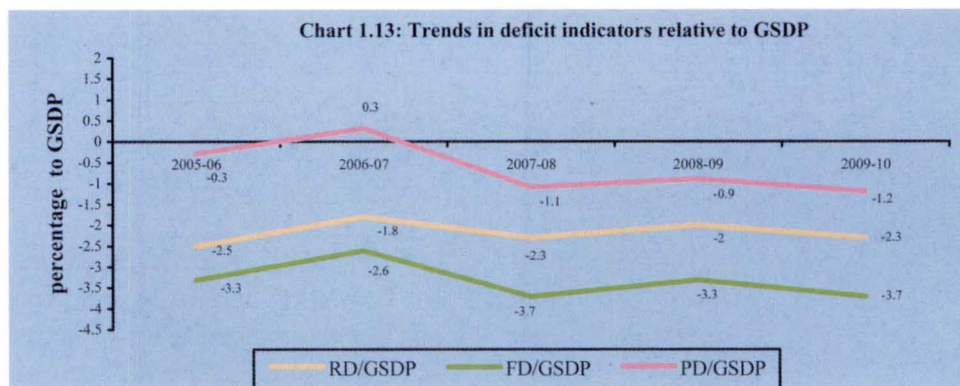
1.10 Fiscal Imbalances

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 2009-10.

1.10.1 Trends in Deficits

Charts 1.12 and 1.13 presents the trends in deficit indicators over the period 2005-10.





The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts showed inter-year variations during 2005-10. It decreased from ₹ 3,129 crore in 2005-06 to ₹ 2,638 crore in 2006-07 but increased to ₹ 3785 crore in 2007-08. Even though it showed a marginal decline to ₹ 3,712 crore in 2008-09, it again increased sharply to ₹ 5,023 crore in 2009-10. The increase of 35.3 per cent in revenue deficit during the current year was due to increase of 10.3 per cent in revenue expenditure compared to 6.5 per cent in revenue receipts.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased steadily from ₹ 3,822 crore in 2006-07 to ₹ 7,872 crore in 2009-10. The increase in revenue deficit and in capital expenditure (₹ 364 crore) led to the increase in fiscal deficit during the year when compared to the previous year.

As a proportion of GSDP, the revenue deficit increased to 2.3 per cent and the fiscal deficit to 3.7 per cent in 2009-10 (within the limit of four per cent of GSDP fixed by GOI for the year) from two per cent and 3.3 per cent in 2008-09.

The ratio of revenue deficit to fiscal deficit declined steadily from 74.8 per cent in 2005-06 to 58.5 per cent in 2008-09 but increased in the subsequent year 2009-10 to 63.8 per cent which indicated that borrowed funds were increasingly being used for revenue expenditure rather than for creation of assets.

1.10.2 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 1.23**.

Table 1.23: Components of Fiscal Deficit and its Financing Pattern

		(₹ in crore)				
Particulars		2005-06	2006-07	2007-08	2008-09	2009-10
Decomposition of Fiscal Deficit						
1	Revenue Deficit	3129 (75)	2638 (69)	3785 (62)	3712 (58)	5023 (64)
2	Net Capital Expenditure	817 (19)	901 (24)	1467 (24)	1687 (27)	2010 (25)
3	Net Loans and Advances	235 (6)	283 (7)	848 (14)	948 (15)	839 (11)
Total Fiscal Deficit		4181	3822	6100	6347	7872
Financing Pattern of fiscal deficit*						
1	Market Borrowings	1456 (34.8)	1786 (46.7)	3634 (59.6)	4782 (75.3)	4710 (59.8)
2	Loans from Government of India	6.0 (0.1)	(-) 46 (-1.2)	161 (2.6)	476 (7.5)	297 (3.8)
3	Special Securities Issued to National Small Savings Fund	2649 (63.4)	2177 (56.9)	107 (1.8)	(-) 102 (-1.6)	(-) 140 (-1.8)

	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
4	Loans from Financial Institutions	(-) 111 (-2.7)	336 (8.8)	309 (5.0)	116 (1.8)	(-) 16 (-0.2)
5	Small Savings, PF etc	50 (1.2)	(-) 306 (-8)	1324 (21.7)	2589 (40.8)	2849 (36.2)
6	Deposits and Advances	(-) 29 (-0.7)	428 (11.2)	492 (8.1)	132 (2.1)	437 (5.6)
7	Suspense and Miscellaneous	375 (9)	319 (8.3)	118 (1.9)	(-) 85 (-1.3)	370 (4.7)
8	Remittances	(-) 37 (-0.8)	(-) 4 (-0.1)	49 (0.8)	23 (0.4)	57 (0.7)
9	Others	131 (3.1)	(-) 43 (-1.1)	(-) 160 (-2.6)	72 (1.1)	(-) 31 (-0.4)
10	Overall Surplus/Deficit	(-) 309 (-7.4)	(-) 825 (-21.5)	66 (1.1)	(-)1656 (-26.1)	(-) 661 (-8.4)

*All these figures are net of disbursements/outflows during the year.
Figures in the brackets indicate percentage to fiscal deficit

Source: Finance Accounts of the State Government

During 2005-06 and 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 2009-10, 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.

1.10.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) 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)
2005-06	15347	14625	817	287	15729	(+) 722	(-) 382
2006-07	18255	16635	903	349	17887	(+) 1620	(+) 368
2007-08	21160	20562	1475	893	22930	(+) 598	(-) 1770
2008-09	24557	23564	1696	984	26244	(+) 993	(-) 1687
2009-10	26,196	25,840	2,059	877	28,776	(+) 356	(-) 2580

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 expenditure²⁹ requirements during 2005-10. However, the surplus non-debt receipts were not enough to meet the expenditure requirements under the capital account during the period 2005-10 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.

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

1.11 Conclusion

Revenue receipts: Revenue receipts during the year increased by 6.5 per cent over the previous year. The low growth rate was mainly due to decrease of ₹ 453.81 crore in grant-in-aid from Government of India. Tax revenue collected during the year fell short of the normative assessment made by TFC by 7.2 per cent. Non-tax revenue also fell short of the normative assessment made by the TFC by 7.9 per cent. There was a shortfall of ₹ 812.79 crore during the award period 2005-10 in receipt of the benefit of debt relief scheme formulated by the TFC due to non-fulfilment of the conditionalities for receiving the debt relief.

Revenue expenditure: Revenue expenditure constituted 91 per cent of the total expenditure and increased by 10.3 per cent during the year over the previous year. Non-Plan Revenue Expenditure exceeded the normative assessment made by the TFC by 19.5 per cent. The ratio of salary and wages, pension liabilities, interest payments and subsidies to revenue receipts was 78 per cent, an increase of one percentage point from the previous year. Interest payments as a percentage of revenue receipts ranged between 19 and 25 per cent during the TFC award period as against the TFC recommendation to keep the ratio to 15 per cent by 2009-10.

Capital expenditure: Capital expenditure during the year constituted only six per cent of the total expenditure. The priority given to capital expenditure continued to be much lower in comparison to the General Category States' average during 2005-06 and 2009-10.

Fiscal parameters: Kerala passed the Fiscal Responsibility Act early. The fiscal position of the State, viewed in terms of the trends in fiscal parameters, i.e., revenue, fiscal and primary deficits indicated an increasing trend in 2009-10 when compared to the previous year. The revenue, fiscal and primary deficits increased from ₹ 3712 crore, ₹ 6347 crore and ₹ 1687 crore in 2008-09 to ₹ 5023 crore, ₹ 7872 crore and ₹ 2580 crore respectively in 2009-10. The ratio of revenue deficit to fiscal deficit increased from 58.5 per cent in 2008-09 to 63.8 per cent in 2009-10 which indicated that borrowed funds were increasingly being used for revenue expenditure rather than for creation of assets.

The ratio of fiscal liabilities to GSDP was 34.6 per cent in 2009-10 and was higher than the norm of 30 per cent recommended by the TFC.

Government investment: The average return on the Government's investment in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives was one per cent in the last five years while Government paid an average interest rate ranging from 7.5 per cent to 8.4 per cent on its borrowings during this period.

Transfer of funds to State implementing agencies: Government of India directly transferred ₹ 1634.72 crore to State implementing agencies during the year. Direct transfer of funds from the Government of India to the State implementing agencies ran the risk of improper utilisation of funds by these

agencies in the absence of uniform accounting policies and effective monitoring system.

Cash balance: The cash balance of the State as on 31 March 2010 increased to ₹ 3291.03 crore from ₹ 2629.55 crore as on 31 March 2009. The interest realised during the year on investment of the cash balance increased as compared to the previous year.

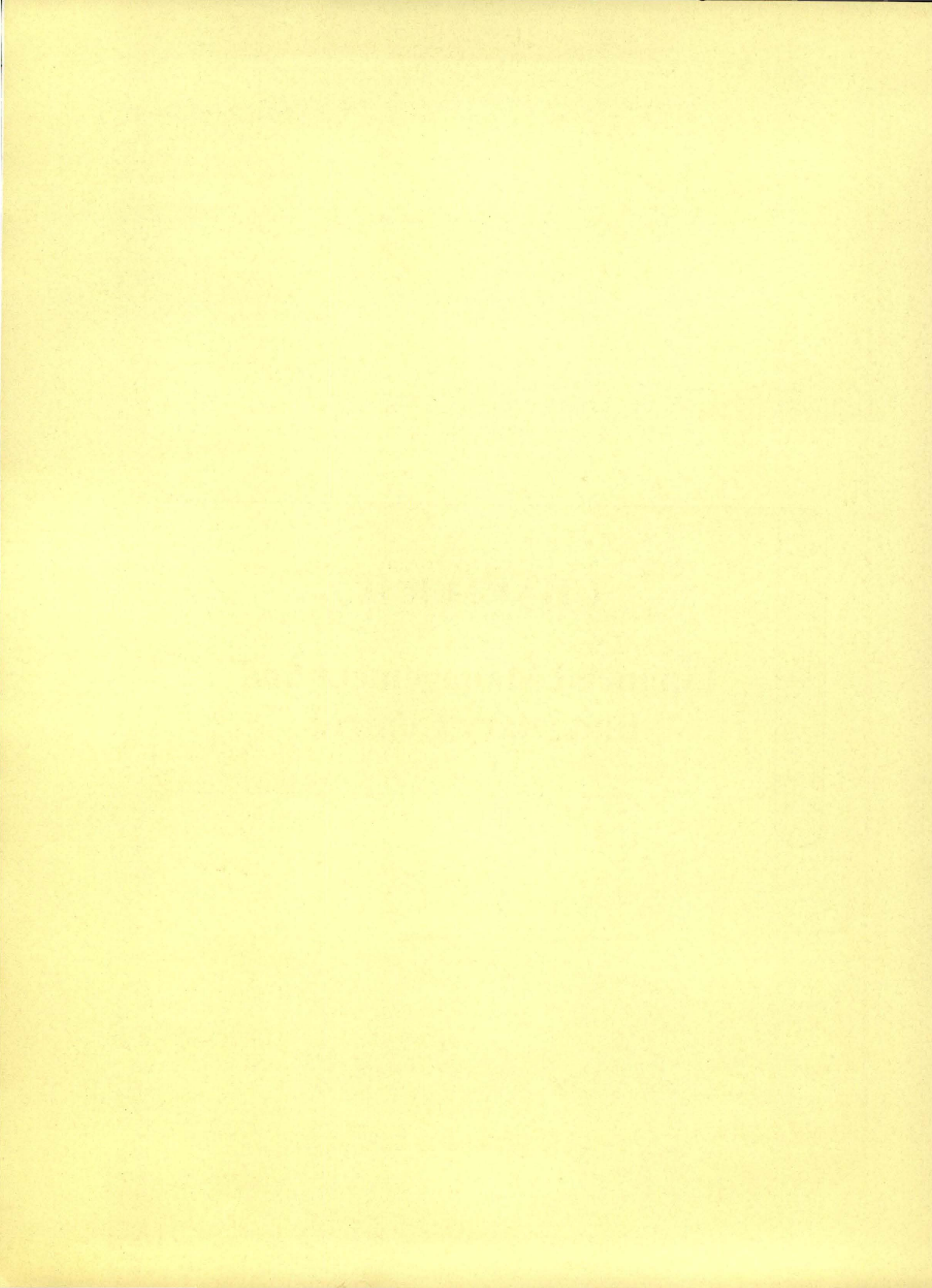
1.12 Recommendations

- The State Government needs to make efforts to increase tax collection, to collect revenue arrears and curtail unproductive expenditure so that deficits are contained within the level envisaged in the Medium Term Fiscal Plan (2009-10 to 2011-12).
- Government may consider enhancing the proportion of expenditure on economic and capital sectors as a proportion of aggregate expenditure in order to create the much needed assets to stimulate growth.
- 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 25 *per cent* of GSDP by 2014-15 set by the Thirteenth Finance Commission.
- The performance of public sector undertakings needs to be monitored to improve the average rate of returns on the capital invested.
- The State Government needs to build a system to monitor the funds directly received by the implementing agencies of the State Government from the Government of India.



CHAPTER II

**Financial Management and
Budgetary Control**



CHAPTER II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2009-10 against 48 grants/appropriations is given in **Table 2.1**:

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

(₹ in crore)

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted					
I Revenue	25712.74	2426.73	28139.47	25829.02	(-) 2310.45
II Capital	1647.91	944.80	2592.71	2076.09	(-) 516.62
III Loans and Advances	1036.33	402.26	1438.59	876.68	(-) 561.91
Total Voted	28396.98	3773.79	32170.77	28781.79	(-) 3388.98
Charged					
IV Revenue	5711.09	12.31	5723.40	5697.28	(-) 26.12
V Capital	70.87	2.73	73.60	2.75	(-) 70.85
VI Public Debt Repayment	12147.78	...	12147.78	2405.68	(-) 9742.10
Total Charged	17929.74	15.04	17944.78	8105.71	(-) 9839.07
Appropriation to Contingency Fund (if any)	...	...	...	...	...
Grand Total	46326.72	3788.83	50115.55	36887.50³⁰	(-) 13228.05

Source: Appropriation Accounts of the State Government, 2009-10

³⁰ These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure (revenue: ₹ 393.92 crore and capital: ₹ 19.46 crore, Total: ₹ 413.38 crore).

The overall savings of ₹ 13,228.05 crore was the result of savings of ₹ 13,317.11 crore in 35 grants and 18 appropriations under the Revenue Section and 24 grants and 11 appropriations under the Capital Section, offset by excess of ₹ 89.06 crore in nine grants and two appropriations under the Revenue Section and one grant under the Capital Section.

The status of savings/excess (as per Appropriation Accounts) was intimated (July 2010) to the Controlling Officers, requesting them to explain the significant variations. Out of 916 sub-heads in respect of which savings/excess were reported, explanations for variations were not received (August 2010) in respect of 745 sub-heads (Savings: 586 sub-heads and Excess: 159 sub-heads)

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The appropriation audit revealed that in 14 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 ₹ 11768.45 crore, savings of ₹ 11629.49 crore (98.8 per cent) occurred in nine cases³¹ relating to eight grants and one appropriation as indicated in Table 2.2.

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.	XI District Administration and Miscellaneous	461.77	413.86	875.63	495.16	380.47	223.73	(-) 156.74
2.	XXI Housing	142.18	17.35	159.53	55.40	104.13	0.58	(-) 103.55
3.	XXII Urban development	876.28	0.85	877.13	345.91	531.22	524.92	(-) 6.30
4.	XXIV Labour and Labour Welfare	289.44	93.37	382.81	302.01	80.80	83.31	2.51
Capital (Voted)								
5.	XX Water supply and Sanitation	937.00	132.03	1069.03	523.30	545.73	555.00	9.26
6.	XXIX Agriculture	98.40	3.00	101.40	36.44	64.96	44.88	(-) 20.08
7.	XXXVIII Irrigation	227.35	127.97	355.32	235.26	120.06	130.11	10.05
8.	XLII Tourism	69.04	6.57	75.61	15.59	60.02	14.61	(-) 45.41
Capital (Charged)								
9.	Public debt repayment	12147.78	...	12147.78	2405.68	9742.10	9743.96	1.86
	Total	15249.24	795.00	16044.24	4414.75	11629.49	11321.10	(-)308.39

Source: Appropriation Accounts of the State Government, 2009-10

The reasons for the savings under 'Housing', Labour and Labour Welfare' and 'Tourism' were not furnished by the concerned departments. However, the savings under 'District Administration and Miscellaneous' (Revenue Section) were due to receipt of less assistance from Government of India towards the Tsunami Rehabilitation programme.

The savings under 'Urban Development' (Revenue Section) were mainly due to non-disbursement of funds for the Kerala Local Government Development Fund consequent on delay in setting up of an Asset Management Company,

³¹ Savings of ₹ 50 crore and above in each case.

poor response to tender calls, delay in land acquisition, etc., for works taken up under the Kerala Sustainable Urban Development Project and the Jawaharlal Nehru National Urban Renewal Mission as well as slow progress in the Integrated Housing and Slum Development Programme.

The savings under 'Water Supply and Sanitation' (Capital Section) were due to release of less funds as loan to the Kerala Water Authority consequent to the slow progress of works in the Kerala Water Supply Project assisted by the Japan International Co-operation Agency.

The savings under 'Agriculture' (Capital Section) were mainly due to non-issue of letter of credit for payment of pending bills, non-receipt of contractors' bills in the case of National Bank for Agriculture and Rural Development assisted minor irrigation works, lift irrigation works, etc.

The savings under 'Irrigation' (Capital Section) were mainly due to lack of sufficient time for tendering and awarding the works after getting administrative sanctions under the scheme 'Malabar Irrigation Package' and non-payment of funds earmarked for compensation in land acquisition cases relating to major irrigation projects as well as want of sufficient letter of credit for payment for coastal zone management works under the Twelfth Finance Commission award.

The savings under 'Public debt repayment' were due to non-availing of overdraft and availing of less ways and means advances from Reserve Bank of India in view of the improved liquidity position of the State as well as non-availing of ways and means advances from Government of India.

2.3.2 Persistent savings

In seven 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 below:

Table 2.3: Persistent savings

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Amount of saving (Percentage)		
		2007-08	2008-09	2009-10
Revenue Voted				
1	XXII Urban Development	414.99 (63)	148.16 (22)	531.22 (61)
Capital voted				
2	XXIX Agriculture	64.52 (68)	50.63 (62)	64.96 (64)
3	XXXI Animal Husbandry	13.74 (88)	3.72 (51)	2.97 (40)
4	XXXIV Forest	8.49 (44)	3.48 (20)	3.53 (21)
5	XXXVIII Irrigation	46.70 (22)	102.08 (33)	120.06 (34)
6	XXXIX Power	56.00 (85)	63.79 (92)	11.25 (96)
7	XLII Tourism	4.96 (32)	14.16 (45)	60.02 (79)

2.3.3 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 instances of drawal of huge amounts and depositing them in the Treasury Savings Banks/Treasury Public Accounts or releasing them to the implementing agencies towards the close of the financial year 2009-10 to prevent them from lapsing as indicated in **Table 2.4:**

Table 2.4: Drawal of funds during 2009-10 to avoid lapse of budget grant
(₹ in crore)

Sl. No.	Name of the drawing officer	Amount drawn and date of drawal	Purpose of drawal	Present position
1.	Director of Scheduled Caste Development	6.00 (31 March 2010)	For core fund for Madrassa Teachers' Welfare Fund pension scheme	The Director stated (July 2010) that this amount along with ₹ four crore drawn on 31 March 2009 was released to the Madrassa Teachers Welfare Fund Board on 24 June 2010.
2.	- do -	77.28 (31 March 2010)	Loan waiver scheme	The Kerala State Scheduled Castes and Scheduled Tribes Development Corporation Ltd. is the implementing agency. No amount was utilized as of June 2010 as no direction was issued by the Director of Scheduled Caste Development for operationalising the scheme.
3.	Director of Scheduled Tribe Development	8.50 (19 March 2010)	Conservation-cum-Development Plan for Particularly Vulnerable Tribal Groups	The amount formed part of ₹ 9.60 crore released by Government of India in January 2009 for the scheme. The Director reported (August 2010) that the administrative sanction was issued only in February 2010 though the department obtained supplementary grant in July 2009. Only ₹ 1.57 crore was spent as of September 2010.
4.	Director of Sports and Youth Affairs	20.00 (16 March 2010) 55.00 (31 March 2010)	Renovation/Construction of stadia in connection with 35 th National Games	Only ₹ 2.94 crore was spent as of August 2010.
5.	Registrar of Co-operative Societies	13.42 (31 March 2010)	Reimbursement of interest loss to co-operative societies/banks under Agricultural Debtor's (Temporary Relief) Act, 2001.	The Registrar of Co-operative Societies stated (August 2010) that no amount was spent as of August 2010 as the pre-audit verification of the claim statements of societies/banks was not completed.
6.	Labour Commissioner	10.00 (31 March 2010)	Scheme for welfare of labourers from other States (Kerala Migrant Workers' Welfare Scheme)	The amount was transferred to the Kerala Building and other Construction Workers' Welfare Fund Board, the implementing agency. An amount of ₹ 9 crore was deposited in Treasury Fixed Deposit for creating a Corpus Fund. Out of the balance of ₹ one crore, ₹ 75 lakh was deposited in savings bank account. The actual expenditure as of September 2010 was only ₹ 10.39 lakh. The Board stated (October 2010) that initial steps for the registration of migrant labourers had been started.

Sl. No.	Name of the drawing officer	Amount drawn and date of drawal	Purpose of drawal	Present position
7.	Director of Public Instruction	4.58 (31 March 2010)	For the project '1000 books for 1003 schools' using Twelfth Finance Commission award.	The amount was disbursed to Kerala Book Marketing Society by demand draft. The Secretary of the Society stated (October 2010) that only ₹ 1.24 crore could be utilised as of September 2010 as the publishers had not supplied all the books selected by the Director of Public Instruction.

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.

2.3.4 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 ₹ 530.12 crore for the years 1990-91 to 2008-09 was still to be regularised (October 2010) 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	2	...	22.44
1996-97	...	1	0.00 ³²
1997-98	1	...	3.93
1998-99	1	..	7.88
2000-01	1	...	14.65
2001-02	2	...	29.08
2002-03	1	1	18.82
2003-04	3	1	129.83
2004-05	2	...	15.85
2005-06	1	...	21.27
2006-07	2	1	7.16
2007-08	1	1	154.78
2008-09	7	1	104.03
Total	26	6	530.12

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

³² ₹ 32,791 only

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

2.3.5 Excess over provision during 2009-10 requiring regularisation

The Appropriation Accounts disclosed excess of ₹ 89.06 crore over the authorization from the Consolidated Fund of the State during 2009-10 in 10 grants and two appropriations. Out of this, excess of ₹ 65.99 crore in Grant No.XL-Ports (₹ 28.55 crore) and in Grant No.XLII- Tourism (₹ 37.44 crore) did not require regularization because the excess occurred due to booking of expenditure by the Accountant General (A&E) under these grants to adopt the authorized classification even though provision was actually available under another grant (No.XI- District Administration and Miscellaneous). Excess of ₹ 23.07 crore over authorization from the Consolidated Fund of the State in respect of eight grants and two appropriations required regularization under Article 205 of the Constitution as summarized in **Table 2.6:**

Table 2.6: Excess over provision requiring regularisation during 2009-10

(₹ in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess	Surrender
Voted Grants – Revenue					
1.	III Administration of Justice	203.48	203.59	0.11	1.44
2.	V Agricultural Income Tax and Sales Tax	130.99	136.81	5.82	0.11
3.	VII Stamps and Registration	98.75	104.30	5.55	2.06
4.	IX Taxes on Vehicles	32.32	33.98	1.66	Nil
5.	XXVIII Miscellaneous Economic Services	53.03	54.33	1.30	0.37
6.	XXXI Animal Husbandry	211.15	213.83	2.68	2.24
7.	XXXIV Forest	212.46	215.68	3.22	4.63
Voted Grants – Capital					
8.	XIX Family Welfare ³³	..	..	..	..
Total Voted		942.18	962.52	20.34	10.85
Charged Appropriation-Revenue					
9.	XI District Administration and Miscellaneous	1.03	1.05	0.02	Nil
10.	XVI Pensions and Miscellaneous	12.78	15.49	2.71	0.21
Total Charged		13.81	16.54	2.73	0.21
Grand Total		955.99	979.06	23.07	11.06

Source: Appropriation Accounts of the State Government, 2009-10

Note: The actual excess expenditure in the above 10 grants/appropriation would be ₹ 34.13 crore if the surrender of funds amounting to ₹ 11.06 crore made on 31 March 2010 in Grant Nos.III, V, VII, XXVIII, XXXI, XXXIV and XVI is also taken into account. However, the excess disclosed in the Appropriation Accounts (₹ 23.07 crore) only has been shown in the above table as requiring regularisation.

2.3.6 Unnecessary/Excessive/Inadequate Supplementary provision

Supplementary provisions aggregating ₹ 542.09 crore, obtained in 17 cases of ₹ 50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Appendix 2.3.**

³³ The total grant, expenditure and excess expenditure relating to this grant was ₹ 57,000, ₹ 61,000 and ₹ 4,000 respectively.

In 27 cases, against the additional requirement of ₹ 1,545.32 crore, supplementary grants of ₹ 2,832.43 crore were obtained, resulting in savings exceeding ₹ one crore and above in each case, aggregating ₹ 1,287.11 crore (**Appendix 2.4**).

In six cases, supplementary provisions of ₹ 49.93 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 21.27 crore (**Appendix 2.5**).

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. There were excesses/savings of more than ₹ two crore in 87 sub-heads even after reappropriation as detailed in **Appendix 2.6**. Reasons for the variations were not furnished by the department/Government.

2.3.8 Unexplained re-appropriations

Para 86 (3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy himself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as ‘based on actual requirement’, ‘based on trend of expenditure’, ‘expenditure is less than that anticipated’, etc., as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 grants issued by the Finance Department revealed that in respect of 365 out of 797 items (46 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.

2.3.9 Substantial surrenders

Substantial surrenders (where more than 50 per cent of the total provision³⁴ were surrendered) were made in respect of 366 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to ₹ 1,283.84 crore in these 366 sub-heads, ₹ 1040.76 crore (81 per cent) was surrendered, which included cent per cent surrender in 44 sub-heads, the details of which are given in **Appendix 2.7**.

2.3.10 Surrender in excess of actual saving

In 21 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 ₹ 10,822.04 crore, the amount surrendered was ₹ 10,989.36 crore, resulting in excess surrender of ₹ 167.32 crore. Details are given in **Appendix 2.8**.

2.3.11 Injudicious surrender

In seven grants, surrender of ₹ 11.06 crore (₹ 10 lakh or more in each case) made on 31 March 2010 proved injudicious as there were eventual excesses

³⁴ Total provision refers to Original provision plus Supplementary provision.

under these grants at the close of the financial year. Details are given in **Appendix 2.9**.

2.3.12 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 2009-10, there were, however, five grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 22.54 crore (0.2 per cent of the total savings) the details of which are given in **Appendix 2.10**.

Similarly, out of the total savings of ₹ 1,935.22 crore under 19 grants/appropriations with savings of ₹ one crore and above in each grant/appropriation, amounts aggregating ₹ 870.72 crore (45 per cent of savings) were not surrendered, details of which are given in **Appendix 2.11**. Besides, in 33 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 3,477.53 crore (**Appendix 2.12**) was surrendered on the last two working days of March 2010, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.13 Rush of expenditure

According to Para 91 (2) of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 47 sub-heads listed in **Appendix 2.13**, expenditure of ₹ 10 crore and above and also more than 50 per cent of the total expenditure for the year was incurred in March 2010. **Table 2.7** 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 2.7: Cases of rush of expenditure towards the end of the financial year 2009-10

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2075 -Miscellaneous General Services	659.98	357.12	54.11	293.29	44.44
2.	2204 - Sports and Youth Services	141.54	112.59	79.55	103.07	72.82
3.	2215 - Water Supply and Sanitation	357.97	195.81	54.70	188.53	52.67
4.	2216 – Housing	55.40	34.83	62.87	30.60	55.23
5.	2217 - Urban Development	345.91	224.37	64.86	222.97	64.46
6.	2225 - Welfare of SC/ST and Other Backward Classes	745.25	438.66	58.86	300.05	40.26
7.	2245 - Relief on Account of Natural Calamities	232.77	155.89	66.97	133.33	57.28
8.	2501- Special Programmes for Rural Development	63.32	52.65	83.15	52.42	82.79
9.	2506 -Land Reforms	11.72	11.72	100.00	11.72	100.00
10.	2551 - Hill Areas	23.54	23.06	97.96	20.10	85.39
11.	2810 - New and Renewable Energy	62.10	59.89	96.44	56.44	90.89
12.	2851 - Village and Small Industries	209.93	121.06	57.67	89.67	42.71
13.	3051 - Ports and Light Houses	47.97	34.21	71.32	32.68	68.13
14.	3055 - Road Transport	15.00	15.00	100.00	0.00	0.00
15.	3452 – Tourism	133.06	78.73	59.17	60.53	45.49

Sl. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
16.	4058 - Capital Outlay on Stationery and Printing	1.25	0.86	68.80	0.75	60.00
17.	4059 - Capital Outlay on Public Works	65.34	37.14	56.84	31.52	48.24
18.	4202 - Capital Outlay on Education, Sports, Art and Culture	49.46	31.80	64.29	11.13	22.50
19.	4216 - Capital Outlay on Housing	8.91	6.30	70.71	4.90	54.99
20.	4225 - Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	37.88	27.85	73.52	23.55	62.17
21.	4235 Capital Outlay on Social Security and Welfare	3.84	3.60	93.75	3.16	82.29
22.	4250 Capital Outlay on other Social Services	1.84	1.29	70.11	0.87	47.28
23.	4402 Capital Outlay on Soil and Water Conservation	13.21	8.87	67.15	5.99	45.34
24.	4403 Capital Outlay on Animal Husbandry	4.11	2.39	58.15	1.84	44.77
25.	4405 Capital Outlay on Fisheries	69.86	56.44	80.79	39.96	57.20
26.	4406 Capital Outlay on Forestry and Wild life	13.22	8.21	62.10	5.89	44.55
27.	4425 Capital Outlay on Co-operation	43.93	40.63	92.49	33.12	75.39
28.	4515 Capital Outlay on other Rural Development Programmes	5.00	5.00	100.00	5.00	100.00
29.	4701 Capital Outlay on Medium Irrigation	47.62	42.67	89.61	33.93	71.25
30.	4702 Capital Outlay on Minor Irrigaion	18.61	10.28	55.24	9.56	51.37
31.	4711 Capital Outlay on Flood Control Projects	145.11	110.57	76.20	99.36	68.47
32.	4853 Capital Outlay on Non-Ferrous Mining and Metallurgical Industries	8.00	8.00	100.00	0.00	0.00
33.	4858 Capital Outlay on Engineering Industries	1.32	1.32	100.00	0.00	0.00
34.	4859 Capital Outlay on Telecommunication and Electronic Industries	115.69	90.30	78.05	57.37	49.59
35.	4860 Capital Outlay on Consumer Industries	13.55	13.05	96.31	13.05	96.31
36.	4885 Capital Outlay on Industries and Minerals	46.00	45.00	97.83	0.00	0.00
37.	5051 Capital Outlay on Ports and Light Houses	36.19	30.23	83.53	5.01	13.84
38.	5056 Capital Outlay on Inland and Water Transport	10.91	9.20	84.33	9.11	83.50
39.	5075 Capital Outlay on other Transport Services	90.33	79.44	87.94	67.11	74.29
40.	5452 Capital Outlay on Tourism	15.59	14.58	93.52	14.15	90.76

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 Accountant General (A&E) not later than the 20th of the succeeding month.

According to the records maintained by the Accountant General (A&E), 17 AC bills drawn by 12 DDOs upto March 2010 involving ₹ 2.05 crore were not adjusted as of July 2010 due to non-receipt of DC bills, details of which are enumerated in **Appendix 2.14**. Year-wise details are given in **Table 2.8**.

Table 2.8: 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
2008-09	546	3.96	544	3.92	99	2	0.04
2009-10	367	5.98	352	3.99	66	15	2.01
Total		9.94		7.91		17	2.05

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

2.4.2 Unreconciled expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Para 74 of the Kerala Budget Manual stipulates that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in the Audit Reports, lapses on the part of the Controlling Officers in this regard continued to persist during 2009-10 also. One hundred and fifty six Controlling Officers did not reconcile expenditure amounting to ₹ 22,995.88 crore as of June 2010. In respect of 62 Controlling Officers (given in **Table 2.9**), amounts exceeding ₹ 10 crore in each case remained unreconciled during 2009-10.

Table 2.9: List of controlling officers where amounts exceeding ₹ 10 crore in each case remained unreconciled during 2009-10

(₹ in crore)

Sl. No.	Name of the controlling officer	Amount not reconciled
1.	Secretary to Government, General Administration (BW) Department	98.40
2.	Principal Secretary to Government, Finance Department	8,568.56
3.	Director of Survey and Land Records	51.48
4.	Commissioner of Land Revenue	460.64
5.	Excise Commissioner	80.62
6.	Commissioner of Transport	46.48
7.	Director of Treasuries	733.22
8.	Principal Secretary to Government, Revenue (F) Department	15.00
9.	Director General of Police (Prisons)	74.19
10.	Controller of Stationery	15.43
11.	Director of Printing	45.84
12.	Commandant, Fire and Rescue Services	46.78
13.	Chief Engineer, Buildings and Local Works, Public Works Department	243.39
14.	Chief Engineer, National Highways, Public Works Department	206.84
15.	Chief Engineer, Roads and Bridges, Public Works Department	1,563.83

Sl. No.	Name of the controlling officer	Amount not reconciled
16.	Director of State Lotteries	501.79
17.	Director of Public Instruction	2,525.47
18.	Director of Collegiate Education	524.61
19.	Director of Vocational Higher Secondary Education	111.74
20.	Principal Secretary to Government, Higher Education (B) Department	171.54
21.	Director, Sports and Youth Affairs	75.00
22.	Director of Archeology	10.45
23.	Chief Electrical Inspector	10.95
24.	Secretary, Kerala Sports Council	14.08
25.	Chairman, Science Technology and Environment Department	65.37
26.	Registrar, Mahatma Gandhi University	23.21
27.	Director of Higher Secondary Education	1,920.53
28.	Text Book Officer	43.63
29.	Director of Indian Systems of Medicine	79.68
30.	Administrative Officer, Employees State Insurance	58.18
31.	Director, Regional Cancer Centre	26.86
32.	Director of Homoeopathy	39.23
33.	Director of Health Services	699.17
34.	Secretary to Government, Health and Family Welfare Department	130.00
35.	Secretary to Government, Water Resources (WS B) Department	507.53
36.	Chief Town Planner	37.27
37.	Director, Kerala Sustainable Urban Development Project	150.00
38.	Director of Urban Affairs	102.48
39.	Labour Commissioner	86.15
40.	Director of Training	40.43
41.	Director of Scheduled Castes Development	539.55
42.	Secretary to Government, Local Self Government Department	10.03
43.	Secretary to Government, Revenue (SLMC) Department	121.93
44.	Registrar of Co-operative Societies	24.73
45.	Director of Agriculture	449.42
46.	Chief Engineer, Irrigation and Administration	327.54
47.	Director of Civil Supplies	21.43
48.	Director of Animal Husbandry	141.80
49.	Director of Fisheries	26.59
50.	Chief Conservator of Forests	101.98
51.	Director of Panchayats	16.69
52.	Commissioner of Rural Development	280.21
53.	Secretary, Kerala Khadi and Village Industries Board	18.95
54.	Director of Industries and Commerce Department	82.00
55.	Secretary to Government, Information Technology Department	77.67
56.	Chief Engineer, Project I (Irrigation)	38.22
57.	Chief Engineer, Project II (Irrigation)	16.58
58.	Secretary to Government, Transport (C) Department	30.00
59.	Director of State Water Transport	16.68
60.	Director of Tourism	55.48
61.	Director of Social Welfare	309.84
62.	Secretary, Land Board	19.55
	Total	22,932.92

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

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Kerala Contingency Fund Act, 1957 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent nature, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹ 100 crore. Till the close of the year, ₹ 26.27 crore drawn (26 March 2010) under '6216 Loans for Housing' was not recouped to the Fund.

2.6 Review of Selected Grants

A review of budgetary procedure and control over expenditure for 2009-10 conducted in July-August 2010 relating to 'Grant No XXVII-Co-operation' and 'Grant No. XXXVII – Industries' revealed the following:

2.6.1 *Persistent savings*

Persistent savings were noticed in Grant No. XXVII (Co-operation) and Grant No. XXXVII (Industries) both under Revenue and Capital during the consecutive three years from 2007-08 to 2009-10.

2.6.2 *Belated surrender of funds*

As per the provisions in the Kerala Budget Manual, reappropriation and surrender proposals for a financial year are to be sent not later than 15th February of the year. Audit scrutiny revealed that reappropriation proposals were sent by the Director of Handloom and Textiles and the Director of Coir Development only in March 2010. The dates of sending reappropriation proposals were not furnished by the Director of Industries and Commerce. Surrender proposals were sent by the Director of Handloom and Textiles, the Director of Industries and Commerce and the Director of Coir Development only on the last day of the financial year. Similarly, the Registrar of Co-operative Societies sent reappropriation proposals on 16 February 2010 and 31 March 2010 and surrender proposals on 31 March 2010. As surrender of funds was made on the last day of the financial year, the funds could not be allocated to needy departments.

2.6.3 *Drawal of funds to avoid lapse of budget provision*

Financial rules prohibit drawal of funds at the close of the financial year with a view to prevent lapse of budget provisions. However, the following Drawing and Disbursing Officers drew ₹ 119.27 crore meant for various schemes on the last day of the financial year (31 March 2010) and disbursed the same to the implementing agencies. It is apparent that this was done to prevent lapse of budget provisions.

Table 2.10: Drawal of funds on the last day of financial year

Name of Drawing and Disbursing Officer	Number of bills	Amount (₹ in crore)
The Registrar of Co-operative Societies	16	46.75
The Director of Coir Development	16	30.53
The Director of Industries and Commerce	26	40.49
The Director of Handloom and Textiles	2	1.5
Total	60	119.27

2.6.4 Parking of funds in bank accounts

The State Government accorded administrative sanction (March 2010) for setting up a Common Facility Centre each in Garment cluster, Kollam, in Ethnic Food Processing Women cluster, Pala, Kottayam and in Printer's cluster, Ernakulam at a cost of ₹ 35.48 lakh, ₹ 98.97 lakh and ₹ 51.33 lakh respectively. The Centres were to be established with the help of Kerala Bureau of Industrial Promotion (K-Bip)³⁵. As per orders of the Government, the Director of Industries and Commerce drew (29 March 2010) ₹ 1.86 crore and deposited it in bank accounts of K-Bip. As no formal sanction had been received from the Development Commissioner (MSME³⁶), New Delhi by K-Bip for disbursement of the amount to the clusters, the amount remained unutilised in the bank accounts as of July 2010.

2.7 Outcome of inspection of treasuries

There were 23 District Treasuries, 186 sub-treasuries and 12 Stamp depots in the State as of March 2010. The Accountant General (A&E) inspected 145 treasuries (District Treasury: 23; sub-treasuries: 117 and Stamp depot: 5). Some of the irregularities and deficiencies noticed in the functioning of treasuries are mentioned in the succeeding paragraphs:

2.7.1 Excess payment of pension

There was excess payment of pension/family pension amounting to ₹ 31.98 lakh in 1006 cases in 92 treasuries (including 13 district treasuries) during 2009-10. 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 ₹ 31.98 lakh, treasuries³⁷ recovered ₹ 2.92 lakh and the balance amount of ₹ 29.06 lakh remained to be recovered as of March 2010.

2.7.2 Unoperated Treasury Savings Bank account

As per Rules 28 and 40 of the Treasury Savings Bank Rules, Treasury Savings Bank accounts which remain unoperated for more than five completed financial years will cease to earn interest and balance under such accounts should be transfer-credited to Revenue Deposit. It was noticed that 1163 such unoperated accounts in 53 treasuries were not closed and the balance transfer-credited to Revenue Deposit.

³⁵ A State autonomous body for promoting the potential business opportunities and highlight the ideal business climate prevailing in Kerala to the entrepreneurs.

³⁶ Micro, Small and Medium Enterprises

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

2.7.3 Mustering of pensioners

In terms of Rule 280 (a) of the Kerala Treasury Code Vol.I, the Treasury Officer should conduct mustering of pensioners annually in the case of pensioners/family pensioners/Pension Treasury Savings Bank holders and once in three years, where payment of pension is made through money orders. These provisions are made to prevent fraudulent payments. However, in 308 cases, in 69 treasuries as listed in **Appendix 2.15**, mustering of pensioners was pending for two to three years.

2.8 Public Works Deposits

Public Works Deposits comprise transactions of the following categories:

- (a) Cash deposits from subordinates as security.
- (b) Cash deposits from contractors as security including percentage deduction from the bills
- (c) Deposits for works to be done
- (d) Sums due to contractors on closed accounts
- (e) Sums due to other Governments on closed accounts
- (f) Miscellaneous deposits

A test check conducted in July 2010 of the accounts of 17³⁸ Divisions (out of 121 Divisions) holding ₹ 231.62 crore under Public Works Deposits as on 31 March 2010 revealed the following:

2.8.1 General deficiencies

The deficiencies in financial control and non-observance of rules noticed during audit are detailed below

- According to para 15.4.1 (iii) of the Kerala Public Works Account Code, balances unclaimed for more than three completed account years should lapse and the amounts thereof should be credited to Government as 'lapsed deposits' in the month of March each year. It was noticed that in 13³⁹ out of 17 divisions, lapsed deposits amounting to ₹ 3.37 crore were not credited to Government account. In the remaining four divisions, details regarding lapsed deposits could not be ascertained as the information regarding dates of deposit was not available.
- The sub-head "Miscellaneous Deposits" is intended for the temporary accommodation of statutory deductions such as the Family Benefit Scheme, Life Insurance, Sales tax, etc., and other items pending immediate clearance by credit/transfer to the respective heads of account. The total amount outstanding as of March 2010 in 17 Divisions worked

³⁸ Buildings division, Alappuzha, Ernakulam, Kollam, Kottayam, Kozhikode and Thiruvananthapuram; Harbour Engineering division, Kannur; Roads division, Alappuzha, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode and Thiruvananthapuram; Special buildings division, Thiruvananthapuram and National Highway division, Kozhikode and Thiruvananthapuram.

³⁹ Buildings division, Alappuzha, Ernakulam, Kottayam and Kozhikode; Harbour Engineering division, Kannur; National Highway division, Kozhikode and Thiruvananthapuram; Roads division, Alappuzha, Kannur, Kottayam, Kozhikode and Thiruvananthapuram and Special Buildings division, Thiruvananthapuram.

out to ₹ 23.59 crore, indicating that funds credited were not paid to the respective agencies.

- In five⁴⁰ Divisions, bills amounting to ₹ 1.54 crore were not paid for want of Special Letter of Credit from the Government, even though the entire amounts were received as deposits from the department and the works had already been completed.

2.8.2 Irregular deposit of funds for Government works

The Public Works Department (PWD) is the executing agency for all Government works and provision of funds for such works is included in the Public Works Budget. Non-Government works are also executed by PWD out of funds deposited in cash or otherwise placed at its disposal and are termed 'deposit works'. According to clause 10.3.39 of the Kerala PWD Manual, works of Government departments executed by PWD when the provisions are included in those departments' budgets are treated as deposit works. The manual also prescribes that no deposit need be insisted upon in such cases. Only indication of willingness to accept debit raised by PWD is necessary. This is to ensure that only actual expenditure incurred during the year is debited to the concerned heads. In 11 (out of 17) test-checked divisions, ₹ 71.80 crore was remaining as deposit relating to Civil Departments as of March 2010. Details are given in **Appendix 2.16**. The following cases were also seen:

In seven⁴¹ out of these divisions, ₹ 6.37 crore was received as deposit during March 2010 for 52 works.

In three⁴² divisions, four works were at standstill. Even though agreements were executed for all the four works during 2004-05 and 2005-06 the reasons for not commencing the works were not intimated by the divisions except in the case of one division where the work had been abandoned subsequently. However, in this case, the deposit had not been refunded.

In three divisions⁴³, though ₹ 1.53 crore was received as deposit between April 2003 and August 2008 from Tourism, Jails, Animal Husbandry and Scheduled Castes Development Departments, works for ₹ 0.86 crore only were arranged in April 2009 and works for the remaining amount of ₹ 0.67 crore had not been arranged as of July 2010.

The lodging of budgeted funds in PW deposits even though such a procedure was not required under the rules to take up Government works, enabled Civil Departments to prevent lapse of budget provision and to retain unspent balances at the end of the financial year and use the same in subsequent years. This was highly irregular and negated the financial control of the Legislature over the Consolidated Fund.

⁴⁰ Buildings division, Kozhikode, National Highway division, Kozhikode; Roads division, Kollam and Thiruvananthapuram and Special buildings division Thiruvananthapuram.

⁴¹ Buildings division, Alappuzha, Ernakulam, Kottayam, Kozhikode and Thiruvananthapuram; Harbour Engineering division, Kannur and Special Buildings division, Thiruvananthapuram.

⁴² Special Buildings division, Thiruvananthapuram; Roads Division, Ernakulam and Buildings Division, Ernakulam

⁴³ Roads Division, Kollam; Buildings division, Kottayam and Buildings division, Kozhikode.

2.9 Conclusion

During 2009-10, expenditure of ₹ 36887.50 crore was incurred against total grants and appropriations of ₹ 50115.55 crore, resulting in savings of ₹ 13228.05 crore. The overall savings were the net result of savings of ₹ 13317.11 crore, offset by excess of ₹ 89.06 crore. Excess expenditure of ₹ 23.07 crore, in eight grants and two appropriations during 2009-10 required regularisation under Article 205 of the Constitution of India. Apart from this, regularization of excess expenditure under Article 205 of the Constitution of India was pending for ₹ 530.12 crore from 1990-91 to 2008-09 as of October 2010. In 33 cases, surrenders of funds amounting to ₹ 3477.53 crore were made on the last two working days of the financial year, while in 19 grants/appropriations, savings amounting to ₹ 870.72 crore were not surrendered. In 21 cases, ₹ 167.32 crore was surrendered in excess of actual savings. In 87 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.

2.10 Recommendations

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



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 Non-submission/delay in submission of Accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/heads of the departments are required to furnish to Audit every year, detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of 255 bodies/authorities received for the year 2008-09, attracted audit by the Comptroller and Auditor General of India. Of these 255 bodies/authorities, 114 were audited during 2009-10.

As of March 2010, 10 annual accounts of eight autonomous bodies/authorities due up to 2008-09 had not been received by the Principal Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.1**.

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

Sl. No.	Delay in number of years	Number of Bodies/ Authorities
1.	0 – 1	7
2.	3 – 5	1

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

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

There are 23 autonomous bodies in the field of legal aid, human rights, development of khadi, etc. The audit of accounts of 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 3.2**.

3.3 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually, showing the working results of financial operations so that the Government can assess their working. The finalised accounts reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit and the State Legislature. Consequently, corrective measures 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 departments in the Government have to ensure that the undertakings prepare such accounts and submit the same to the Principal Accountant General for audit within a specified timeframe.

As of 31 March 2010, there were three⁴⁴ such undertakings, which had not prepared their accounts up to 2008-09. The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government are given in **Appendix 3.3**.

3.4 Misappropriations, losses, defalcations, etc.

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

The State Government reported 130 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹ 7.85 crore up to the period June 2010 on which final action was pending. The department-wise break up of pending cases and age-wise analysis are given in **Appendix 3.4** and the nature of these cases is given in **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.2**.

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

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
0 - 5	38	277.68	Theft	19	7.93
5 - 10	43	283.06			
10 - 15	20	66.70	Misappropriation/loss of material	111	777.44
15 - 20	13	141.00			
20 - 25	10	6.82			
25 and above	6	10.11	Cases of losses written off during the year	Nil	Nil
Total	130	785.37				Total pending cases	130	785.37

Source: Cases reported by departments of State Government

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

⁴⁴ Kerala State Insurance Department, State Water Transport Department and Text Book Office

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

Sl.No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in lakh)
1	Awaiting departmental and criminal investigation	17	139.73
2	Departmental action initiated but not finalised	48	372.70
3	Awaiting orders for recovery or write off	42	185.08
4	Pending in the courts of law	23	87.86
	Total	130	785.37

Source: Information received from Departments of State Government


3.5 Conclusion

Annual accounts (10) in respect of eight autonomous bodies/authorities due up to 2008-09 had not been received by the Principal Accountant General (Audit), Kerala as of March 2010. Out of 130 cases of misappropriation, loss, defalcation, etc., 17 cases involving ₹ 1.40 crore were pending for want of departmental investigations while the others were pending for want of court decisions, write-off sanctions and finalisation of departmental action.

3.6 Recommendations

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

Thiruvananthapuram,
The **25 FEB 2011**

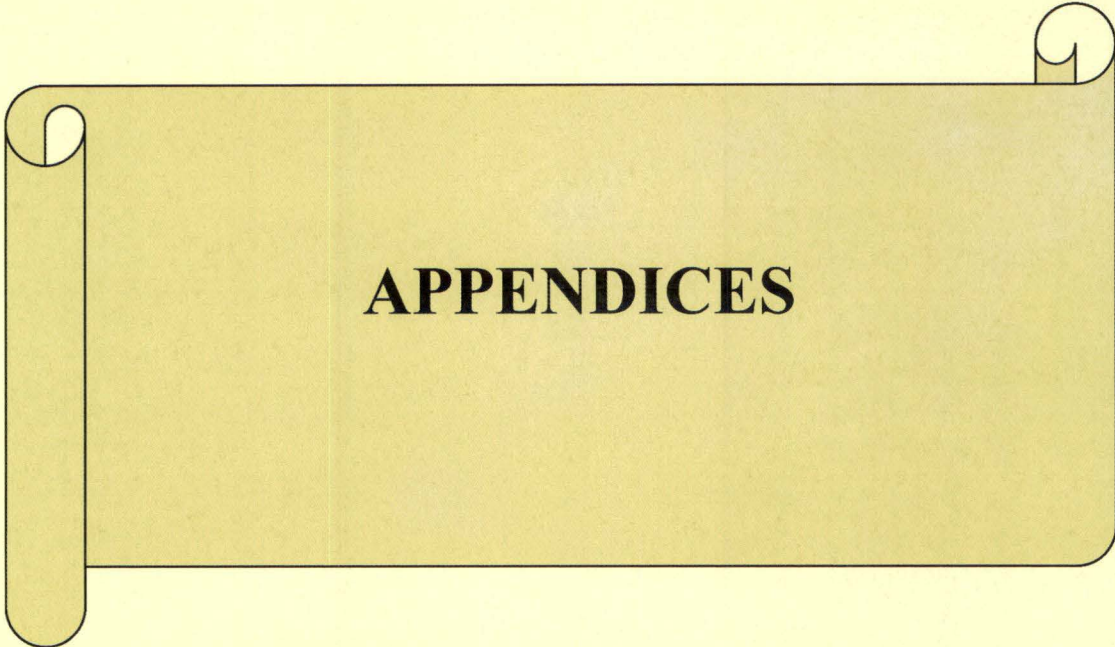

(K.S.SUBRAMANIAN)
Accountant General (Civil and
Commercial Audit), Kerala

Countersigned

New Delhi,
The **F 9 MAR 2011**


(VINOD RAI)
Comptroller and Auditor General of India





APPENDICES

Appendix-1.1
State Profile
(Reference: Paragraph 1.1; Page 1)

A. General Data⁴⁵

Sl. No.	Particulars		Figures
1	Area		38863 sq km
2	Population		
	a.	As per 2001 Census.	3.18 crore
	b.	2009-2010	3.42 crore
3	Density of Population (2001) (All India Density = 325 persons per Sq.Km)		819/sq. km.
4	Population below poverty line (All India Average = 27.5 %)		15 per cent
5	Literacy (2001) (All India Average = 64.8 %)		90.92 per cent
6	Infant mortality (per 1000 live births) (All India Average = 53 per 1000 live births)		13
7	Life Expectancy at birth (All India Average =63.5 years)		74
8	Gini Coefficient		
	a.	Rural. (All India = 0.30)	0.34
	b.	Urban. (All India = 0.37)	0.40
9	Gross State Domestic Product (GSDP) 2009-2010 at current prices		214580 crore
10	GSDP CAGR (2000-01 to 2009-10)		12.78 per cent
11	Per capita GSDP CAGR (2000-01 to 2009-10)		11.88 per cent
12	GSDP CAGR (2000-01 to 2008-2009)	Kerala	12.76 per cent
		Other General Category States	12.54 per cent
13	Population Growth (2000- 2001 to 2009-2010)	Kerala	7.52 per cent
		Other General Category States	13.42 per cent

B. Financial Data⁴⁶

Sl. No.	Particulars		Figures (in Per cent)		
			2000-01 to 2008-09		2000-01 to 2009-10
1	CAGR		General Category States	Kerala	Kerala
	a.	of Revenue Receipts	14.40	13.77	12.94
	b.	of Own Tax Revenue	13.59	13.34	12.99
	c.	of Non Tax Revenue	12.08	11.36	12.16
	d.	of Total Expenditure	12.38	11.73	11.56
	e.	of Capital Expenditure	21.41	14.42	15.18
	f.	of Revenue Expenditure on Education	9.33	9.47	9.60
	g.	of Revenue Expenditure on Health	8.95	10.77	10.48
	h.	of Salary and Wages	9.37	11.96	11.43
	i.	of Pension	12.03	11.73	10.41

⁴⁵ Source of General Data: BPL (Planning Commission & NSSO data,61st Round-http://planning.commission.nic.in/data/database/Data0910/tab%2021.pdf), Gini Coefficient (Unofficial estimates of Planning Commission & NSSO data,61st Round 2004-05 MRP), Life Expectancy at birth (Office of the Registrar General of India; Ministry of Home Affairs; Economic Survey,2009-10 , Infant mortality rate (SRS Bulletin October,2009), Density of population (Office of the Registrar General and census commissioner of India; and Literacy (Office of the Registrar General of India, Ministry of Home Affairs)

⁴⁶ Financial data is based on Finance Accounts of the State Government.

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:

	2005-06	2006-07	2007-08	2008-09	2009-10
GSDP (₹ in crore)	1,25,588	1,45,009	1,65,722	1,89,841	2,14,580
Growth rate of GSDP	13.9	15.5	14.3	14.6	13.0

Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2007-08 are provisional and that for 2008-09 are Quick Estimates. The figures for 2009-10 are adopted from the budget documents for 2010-11.

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

Appendix 1.3

Part B - Kerala Fiscal Responsibility Act, 2003

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

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

The Twelfth Finance Commission (TFC) in its report recommended elimination of the State's revenue deficit and reduction of fiscal deficit to three *per cent* of GSDP by March 2009. The Medium Term Fiscal Plan for the years 2007-08 to 2009-10 presented to Legislature with the budget for 2007-08 indicated that the elimination of revenue deficit would be pushed back by a year to March 2010 primarily as a result of the financial impact of the Pay Commission award. However, the Medium Term Fiscal Plan for the years 2009-10 to 2011-12 presented to the Legislature with the budget for 2009-10 set to achieve the target for elimination of revenue deficit and keeping the fiscal deficit to 3.25 *per cent* of GSDP by the end of 2010-11. But the Kerala Fiscal Responsibility Act has not been amended till date taking into consideration either the recommendations of the TFC or the projections made in the two medium term fiscal plan. The Finance Department intimated (June 2010) that Government is in the process of amending Kerala Fiscal Responsibility Act 2003 in line with the target dates suggested by the Thirteenth Finance Commission for the elimination of revenue deficit by 2014-15 and containment of fiscal deficit to three *per cent* of GSDP by 2013-14.

Outcome indicators given in the Medium Term Fiscal Plan for 2009-10 to 2011-12 are given below.

**Outcome indicators set out in the Medium Term Fiscal Plan for the years
2009-10 to 2011-12**

(₹ in crore)

Sl. No.	Item	2005-06 Accounts	2006-07 Accounts	2007-08 Accounts	2008-09 Revised Estimates	2009-10 Budget Estimates	Forward estimates	
							2010-11	2011-12
1.	Revenue Receipts	15295	18187	21107	25063	28154	36626	42810
1 (a)	State Own Tax Revenue	9779	11942	13669	15934	18228	21504	25829
1 (b)	Non Tax Revenue	937	938	1210	1297	1460	1752	1981
1 (c)	Resources from Centre	4579	5307	6228	7832	8466	13370	15000
2.	Revenue Expenditure	18424	20825	24892	28792	31162	36626	43811
2(a)	Non-interest Revenue Expenditure	14625	16635	20562	23977	25850	30889	37615
2 (b)	Interest	3799	4190	4330	4815	5312	5737	6196
2 (c)	Salaries	5583	6557	7662	9186	10158	11150	14128
2 (d)	Pensions	2861	3295	4925	4784	5006	5556	6940
2 (e)	Non - SPI Revenue Expenditure	6181	6783	7975	10007	10686	14183	16546
2(e)(i)	Subsidies (Food, Housing, Transport and Industry)	150	267	219	299	210	242	278
2 (e) (ii)	Power Subsidy	0	0	0	0	0	0	0
2 (e) (iii)	Maintenance and repair (Roads, Buildings and Irrigation)	401	369	633	693	525	3400	4650
2 (e) (iv)	Devolution to LSGs	1565	1911	2273	2430	2668	2935	3302
2 (e) (v)	Administrative Expenditure	1023	1210	1473	1674	2007	2067	2500
2 (e) (vi)	Other Revenue Expenditure	3042	3026	3376	4911	5276	5540	5817
3.	Revenue Surplus/ Deficit	-3129	-2638	-3785	-3729	-3008	0	-1000
4.	Capital Expenditure	817	903	1475	1692	1710	5700	6064
5.	Net Loan disbursements	236	283	848	894	963	1600	1700
6.	Fiscal Deficit /Surplus	-4182	-3822	-6101	-6315	-5681	-7300	-8764
7.	Primary Fiscal Deficit/ Surplus	-383	368	-1771	-1500	-369	-1563	-2568
8.	End of the period Debt	45929	49875	55410	61557	67180	73560	81284
9.	Debt Service	3799	4190	4330	4815	5312	5737	6196
10.	Salary + Pension + Interest	12243	14042	16917	18785	20476	22443	27264
11.	Explicit Power subsidy	0	0	0	0	0	0	0
12.	Consolidated Capital Expenditure	1053	1186	2323	2586	2673	7300	7764
13.	Debt Stock	45929	49875	55410	61557	67180	73560	81284
14.	Government Guarantees	11935	9496	8317	9000	10000	10500	10500
15.	Interest/ Revenue (%)	24.8	23.0	20.5	19.2	18.9	15.7	14.5
16.	Debt/ Revenue (%)	300.3	274.2	262.5	245.6	238.6	200.8	189.9
17.	(Salary + Pension + Interest)/ Revenue (%)	80.0	77.2	80.1	75.0	72.7	61.3	63.7
18.	(Salary + Pension + Interest)/ GSDP (%)	9.8	9.9	10.4	10.3	10.1	10.0	10.9
19.	(Salary + Pension)/ GSDP (%)	6.8	6.9	7.7	7.7	7.5	7.4	8.4
20.	Revenue Deficit/ Revenue Receipt (%)	-20.5	-14.5	-17.9	-14.9	-10.7	0.0	-2.3
21.	RD/GSDP (%)	-2.5	-1.9	-2.3	-2.0	-1.5	0.00	-0.40
22.	FD/GSDP (%)	-3.4	-2.7	-3.8	-3.5	-2.8	-3.25	-3.50
23.	Debt stock / GSDP (%)	36.9	35.0	34.1	33.7	33.2	32.8	32.5
24.	GSDP (in crore)	124389	142470	162415	182392	202400	224600	250400
25.	Nominal GSDP Growth Rate (%)	16.19	14.54	14.00	12.30	11.00	11.00	11.50
26.	Average Interest rate (Interest/ mid-yr Debt) (%)	8.7	8.8	8.2	8.2	8.3	8.2	8.0
27.	Domar Gap	7.54	5.79	5.78	4.07	2.75	2.80	3.50

Appendix 1.4
Part A-Abstract of receipts and disbursements for the year 2009-10
(Reference: Paragraph 1.2; Page 1)

(₹ in crore)

Receipts				Disbursements					
2008-09			2009-10	2008-09		Non-Plan	Plan	Total	2009-10
	Section – A: Revenue								
24512.18	1.Revenue Receipts		26109.40	28223.86	1. Revenue Expenditure	26953.32	4179.05		31132.37
15990.18	Own Tax Revenue	17625.02		12667.37	General Services	13564.69	370.83	13935.52	
1559.29	Non-Tax Revenue	1852.22		9362.84	Social Services	8119.17	2347.98	10467.15	
4275.52	State's share of Union Taxes and Duties	4398.78		5403.33	Education, Sports, Art and Culture	5486.05	493.71	5979.76	
588.54	Non-plan Grants	645.45		1527.78	Health and Family Welfare	1375.92	277.01	1652.93	
1376.03	Grants for State Plan Schemes	975.32		857.16	Water Supply, Sanitation, Housing and Urban Development	223.18	532.85	756.03	
722.62	Grants for Central Plan and Centrally Sponsored Plan Schemes	612.61		24.09	Information and Broadcasting	11.25	17.95	29.20	
				506.14	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	170.48	569.38	739.86	
				200.82	Labour and Labour Welfare	242.59	56.18	298.77	
				818.34	Social Welfare and Nutrition	573.71	400.90	974.61	
				25.18	Others	35.99	-	35.99	
				3928.53	Economic Services:	2780.48	1460.24	4240.72	
				1487.51	Agriculture and allied activities	1223.39	539.19	1762.58	
				304.37	Rural Development	161.17	252.05	413.22	
				14.10	Special Areas Programmes		23.52	23.52	
				345.25	Irrigation and Flood control	264.87	26.99	291.86	
				84.45	Energy	2.50	66.65	69.15	
				218.68	Industry and Minerals	72.99	193.43	266.42	
				1162.51	Transport	937.98	105.07	1043.05	
				49.44	Science, Technology and Environment	22.27	46.99	69.26	
				262.22	General Economic Services	95.31	206.35	301.66	
				2265.12	Grants-in-aid and Contributions	2488.98		2488.98	
3711.68	II. Revenue Deficit carried over to Section B		5022.97		Revenue Surplus carried over to Section B				
28223.86	Total - Section A		31132.37	28223.86	Total - Section A				31132.37

Appendix 1.4 Part A – Contd.

(₹ in crore)

Receipts			Disbursements					
2008-09		2009-10	2008-09		Non-Plan	Plan	Total	2009-10
	<u>Section B: Others</u>							
973.79	III. Opening Cash Balance including Permanent Advances and Cash Balance Investment	2629.55	Nil	III. Opening Overdraft from Reserve Bank of India			Nil	
9.11	IV. Miscellaneous Capital Receipts	48.96	1695.60	IV. Capital Outlay	157.23	1902.16		2059.39
			52.67	General Services:	9.87	56.73	66.60	
			290.51	Social Services:	0.01	363.62	363.63	
			31.07	Education, Sports, Art and Culture	0.01	49.48	49.49	
			44.74	Health and Family Welfare	--	62.65	62.65	
			180.10	Water Supply, Sanitation, Housing and Urban Development		207.94	207.94	
			31.29	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		37.87	37.87	
			2.28	Social Welfare and Nutrition		3.84	3.84	
			1.03	Other Social Services		1.84	1.84	
			1352.42	Economic Services:	147.35	1481.81	1629.16	
			95.63	Agriculture and allied activities	31.77	126.17	157.94	
			254.08	Irrigation and Flood Control	1.14	253.23	254.37	
			236.14	Industry and Minerals	65.00	138.25	203.25	
			736.48	Transport	42.70	949.76	992.46	
			27.84	General Economic Services	6.74	9.20	15.94	
			2.25	Science, Technology and Environment		0.20	0.20	
			--	Rural Development		5.00	5.00	

Appendix 1.4 Part A – Concl'd.

(₹ in crore)

Receipts				Disbursements			
2008-09			2009-10	2008-09			2009-10
35.64	V. Recoveries of Loans and Advances		38.47 ⁴⁷	983.69	V. Loans and Advances Disbursed		876.68
..	From Power Projects	0.44		5.71	For Power Projects	0.50	
18.52	From Government Servants	15.03		5.03	To Government Servants	54.44	
17.12	From Others	23.00		972.95	To Others	821.74	
	VI. Revenue Surplus brought down			3711.68	VI. Revenue Deficit brought down		5022.97
6921.40	VII. Public Debt Receipts		6615.52	1650.34	VII. Repayment of Public Debt		1765.06
6153.36	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	6053.18		1358.29	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	1499.38	
...	Net transactions under Ways and Means Advances excluding overdraft	Nil		...	Net transactions under Ways and Means Advances excluding overdraft	Nil	
768.04	Loans and Advances from Central Government	562.34		292.05	Repayment of Loans and Advances to Central Government	265.68	
...	VIII. Appropriation from the Consolidated Fund			..	VIII. Appropriation to Contingency Fund		
80.00	IX. Amount transferred to Contingency Fund		5.84	5.84	IX. Expenditure from Contingency Fund		26.27
56284.56	X. Public Account Receipts		61652.53	53627.80	X. Public Account Disbursements		57949.47
13218.04	Small Savings, Provident Funds, etc.	12923.06		10628.99	Small Savings, Provident Funds, etc.	10,073.77	
886.08	Reserve Funds	797.23		888.69	Reserve Funds	807.79	
4184.51	Deposits and Advances	5010.84		4052.60	Deposits and Advances	4573.97	
30669.88	Suspense and Miscellaneous	35651.84		30754.92	Suspense and Miscellaneous	35281.70	
7326.05	Remittances	7269.56		7302.60	Remittances	7212.24	
NIL	XI.- Closing Overdraft from Reserve Bank of India			2629.55	XI. Cash Balance at end		3291.03
				28.97	Cash in Treasuries	22.98	
				(-) 4.85	Local Remittances	(-) 6.46	
				14.02	Deposits with Reserve Bank	41.88	
				1.68	Departmental cash balance including Permanent Advance	2.21	
				2589.73	Cash Balance Investment	3230.42	
64304.50	Total – Section B		70990.87	64304.50	Total – Section B		70990.87

⁴⁷ Including Loans & Advances written off ₹ 0.78 crore

Appendix 1.4
Part –B-Summarised financial position of the Government of Kerala
as on 31 March 2010
(Reference: Paragraphs 1.2; Page 1 and 1.8.1; Page 26)

(₹ in crore)

As on 31 March 2009	Liabilities		As on 31 March 2010
38814.23	Internal Debt		43368.03
21262.62	Market Loans bearing interest	25972.99	
0.17	Market Loans not bearing interest	0.11	
3266.83	Loans from Life Insurance Corporation of India	3138.22	
344.11	Loans from General Insurance Corporation of India	363.15	
825.65	Loans from National Bank for Agriculture and Rural Development	1064.74	
206.38	Loans from National Co-operative Development Corporation	186.58	
1028.48	Loans from other institutions	902.49	
11879.99	Special securities issued to National Small Savings Fund of the Central Government	11739.75	
..	Ways and Means Advances from Reserve Bank of India excluding Overdrafts	-	
..	Overdrafts from Reserve Bank of India	-	
6008.62	Loans and Advances from Central Government		6305.28
1.16	Pre 1984-85 Loans	1.16	
35.32	Non-Plan Loans	32.95	
5910.72	Loans for State Plan Schemes	6214.86	
5.73	Loans for Central Plan Schemes	4.67	
55.69	Loans for Centrally Sponsored Plan Schemes	51.64	
94.16	Contingency Fund		73.73
18446.83	Small Savings, Provident Funds, etc.		21296.12
2519.65	Deposits		2956.55
1066.16	Reserve Funds		1394.56
695.65⁴⁸	Suspense and Miscellaneous		1065.80
67645.30	Total		76460.07

⁴⁸ Difference of ₹ 0.01 crore with previous years figures was due to rounding and to agree with Statement I of Finance Accounts 2009-10.

Appendix 1.4 – Part B Concl'd.

(₹ in crore)

As on 31 March 2009	Assets		As on 31 March 2010
15638.39⁴⁹	Gross Capital Outlay on Fixed Assets -		17680.33
3190.40	Investments in shares of Companies, Corporations, etc.	3360.06 ⁵⁰	
12447.99	Other Capital Outlay	14320.27	
6910.33⁴⁹	Loans and Advances -		7748.53
2661.59	Loans for Power Projects	2661.65	
4206.40	Other Development Loans	5005.25	
42.34	Loans to Government servants and Miscellaneous loans	81.63	
758.26	Reserve Fund Investments		1097.23
0.25	Advances		0.28
..	Suspense and Miscellaneous Balances		
391.25	Remittance Balances		333.93
16.65	Adjustment on account of retirement/disinvestment		34.11⁵¹
2629.55	Cash -		3291.03
24.12	Cash in Treasuries and Local Remittances	16.52	
14.02	Deposits with Reserve Bank	41.88	
1.44	Departmental Cash Balance	1.95	
0.24 ⁵²	Permanent Advances	0.26	
2589.73	Cash Balance Investments	3230.42	
41300.62⁵³	Deficit on Government Account -		46274.63
37598.04	Accumulated deficit at the beginning of the year	41300.62	
3711.68	Add: (i) Revenue Deficit of the current year	5022.97	
0.01	(ii) Miscellaneous Government account		
9.11	Less: Miscellaneous Capital Receipts	48.96	
67645.30	Total		76460.07

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

⁴⁹ Balances as on 31 March 2009 differ from those shown in the previous year's account due to *pro forma* adjustments which were explained in footnote (n) of Statement 5 and footnote (d) of Statement 7 of Finance Accounts 2009-10.

⁵⁰ Figures adopted as per Statement 5 of Finance Accounts 2009-10. However, the figures exhibited in Statement 14 differs by ₹ 37.30 crore owing to exclusion of investment in development of infrastructure facilities in Kannur Airport (₹ 18.10 crore) and expenditure for equity participation in Smart City Project (₹ 19.20 crore) vide footnote (DD) of Statement 14.

⁵¹ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital vide footnote (m) of Statement 17 and footnotes (ww), (xx), (yy), (zz), (AA), (BB) & (CC) of Statement 14. Difference of ₹ 0.01 crore was due to rounding.

⁵² Difference of ₹ 0.01 crore with previous year's figure was to agree with Statement 1 of the new format of Finance Accounts adopted from 2009-10.

⁵³ Difference of ₹ 0.02 crore with previous year's figure was to agree with Statement 1 of the new format of Finance Accounts adopted from 2009-10.

Appendix 1.5
Time series data on the State Government finances
(Reference: Paragraphs 1.4; Page 5 and Paragraph 1.8.2; Page 27)

(₹ in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Part A. Receipts					
1. Revenue Receipts	15295	18187	21107	24512	26109
(i) Tax Revenue	9779 (64)	11942 (66)	13669 (65)	15990 (65)	17625 (67)
Taxes on Agricultural Income	6 ⁽⁵⁴⁾	10 ⁽⁵⁴⁾	22 ⁽⁵⁴⁾	12 ⁽⁵⁴⁾	28 ⁽⁵⁴⁾
Taxes on Sales, Trade, etc.	7038 (72)	8563 (72)	9372 (69)	11377 (71)	12771 (72)
State Excise	841 (9)	953 (8)	1169 (9)	1398 (9)	1515 (9)
Taxes on Vehicles	629 (6)	708 (6)	853 (6)	937 (6)	1131 (6)
Stamps and Registration fees	1101 (12)	1520 (13)	2028 (15)	2003 (13)	1896 (11)
Land Revenue	44 ⁽⁵⁴⁾	47 ⁽⁵⁴⁾	47 ⁽⁵⁴⁾	48 ⁽⁵⁴⁾	54 ⁽⁵⁴⁾
Other Taxes	120 (01)	141(01)	178 (01)	215 (01)	230(01)
(ii) Non Tax Revenue	937 (6)	938(5)	1210 (6)	1559 (6)	1852 (07)
(iii) State's share in Union taxes and duties	2518 (17)	3212(18)	4052 (19)	4276 (18)	4399 (17)
(iv) Grants in aid from Government of India	2061 (13)	2095(11)	2176 (10)	2687 (11)	2233 (9)
2. Miscellaneous Capital Receipts	--	2	8	9	49
3. Recovery of Loans and Advances	52	66	45	36	38
4. Total revenue and Non debt capital receipts (1+2+3)	15347	18255	21160	24557	26196
5. Public Debt Receipts	5823	5336	5644	6921	6616
Internal Debt (excluding Ways & Means Advances and Overdraft)	5220	5131	5227	6153	6053
Net transactions under Ways and Means Advances excluding Overdraft	--	...	...	...	...
Loans and advances from Government of India	603	205	417	768	563
6. Total receipts in the Consolidated Fund (4+5)	21170	23591	26804	31478	32812
7. Contingency Fund Receipts	15	2	...	80	6
8. Public Account receipts	37779	41868	48316	56285	61653
9. Total receipts of State (6+7+8)	58964	65461	75120	87843	94471
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	18424 (94)	20825 (94)	24892 (91)	28224 (91)	31132 (91)
Plan	3223 (17)	2309 (11)	2277 (9)	3212 (11)	4179 (13)
Non Plan	15201 (83)	18516 (89)	22615 (91)	25012 (89)	26953(87)
General Services (incl. Interest payment)	8756 (48)	9723 (47)	12184 (49)	12667 (45)	13935(45)
Social Services	5896 (32)	6478 (31)	7790 (31)	9363 (33)	10467(34)
Economic Services	3772 (20)	2712 (13)	2819 (11)	3929 (14)	4241 (13)
Grants-in-aid and Contributions	--	1912 (9)	2099 (9)	2265 (8)	2489 (8)
11.Capital Expenditure	817 (4)	903 (4)	1475 (6)	1696 (6)	2059 (6)
Plan	817 (100)	886 (98)	1452(98)	1671 (99)	1902 (92)
Non Plan	--	17 (2)	23 (2)	25 (1)	157 (8)
General Services	70 (9)	40 (4)	57 (4)	53 (3)	67 (3)
Social Services	133 (16)	116 (13)	135 (9)	291 (17)	363 (18)
Economic Services	614 (75)	747 (83)	1283 (87)	1352 (80)	1629 (79)
12. Disbursement of Loans and Advances	287 (2)	349 (2)	893 (3)	984 (3)	877 (3)
13. Total (10+11+12)	19528	22077	27260	30904	34068

⁵⁴ Less than one per cent.

(₹ in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Part B. Expenditure/Disbursement					
14. Repayment of Public Debt	1822	1083	1433	1650	1765
Internal Debt (excluding Ways and Means Advances and Overdrafts)	990	832	1177	1358	1499
Net transactions under Ways and Means Advances excluding Overdrafts	235	...	...	...	...
Loans and Advances from Government of India	597	251	256	292	266
15. Appropriation to Contingency Fund	--	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	21350	23160	28693	32554	35833
17. Contingency Fund disbursements	2	...	80	6	26
18. Public Account disbursements	37302	41477	46413	53628	57949
19. Total disbursement by the State (16+17+18)	58654	64637	75186	86188	93808
Part C. Deficits					
20. Revenue Deficit (1-10)	(-) 3129	(-) 2638	(-) 3785	(-) 3712	(-) 5023
21. Fiscal Deficit (4-13)	(-) 4181	(-) 3822	(-) 6100	(-) 6347	(-) 7872
22. Primary Deficit (-) / Surplus (+) (21+23)	(-) 382	(+) 368	(-) 1770	(-) 1687	(-) 2580
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	3799	4190	4330	4660	5292
24. Financial Assistance to local bodies, etc.	5539	6237	6245	7591	8616
25. Ways & Means Advances/Overdrafts availed (days)	243	226	214	90	18
Ways and Means Advances availed (days)	182	165	167	90	18
Overdraft availed (days)	61	61	47	nil	nil
26. Interest on WMA/Overdraft	12	12	13	5	0.54
27. Gross State Domestic Product (GSDP) at current prices ⁵⁵	1,25,588	1,45,009	1,65,722	1,89,841	2,14,580
28. Outstanding Fiscal Liabilities (year end)	47832	52161	58108	66,097	74223
29. Outstanding guarantees including interest (year end)	11935	9405	8317	7,603	7,495
30. Maximum amount guaranteed (year end) (Principal only)	13752	12647	14871	11,386	10,226
31. Number of incomplete projects/works	100	136	140	121	187
32. Capital blocked in incomplete projects/works ⁵⁶	1366	1544	1628	1653	973

⁵⁵ GDP figures communicated by Director of Economics and Statistics of Government of Kerala. The figures for 2007-08 are provisional and that for 2008-09 are Quick Estimates. The figures for 2009-10 are adopted from the Budget documents 2010-11.

⁵⁶ Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

(*₹ in crore*)

	2005-06	2006-07	2007-08	2008-09	2009-10
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	7.8	8.2	8.2	8.4	8.2
Own non-tax revenue/GSDP	0.7	0.6	0.7	0.8	0.9
Central Transfers/GSDP	3.6	3.7	3.8	3.7	3.1
II Expenditure Management					
Total Expenditure/GSDP	15.5	15.2	16.4	16.3	15.9
Total Expenditure/Revenue Receipts	128	121	129	126	130
Revenue Expenditure/Total Expenditure	94.3	94.3	91.3	91.3	91.4
Revenue Expenditure on Social Services/Total Expenditure	30.2	29.3	28.6	30.3	30.7
Revenue Expenditure on Economic Services/Total Expenditure	19.3	12.3	10.3	12.7	12.4
Capital Expenditure/Total Expenditure	4.2	4.1	5.4	5.5	6.0
Capital Expenditure on Social and Economic Services/Total Expenditure.	3.8	3.9	5.2	5.3	5.8
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-) 2.5	(-) 1.8	(-) 2.3	(-) 2.0	(-) 2.3
Fiscal deficit/GSDP	(-) 3.3	(-) 2.6	(-) 3.7	(-) 3.3	(-) 3.7
Primary Deficit (surplus) /GSDP	(-) 0.3	0.3	(-) 1.1	(-) 0.9	(-) 1.2
Revenue Deficit/Fiscal Deficit	74.8	69.0	62.0	58.5	63.8
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	38.1	40.0	35.1	34.8	34.6
Fiscal Liabilities/RR	312.7	286.8	275.3	269.7	284.3
Primary deficit vis-à-vis quantum spread	2065	3764	1568	2439	1055
Debt Redemption (Principal +Interest)/ Total Debt Receipts (in per cent)	96.2	99.1	91.7	86.8	88.8
V Other Fiscal Health Indicators					
Return on Investment	0.8	1.3	1.2	1.1	0.8
Balance from Current Revenue (₹ in crore)	(-) 575	(-) 1332	(-) 2713	(-) 2254	(-) 2155
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 1.4.1, 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.	2005-06	8200.01	7037.97	60.96	0.87	0.91
		2006-07	7930.38	8,563.31	78.21	0.91	0.82
		2007-08	10035.51	9,371.76	89.75	0.96	0.83
		2008-09	10616.39	11,377.13	102.59	0.90	0.88
		2009-10	12733.94	12770.89	126.01	0.99	Not available
2.	Stamps (non-judicial) and registration fees	2005-06	833.91	1048.03	46.81	4.47	2.87
		2006-07	924.63	1,470.73	59.06	4.02	2.33
		2007-08	1449.47	1,946.08	77.64	3.99	2.09
		2008-09	2320.46	1,931.75	82.97	4.30	2.77
		2009-10	2630.30	1812.89	100.70	5.55	Not available
3.	State excise	2005-06	825.82	841.00	48.78	5.80	3.40
		2006-07	944.73	953.07	58.07	6.09	3.30
		2007-08	986.86	1,169.25	69.40	5.94	3.27
		2008-09	1299.85	1,397.64	72.84	5.21	3.66
		2009-10	1440.52	1514.81	83.31	5.50	Not available
4.	Taxes on vehicles	2005-06	771.02	628.51	17.73	2.82	2.67
		2006-07	730.00	707.74	21.61	3.05	2.47
		2007-08	835.08	853.17	26.00	3.05	2.58
		2008-09	1008.64	937.45	30.05	3.21	2.93
		2009-10	958.63	1131.10	33.96	3.00	Not available

Appendix 1.7
Summarised financial statement of Departmentally managed
Commercial/Quasi-commercial Undertakings
(Reference: Paragraph 1.7.4; Page 25)

(₹ 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	2006-07	13398.96	661.67	67.46	452.91	(-) 1379.39	121.72	(-) 1257.67	Nil
2.	Kerala State Insurance Department	2006-07	71069.61	14.72	1.11	8797.89	982.23	Nil	982.23	1.38
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 36)

(₹ in crore)				
Sl. No	Grant No. and Name	Total Grant/ Appropriation	Savings	Percentage of savings
Revenue Voted				
1	XI District Administration and Miscellaneous	875.63	380.47	43.44
2	XXI Housing	159.53	104.13	65.27
3	XXII Urban development	877.13	531.22	60.56
4	XXIV Labour and Labour Welfare	382.81	80.80	21.11
Capital Voted				
5	XVII Education, Sports, Art and Culture	87.38	37.71	43.16
6	XX Water Supply and Sanitation	1069.03	545.73	51.05
7	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	60.31	22.31	36.99
8	XXIX Agriculture	101.40	64.96	64.07
9	XXXVIII Irrigation	355.32	120.06	33.79
10	XXXIX Power	11.75	11.25	95.74
11	XLII Tourism	75.61	60.02	79.38
Capital Charged				
12	XV Public Works	22.38	21.38	95.53
13	XXXVIII Irrigation	47.48	46.31	97.53
14	Public Debt Repayment	12147.78	9742.10	80.20
Total		16273.54	11768.45	

Appendix 2.2
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 39)

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	36,58,715	Final/Revised copies of notes not received. Not yet discussed by PAC.
1992-93	1 Grant	Capital - XXV	3,67,400	Final/Revised copies of notes not received. Not yet discussed by PAC.
1995-96	2 Grants	Revenue - XIV	1,31,86,314	Discussed by PAC. Draft Report containing recommendation for regularisation awaited. Final/Revised copies of notes not received. Not yet discussed by PAC.
		Revenue - XXVI	21,12,10,533	
1996-97	1 Appropriation	Capital - XXV	32,791	Final/Revised copies of notes not received. Not yet discussed by PAC.
1997-98	1 Grant	Capital - XXV	3,92,65,631	Final/Revised copies of notes not received. Not yet discussed by PAC.
1998-99	1 Grant	Revenue - XXV	7,87,64,570	Final/Revised copies of notes not received. Not yet discussed by PAC.
2000-01	1 Grant	Revenue - XXV	14,65,60,697	Final/Revised copies of notes not received. Not yet discussed by PAC.
2001-02	2 Grants	Revenue - XI Capital - XXVIII	19,35,59,472 9,72,09,059	Final/Revised copies of notes not received. Not yet discussed by PAC.
2002-03	1 Grant	Capital - XXVIII	18,22,48,978	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
	1 Appropriation	Revenue - I	59,86,857	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
2003-04	3 Grants	Revenue - XI	4,11,22,987	Initial Notes not received. Not yet discussed by PAC. Final/Revised copies of notes not received. Not yet discussed by PAC
		Revenue - XLIII Revenue - XVII	2,64,00,000 1,21,86,09,617	
	1 Appropriation	Revenue - I	1,21,89,740	Discussed by PAC
2004-05	2 Grants	Revenue - XIX	14,82,58,936	Final/Revised copies of notes not received. Not yet discussed by PAC. Final/Revised copies of notes not received. Not yet discussed by PAC.
		Capital - XV	1,02,31,142	
2005-06	1 Grant	Revenue - XIX	21,27,48,025	Final/Revised copies of notes not received. Not yet discussed by PAC.
2006-07	2 Grants	Revenue - XIX	5,88,05,425	Discussed by PAC. Draft Report containing recommendation for regularisation awaited Initial Notes not received. Not yet discussed by PAC
	1 Appropriation	Revenue - XLII Revenue - I	1,27,72,873 25,755	
2007-08	1 Grant	Revenue - XVI	1,54,78,10,307	Discussed by PAC. Draft Report containing recommendation for regularisation awaited
	1 Appropriation	Capital - XXVIII	1,932	
2008-09	7 Grants	Revenue - I	42,06,436	Initial notes not received. Not yet discussed by PAC
		Revenue - VII	3,54,86,464	
		Revenue - IX	24,22,867	
		Revenue - XII	28,37,441	
		Revenue - XV	99,22,90,290	
		Capital - XII	19,86,814	
	Capital - XIX	3,77,031		
1 Appropriation	Capital - XXXVIII	6,62,216		
Total			5,30,12,97,315	

Appendix 2.3
Cases where supplementary provision (₹ 50 lakh or more in each case)
proved unnecessary

(Reference: Paragraph 2.3.6, Page 40)

(₹ in crore)

Sl. No.	Number and name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
Revenue (Voted)					
1.	VIII Excise	84.76	83.34	1.42	2.35
2.	XII Police	1037.65	1009.01	28.64	10.45
3.	XVI Pensions and Miscellaneous	5483.31	5351.56	131.75	131.46
4.	XVII Education, Sports, Art and Culture	6346.05	6120.51	225.54	216.91
5.	XXI Housing	142.19	55.40	86.79	17.35
6.	XXII Urban development	876.28	345.91	530.37	0.85
7.	XXXVIII Irrigation	206.52	174.51	32.01	10.65
8.	XXXIX Power	11.87	7.06	4.81	0.59
Revenue (Charged)					
9.	Debt charges	5588.02	5569.18	18.84	1.50
Capital (Voted)					
10.	XX Water supply and sanitation	937.00	523.30	413.70	132.03
11.	XXVII Co-operation	53.14	48.68	4.46	3.20
12.	XXIX Agriculture	98.40	36.44	61.96	3.00
13.	XXX Food	36.81	32.20	4.61	1.37
14.	XXXI Animal Husbandry	6.20	4.49	1.71	1.27
15.	XXXIX Power	11.25	0.50	10.75	0.50
16.	XLII Tourism	69.04	15.58	53.46	6.56
Capital (Charged)					
17.	XXXVIII Irrigation	45.43	1.18	44.25	2.05
	Total	21033.92	19378.85	1655.07	542.09

Appendix 2.4
Cases of excessive supplementary grants/appropriations
(Reference: Paragraph 2.3.6, Page 41)

(₹ in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original	Supplementary	Total	Expenditure	Savings	Surrender of funds	Net savings/ excess(+)
Revenue (Voted)								
1.	II Heads of States, Ministers and Headquarters Staff	214.89	24.14	239.03	223.52	15.51	13.12	2.39
2.	IV Elections	36.43	24.17	60.60	58.25	2.35	2.55	(+)0.20
3.	VI Land Revenue	208.15	11.59	219.74	208.72	11.02	25.15	(+)14.13
4.	X Treasury and Accounts	91.50	13.31	104.81	96.94	7.87	7.35	0.52
5.	XI District Administration and Miscellaneous	461.77	413.86	875.63	495.16	380.47	223.73	156.74
6.	XIII Jails	47.78	12.41	60.19	56.04	4.15	2.89	1.26
7.	XIV Stationery and Printing and Other Administrative Services	171.56	9.01	180.57	173.47	7.10	9.03	(+)1.93
8.	XV Public Works	1082.78	308.91	1391.69	1266.76	124.93	71.61	53.32
9.	XVIII Medical and Public Health	1433.82	69.64	1503.46	1457.43	46.03	54.87	(+)8.84
10.	XX Water Supply and Sanitation	224.15	150.38	374.53	357.97	16.56	8.06	8.5
11.	XXIV Labour and labour welfare	289.44	93.38	382.82	302.02	80.80	83.31	(+)2.51
12.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	719.22	81.21	800.43	754.23	46.20	47.82	(+)1.62
13.	XXVI Relief on account of natural calamities	207.82	51.02	258.84	232.78	26.06	26.01	0.05
14.	XXVII Co-operation	122.02	35.80	157.82	151.33	6.49	5.94	0.55
15.	XXIX Agriculture	779.06	196.56	975.62	905.10	70.52	80.75	(+)10.23
16.	XXXV Panchayat	102.62	22.50	125.12	115.26	9.86	5.20	4.66
17.	XXXVI Community Development	270.56	44.46	315.02	293.95	21.07	25.58	(+)4.51
18.	XXXVII Industries	264.48	19.41	283.89	269.49	14.40	14.47	(+)0.07
19.	XLV Miscellaneous Loans and Advances	8.04	50.00	58.04	54.44	3.60	3.13	0.47
20.	XLVI Social security and welfare	778.86	163.76	942.62	884.08	58.54	5.36	53.18
Capital (Voted)								
21.	XV Public Works	540.73	657.85	1198.58	1058.67	139.91	25.66	114.25
22.	XVII Education, Sports, Art and Culture	46.10	41.28	87.38	49.67	37.71	38.37	(+) 0.66
23.	XVIII Medical and Public Health	44.52	28.85	73.37	62.65	10.72	4.52	6.20
24.	XXI Housing	15.71	2.47	18.18	15.77	2.41	0	2.41
25.	XXXVII Industries	221.68	115.49	337.17	325.11	12.06	4.28	7.78
26.	XXXVIII Irrigation	227.35	127.97	355.32	235.26	120.06	130.11	(+)10.05
27.	XLI Transport	170.56	63.00	233.56	222.85	10.71	10.06	0.65
	Total	8781.60	2832.43	11614.03	10326.92	1287.11	928.93	

Appendix 2.5

Statement of various grants where supplementary provision proved insufficient by more than ₹ one crore in each case

(Reference: Paragraph 2.3.6, Page 41)

(₹ in crore)

Sl. No.	Number and name of grant	Original provision	Supplementary provision	Total	Expenditure	Excess
Revenue (Voted)						
1.	V Agricultural Income Tax and Sales Tax	108.89	22.11	131.00	136.81	5.81
2.	VII Stamps and Registration	81.71	17.04	98.75	104.30	5.55
3.	XXVIII Miscellaneous Economic Services	52.89	0.14	53.03	54.33	1.30
4.	XXXI Animal Husbandry	207.87	3.27	211.14	213.82	2.68
5.	XXXIV Forest	208.09	4.37	212.46	215.68	3.22
Revenue (Charged)						
6.	XVI Pensions and Miscellaneous	9.78	3.00	12.78	15.49	2.71
	Total	669.23	49.93	719.16	740.43	21.27

Appendix 2.6
Excess/Unnecessary/Insufficient reappropriation of funds
(Reference: Paragraph 2.3.7; Page 41)

(₹ in lakh)

Sl. No.	Grant number and Description	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)
1.	II Heads of States, Ministers and Head quarters staff	2052-00-090-99	(-) 20.81	430.08
2.		2251-00-090-99	0.14	204.98
3.		3451-00-101-54	(-) 200.00	500.00
4.	V Agricultural Income Tax and Sales Tax	2040-00-101-97	38.07	538.03
5.	VI Land Revenue	2029-00-101-99	(-) 183.54	995.75
6.		2029-00-102-95	(-) 670.22	215.72
7.	VIII Excise	2039-00-001-98	(-) 40.11	(-) 333.34
8.	Debt Charges	2049-01-123-00	(-) 4324.00	2128.15
9.		2049-03-104-99	41.34	(-) 2377.77
10.		2049-04-101-99	(-) 4881.60	221.98
11.		X Treasury Accounts	2054-00-097-99	(-) 31.31	(-) 248.94
12.	XI District Administration and miscellaneous	2053-00-800-94	(-) 223.15	(-) 16030.00
13.	XII Police	2055-00-001-99	(-) 701.72	201.45
14.		2055-00-101-99	(-) 272.43	715.64
15.		2055-00-104-99	(-) 6572.07	1051.10
16.		2055-00-100-99	2267.93	1373.72
17.	XV Public Works	3054-03-103-99	(-) 43.00	(-) 710.78
18.		3054-03-337-99	221.60	(-) 985.51
19.		3054-04-105-99	(-) 7.65	(-) 1082.68
20.		5054-03-337-98	135.68	(-) 769.66
21.		5054-04-101-97	49.00	(-) 597.83
22.		5054-04-337-98	125.00	(-) 2662.21
23.		5054-05-337-99	213.21	(-) 436.00
24.		XVI Pensions and Miscellaneous	2071-01-101-99	27500.00	22601.50
25.	2071-01-102-99		(-) 39403.48	(-) 19515.38
26.	2071-01-104-99		(-) 18595.62	(-) 10463.98
27.	2071-01-105-99		7937.98	(-) 540.78
28.	2071-01-109-99		6802.00	2776.26
29.	2071-01-111-99		1259.71	(-) 537.73
30.	2071-01-115-99		(-) 6512.66	(-) 3664.80
31.	2071-01-800-97		535.09	(-) 264.43
32.	2071-00-800-54		(-) 7.56	327.13
33.	XVII Education, Sports, Art and Culture		2202-01-101-99	(-) 118.08	1566.30
34.		2202-01-101-98	(-) 34.20	(-) 3187.06
35.		2202-01-102-99	(-) 136.50	5102.73
36.		2202-01-192-50	(-) 306.17	(-) 419.13
37.		2202-02-001-99	(-) 25.43	277.78
38.		2202-02-001-98	(-) 35.88	217.37
39.		2202-02-107-93	(-) 239.49	(-) 280.00
40.		2202-02-109-99	(-) 122.50	(-) 8141.54
41.		2202-02-109-93	(-) 2.80	(-) 405.50
42.		2202-02-109-86	(-) 25.51	(-) 12840.48
43.		2202-02-109-82	1105.12	1301.78
44.		2202-02-110-99	(-) 93.77	(-) 10462.43
45.		2202-02-800-87	(-) 14.46	(-) 1466.47
46.		2202-03-104-99	(-) 6110.73	(-) 2232.60
47.		2203-00-105-99	(-) 403.78	668.19
48.		2203-00-112-81	(-) 33.10	219.01
49.		4202-02-105-99	(-) 187.30	291.34

Sl. No.	Grant number and Description	Head of Account	Reappropriation	Final Excess (+)/ Saving (-)	
50.	XVIII Medical and Public Health	2210-01-102-99	6.85	248.52	
51.		2210-01-110-98	(-) 451.41	587.91	
52.		2210-01-110-97	23.01	(-) 648.54	
53.		2210-01-110-96	320.45	(-) 586.29	
54.		2210-01-110-90	(-) 2.69	(-) 206.26	
55.		2210-02-101-97	(-) 13.13	341.52	
56.		2210-02-102-99	(-) 172.33	(-) 396.90	
57.		2210-03-103-99	(-) 389.89	3573.21	
58.		2210-05-105-97	27.29	(-) 448.09	
59.		2210-05-105-96	(-) 78.26	(-) 471.81	
60.		2210-05-105-94	(-) 44.63	(-) 304.27	
61.		2210-05-105-75	(-) 53.02	(-) 224.08	
62.		2210-06-003-97	(-) 32.34	1256.09	
63.		2210-06-101-98	(-) 20.79	212.35	
64.		2210-06-101-97	(-) 38.93	(-) 212.03	
65.		2210-06-101-91	(-) 11.44	(-) 1336.15	
66.		2210-06-101-79	(-) 0.67	(-) 285.72	
67.		XIX Family Welfare	2211-00-001-98	(-) 1.66	(-) 220.41
68.			2211-00-101-98	(-) 4.03	327.38
69.			2211-00-101-96	(-) 3.06	(-) 382.79
70.	XX Water Supply and Sanitation	6215-01-190-98	(-) 58500.00	926.52	
71.	XXII Urban Development	2217-01-800-99	(-) 526.92	(-) 244.53	
72.		2217-05-001-65	255.29	(-) 286.31	
73.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	2225-01-197-50	(-) 63.80	(-) 215.64	
74.		2225-02-197-50	(-) 482.38	445.33	
75.		4225-02-277-83	132.99	(-) 212.99	
76.	XXIX Agriculture	2401-00-001-96	(-) 143.41	1130.35	
77.	XXXI Animal Husbandry	2403-00-101-98	(-) 54.14	684.46	
78.		2403-00-101-97	(-) 94.97	243.28	
79.		2403-03-102-99	(-) 26.09	(-) 303.84	
80.	XXXIV Forest	2406-01-001-95	394.96	236.52	
81.	XXXV Panchayat	2515-00-800-81	(-) 53.79	(-) 446.01	
82.	XXXVIII Irrigation	4711-02-103-93	(-) 1235.57	(-) 1973.78	
83.	XLII Tourism	3452-80-001-95	(-) 25.05	(-) 216.86	
84.	XLVI Social Security and Welfare	2235-02-102-98	289.33	224.11	
85.		2235-60-192-50	(-) 394.24	260.09	
86.		2235-60-198-50	3787.75	(-) 1151.50	
87.		2235-60-200-76	(-) 4926.03	(-) 2882.44	

Appendix 2.7
Results of review of substantial surrenders made during the year
(Reference: Paragraph 2.3.9; Page 41)

(₹ 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 (2506-00-800-96)	6	100	Due to non-receipt of administrative approval for the scheme from Government of India.
2.	Debt charges	Interest on Ways and Means Advances (2049-04-106)	10	100	Due to non-availing of Ways and Means Advances from Government of India.
3.		Interest on over draft account with RBI (2049-01-115-97)	2	100	Due to non-availing of over draft during the year from Reserve Bank of India
4.	XVII Education, Sports, Art and Culture	Noon meal for high school students (2202-02-112-99)	10	100	Due to non-implementation of the programme
5.		Scheme for small Hydro Generation (RIDF) (2810-00-800-91)	5	100	Delay in implementation of the scheme 'Small Hydro Power Project' during the year due to low progress in obtaining willingness for relinquishment/acquisition of land from land owners.
6.		Curriculum restructuring of HSE (ACA) (2202-02-800-66)	1	100	Reasons not intimated.
7.		New Engineering Colleges started during previous plans (RIDF) (4202-02-105-96)	8	100	Reasons not intimated.
8.		Development of all Government polytechnics (RIDF) (4202-02-104-96)	7	100	Reasons not intimated.
9.		Construction of building for Directorate of Higher Secondary Education and Vocational Higher Secondary Education Department (4202-01-202-96)	3	100	Reasons not intimated.
10.		Construction of building for ITI, Wynad (4202-02-800-90)	3	100	Reasons not intimated.
11.		New Engineering Colleges started during previous plan (4202-02-105-98)	2.25	100	Reasons not intimated.
12.		Construction of buildings for colleges and hostels (RIDF) (4202-01-203-96)	2	100	Reasons not intimated.
13.		XVIII Medical and Public Health	Completion of ongoing construction works (Major/Minor) GH/WCA/Other Hospitals under DHS – NABARD (4210-01-110-75)	1	100	Reasons not intimated.
14.	Development of Mental Health Care – NABARD (4210-01-110-77)		1	100	Reasons not intimated.
15.	Opening of new Homoeo Dispensaries (NABARD) (4210-02-110-88)		1	100	Reasons not intimated.
16.	Development of facilities in Panchakarma Hospitals (4210-01-110-82)		1	100	Reasons not intimated.
17.	Strengthening of Ayurveda Rural		1	100	Reasons not intimated.

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks
18.		Dispensaries (4210-02-110-90)			
19.		Ayurveda College, Kannur (4210-03-101-90)	1	100	Reasons not intimated.
20.		Dental College – Land Acquisition and Buildings (4210-03-105-88)	1	100	Reasons not intimated.
21.		Homoeo Medical College Hospital, Thiruvananthapuram (4210-03-102-96)	1	100	Reasons not intimated.
22.		Homoeo Medical College Hospital, Kozhikode (4210-03-102-95)	1	100	Reasons not intimated.
23.	XXIV Labour and Labour Welfare	Starting of new ITI in Wyanad district (2230-03-101-78)	3	100	Reasons not intimated.
24.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	Upgradation and Reconditioning of Solar Home lighting systems in remote SC hamlets installed by ANERT and various other agencies (2225-01-800-27)	5	100	Non-receipt of viable projects from ANERT
25.		Construction of girls hostels (Post matric) – Babu Jagjivan Ram Chhatrawas Yojana (4225-01-277-91)	3	100	Reasons not intimated.
26.	XXVI Relief on account of natural calamities	Assistance to farmers for purchase of agricultural inputs (2245-02-114-99)	5	100	Reasons not intimated.
27.		Gratuitous Relief - Food and Clothing (2245-01-101-98)	1	100	Reasons not intimated.
28.	XXVII Co-operation	RIDF Assisted Investments (4425-200-99)	5	100	Reasons not intimated.
29.	XXIX Agriculture	Repairs to Class II Minor Irrigation Works – NABARD Assisted Scheme (2702-01-800-89)	18	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
30.		Repairs to damages caused to Minor Irrigation structures (District Plan) (2702-01-800-95)	2.07	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
31.		Repairs of Class II Minor Irrigation works which got damaged due to Natural calamities – Other Programme (District Plan) (2702-01-800-97)	1	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
32.		Periyar Project (2705-101-86)	1	100	Due to winding up of Periyar Valley Project on 16 January 2009
33.		Modernisation of Lift Irrigation Scheme (4702-101-90)	7	100	Reasons not intimated.
34.		Malabar Irrigation Package (MIRPA) – Special package for Ernakulam – Revamping of existing Lift Irrigation Schemes (4702-101-88)	6	100	Reasons not intimated.

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks
35.		Integrated Kuttanad Development Project. RIDF IX – NABARD Assisted project Implemented by the KLDC (4402-800-91)	5	100	Reasons not intimated.
36.	XXXIII Fisheries	Integrated Coastal Area development project under RIDF (4405-800-81)	5	100	Due to non-approval of project by NABARD
37.	XXXVII Industries	Integrated Handloom Development Scheme (2851-103-47)	5.50	100	Due to lack of sufficient number of applications.
38.		Group approach for Development of Handloom (CSS) (2851-103-46)	2.35	100	Due to lack of sufficient number of applications.
39.		Mahila Coir Yojana (75 per cent CSS) (2851-106-82)	1	100	Due to non-receipt of Central assistance for the scheme
40.		Strengthening of Handloom Organisation (Hantex and Hanveev) (50 per cent CSS) (4851-195-64)	8.20	100	Reasons not intimated.
41.	XXXVIII Irrigation	Malabar Irrigation Package (MIRPA) Construction and Repairs of Regulator, Check Dam, etc. (4711-01-103-93)	30	100	Due to non-finalisation of tender formalities
42.		Malabar Irrigation Package (MIRPA) Modernisation and Revamping of Kuttiyadi Irrigation Project (4711-01-103-92)	20	100	Due to non-finalisation of tender formalities
43.		Payment of compensation to land acquisition cases relating to Major Irrigation Projects (4700-80-800-92)	45	100	Due to non-payment of compensation in land acquisition cases in respect of major irrigation works.
44.	Public debt repayment	Ways and Means Advances (6004-06)	350	100	Non-availing of Ways and Means Advances from Government of India.

Appendix 2.8
Surrender (₹ 50 lakh or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.10; Page 41)

(₹ 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	33.49	0.90	1.05	0.15
2.	IV Elections	60.61	2.35	2.55	0.20
3.	VI Land Revenue	219.74	11.02	25.15	14.13
4.	XII Police	1048.11	39.09	73.38	34.29
5.	XIV Stationery and Printing and Other Administrative Services	180.57	7.10	9.03	1.93
6.	XXIII Information and Publicity	29.54	0.31	0.83	0.52
7.	XXIV Labour and Labour Welfare	382.82	80.80	83.31	2.51
8.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	800.43	46.20	47.82	1.62
9.	XXIX Agriculture	975.62	70.52	80.75	10.23
10.	XXXII Dairy	41.66	0.49	1.30	0.81
11.	XXXVI Community Development	315.02	21.07	25.58	4.51
12.	XXXVII Industries	283.89	14.40	14.47	0.07
13.	XXXVIII Irrigation	217.17	42.66	43.63	0.97
14.	XLI Transport	31.38	6.51	6.90	0.39
Revenue (Charged)					
15.	II Heads of States, Ministers and Headquarters Staff	57.05	6.68	6.74	0.06
16.	Debt charges	5589.52	20.35	92.99	72.64
17.	XX Water supply and sanitation	1069.03	545.73	555.00	9.27
Capital (Voted)					
18.	XVII Education, Sports, Art and Culture	87.38	37.71	38.37	0.66
19.	XXX Food	38.18	5.99	6.44	0.45
20.	XXXVIII Irrigation	355.32	120.06	130.11	10.05
Capital (Charged)					
21.	Public Debt Repayment	12147.78	9742.10	9743.96	1.86
Total		23964.31	10822.04	10989.36	167.32

Appendix 2.9
Statement of surrenders (₹ 10 lakh or more) under various grants which
proved injudicious
(Reference: Paragraph 2.3.11; Page 42)

(₹ in crore)

Sl. No.	Number and name of grant/ appropriation	Total grant	Actual expenditure	Excess	Amount surrendered
Revenue (Voted)					
1.	III Administration of Justice	203.48	203.59	0.11	1.44
2.	V Agricultural Income Tax and Sales Tax	131.00	136.81	5.81	0.11
3.	VII Stamps and Registration	98.75	104.30	5.55	2.06
4.	XXVIII Miscellaneous Economic Services	53.03	54.33	1.30	0.37
5.	XXXI Animal Husbandry	211.14	213.82	2.68	2.24
6.	XXXIV Forest	212.46	215.68	3.22	4.63
Revenue (Charged)					
7.	XVI Pensions and Miscellaneous	12.78	15.49	2.71	0.21
	Total	922.64	944.02	21.38	11.06

Appendix 2.10

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

(Reference: Paragraph 2.3.12, Page 42)

(₹ in crore)

Sl. No.	Number and name of grant/ appropriation	Saving
Revenue (Voted)		
1.	XXXIX – Power	5.41
2.	XLIII – Compensation and Assignments	0.42
Capital (Voted)		
3.	XXI- Housing	2.41
4.	XXXIX – Power	11.25
Capital (Charged)		
5.	XVII – Education, Sports, Arts and Culture	3.05
Total		22.54

Appendix 2.11
Details of saving of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.12, Page 42)

(₹ 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	15.51	13.12	2.39
2.	VIII Excise	3.77	1.32	2.45
3.	XIII Jails	4.15	2.89	1.26
4.	XV Public Works	124.93	71.61	53.32
5.	XVI Pensions and Miscellaneous	263.21	164.57	98.64
6.	XVII Education, Sports, Art and Culture	442.45	110.74	331.71
7.	XIX Family Welfare	4.59	1.09	3.50
8.	XX Water Supply and Sanitation	16.56	8.06	8.50
9.	XXI Housing	104.13	0.58	103.55
10.	XXII Urban development	531.22	524.92	6.30
11.	XXXV Panchayat	9.86	5.20	4.66
12.	XLVI Social Security and Welfare	58.54	5.36	53.18
Capital (Voted)				
13.	XV Public Works	139.92	25.67	114.25
14.	XVIII Medical and Public Health	10.72	4.52	6.20
15.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	22.31	16.07	6.24
16.	XXIX Agriculture	64.96	44.88	20.08
17.	XXXVII Industries	12.06	4.28	7.78
18.	XLII Tourism	60.02	14.61	45.41
Capital (Charged)				
19.	XXXVIII Irrigation	46.31	45.01	1.30
	Total	1935.22	1064.50	870.72

Appendix 2.12
Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2010
(Reference: Paragraph 2.3.12, Page 42)

(₹ in crore)

Sl. No.	Grant No.	Major head	Amount of surrender	Percentage of total provision
1.	II	3451 Secretariat Economic Services	11.79	9.38
2.	VI	2029 Land Revenue	15.50	7.82
3.	XI	2053 District Administration	221.14	29.55
4.	XII	2055 Police	72.86	6.95
5.	XV	3054 Roads and Bridges	67.35	5.33
6.	XV	5054 Capital outlay on Roads and Bridges	20.86	2.10
7.	XVI	2071 Pensions and Other Retirement Benefits	162.24	3.24
8.	XVII	2202 General Education	86.66	1.46
9.	XVII	2204 Sports and Youth Services	14.07	8.87
10.	XVII	4202 Capital Outlay on Education, Sports, Art and Culture	38.37	45.01
11.	XVIII	2210 Medical and Public Health	55.07	3.66
12.	XX	6215 Loans for Water Supply and Sanitation	555.00	61.67
13.	XXII	2217 Urban Development	524.92	59.85
14.	XXIV	2230 Labour and Employment	83.31	21.74
15.	XXV	2225 Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	46.81	5.91
16.	XXV	4225 Capital outlay on Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	16.05	26.68
17.	XXVI	2245 Relief on account of Natural Calamities	26.01	7.17
18.	XXIX	2401 Crop Husbandry	22.55	4.07
19.	XXIX	2551 Hill Areas	14.30	38.64
20.	XXIX	2702 Minor Irrigation	34.38	18.54
21.	XXIX	4702 Capital outlay on Minor Irrigation	37.96	66.97
22.	XXXIII	4405 Capital outlay on Fisheries	14.78	19.53
23.	XXXVI	2515 Other Rural Development Programmes	22.77	6.83
24.	XXXVII	2851 Village and Small Industries	13.24	5.93
25.	XXXVIII	2700 Major Irrigation	21.80	18.84
26.	XXXVIII	2701 Medium Irrigation	20.62	20.21
27.	XXXVIII	4700 Capital outlay on Major Irrigation	86.57	66.05
28.	XXXVIII	4701 Capital outlay on Medium Irrigation	18.44	27.62
29.	XXXVIII	4711 Capital outlay on Flood Control Projects	70.11	34.21
30.	XLII	5452 Capital Outlay on Tourism	14.61	19.32
31.		2049 Interest payments	92.99	1.75
32.		6003 Internal Debt of the State Government	938.12	8.14
33.		6004 Loans and Advances from the Central Government	36.28	5.78
Total			3477.53	

Appendix 2.13
Rush of Expenditure towards the end of the year
(Reference: Paragraph 2.3.13, Page 42)

(₹ in crore)

Sl. No.	Grant No	MJH	SMJH	MIH	SBH	Total Expenditure	Expenditure incurred during January-March 2010	Expenditure incurred during March 2010	Percentage of total expenditure incurred during	
									January-March 2010	March 2010
1.	XV	5054	80	190	99	40.00	40.00	40.00	100	100
2.	XVII	2204	00	104	18	20.00	20.00	20.00	100	100
3.	XVII	2204	00	104	15	55.00	55.00	55.00	100	100
4.	XXIX	2401	00	800	34	10.19	10.19	10.01	100	98
5.	XXVII	2425	00	108	40	16.80	16.80	16.80	100	100
6.	XXIV	2230	01	800	98	10.65	10.65	10.65	100	100
7.	XXXVIII	4701	18	800	87	38.22	38.22	30.34	100	79
8.	XXXVII	4859	02	800	93	20.00	20.00	10.00	100	50
9.	XXXVII	4859	02	190	94	10.00	10.00	10.00	100	100
10.	XXXVII	2851	00	106	30	13.41	13.41	13.24	100	99
11.	XXXVII	2851	00	103	42	11.00	11.00	11.00	100	100
12.	XXXVI	2515	00	800	48	36.50	36.50	36.50	100	100
13.	XXXVI	2501	06	197	47	31.59	31.59	31.59	100	100
14.	XLI	5075	60	800	85	12.50	12.50	12.50	100	100
15.	XXIV	2230	01	103	36	10.00	10.00	10.00	100	100
16.	XXII	2217	05	800	89	76.34	76.34	76.34	100	100
17.	XXII	2217	03	191	74	37.27	37.27	37.27	100	100
18.	XXI	2216	80	103	99	17.70	17.70	17.00	100	96
19.	XX	2215	01	800	84	10.00	10.00	10.00	100	100
20.	XX	2215	01	800	73	25.00	25.00	25.00	100	100
21.	XXXIII	4405	00	800	80	26.59	26.54	23.12	100	87
22.	XXIX	2551	01	101	08	21.22	21.09	18.82	99	89
23.	XXVII	4425	00	108	42	24.73	24.55	24.28	99	98
24.	XXV	2225	01	800	26	79.99	78.99	59.10	99	74

Sl. No.	Grant No	MJH	SMJH	MIH	SBH	Total Expenditure	Expenditure incurred during January-March 2010	Expenditure incurred during March 2010	Percentage of total expenditure incurred during	
									January-March 2010	March 2010
25.	XVII	2202	01	192	50	17.23	16.13	15.48	94	90
26.	XVI	2075	00	103	98	222.54	208.01	203.89	93	92
27.	XV	3054	04	105	99	96.10	89.07	74.17	93	77
28.	XV	4059	01	051	91	11.14	10.23	10.23	92	92
29.	XV	3054	03	103	99	46.46	41.46	27.39	89	59
30.	XXXVII	4859	02	800	97	47.67	42.28	24.35	89	51
31.	XII	2055	00	115	99	21.80	19.30	16.06	89	74
32.	XLI	5075	60	800	89	76.18	66.15	54.27	87	71
33.	XLVI	2235	60	200	76	28.92	24.72	16.77	85	58
34.	XVII	2202	01	196	50	34.21	29.02	25.10	85	73
35.	XXV	2225	01	800	57	78.30	64.13	57.63	82	74
36.	II	3451	00	101	53	39.21	31.71	31.71	81	81
37.	XXVII	2425	00	108	80	20.00	15.00	15.00	75	75
38.	XVII	2202	02	109	82	49.07	34.82	29.69	71	60
39.	XLVI	2235	02	102	69	80.79	56.38	43.61	70	54
40.	XXXVI	2501	06	197	48	29.07	19.97	19.74	69	68
41.	XXII	2217	05	800	83	26.14	17.69	17.69	68	68
42.	XXVI	2245	01	102	99	18.25	12.09	10.28	66	56
43.	XX	2215	01	190	99	268.16	176.14	142.39	66	53
44.	XXXVIII	4711	02	103	93	92.23	58.90	48.30	64	52
45.	XXV	2225	01	197	50	35.94	22.89	22.20	64	62
46.	XXII	2217	80	800	91	150.00	82.66	82.66	55	55
47.	XLVI	2235	60	198	50	319.51	168.58	164.23	53	51

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

Appendix 2.14
Status of Detailed Contingent bills against Abstract Contingent (AC)
bills up to 2009-10
(Reference: Paragraph 2.4.1, Page 44)

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Number of AC bills	Amount
1.	Project officer, Integrated Tribal Development Project, Kannur	1	5,00,000
2.	Project officer, Integrated Tribal Development Project, Nilambur	1	5,00,000
3.	Project officer, Integrated Tribal Development Project, Wayanad	1	2,00,000
4.	Superintendent, Central Prison, Kannur	5	21,00,000
5.	Superintendent, Sub Jail, Alathur	1	15,000
6.	Tribal Development Officer, Palakkad	1	9,573
7.	Principal Agricultural Officer, Palakkad	2	1,59,08,100
8.	Assistant Soil Chemist, Soil Testing lab, Pattambi	1	1,45,000
9.	Project Officer, Regional Artificial Insemination Centre, Mannarkad	1	24,500
10.	Veterinary Surgeon, Veterinary Hospital, Ambalapuzha	1	5,000
11.	Principal Agricultural Officer, Thrissur	1	10,00,000
12.	Assistant Director, Livestock Management Training Centre, Malampuzha	1	50,000
	Total	17	2,04,57,173

Appendix 2.15
Non-mustering of pensioners
(Reference: Paragraph 2.7.3; Page 48)

Sl. No.	Name of Treasury	Number of cases
1.	Sub Treasury, Chavakkad	5
2.	Sub Treasury, Thalappilly	5
3.	Sub Treasury, Karimannoor	3
4.	Additional Sub Treasury, Thrissur	6
5.	District Treasury, Thrissur	6
6.	Sub Treasury, Devikulam	3
7.	Sub Treasury, Karuvarakundu	2
8.	Sub Treasury, Kaduthuruthy	3
9.	Sub Treasury, Perinthalmanna	4
10.	Sub Treasury, Uzhavoor	3
11.	Sub Treasury, Ponnani	6
12.	Sub Treasury, Piravom	4
13.	Sub Treasury, Kunnathunadu	4
14.	Sub Treasury, Kolencherry	4
15.	District Treasury, Malappuram	2
16.	Sub Treasury, North Parur	3
17.	Sub Treasury, Angamaly	3
18.	Sub Treasury, Aluva	4
19.	Sub Treasury, Payyannur	4
20.	Sub Treasury, Mattancherry	3
21.	Pension Payment Sub Treasury, Ernakulam	11
22.	Sub Treasury, Pazhayangadi	4
23.	Sub Treasury, Kannur	5
24.	Sub Treasury, Peravur	4
25.	Rural District Treasury, Mattannur	5
26.	Sub Treasury, Chattachal	3
27.	Sub Treasury, Moncombu	3
28.	Sub Treasury, Manjeshwar	4
29.	Pension Payment Sub Treasury, Alleppey	4
30.	Sub Treasury, Mallappally	3
31.	Sub Treasury, Medical College, Thiruvananthapuram	6
32.	Pension Payment Sub Treasury, Neyyattinkara	6
33.	Sub Treasury, Kilimanoor	5
34.	Sub Treasury, Kazhakuttom	7

Sl. No.	Name of Treasury	Number of cases
35.	Sub Treasury, Vithura	2
36.	Sub Treasury, Secretariat	4
37.	Additional Sub Treasury, Trivandrum	3
38.	Sub Treasury, Vythiri	4
39.	Principal Sub Treasury, Trivandrum	7
40.	Sub Treasury, Dwaraka	3
41.	District Treasury, Trivandrum	4
42.	Sub Treasury, Mananthavady	5
43.	Pension Payment Sub Treasury, Kollam	7
44.	Sub Treasury, Palluruthy	6
45.	Rural District Treasury, Irinjalakuda	4
46.	Sub Treasury, Changannur	9
47.	Sub Treasury, Mavelikara	3
48.	Sub Treasury, Kayamkulam	5
49.	Sub Treasury, Kollengode	4
50.	Sub Treasury, Pathanapuram	5
51.	Sub Treasury, Chadayamangalam	3
52.	Sub Treasury, Ottappalam	4
53.	Sub Treasury, Pattambi	5
54.	Sub Treasury, Koottanad	4
55.	District Treasury, Kottayam	3
56.	Sub Treasury, Sreekrishnapuram	5
57.	Sub Treasury, Mannarkad	10
58.	Sub Treasury, Gandhi Nagar	3
59.	Sub Treasury, Changanacherry	2
60.	Rural District Treasury, Thamarassery	5
61.	Sub Treasury, Vadakara	5
62.	Sub Treasury, Thottilpalam	4
63.	District Treasury, Pathanamthitta	5
64.	Sub Treasury, Konni	5
65.	Sub Treasury, Pandalam	6
66.	Sub Treasury, Kumbanad	2
67.	Sub Treasury, Kozhencherry	5
68.	Sub Treasury, Koyilandy	4
69.	Sub Treasury, Thiruvalla	6
	Total	308

Appendix 2.16
Details of deposits made by Civil Departments outstanding
as of March 2010
(Reference: Paragraph 2.8.2; Page 49)

(₹ in crore)

Sl. No.	Name of division	Amount
1.	Buildings division, Thiruvananthapuram	22.92
2.	Special Buildings Division, Thiruvananthapuram	9.97
3.	Roads Division, Kollam	1.53
4.	Buildings division, Kollam	5.69
5.	Buildings division, Alappuzha	4.26
6.	Roads division, Kottayam	0.10
7.	Buildings division, Kottayam	5.11
8.	Roads division, Ernakulam	3.00
9.	Buildings division, Ernakulam	5.73
10.	Buildings division, Kozhikode	8.18
11.	Harbour Engineering Division, Kannur	5.31
	Total	71.80

Appendix 3.1
Statement showing names of bodies and authorities, the accounts of which had not
been received as of March 2010
(Reference: Paragraph 3.1; Page 51)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received (₹ in lakh)
Cultural Affairs			
1.	Kerala State Chalachithra Academy, Thiruvananthapuram	2008-09	347.75
Industries			
2.	Kerala Coir Workers Welfare Fund Board, Alappuzha	2006-07	*
		2007-08	*
		2008-09	*
Tourism			
3.	Thenmala Eco Tourism Promotion Society, Thiruvananthapuram	2008-09	*
4.	Kerala Institute of Tourism and Travel studies, Thiruvananthapuram	2008-09	88.19
General Education			
5.	C.H. Mohammed Koya Memorial State Institute for Mentally Handicapped, Thiruvananthapuram	2008-09	70.22
Higher Education			
6.	Kerala Agricultural University, Thrissur	2008-09	9762.00
7.	Cochin University of Science & Technology, Kochi	2008-09	2129.84
8.	Calicut University, Calicut	2008-09	4685.00
Total number of Annual Accounts:10			

* Details not received from the institutions.

Appendix 3.2
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.2; Page 51)

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	2006-07	2004-05	2003-04	18.12.2008	19.1.2010	30 months 19 days
2.	Command Area Development Authority, Thrissur	Up to 2011-12	2008-09	2008-09	2005-06	11.3.2008	11.1.2010	6 months 11 days
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Up to 2011-12	2008-09	2008-09	2002-03 and 2003-04	25.11.2008	13.10.2009	3 months 13 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	Up to 2011-12	2005-06	2005-06		Information not received	29.5.2008	22 months 29 days
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2007-08	2006-07	2004-05	11.3.2008	14.7.2010	24 months 14 days
6.	Kerala State Human Right Commission, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2009-10	2008-09	2007-08	09.09.2009	30.8.2010	2 months
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2007-08	01.07.2009	5.11.2009	4 months 5 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2007-08	2007-08	2006-07	26.2.2008	6.1.2009	6 months 6 days
9.	District Legal Services Authority, Kollam	1998-99 onwards Act enacted by Parliament	2006-07	2006-07	2006-07	17.2.2009	26.12.2007	5 months 26 days
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2005-06	23.7.2007	4.6.2009	Nil
11.	District Legal Services Authority, Alappuzha	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2005-06	26.2.2008	26.08.2009	One month 26 days
12.	District Legal Services Authority, Kottayam	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2006-07	26.2.2008	04.12.2009	5 months 4 days
13.	District Legal Services Authority, Idukki	1998-99 onwards Act enacted by Parliament	2009-10	2009-10	2006-07	24.6.2008	4.8.2010	One month 4 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	2008-09	2008-09	2006-07	25.11.2008	11.3.2010	8 months 11 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2007-08	23.6.2009	13.10.2009	3 months 13 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards Act enacted by Parliament	2009-10	2008-09	2007-08	23.7.2009	14.07.2010	14 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	23.7.2009	08.07.2010	8 days
19.	District Legal Services Authority, Wayanad	1998-99 onwards Act enacted by Parliament	2007-08	2007-08	2006-07	24.6.2008	25.08.2009	13 months 25 days
20.	District Legal Services Authority, Kannur	1998-99 onwards Act enacted by Parliament	2008-09	2007-08	2006-07	23.06.2009	9.7.2010	12 months 9 days
21.	District Legal Services Authority, Kasargod	1998-99 onwards Act enacted by Parliament	2009-10	2008-09	2006-07	17.02.2009	3.8.2010	1 month 3 days
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2008-09	2008-09	2007-08	1.7.2009	5.11.2009	4 months 5 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 3.3
Statement of finalisation of proforma accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
 (Reference: Paragraph 3.3; Page 52)

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	2006-07	140.55	Lack of qualified professionals for preparation of accounts.
2.	Kerala State Insurance Department	2006-07	720.35	Not received (June 2010)
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 2005-06 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 3.4
Department-wise/duration-wise break-up of cases of
misappropriation, defalcation, etc.
(Reference: Paragraph 3.4; Page 52)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and above	Total number of cases
1.	Agriculture	2 (9.02)	3 (3.13)	1 (0.09)	2 (88.13)	...	...	8 (100.37)
2.	Animal Husbandry	1 (0.35)	2 (3.68)	2 (0.02)	...	...	...	5 (4.05)
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 (39.31)	2 (50.14)	2 (1.54)	2 (0.66)	18 (188.87)
7.	Fisheries and Ports	...	1 (2.38)	1 (1.32)	...	...	...	2 (3.7)
8.	Forest and Wildlife	...	8 (32.76)	...	1 (0.36)	1 (0.85)	...	10 (33.97)
9.	General Education	4 (12.00)	5 (0.65)	4 (2.27)	2 (0.16)	1 (1.10)	2 (3.65)	18 (19.83)
10.	Health and Family Welfare – Indian Systems of Medicine	...	...	1 (1.84)	...	...	...	1 (1.84)
11.	Health and Family Welfare – Health Services	8 (26.83)	3 (151.16)	1 (4.03)	2 (1.64)	3 (2.23)	...	17 (185.89)
12.	Health and Family Welfare - Medical Education	1 (1.16)	2 (17.97)	...	...	...	...	3 (19.13)
13.	Higher Education – Collegiate Education	...	2 (0.93)	...	1 (0.02)	...	...	3 (0.95)
14.	Higher Education - Technical Education	1 (7.44)	...	...	...	...	...	1 (7.44)
15.	Home Department – Police	1 (3.93)	...	...	2 (0.52)	...	...	3 (4.45)
16.	Industries	...	...	2 (0.47)	...	...	...	2 (0.47)
17.	Local Self Government	1 (4.11)	4 (6.51)	2 (2.62)	...	...	...	7 (13.24)
18.	Public Works Department	...	3 (10.18)	...	...	...	...	3 (10.18)
19.	Revenue – Land Revenue	...	...	...	1 (0.03)	...	...	1 (0.03)
20.	Revenue – Survey and Land Records	...	...	...	...	...	1 (5.60)	1 (5.60)
21.	Scheduled Castes and Scheduled Tribes Development	...	...	...	...	2 (0.65)	...	2 (0.65)
22.	Social Welfare	2 (9.25)	...	...	...	...	...	2 (9.25)
23.	Taxes – Lotteries	...	...	1 (3.43)	...	...	...	1 (3.43)
24.	Taxes - Commercial Taxes	...	1 (3.58)	...	...	...	...	1 (3.58)
25.	Motor Vehicles	...	1 (10.20)	...	...	...	...	1 (10.20)
26.	Water Resources	13 (135.64)	4 (10.66)	...	...	...	...	17 (146.30)
	Total	38 (277.68)	43 (283.06)	20 (66.70)	13 (141.00)	10 (6.82)	6 (10.11)	130 (785.37)

(Figures in brackets indicate ₹ in lakh)

Appendix 3.5
Department/category-wise details in respect of cases of loss to
Government due to theft, misappropriation and loss of
Government material
(Reference: Paragraph 3.4; Page 52)

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	100.37	8	100.37
Animal Husbandry	3	0.05	2	4.00	5	4.05
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			18	188.87	18	188.87
Fisheries and Ports			2	3.70	2	3.70
Forest and Wildlife			10	33.97	10	33.97
General Education	9	1.05	9	18.78	18	19.83
Health and Family Welfare – Indian Systems of Medicine			1	1.84	1	1.84
Health and Family Welfare – Health Services	2	2.16	15	183.73	17	185.89
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			3	4.45	3	4.45
Industries			2	0.47	2	0.47
Local Self Government			7	13.24	7	13.24
Public Works Department			3	10.18	3	10.18
Revenue – Land Revenue			1	0.03	1	0.03
Revenue – Survey and Land Records			1	5.60	1	5.60
Scheduled Castes and Scheduled Tribes Development			2	0.65	2	0.65
Social Welfare---	1	0.32	1	8.93	2	9.25
Taxes – Lotteries			1	3.43	1	3.43
Taxes - Commercial Taxes	1	3.58			1	3.58
Motor Vehicles			1	10.20	1	10.20
Water Resources	1	0.55	16	145.75	17	146.30
Total	19	7.93	111	777.44	130	785.37