

Presented to the Legislature
on 28 February 2017

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

on

STATE FINANCES

for the year ended 31 March 2016

Government of Kerala

Report No.2 of the year 2017

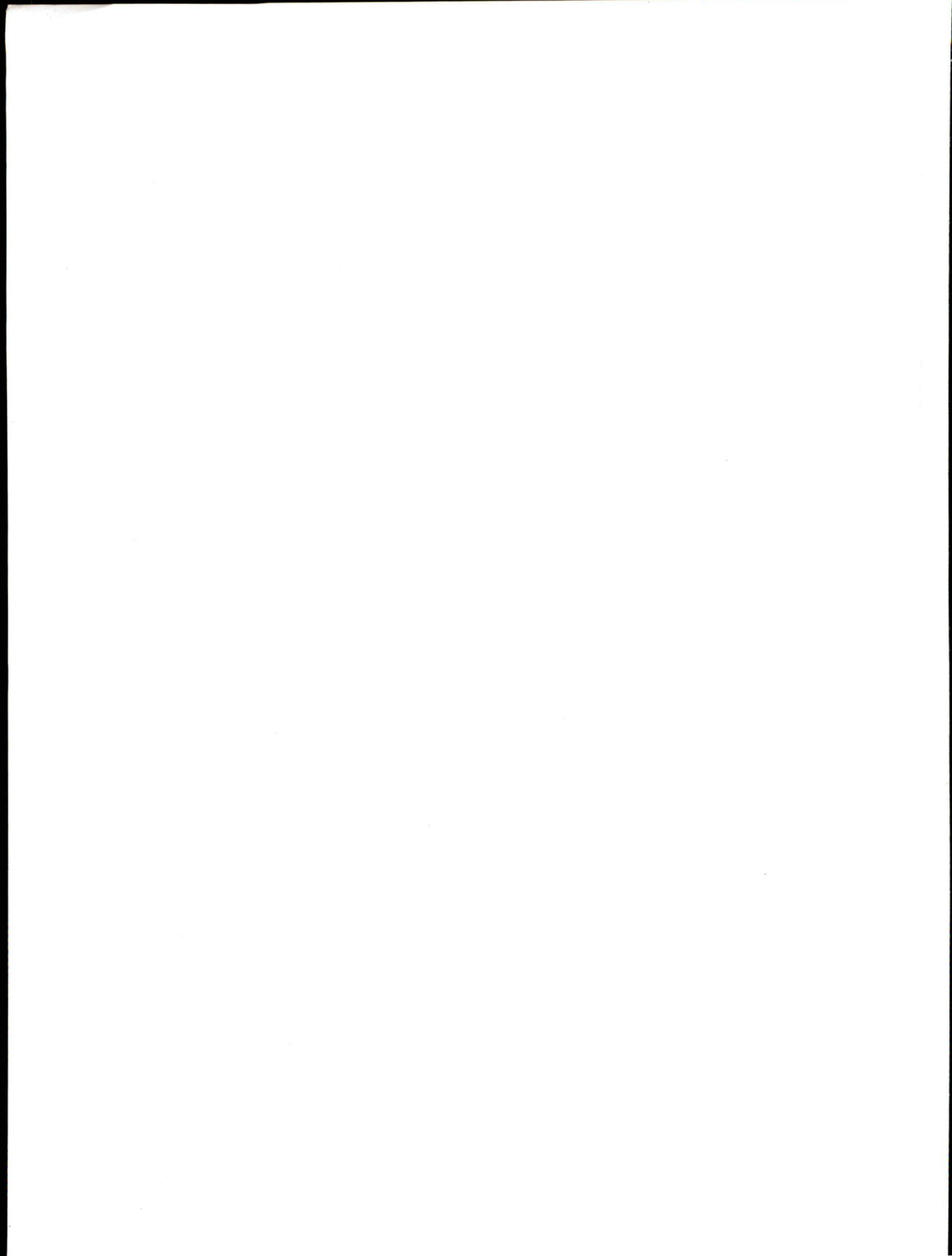


Table of contents		
	Reference to	
	Paragraph	Page no
Preface	-	v
Executive Summary	-	vii
Chapter I		
Finances of the State Government		
Profile of Kerala	-	1
Introduction	1.1	1
Resources of the State	1.2	4
Revenue Receipts	1.3	6
Capital Receipts	1.4	12
Public Account Receipts	1.5	14
Application of Resources	1.6	14
Quality of Expenditure	1.7	21
Financial Analysis of Government Investments, Loans and Advances	1.8	25
Assets and Liabilities	1.9	30
Debt Management	1.10	37
Fiscal Imbalances	1.11	39
Conclusion	1.12	43
Recommendations	1.13	45
Chapter II		
Financial Management and Budgetary Control		
Introduction	2.1	47
Summary of Appropriation Accounts	2.2	48
Financial Accountability and Budget Management	2.3	49
Non-reconciliation of departmental figures	2.4	59
Review on Budgetary process and appropriation control	2.5	60
Overstated expenditure	2.6	66
Inspection of treasuries	2.7	66
Conclusion	2.8	68
Recommendations	2.9	69

Table of contents		
	Reference to	
	Paragraph	Page no
Chapter III		
Financial Reporting		
Delay in furnishing utilisation certificates	3.1	71
Non-submission/delay in submission of Accounts	3.2	72
Delay in submission of accounts/Audit Reports of Autonomous Bodies	3.3	72
Departmentally managed Commercial Undertakings	3.4	72
Misappropriations, losses, defalcations, etc.	3.5	73
Blocking up of funds under 8443 Civil Deposits	3.6	74
Conclusion	3.7	80
Recommendations	3.8	81

APPENDICES		
No.		Page
1.1	State Profile	83
1.2	Structure and form of Government Accounts	84
Part A		
Part B	Layout of Finance Accounts	84
1.3	Methodology adopted for assessment of fiscal position	85
Part A		
Part B	Outcome indicators set out in the Medium Term Fiscal Plan for the years 2015-16 to 2017-18	86
1.4	Abstract of receipts and disbursements for the year 2015-16	87
Part A		
Part B	Summarised financial position of the Government of Kerala as on 31 March 2016	90
1.5	Time series data on the State Government finances	92
1.6	Receipt and utilisation of GoI flagship programmes	95
1.7	Gross collection in respect of major taxes and duties <i>vis-à-vis</i> budget estimates and the expenditure incurred on their collection	96
2.1	Details showing savings in Grants/Appropriations during the year	97
2.2	Details of Grant-wise Plan/Non-plan savings (exceeding ₹100 crore) during the year	101
2.3	Statement of persistent savings for the last three years	102
2.4	Excess over provision of previous years requiring regularisation	106
2.5	Grants/Appropriations where supplementary provision (₹one crore or more in each case) proved unnecessary	107
2.6	Cases of excessive supplementary Grants/Appropriations (Savings of ₹ one crore and above)	108
2.7	Re-appropriation of funds (in excess of ₹one crore) proved unnecessary as the final expenditure was less than original/supplementary budget allocation	109
2.8	Subheads in which injudicious re-appropriation led to final excess	110
2.9	Heads in which entire budget allocation (₹ five crore and above) surrendered	111
2.10	Surrender (₹one crore or more in each case) in excess of actual savings	114
2.11	Subheads in which injudicious surrender (exceeding ₹one crore) led to excess expenditure	115

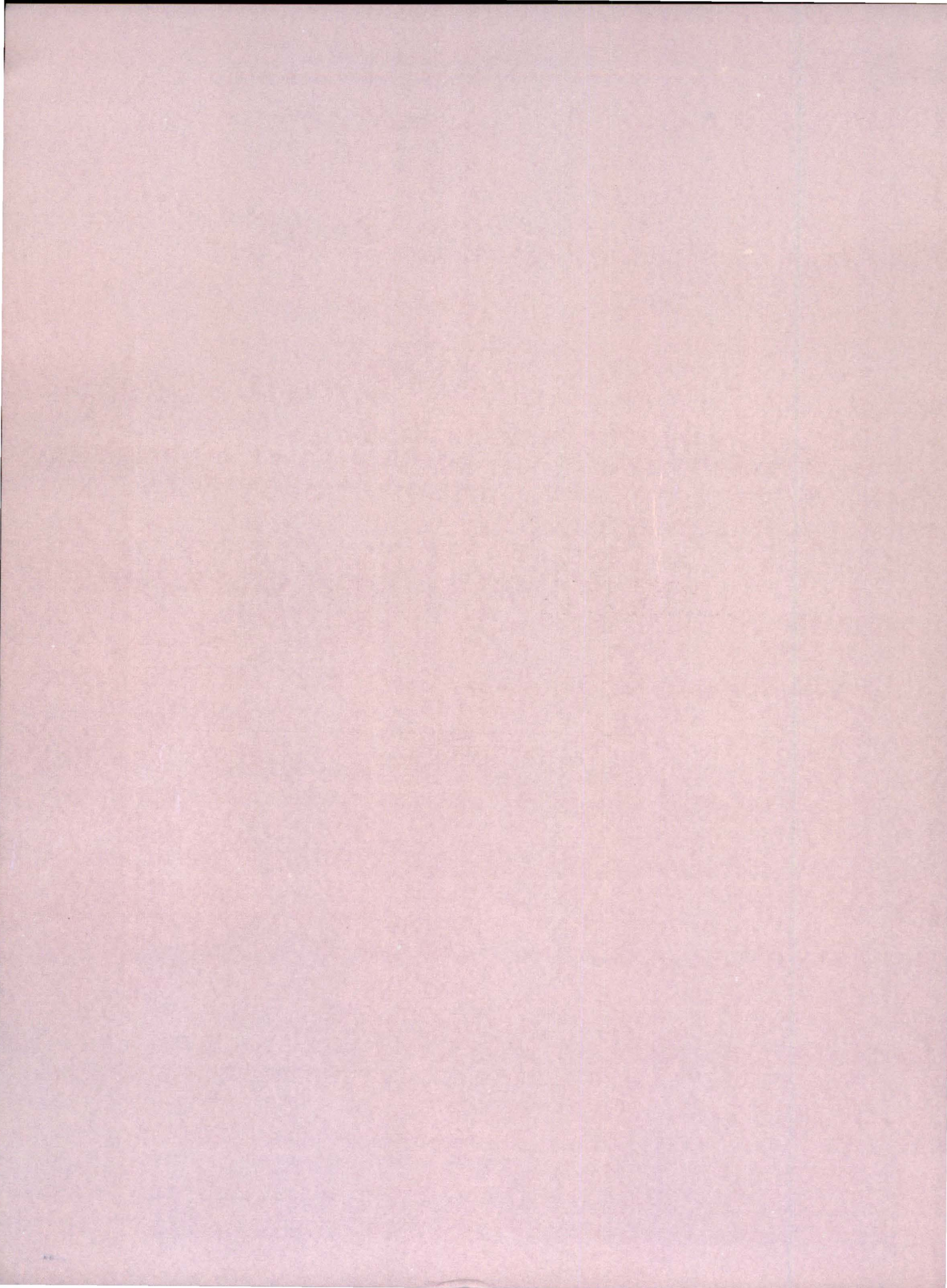
APPENDICES		
No.		Page
2.12	Details of savings of ₹one crore and above not surrendered	117
2.13	Cases of surrender of funds in excess of ₹10 crore on 31 March 2016	119
2.14	Pendency in submission of Detailed Contingent bills against Abstract Contingent bills drawn from 2014-15 to 2015-16	120
2.15	List of Controlling Officers where amounts exceeding ₹50 crore in each case remained unreconciled during 2015-16	121
2.16	Under-utilised supplementary grants	122
3.1	Statement showing names of bodies and authorities, the accounts of which had not been received as of March 2016	123
3.2	Statement showing performance of Autonomous Bodies	124
3.3	Statement of finalisation of <i>pro forma</i> accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings	126
3.4	Department/duration-wise break-up of cases of misappropriation, defalcation, etc.	127
3.5	Department /category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material	128
3.6	Division-wise deposit pending as of March 2016	129
3.7	Instances of variations in the amount of balance available	130

PREFACE

1. This Report has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for being placed in the State Legislature.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2016. Information has also been obtained from the Government of Kerala, wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Background

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area wise, Kerala is ranked 21st in the country with an area of 38,863 sq.km. The State has a population of 3.34 crore (12th in the country) and it is ranked as the third most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was five *per cent* (3.18 crore in 2001 to 3.34 crore in 2011), which is the lowest rate among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian states. Gross State Domestic Product (GSDP) in 2015-16 of the State at current prices was ₹5,85,467 crore. The per capita income (2015-16) of the State at current prices stands at ₹1,64,462.

About the Report

This Report of the Finances of the Government of Kerala is being brought out with a view to assess objectively, the financial performance of the State during 2015-16 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the budget estimates of 2015-16. Based on the audited accounts of the Government of Kerala for the year ended March 2016, this Report provides an analytical review of the Annual Accounts of the State Government. This Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31 March 2016. It provides an insight into trends in committed expenditure, borrowing pattern and quality of expenditure, besides giving comparison on State's expenditure with other General Category States.

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

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

Audit findings and recommendations

Chapter I : Finances of the State Government

Overall financial status

For the last few years, State's revenue resources were insufficient to meet its revenue expenditure and hence the State was in revenue deficit during the period. However, during 2015-16 revenue deficit (₹9,657 crore) reduced compared to 2014-15 (₹13,796 crore) due to receipt of Post Devolution Revenue Deficit Grant (₹4,640 crore) from Government of India, based on the recommendations of Fourteenth Finance Commission. The fiscal deficit (₹17,818 crore) also decreased compared to last year (₹18,642 crore) and it was 3 per cent of the GSDP against 3.6 per cent in 2014-15. Share of revenue deficit in fiscal deficit also came down to 54.2 per cent in 2015-16 against 74 per cent in 2014-15. As a proportion of GSDP, primary, revenue and fiscal deficit were the lowest during 2015-16 due to the effect of post devolution revenue deficit grant.

Revenue resources of the State

Revenue receipts (₹69,033 crore) of the State increased by ₹11,082 crore, compared to the previous year, recording an increase of 19 per cent. More than 50 per cent (₹6,178 crore) of this increase was contributed by share of union taxes and grants-in-aid from Government of India. During the last two years revenue receipts of the State showed an increasing trend of 18 per cent and 19 per cent respectively. Though, State's own tax revenue increased by ₹3,763 crore, its growth rate (11 per cent) was much less than the growth rate of revenue receipts (19 per cent) and also less than the growth rate of GSDP (13 per cent). Substantial increase was noticed in the receipt of non-tax revenue due to increased receipts under State Lotteries. But net yield from the sale of lotteries was less due to increased expenditure on distribution of prizes, agent commission, etc. There was considerable reduction in release of grants-in-aid from GoI as 'Non-plan Grants' under proviso to Article 275(1) of the Constitution. Grants for State plan schemes and Grants for centrally sponsored schemes also reduced considerably during 2015-16.

Revenue expenditure of the State

Revenue expenditure increased by 9.7 per cent during 2015-16. But it was the lowest growth rate shown during the last five years. As in the previous year, plan revenue expenditure recorded a better growth rate (17.5 per cent) than non-plan revenue expenditure (8.4 per cent) during 2015-16. Though interest payments and pensions recorded an increase of 14 per cent and 16 per cent respectively during 2015-16, growth rate of payment of salary and wages was less than 10 per cent only. During the year committed expenditure of the State consumed about 71 per cent of the revenue receipt, but this was lowest during the last five year period. Non-Plan Revenue Expenditure (NPRE) as a percentage of GSDP was steady

during the last five years, but NPRE as a percentage of total expenditure showed a declining trend from 2014-15 and it was lowest during 2015-16, which is a positive sign.

Quality of expenditure

State's share of expenditure on education and health in total expenditure was higher than General Category States, but in respect of development expenditure, social sector expenditure and capital expenditure, State's performance was poor comparing to General Category States. State's expenditure on share capital investments and release of loans and advances to Government companies, Public Sector Undertakings, etc., continued to be worthless as there was no improvement in the return on these expenditures.

Reserve Funds and liabilities

Consolidated Sinking Fund was constituted with the aim to amortize the outstanding liabilities of Government, but owing to lack of sufficient revenue resources, Government did not contribute to the fund during 2015-16. Non-contribution of required amount to the fund would reduce the debt redemption options of the Government in future.

Kerala Forest Development Fund was constituted for planting and maintaining softwood and other species of trees which form raw material for industries, but utilisation of accruals in the fund as envisaged in the Act was non-evident consequently funds got accumulated in the Reserve Fund.

Debt management

Though growth rate of debt liability showed a declining trend during the last four years, debt-GSDP ratio showed a steady increasing trend during the last five years indicating increased growth rate of debt compared to GSDP. Public Debt receipt of the State increased by 80 *per cent* during the last five years, but during 2015-16 more than 70 *per cent* of the receipt was utilised for redemption of debt liability during the year. Debt maturity profile shows that 47.4 *per cent* (₹52,087.13 crore) of the debt has to be repaid by March 2023.

Chapter II

Financial Management and Budgetary Control

Against the total budget allocation of ₹1,18,890.79 crore, total expenditure was ₹94,377.17 crore, which resulted in under-utilisation of 21 *per cent* (₹24,513.62 crore) of the budget allocation during 2015-16. This was one *per cent* more than the under-utilisation during 2014-15. In nine Grants and one Appropriation persistent savings of ₹100 crore or more of the provision was noticed for the last three years. Excess expenditure of ₹230.77 crore under three appropriations and

one Grant is to be regularized under Article 205 of the Constitution. Supplementary provisions aggregating to ₹781.10 crore, obtained in 20 Grants/Appropriations (₹one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions. Augmentation of funds through re-appropriation was proved wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation received through original and supplementary demands for grants. In 16 Grants/Appropriations, against the actual savings of ₹13,593.88 crore, the amount surrendered was ₹14,170.56 crore, resulting in excess surrender of ₹576.68 crore, indicated the injudicious management of budget allocation by departmental officers. Failures in appropriation control on the part of departmental officers of Social Justice Department was noticed in the Grant selected for review. Irregular maintenance of Personal Deposit Accounts and Treasury Savings Bank accounts was noticed during the audit of treasuries.

Chapter III

Financial Reporting

The audit of accounts of autonomous bodies, which 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 are long pending in respect of 13 bodies due to delay in submission of accounts.

Scrutiny of records of 13 Public Works Divisions (eight Roads Divisions and five Buildings Divisions) revealed substantial accumulation of ₹606.02 crore under the deposit head of the divisions at the end of March 2016, due to delay in execution of work as well as non-transfer of balance fund after execution. In respect of roads divisions, deposits received for road restoration charges are rarely utilised and in respect of buildings divisions there was inordinate delay in execution of work.

During the period from 2006-07 to 2015-16, out of ₹3640.17 crore withdrawn from the Consolidated Fund of the State, ₹496.28 crore remained blocked under the head of account '8443-117-99, due to non-utilisation of funds for the earmarked purpose as well as non-refund of balance fund after payment of compensation. None of the LAOs (17 test-checked in Audit) were maintaining registers as prescribed in Land Acquisition (Kerala) Rules, 1990, which led to shortfall in monitoring the utilization of funds entrusted to them.

CHAPTER I
FINANCES OF THE STATE
GOVERNMENT

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Profile of Kerala

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area wise, Kerala is ranked 21st in the country with an area of 38,863 sq.km. The State has a population of 3.34 crore (12th in the country) and it is ranked as the third most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was five *per cent* (3.18 crore in 2001 to 3.34 crore in 2011), which is the lowest rate among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian states. Gross State Domestic Product (GSDP) in 2015-16 of the State at current prices was ₹5,85,467 crore. The per capita income (2015-16) of the State at current prices stands at ₹1,64,462. General data relating to the State is given in **Appendix 1.1**.

Gross State Domestic Product (GSDP)

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

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

Particulars	2011-12*	2012-13*	2013-14*	2014-15*	2015-16**
India's GDP (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP (percentage)	..@	13.91	13.28	10.78	8.71
State's GSDP (₹ in crore)	3,64,048	4,12,313	4,62,916	5,19,896	5,85,467
Growth rate of GSDP (percentage)	..@	13.26	12.27	12.31	12.61

Source : Figures furnished by Economics and Statistics Department, Government of Kerala

*Consequent on the revision of the base year from 2004-05 to 2011-12 with effect from the current financial year, the GDP and GSDP figures for the years 2011-12 to 2014-15 have been revised.

**GDP and GSDP figures for the year 2015-16 are also with reference to the base year 2011-12.

@Growth rate of GDP and GSDP not indicated, since comparison with the year 2010-11 could not be made as the base year has been revised to 2011-12.

Growth rate of GSDP had shown marginal increase during the last three years, but it was less than the growth rate shown in 2012-13

1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment

of the fiscal position of the Government of Kerala as on 31 March 2016. It provides a broad perspective of the finances of the State during 2015-16 along with analysis of the 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 and form of Government Accounts have been explained in **Appendix 1.2 Part A** and the layout of the Finance Accounts is shown in **Appendix 1.2 Part B**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.3 Part A**. As per the Kerala Fiscal Responsibility Act, 2003 the State Government has to present a Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan, along with the budget document. The Medium Term Fiscal Plan for 2015-16 to 2017-18 was presented in the State Legislature in March 2015. It is included as **Appendix 1.3 Part B** of this report.

1.1.1 Summary of Fiscal Transactions during the current year

Table 1.2 presents the summary of the State Government's fiscal transactions during the current year (2015-16) vis-à-vis the previous year (2014-15). **Appendix 1.4 (Part A and Part B)** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of fiscal operations in 2015-16

(₹ in crore)

Receipts	2014-15	2015-16	Disbursements	2014-15	2015-16		
Section –A:Revenue					Non-plan	Plan	Total
Revenue Receipts	57950.47	69032.66	Revenue Expenditure	71746.43	66610.98	12078.49	78689.47
Tax Revenue	35232.50	38995.15	General Services	31432.75	35967.70	116.98	36084.68
Non-tax Revenue	7283.69	8425.49	Social Services	23718.11	20011.73	7591.56	27603.29
Share of Union Taxes/Duties	7926.29	12690.67	Economic Services	10197.57	6728.47	4369.95	11098.42
Grants from Government of India	7507.99	8921.35	Grants-in-aid and Contribution	6398.00	3903.08		3903.08
Section-B : Capital and Others							
Miscellaneous Capital Receipts	28.17	28.08	Capital Outlay	4254.59	981.56	6518.48	7500.04
Recoveries of Loans and Advances	123.74	152.63	Loans and Advances Disbursed	743.09	434.64	407.61	842.25
Public Debt Receipts	18509.17	19658.74	Repayment of Public Debt	5842.77			6060.73
Contingency Fund	67.39	0.00	Contingency Fund	..			..
Public Account Receipts	141521.71	168623.44	Public Account Disbursements	136242.59			162824.67
Opening Cash Balance	2279.82	1651.00	Closing Cash Balance	1651.00			3229.39
Total	220480.47	259146.55	Total	220480.47			259146.55

Source : Finance Accounts for 2014-15 and 2015-16

Following are the significant changes noticed during 2015-16 compared to the previous year.

- Revenue receipt of the State increased by ₹11082.19 crore (increase of 19.12 *per cent* over the previous year), mainly due to the increase in State's share of union taxes and duties (₹4,764.38 crore) and State's own tax revenue (₹3,762.65 crore).
- Revenue expenditure of the State recorded an increase of ₹6,943.04 crore (increase of 9.68 *per cent* over the previous year), mainly due to the increase in expenditure on General Services by ₹4,651.93 crore and Social Services by ₹3885.18 crore. This increase was partly offset by the decrease in expenditure on Grant-in-aid and Contributions to Panchayati Raj Institutions by ₹2,494.92 crore.
- Substantial increase of 76.28 *per cent* was noticed in capital expenditure of the State, which increased from ₹4,254.59 crore in 2014-15 to ₹7,500.04 crore in 2015-16.
- Cash balance position of the State also improved from ₹1,651 crore at the end of 2014-15 to ₹3,229.39 crore at the end of 2015-16.

1.1.2 Accuracy of estimation in Budget documents

The estimated statement of receipts and expenditure for a financial year mentioned in the Constitution as the 'Annual Financial Statement', commonly known as 'Budget', is prepared according to Article 202 of the Constitution of India and placed before the State Legislature by the Government. The budget is Government's most important economic policy tool, that translates Government's policies, commitments, goals into decisions on plans to raise the estimated revenue and how to use these funds to meet the State's competing needs. A budget system that functions well is crucial in developing sustainable fiscal policies and economic growth.

Comparison of State's budget estimates vis-à-vis actuals for the year 2015-16 is detailed in **Table 1.3**.

Table 1.3: Budget estimates and actuals for 2015-16

(₹ in crore)

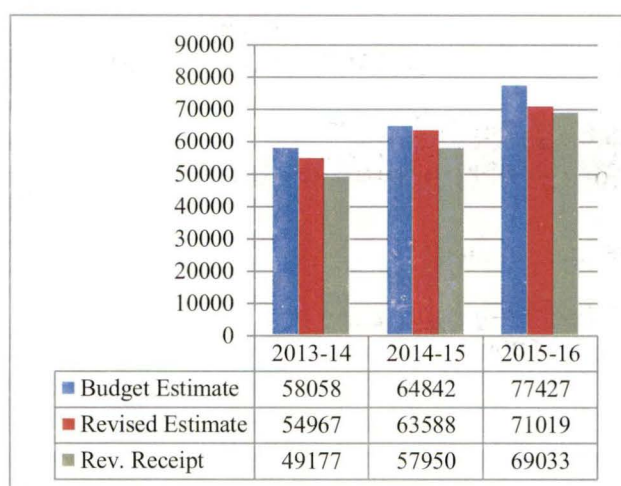
Particulars	Budget Estimate	Revised Estimate	Actual
Revenue Receipts	77427.20	71019.72	69032.66
Revenue Expenditure	85259.12	81834.21	78689.47
Revenue Deficit	7831.92	10814.49	9656.81
Capital Expenditure	9220.16	6206.21	7500.04
Loans and Advances (Net)	673.19	724.44	689.62
Public Debt (Net)	16509.49	14874.49	13598.01
Public Account (Net)	1207.06	2740.95	5798.77

Source : Budget in brief for 2016-17 and Finance Accounts for 2015-16

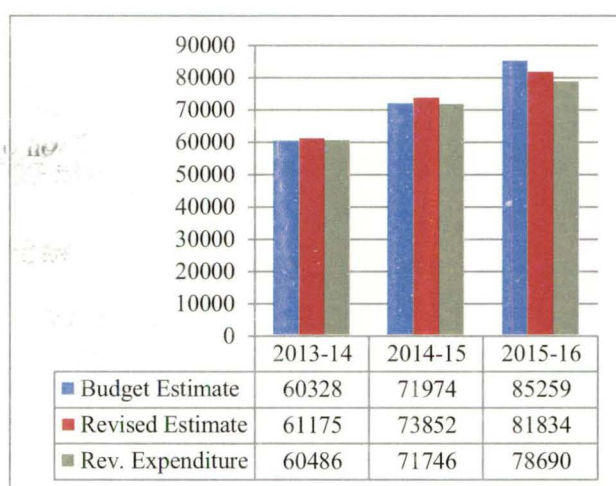
The revised estimation needs to be more accurate than the original budget estimation as it was done after analysing the receipts and expenditure of the first six months of the financial year. Though, there was variation in respect of actual revenue receipts and revenue expenditure (of about ₹2,000 crore and ₹3,000 crore respectively) against revised estimate, this variation was less than five per cent. However, variations in capital expenditure and net accretions in the Public Account with respect to the revised estimate were more than 20 per cent and 112 per cent respectively. The comparison of last three years budget estimate, revised estimate, actuals in respect of revenue receipt and revenue expenditure is given in **Chart 1.1**.

Chart 1.1 : Comparison of budget estimates and actuals

Revenue Receipts (₹ in crore)



Revenue Expenditure (₹ in crore)



1.1.3 Status of new schemes announced in the budget speech

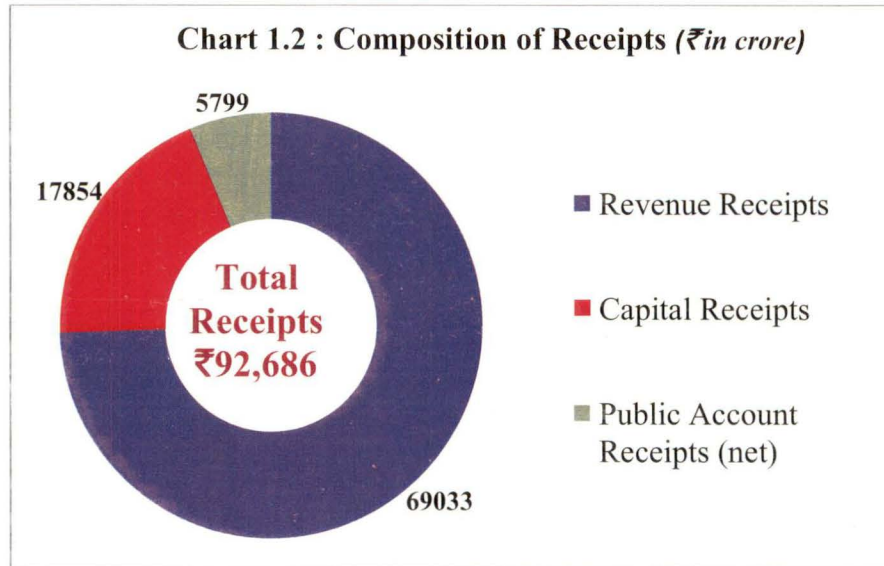
While presenting the budget, 82 new schemes were announced for implementation during the year 2015-16. However, budget allocations were made in 41 schemes and ₹1190.71 crore were incurred on the implementation of 23 schemes. Thus, majority of the schemes (59 schemes) announced in the budget speech remained in paper only at the end of the year.

1.2 Resources of the State

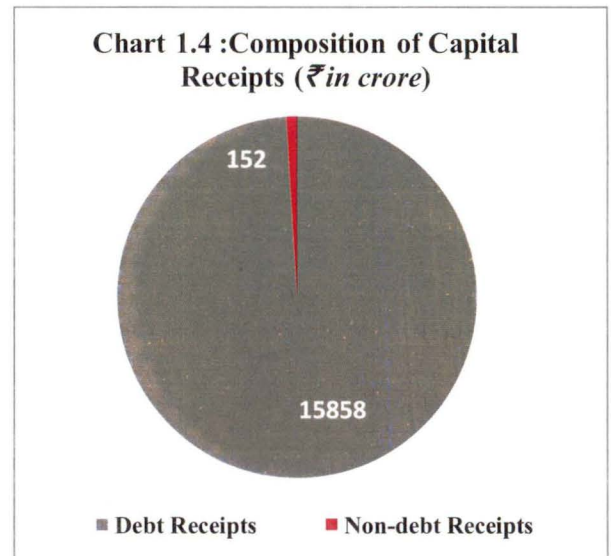
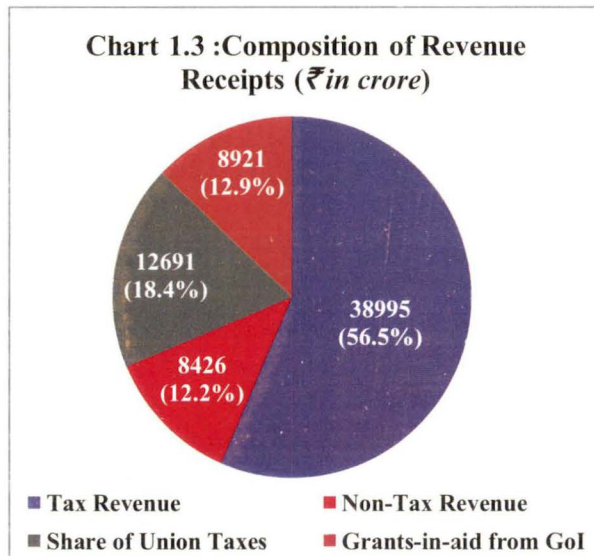
1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise of miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from other financial institutions/commercial banks) and loans and advances from GoI. The funds

available in the Public Accounts after disbursement are also utilised by the Government to finance its deficit. **Charts 1.2, 1.3 and 1.4** depict the composition of resources of the State during the current year.



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



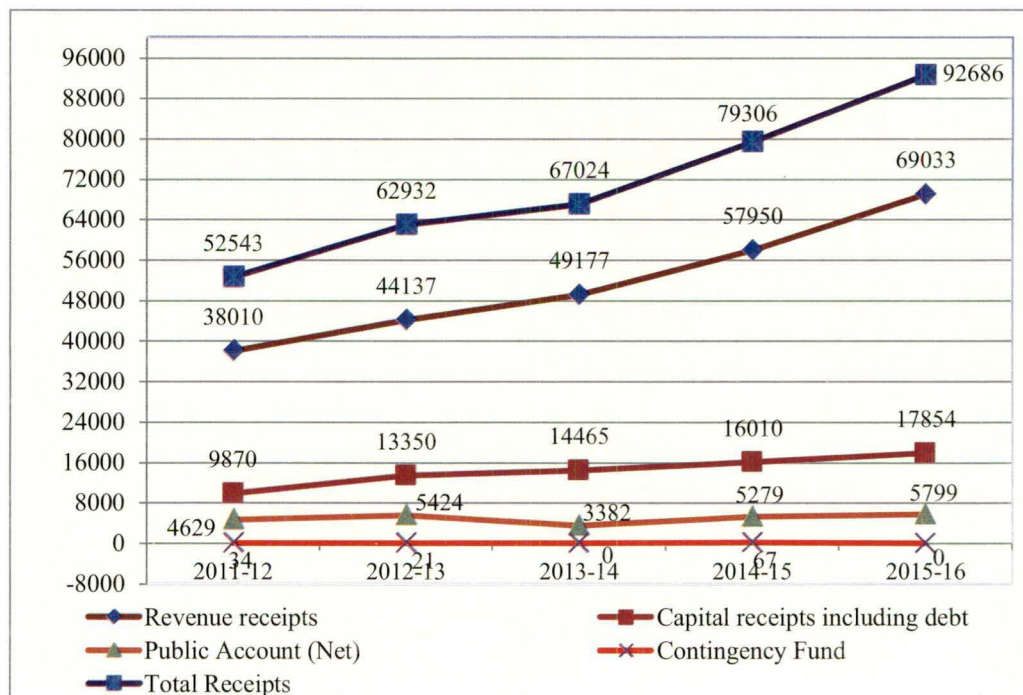
Capital Receipts of the State includes Debt Receipts and Non-debt receipts. Debt receipts consists of loans raised by the State from various sources (open market sources and financial institutions) and loans received from Government of India. Non-Debt receipts are receipts from Capital receipts (disinvestment of shares) and recovery of Loans and Advances disbursed by the State Government.

Total receipts¹ of the State Government increased from ₹52,543 crore in 2011-12

¹ Consists of Revenue receipts, Capital receipts (including Debt receipts but excluding Ways and Means advances) and Public Account receipts.

to ₹92,686 crore in 2015-16, showing an increase of 76.4 per cent during the last five years. Trend in total receipts and its components during the last five years is given in **Chart 1.5**.

Chart 1.5: Trends in total receipts during the last five years(₹ in crore)



1.2.2 Receipt and utilisation of GoI flagship programmes

State level implementing agencies are implementing flagship programmes of Government of India and sizeable amounts are passed on to them through State budget. Details of Central funds received and passed on to the implementing agencies along with the State shares during 2015-16 are given in **Appendix 1.6**. An amount of ₹3,450.16 crore (GoI share: ₹2,606.61 crore and State share: ₹843.55 crore) was released to the implementing agencies for 12 flagship programmes of GoI and at the end of March 2016 an amount of ₹677.86 crore remained unutilised with these agencies. The major portion of the unutilised balance belongs to Indira Awas Yojana (₹234.80 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹131.58 crore) and Sarva Shiksha Abhiyan (₹112.92 crore).

1.3 Revenue Receipts

Statement No. 14 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of central tax transfers and grants-in-aid from GoI.

During the last five years (2011-2016) revenue receipts of the State increased

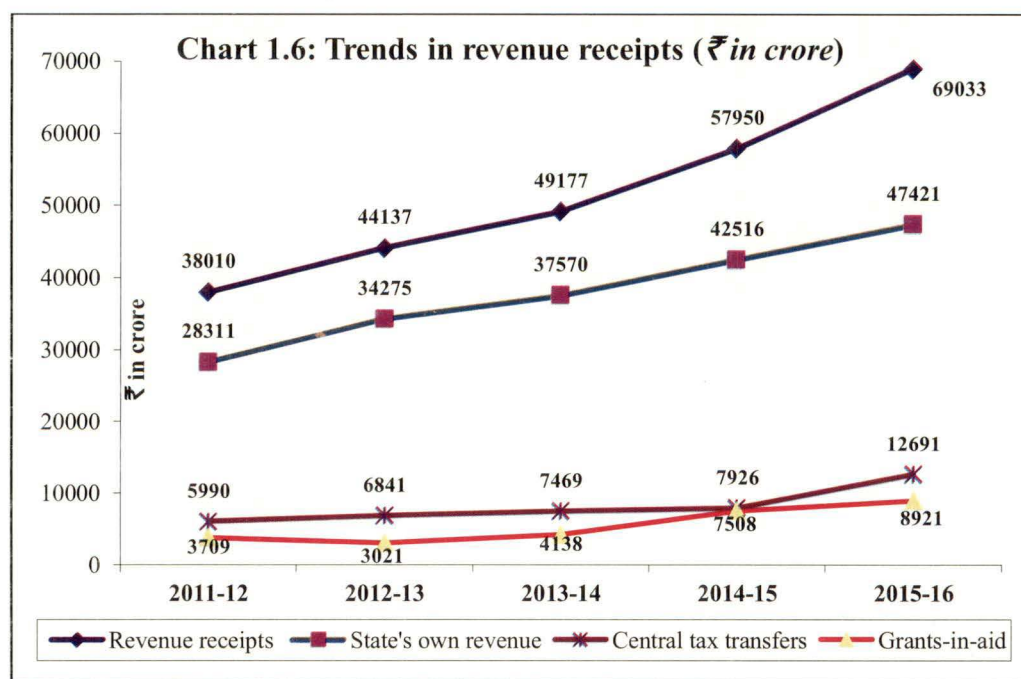
from ₹38,010 crore in 2011-12 to ₹69,033 crore in 2015-16, recording a growth of 82 per cent. Over these years State's own receipts (tax and non-tax) was the major component of the revenue receipts, but there was steady decline in its share in revenue receipts during the last four years from 78 per cent in 2012-13 to 69 per cent in 2015-16. This was mainly due to increase in the share of other components like central tax receipts and grants-in-aid from GoI and also due to reduced growth rate of State's own tax revenue, compared to the growth rate of revenue receipts. Share of own tax receipt in revenue receipt also showed decreasing trend during the last five years, decreasing from 68 per cent in 2011-12 to 57 per cent in 2015-16 (Table 1.5). The trend of revenue receipts over the period 2011-2016 is presented in Appendix 1.5 and also depicted in Chart 1.6.

As per Medium Term Fiscal Plan (MTFP) (Appendix 1.3 Part B), projected revenue receipts of the State during 2015-16 was ₹77,427 crore but the actual realisation was ₹69,033 crore. Variations in components of revenue receipts are shown in the table below;

Table 1.4 : Comparison of MTFP projections with amount realised

(₹ in crore)			
Components	Own Tax Revenue	Non-tax Revenue	Resources from GoI
MTFP projection	45428	8931	23068
Amount realised	38995	8426	21612

Table 1.4 shows that major shortfall occurred in the realisation of State's own taxes.



Compounded annual growth rate of the State for the two periods, i.e. 2006-07 to 2014-15 and 2014-15 to 2015-16 in respect of revenue receipts was compared with General Category States and it was observed that in both periods State's average was better than that of General Category States. (Details are given in **Appendix 1.1**)

The trends in revenue receipts relative to GSDP are presented in **Table 1.5**.

Table 1.5: Trends in revenue receipts relative to GSDP during 2011-2016

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	38,010	44,137	49,177	57,950	69,033
Rate of growth of RR (per cent)	22.65	16.12	11.42	17.84	19.13
State's own tax revenue (₹ in crore)	25,719	30,077	31,995	35,232	38,995
Rate of growth of own tax revenue (per cent)	18.40	16.94	6.38	10.12	10.68
Percentage of own tax revenue in RR	68	68	65	61	57
RR/GSDP (per cent) *	10.44	10.70	10.62	11.15	11.79
Revenue buoyancy w.r.t GSDP*	0.60	1.22	0.93	1.45	1.52
State's Own Tax Buoyancy w.r.t GSDP*	0.48	1.28	0.52	0.82	0.85

Source : Finance Accounts and information furnished by the Economics and Statistics Department, Government of Kerala

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

- The above table shows that the State had better growth in revenue receipts (19.13 per cent) and in State's own taxes (10.68 per cent) when compared with the previous year. Also, an increasing trend in growth rate of revenue receipts and tax revenue was noticed during the last three years.
- Revenue receipts to GSDP ratio showed an increasing trend during the last three years, indicating consistent growth of revenue receipt with respect to GSDP.
- Buoyancy of revenue receipts with respect to GSDP indicates the growth of revenue receipts with respect to growth of GSDP. During the last two years buoyancy was more than one, indicating better growth rate of State's revenue receipts compared to the growth rate of GSDP. However, buoyancy ratio of State's own tax with respect to GSDP was less than one during the last three years, which indicated reduced growth of State's own tax compared to the growth of GSDP. However, an improving trend was noticed during the last two years.

1.3.1 Own resources of the State

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in

mobilisation of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

Taxes collected and grants-in-aid received from GoI during the last five years are given in **Table 1.6**:

Table 1.6: Resources of the State during last five years

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Tax Revenue	25719	30077	31995	35232	38995
Non-tax Revenue	2592	4198	5575	7284	8426
Share of Union taxes /Duties	5990	6841	7469	7926	12691
Grants-in-aid from Government of India	3709	3021	4138	7508	8921
Total Revenue Receipts	38010	44137	49177	57950	69033

Source : Finance Accounts of respective years

The State's non-tax revenue receipts and grants-in-aid from GoI have increased substantially during the last five years. Increase in non-tax revenue was due to increase in receipts under State Lotteries during the last five years. Though, the tax revenue was the main source of revenue of the State, its increase was only 52 per cent as against an increase of 82 per cent in revenue receipts during the last five years.

1.3.1.1 Tax Revenue

The State's own tax revenue increased from ₹35,232 crore in 2014-15 to ₹38,995 crore in 2015-16. Marginal increase in its growth rate (10.7 per cent) was noticed during 2015-16, compared to the growth rate (10.1 per cent) shown in 2014-15. Various components of State's own tax revenue are given in **Table 1.7**.

Table 1.7: Components of own tax revenue

(₹ in crore)

Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16
Taxes on Sales, Trade etc.	18939	22511	24885	27908	30737
Stamps and Registration fees	2987	2938	2593	2659	2878
State Excise	1883	2314	1942	1777	1964
Taxes on Vehicles	1587	1925	2161	2365	2814
Land Revenue	61	122	89	139	182
Taxes on Agricultural income	43	19	22	9	2
Other Taxes	219	248	303	375	418
Total	25719	30077	31995	35232	38995

Source : Finance Accounts of respective years

Compared to 2014-15, all the major tax revenue sources of the State increased during 2015-16. As in the previous year, 'Taxes on Sales, Trade etc.' was the single largest source of the State's own tax revenue and it increased by ₹2,829

crore during 2015-16. This increase was mainly under 'Value Added Tax (VAT) Receipts' (₹1526 crore) and 'Receipts under the State Sales Tax Act' (₹1467 crore).

Tax revenue under 'Taxes on Vehicles' also recorded an increase of ₹449 crore during 2015-16 and this was under 'Receipts under the State Motor Vehicles Taxation Act' (₹246 crore), 'Other Receipts' (₹175 crore) and 'Receipts under Indian Motor Vehicles Act' (₹28 crore)

1.3.1.2 Non-tax Revenue

Receipts under 'State Lotteries' has been the major source (74 per cent) of non-tax revenue of the State for the last five years and an increase of 389 per cent was noticed during 2011-2016. Major sources of non-tax revenue of the State are given in Table 1.8.

Table 1.8: Components of non-tax revenue

(₹ in crore)					
Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16
Interest receipts	136	172	149	102	105
Dividends and profits	67	48	101	74	90
State Lotteries	1283	2674	3796	5445	6271
Forestry and Wildlife	221	237	330	300	283
Other non-tax receipts	885	1067	1199	1363	1677
Total	2592	4198	5575	7284	8426

Source : Finance Accounts of respective years

Though the receipts under State Lotteries was ₹6,271 crore, an equally high expenditure of ₹5,123 crore on distribution of prizes, agent commission, etc. reduced the net yield to ₹1,148 crore during the year.

1.3.2 Grants-in-aid from Government of India

Grants-in-aid from the GoI increased by ₹1,413 crore (19 per cent) from ₹7,508 crore in 2014-15 to ₹8,921 crore in 2015-16 as detailed in Table 1.9.

Table 1.9: Status of Grants-in-aid received from Government of India

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Non-plan grants	1433	657	1679	1984	5178
Grants for State plan schemes	904	1163	1154	4929	3406
Grants for Central plan schemes	74	60	87	158	170
Grants for Centrally sponsored schemes	1298	1141	1218	437	167
Total	3709	3021	4138	7508	8921

Source : Finance Accounts of respective years

Though the Grants-in-aid from GoI for 'Non-plan grants' increased from ₹1,984 crore to ₹5,178 crore, 'Grants for State plan schemes' reduced by ₹1,523 crore in

2015-16. This was mainly due to the reduced GoI assistance under Education, Health and Water supply programmes, compared to the previous year. Substantial increase (₹3,194 crore) under ‘Non-plan grants’ was on account of release of ₹4,640 crore as ‘Post Devolution Revenue Deficit Grant’ based on the recommendations of Fourteenth Finance Commission to the State Government. However, there was considerable reduction in release of grant-in-aid from GoI (as ‘Non-plan grants’) under ‘Grants under proviso to Article 275(1) of the Constitution’ based on the recommendations of Fourteenth Finance Commission. ‘Grants for Centrally sponsored plan schemes’ also decreased by ₹270 crore due to non-release of GoI grants for centrally sponsored plan scheme of Handloom Industries, Technical Education, Police, Social Security for unorganized, etc.

1.3.3 Grants-in-aid based on Finance Commission Award

State’s share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commissions. As per the recommendations of Thirteenth Finance Commission (ThFC) *inter se* shares of the State, on proceeds of Union Taxes was 2.34 *per cent* (2010-2015 period) and it was increased to 2.5 *per cent* in Fourteenth Finance Commission (FFC) recommendations. The first year of FFC award period was 2015-16 and variations in receipt of grant compared with the last year of Thirteenth Finance Commission award period is detailed in this section. Details of grants received, based on the recommendations of two Finance commissions are given in **Table 1.10**.

Table 1.10 : Comparison of ThFC and FFC award amounts

(₹ in crore)

Item of grant	Grant received as per ThFC award amount in 2014-15	Grant received as per FFC award amount in 2015-16	Increase/ Decrease
Share of Union taxes and duties	7926.29	12690.67	4764.38
Basic Grant for LSGIs	447.39	392.71	-54.68
Performance Grant for LSGIs	319.32	0.00	-319.32
State specific needs	451.89	0.00	-451.89
State Disaster Response Fund	127.50	138.75	11.25
Grants for other programmes	347.67	0.00	-347.67
Post devolution Revenue deficit grant	0.00	4640.00	4640.00
Total	9620.06	17862.13	8242.07

There was a substantial increase of ₹8,242.07 crore in the overall Grant received during 2015-16, compared to the last year of ThFC (2014-15). This increase was mainly under share of union taxes and duties (₹4,764.38 crore) and post devolution revenue deficit grant (₹4,640 crore).

1.3.4 Efficiency in Tax collection

The average expenditure on tax collection in respect of four major revenue sources of the State compared with all India average, during the last five years, is given in **Appendix 1.7**. It shows that, during the period from 2012-13 to 2014-15, in respect of two revenue sources, viz. Tax on Sales, Trade, etc., and Taxes on vehicles the State had better average on the tax collection expenditure, compared to all India average. However, in respect of other two major revenue sources, viz. Stamps (Non-judicial) and Registration fees and State Excise, average tax collection expenditure of the State was much higher than the all India average in all the years from 2011-12 to 2014-15. Further, the gap between average expenditure of the State and all India average in respect of State Excise is widening.

1.4 Capital Receipts

Capital receipts comprise of Miscellaneous Capital Receipts, Recovery of Loans and Advances released to government institutions and Public Debt Receipts. Trends in receipts under capital sector are detailed in **Table 1.11**.

Table 1.11: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of Receipts	2011-12	2012-13	2013-14	2014-15	2015-16
Capital Receipts (CR)					
Miscellaneous Capital Receipts	16	15	19	28	28
Recovery of Loans and Advances	55	74	104	124	153
Public Debt Receipts ²	9799	13261	14342	15858	17673
Internal Debt Receipts	9392	12709	13950	15106	17142
Loans and Advances from Gol	407	552	392	752	531
Total CR	9870	13350	14465	16010	17854
Rate of growth of debt capital receipts (per cent)	36.3	35.3	8.2	10.6	11.4
Rate of growth of CR (per cent)	36.0	35.3	8.4	10.7	11.5
Rate of Growth of GSDP(per cent) (*)	38.0	13.3	12.3	12.3	12.6
Buoyancy of Debt receipts w.r.t GSDP	1.0	2.7	0.7	0.9	0.9

Source : Finance Accounts of respective years

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

During the last three years capital receipts of the State Government increased steadily due to increase in Internal Debt receipts of the State Government and it was around 95 per cent of the capital receipts in all the last five years. However, during the last three years growth rate of debt receipts as well as capital receipts was less than the growth rate of GSDP which is a good indicator.

² Transactions under 'Ways and Means Advances' are excluded as they are not actual capital receipts.

1.4.1 Proceeds from disinvestment

As of March 2016, the State Government had invested ₹6,733.85 crore in Statutory Corporations, Government Companies, Joint Stock companies and Co-operatives and received ₹28.08 crore from retirement of capital/disinvestment of shares of co-operative societies/banks and accounted for under Miscellaneous Capital Receipts.

1.4.2 Recoveries of loans and advances

During the year, the State Government had released an amount of ₹842.25 crore as loans and advances to various institutions and an amount of ₹13,009.89 crore was outstanding under this head at the end of March 2016. Against this balance, principal amount recovered was ₹152.63 crore, which was only one *per cent* of the outstanding balance under loans and advances.

1.4.3 Public Debt receipts

Public Debt receipts of the State Government consist of funds raised from internal sources and loans and advances from GoI. As shown in **Table 1.11**, internal debt receipts was the main source of public debt receipts and it was around 95 *per cent* during the last five years. Internal Debt includes Open Market Borrowings, other borrowings from financial institutions like National Bank for Agriculture and Rural Development (NABARD), National Co-operative Development Corporation (NCDC), etc. and Special Securities issued to National Small Savings Fund (NSSF). Composition of Internal Debt during the last five years is given in **Table 1.12**.

Table 1.12: Composition of Internal Debt

(₹ in crore)

Sources of Internal Debt	2011-12	2012-13	2013-14	2014-15	2015-16
Open Market Borrowings	8880.00	11582.99	12800.00	13200.00	15000.00
NABARD	457.00	410.02	501.25	551.37	600.00
NCDC	0.00	0.00	0.00	222.16	39.13
NSSF	0.00	630.04	565.14	1132.10	1455.20
Others	54.81	85.84	83.85	0.00	47.25
Total	9391.81	12708.89	13950.24	15105.63	17141.58

During the last five years share of open market borrowings in internal debt varied between 87 *per cent* and 94 *per cent*. Also, State's open market borrowings increased from ₹8,880 crore to ₹15,000 crore, recording an increase of 69 *per cent* during the period. Consequently, internal debt steadily increased from ₹9,392 crore in 2011-12 to ₹17,142 crore in 2015-16.

During 2015-16, loans and advances from GoI decreased by ₹221 crore, compared to 2014-15. However, ₹50 crore availed (in 2014-15) by the State from GoI for construction of houses for houseless tribals was not reflected in the accounts as it was released directly to Director of Scheduled Tribes Development. This resulted in understatement of GoI loans to that extent.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution. Here, the Government acts as banker and the balance after disbursement is the fund available with the Government for use for various activities.

Table 1.13: Net receipts under Public Account heads

	(₹ in crore)				
Resources under various heads	2011-12	2012-13	2013-14	2014-15	2015-16
Public Account receipts					
a. Small Savings, Provident Fund etc.	3839.05	3685.54	4231.86	3764.77	8332.07
b. Reserve Fund	146.93	-145.58	78.02	66.00	64.90
c. Deposits and Advances	-51.47	1140.93	187.43	1364.50	-3280.29
d. Suspense and Miscellaneous	852.37	712.44	-946.60	57.90	774.28
e. Remittances	-157.40	30.49	-168.48	25.95	-92.19
Total	4629.48	5423.82	3382.23	5279.12	5798.77

Source : Finance Accounts of respective years

The above table shows that during 2015-16 an amount of ₹5,798.77 crore has been added to the existing balance of the Public Account. This was ₹519.65 crore more than additions (₹5,279.12 crore) during 2014-15. Substantial net addition of ₹8,332.07 crore under the sector 'Small Savings, Provident Fund, etc.', was mainly due to the accumulations of ₹5,615.38 crore occurred under '8031-102-State Savings Bank Deposits'. These accumulations under public account are utilised by the State Government for covering their fiscal deficit.

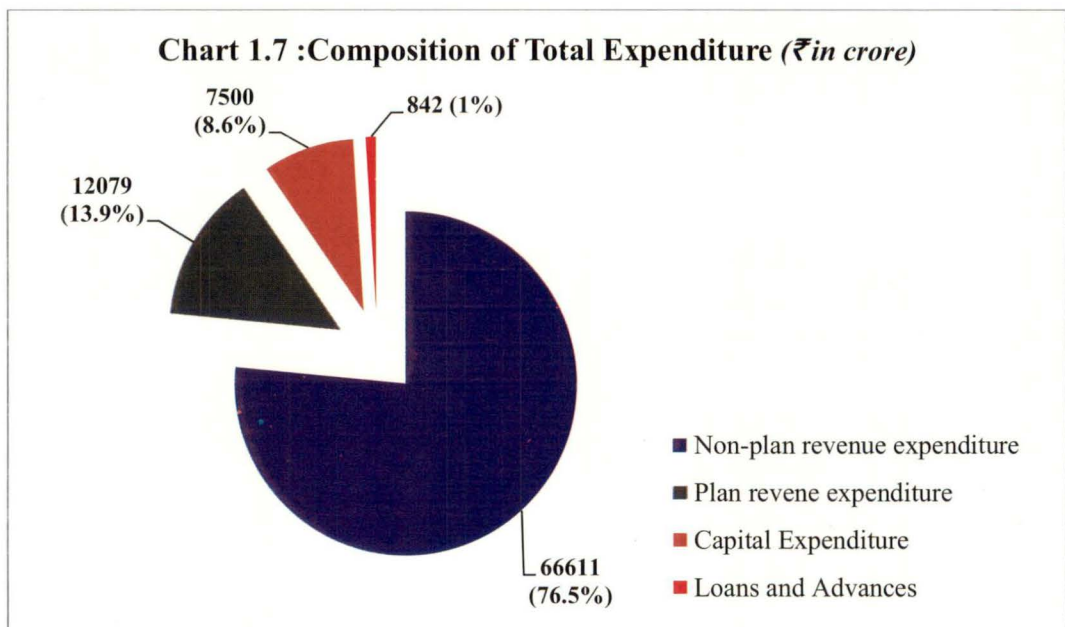
1.6 Application of Resources

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

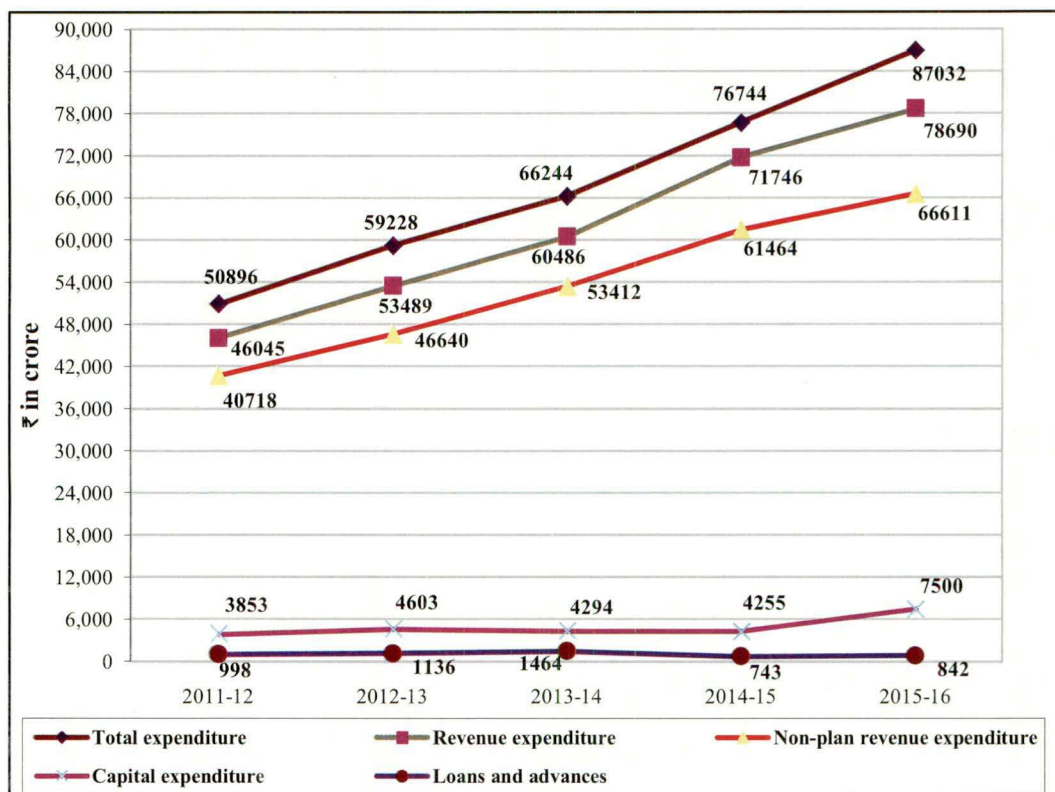
1.6.1 Growth and Composition of Expenditure

The trends in total expenditure (aggregate of revenue, capital and loans and advances expenditure) and 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 1.8** presents the trends in total expenditure of the State Government over a period of five years (2011-12 to 2015-16).

Total expenditure of the State for 2015-16 was ₹87,032 crore, out of which ₹78,690 crore (90.4 *per cent*) was revenue expenditure. Composition of total expenditure during 2015-16 is given in **Chart 1.7** below.



During the last five years, the total expenditure of the State increased by 71 *per cent* from ₹50,896 crore in 2011-12 to ₹87,032 crore in 2015-16. Out of the three components of total expenditure, revenue expenditure showed a similar growth rate of 71 *per cent* but capital expenditure showed the growth rate of 95 *per cent* due to substantial increase in capital expenditure during 2015-16.

Chart 1.8: Total expenditure: trends and composition


The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are given in **Table 1.14**.

Table 1.14: Total expenditure – basic parameters

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Total expenditure (TE) (₹ in crore)	50896	59228	66244	76744	87032
Rate of growth (<i>per cent</i>)	31.2	16.4	11.8	15.9	13.4
TE/GSDP ratio (<i>per cent</i>) ^(*)	14.0	14.4	14.3	14.8	14.9
RR/TE ratio (<i>per cent</i>)	74.7	74.5	74.2	75.5	79.3
Buoyancy of TE with reference to:					
GSDP (ratio) ^(*)	0.8	1.2	1.0	1.3	1.1
RR (ratio)	1.4	1.0	1.0	0.9	0.7

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

Table 1.14 shows that

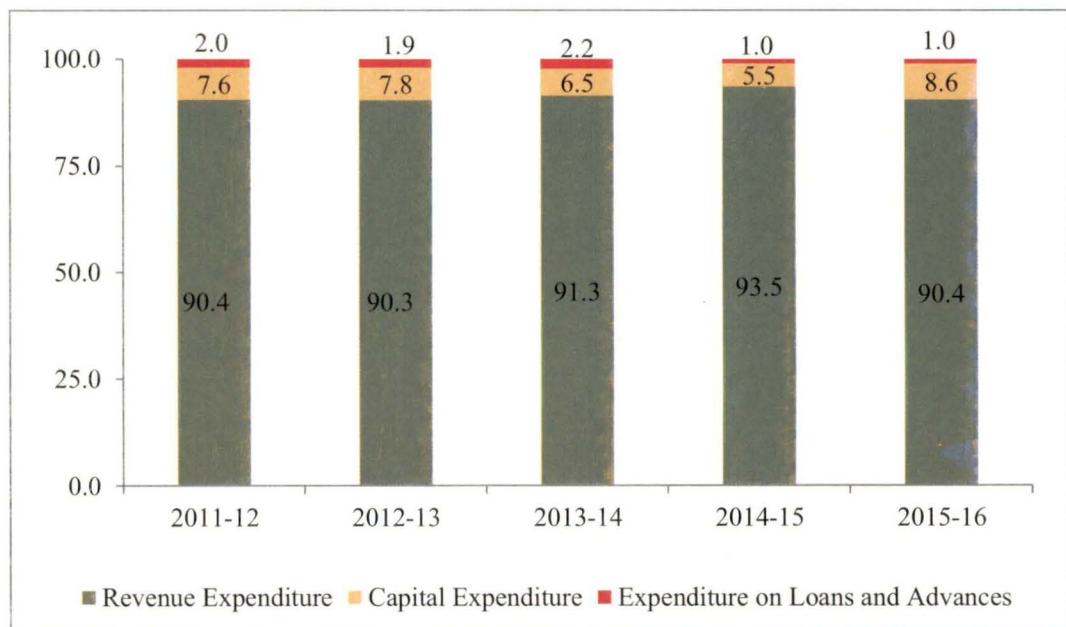
- During last five years (2011-2016) ratio of total expenditure to GSDP was steady and ranged between 14 to 15 *per cent*, but showed a slight increasing trend during the last two years, which indicated increased

growth of total expenditure compared to GSDP.

- Revenue receipts to total expenditure ratio also showed an increasing trend during the last two years, which indicate that revenue receipts had better growth than the total expenditure during the period.
- During the last two years, the Buoyancy of the total expenditure with respect to GSDP was more than one, which indicated higher growth rate of total expenditure compared to GSDP during 2014-2016.
- Buoyancy of total expenditure with revenue receipt showed declining trend during the last five years and it was less than one during last two years, which indicated better growth rate of revenue receipts compared to total expenditure.

Trend in share of various components of total expenditure is given in **Chart 1.9**.

Chart 1.9 : Share of various expenditure in total expenditure



Compounded annual growth rate of total expenditure of the State for the two periods, i.e. 2006-07 to 2014-15 and 2014-15 to 2015-16 was compared with General Category States and it was observed that in the first period State's average was slightly higher than General Category States but in the second period it was much less than General Category States. (Details are given in **Appendix 1.1**)

1.6.2 Trends in total expenditure in terms of activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social

and Economic Services, grants-in-aid and loans and advances. Relative shares of different components of total expenditure are given in **Table 1.15**.

Table 1.15: Components of expenditure – relative shares

Particulars	(in per cent)				
	2011-12	2012-13	2013-14	2014-15	2015-16
General Services	40.2	38.7	40.4	41.1	41.8
<i>of which, Interest Payments</i>	12.4	12.2	12.5	12.7	12.8
Social Services	33.0	32.8	32.6	32.0	32.9
Economic Services	18.1	19.8	17.3	17.5	19.9
Grants-in-aid	6.7	6.8	7.5	8.4	4.4
Loans and Advances	2.0	1.9	2.2	1.0	1.0

Table 1.15 reveals that:

- Relative share of three components of total expenditure, viz. General Services, Social Services and Economic Services increased during 2015-16, compared to the previous year. Out of this share of General Services showed an increasing trend during the last four years.
- Share of interest payments in total expenditure also increased during the last four years indicating increasing burden of interest payment due to increase in borrowings.
- There was an increasing trend in State's devolution of funds (Grant-in-aid) to Panchayati Raj institutions for the period from 2011-12 to 2014-15, but decreased during the year 2015-16 due to State Government's decision to delay the transfer of funds till the utilisation of funds already released to the institutions in previous years.
- Relative share of loans and advances in total expenditure was only one *per cent* during the last two years, due to decrease in release of loans and advances by the State Government.

1.6.3 Revenue Expenditure

During 2015-16, revenue expenditure recorded an increase of ₹6,944 crore (9.7 *per cent*), compared to the previous year. However, this increase was lowest during the last five year period in terms of percentage as well as value. The increase in revenue expenditure was mainly due to increase in expenditure under the major heads 'Pension and Other Retirement Benefits' (₹1,810 crore), 'Interest Payments' (₹1,341 crore), 'Social Security and Welfare' (₹1,288 crore), 'General Education' (₹1,088 crore), 'Miscellaneous General Services'³ (₹876 crore), Special Programmes for Rural Development (₹561 crore), etc.

1.6.3.1 Incidence of revenue expenditure

During the last five years, the share of revenue expenditure to maintain the current

³ Includes ₹638 crore towards increase in expenditure under 'State Lotteries'

level of services and payment for past obligations was between 90 and 94 *per cent*. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.16**.

Table 1.16: Revenue expenditure – basic parameters

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue expenditure (RE)	46045	53489	60486	71746	78690
Non-plan revenue expenditure (NPRE)	40718	46640	53412	61464	66611
Plan revenue expenditure (PRE)	5327	6849	7074	10282	12079
Rate of Growth of					
RE (<i>per cent</i>)	32.8	16.2	13.1	18.6	9.7
NPRE (<i>per cent</i>)	33.6	14.5	14.5	15.1	8.4
PRE (<i>per cent</i>)	27.0	28.6	3.3	45.3	17.5
Revenue expenditure as percentage to TE	90.5	90.3	91.3	93.5	90.4
NPRE/GSDP (<i>per cent</i>) ^(*)	11.2	11.3	11.5	11.8	11.4
NPRE as percentage of TE	80.0	78.7	80.6	80.1	76.5
NPRE as percentage of RR	107.1	105.7	108.6	106.1	96.5
Buoyancy of revenue expenditure with					
GSDP (ratio) ^(*)	0.9	1.2	1.1	1.5	0.8
Revenue receipts (ratio)	1.4	1.0	1.1	1.0	0.5

Source : Finance Accounts of respective years

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

Table 1.16 reveals the following;

- During the last five years, RE and NPRE had shown a growth of 71 *per cent* and 64 *per cent* respectively. But PRE increased by 127 *per cent* which is a positive sign.
- NPRE as a percentage of GSDP was steady during the last five years, but NPRE as a percentage of TE showed a declining trend from 2014-15 and it was lowest during 2015-16, which is a positive sign.
- The buoyancy of RE with GSDP and RR was less than one which indicate that growth rate of revenue expenditure is less than the growth rate of GSDP and RR. This is also a positive sign on state finances.
- During the last five years NPRE as percentage of RR was more than 100 except during 2015-16 and this was due to increase in RR compared to increase of NPRE.

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

The trends of the committed expenditure of the State Government during 2011-12 to 2015-16 is given in **Table 1.17**.

Table 1.17: Components of committed expenditure

(₹ in crore)

Components of committed expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actuals
Salaries* and Wages,	16229	17505	19554	21621	26873	23757
Non-plan head	15681	16939	18954	20977	25965	23075
Plan heads**	548	566	600	644	908	682
Interest payments (MH 2049)	6294	7205	8265	9770	10952	11111
Expenditure on pensions (MH 2071)	8700	8867	9971	11253	13172	13063
Subsidies	1014	1268	1279	1252	852	1372
Total	32237	34845	39069	43896	51849	49303
Revenue Expenditure	46045	53489	60486	71746	85259	78690
Revenue Receipts	38010	44137	49177	57950	77427	69033
Percentage of committed expenditure to Revenue expenditure	70	65	65	61	61	63
Percentage of committed expenditure to Revenue receipts	85	79	79	76	67	71
* 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						

Source : Finance Accounts of respective years

The share of committed expenditure in revenue expenditure has increased during 2015-16, compared to previous year. However, as a percentage of revenue receipts, it decreased steadily during the last five years which indicated better growth of revenue receipts compared to the committed expenditure.

During 2015-16, expenditure on interest payments and pensions showed growth rate of 14 per cent and 16 per cent respectively and this was more than the growth rate shown by revenue expenditure (10 per cent). However, growth rate of salaries was similar to that of revenue expenditure. Due to increase in borrowings (more than ₹10,000 crore every year), the burden of interest payments of the State also increased and it consumed more than 16 per cent of the revenue receipt during the last five years. Similarly, pension payments consumed more than 20 per cent of the revenue receipts during 2011-12 to 2013-14 and around 19 per cent during the last two years.

1.6.4 Subsidies

The subsidies (₹1,372 crore) given during 2015-16 were ₹120 crore more than subsidies (₹1,252 crore) given in the previous year. These mainly include amount given to Food Corporation of India in respect of reimbursement of price difference of ration rice and wheat (₹649 crore), for Paddy procurement through Kerala State Civil Supplies Corporation (₹358 crore), grant to Kerala State Civil

Supplies Corporation Limited for market intervention (₹99 crore) and subsidy to Co-operatives for conducting festival markets (₹60 crore).

1.6.5 Financial assistance to Local Bodies and Other Institutions

The assistance provided by the Government as grants and loans to local bodies, educational institutions, Government companies, Welfare Fund Boards, etc., during the current year relative to the previous years is presented in **Table 1.18**.

Table 1.18: Financial assistance to local bodies, educational institutions, etc.
(₹ in crore)

Financial Assistance to Institutions	2011-12	2012-13	2013-14	2014-15	2015-16
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	5605.77	6204.36	6934.56	7769.01	8409.89
Municipal Corporations and Municipalities	1073.78	1177.77	1358.09	1836.39	1405.77
Zilla Parishads and Other Panchayati Raj Institutions	4203.98	5279.31	6421.60	8423.74	7767.62
Development Agencies	5.50	5.15	6.42	6.23	5.91
Hospitals and Other Charitable Institutions	144.46	153.33	94.19	305.76	407.60
Other Institutions ⁴	1065.96	896.42	1323.46	1602.60	2104.35
Total	12099.45	13716.34	16138.32	19943.73	20101.14
Assistance as percentage of revenue expenditure	26	26	27	28	26

Source: Finance Accounts and information received from the State Government

The financial assistance to local bodies and other institutions increased from ₹12,099.45 crore in 2011-12 to ₹20,101.14 crore in 2015-16. The table above shows that though the aggregate financial assistance increased during 2015-16 the percentage of assistance with reference to revenue expenditure decreased to 26 per cent from 28 per cent in 2014-15.

1.7 Quality of Expenditure

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

⁴ Major institutions under 'Other institutions' are Kerala Water Authority (₹523.40 crore), Loans to Kerala State Road Transport Corporation (₹214.40 crore), IT-Cyber Park-Land acquisition (₹145.84 crore), Kerala Social Security Mission (₹124.58 crore), State Council for Science, Technology & Environment (₹106.65 crore), Kudumbasree (₹75 crore), Contribution to Fishermen Welfare Fund (₹54.63 crore), Kerala State Information Technology Mission (₹53.34 crore), Kerala Sports Council (₹49.60 crore) and Welfare fund for Cashew workers (₹40.56 crore).

1.7.1 Adequacy of public expenditure

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.19** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2012-13 and 2015-16.

Table 1.19: Fiscal priority of the State in 2012-13 and 2015-16

(in per cent)

Fiscal Priority by the State*	TE/ GSDP	DE[#]/ TE	SSE/ TE	CE/ TE	Education/ TE	Health/ TE
General Category States' Average, 2012-13	14.14	70.03	38.47	13.70	17.72	4.72
Kerala's Average, 2012-13	14.36	54.24	33.74	7.77	17.52	5.48
General Category States' Average, 2015-16	16.05	70.63	36.29	14.89	15.63	4.45
Kerala's Average, 2015-16	14.87	53.52	33.01	8.62	16.23	5.48
* As per cent to GSDP TE: Total Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure.						
# Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed (Social and Economic sector).						

Table 1.19 shows that;

- In 2015-16 State's share of expenditure on education and health in total expenditure is higher than General Category States (GCS), indicating State Government's priority in these services. But in respect of development expenditure, social sector expenditure and capital expenditure, State's performance was poor compared to GCS.
- In respect of development expenditure and capital expenditure, while GCS improved their position in 2015-16 compared to 2012-13, State could improve its position only in capital expenditure.

Drop in share of development expenditure and social sector expenditure in total expenditure needs to be addressed.

1.7.2 Efficiency of expenditure

It is important for the State to take appropriate expenditure rationalisation measures and incur public expenditure on development heads from the point of view of social and economic development. Development expenditure comprised of revenue expenditure, capital expenditure and loans and advances in socio-

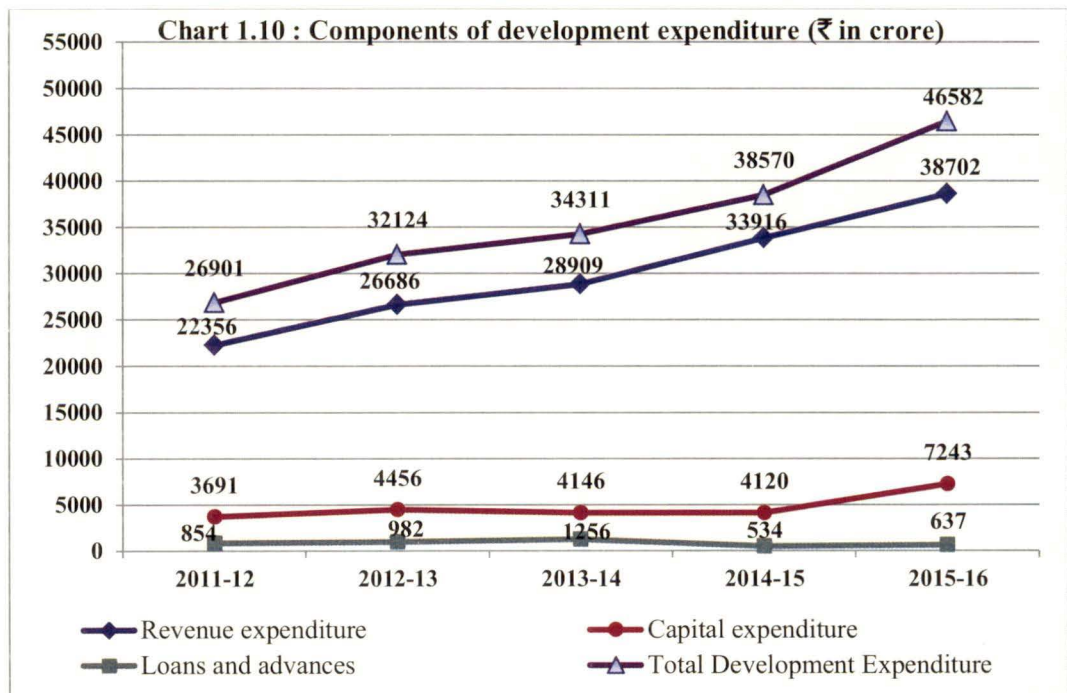
economic services. **Table 1.20** presents the trends in development expenditure relative to the total expenditure of the State during last five years. **Chart 1.10** presents component-wise development expenditure during 2011-12 to 2015-16.

Table 1.20: Development expenditure

		(₹ in crore)				
Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
Development Expenditure (a to c)						
a. Revenue expenditure	22356 (43.9)	26686 (45.1)	28909 (43.6)	33916 (44.2)	38702 (44.5)	
b. Capital expenditure	3691 (7.3)	4456 (7.5)	4146 (6.3)	4120 (5.4)	7243 (8.3)	
c. Loans and advances	854 (1.7)	982 (1.7)	1256 (1.9)	534 (0.7)	637 (0.7)	
Total Development Expenditure	26901 (52.9)	32124 (54.2)	34311 (51.8)	38570 (50.3)	46582 (53.5)	
Total Expenditure	50896	59228	66244	76744	87032	

Source: Finance Accounts of respective years
Figures in parenthesis are its share in total expenditure

During 2015-16 growth rate of total expenditure was 13.4 per cent but the growth rate of development expenditure was 20.8 per cent, which is encouraging. Though 53.5 per cent of total expenditure was utilised for development expenditure, major share (44.5 per cent) was that of revenue expenditure, which indicated predominance of revenue expenditure items in development expenditure. However, the share of capital expenditure in total development expenditure during 2015-16 was 8.3 per cent and it was the highest during the last five year period (**Table 1.20**).



Development expenditure increased from ₹26,901 crore in 2011-12 to ₹46,582 crore in 2015-16, recording an increase of 73 per cent in five years. Over the years share of revenue expenditure in development expenditure was around 83 per cent (except during 2014-15, when it was 88 per cent), indicating lower priority given to capital expenditure for development during the period.

Revenue expenditure on development also increased by 73 per cent (similar to that of development expenditure) during the last five years increasing from ₹22,356 crore in 2011-12 to ₹38,702 crore in 2015-16. In 2015-16 revenue expenditure on development increased by ₹4786 crore (14 per cent) due to increase in expenditure under Social Services (₹3,885 crore) and Economic Services (₹901 crore). Out of ₹38,702 crore expenditure under Social and Economic Services, ₹18,456 crore (48 per cent) was incurred on salaries and wages.

In Social Services, this increase was mainly under the sub-sectors ‘Social Welfare and Nutrition’ (₹1340 crore), ‘Education, Sports, Art and Culture’ (₹1330 crore) and ‘Health and Family Welfare’ (₹516 crore). In Economic Services, increase was mainly under ‘Agriculture and Allied Activities’ (₹477 crore) and ‘Transport’ (₹220 crore).

Capital expenditure on development increased by ₹3123 crore mainly due to increase of ₹2964 crore under Economic sector, during 2015-16. Increase in Economic Sector was mainly under the sub-sectors ‘Transport’ (₹1422 crore) and ‘Other General Economic Services’ (₹826 crore).

1.7.3 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31 March 2016 is given in **Table 1.21**.

Table 1.21: Status of incomplete projects in the State

(₹ in crore)				
Sl. No	Name of the department/project	No. of incomplete projects/works	Initial budgeted cost	Cumulative actual expenditure as on 31 March 2016
1.	Irrigation Department – (Irrigation and Minor Irrigation Works)	17	189.28	146.40
2.	Public Works Department – (Roads)	101	695.94	448.31
3.	Public Works Department – (Bridges)	64	470.87	303.60
4.	Public Works Department – (Buildings)	75	335.97	234.41
5.	Harbour Engineering Department	6	59.49	65.77
	Total	263	1751.55	1198.49

Source: Appendix IX of Finance Accounts 2015-16

As per the Finance Accounts 2015-16, there was a delay in completion of the 263 projects/works and this would result in time overrun and cost overrun, besides denying the desired benefit to the beneficiaries.

1.8 Financial Analysis of Government Investments, Loans and advances

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

1.8.1 Investment and returns

As of 31 March 2016, the State Government had invested ₹6,733.85 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (**Table 1.22**). The average return on these investments was 1.4 *per cent* in the last five years while the Government paid an average interest rate of 7.2 *per cent* on its borrowings during 2011-12 to 2015-16.

Table 1.22: Return on investments

Investment/Return/Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year (₹ in crore)	4206.43	4511.03	5623.61	6085.13	6733.85
Return (₹ in crore)	67.44	48.15	100.58	74.18	90.23
Return (<i>per cent</i>)	1.6	1.1	1.8	1.2	1.3
Average rate of interest on Government borrowing (<i>per cent</i>)	7.2	7.1	7.1	7.3	7.3
Difference between interest rate and return (<i>per cent</i>)	5.6	6.0	5.3	6.1	6.0

Source: Finance Accounts of the State Government

During 2015-16, State Government had invested ₹26.14 crore in Statutory Corporations, ₹430.49 crore in Government Companies, ₹77.22 crore in Co-operative Banks and Societies and ₹126.74 crore in other Joint Stock Companies.

1.8.2 Government investment in PSUs, Joint Stock Companies, etc

The State Government has been making investment in Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks and

Societies, etc., in the form of share capital contribution and value of land assigned. At the end of March 2016 Government investment in these institutions stood at ₹6692.59 crore⁵. Institution-wise investments are given in **Table 1.23**.

Table 1.23 : Institution-wise Government investment

(₹ in crore)

Type of institutions	Investment at the end of March 2016
Statutory Corporations	977.87
Government Companies	4143.68
Joint Stock Companies	246.89
Co-operative Banks and Societies	1324.15
Total	6692.59

Source: Finance Accounts 2015-16

Though the investments are expected to give some financial return (in the form of dividends), returns from these investments were less than two *per cent* during the last five years as shown in **Table 1.22**.

A review was conducted on investment made by Government during the last five years. During the last five years share capital investment of the Government increased by ₹2,926.33 crore (from ₹3,807.52 crore in the beginning of 2011-12 to ₹6,733.85 crore at the end of 2015-16). Out of this direct cash investment was ₹2,788.34 crore⁶, the rest being value of loans (granted to the institutions) converted into share capital.

It was observed in audit that;

- (i) Out of the cash investment of ₹2,297.55 crore, ₹500.06 crore (22 *per cent*) was made in 18 loss making Government companies/Corporations and ₹1209.55 crore (53 *per cent*) in seven newly formed Companies/Corporations. Consequently, no benefit accrued to Government from these investments during the last five years.
- (ii) ₹96.70 crore invested in Kerala State Cashew Development Corporation (KSCDC) during the period 2013-14 to 2015-16 was for modernisation and partial mechanization of cashew factories of KSCDC. Later on Government permitted the company to utilise the fund for working capital, payment of onam bonus, urgent market operations, restarting functioning of the Corporation, etc. Thus the purpose of the investment was defeated.

⁵ Excludes ₹31.20 crore being the expenditure incurred for equity participation in Smart City Project, ₹0.01 crore being expenditure incurred for State institute for Hotel Management at Kottayam, ₹3.55 crore being expenditure incurred for setting up of Electronic Fabrication Laboratory, ₹1.50 crore being seed capital for NBCFDC and NMDFC schemes and ₹5 crore being capital assistance given to companies producing Neera.

⁶ ₹2,297.55 crore in Government Companies/Corporations, Joint stock companies and ₹490.79 crore in Co-operatives

- (iii) ₹59.18 crore invested in five⁷ companies between 2011-12 and 2015-16 were kept unutilized (August 2016) due to delay in land acquisition, procedural delays, etc. Hence, the benefits that would have been gained from their operations didn't materialize.
- (iv) An amount of ₹193.18 crore invested in two⁸ PSUs during 2011-12 to 2015-16 for various projects was not included as share capital investment of Government in their accounts. Non-treatment of the amount as investment may lead to non-transfer of benefits that may accrue to that PSUs in future to the Government.
- (v) During the period 2011-12 to 2015-16 Government had invested an amount of ₹79 crore in Kerala State Information Technology Infrastructure Limited. Besides this cash investment, ₹56.97 crore was treated as investment in-lieu of the land allotted to the PSU for creating IT infrastructure. Since lease rent collected from IT parks was the main source of income of the PSU, failure on the part of the PSU to collect lease rent by executing proper agreements with IT Parks denied any returns to Government.
- (vi) During 2011-12 to 2015-16, Government had permitted conversion of loan amount of ₹119.89 crore, disbursed (in earlier years) to five⁹ Government Companies, into share capital. This was done to revive sick companies on the assumption that the companies would make profit and Government would get some returns. However, the companies continued in loss.
- (vii) Sanction was accorded by the Government to convert loan amount of ₹2694.34 crore disbursed to seven¹⁰ PSUs in earlier years as investment. However, the same was yet to be adjusted in Government accounts.
- (viii) The investments of Government are classified under the minor heads '190' and '195' below the functional major/sub major heads concerned. But ₹72.32 crore was released to two¹¹ PSUs through the minor head '800 Other Expenditure' and revenue expenditure head. Though this amount has been treated as investment in PSUs account, wrong classification of investment amount caused non-exhibition of the same as investment in Government accounts. Similarly, loan amount of ₹38.96 crore released to

⁷ Kerala State Housing Development Finance Corporation Limited, Kerala Tourism Development Corporation Limited, Kerala State Information Technology Infrastructure Limited, Kerala Shipping and Inland Navigation Corporation Limited and Kerala State Industrial Development Corporation Limited.

⁸ Kerala State Industrial Development Corporation Limited and Kerala Tourism Infrastructure Limited.

⁹ Kerala Electrical and Allied Engineering Company Limited, Traco Cable Company Limited, Kerala Ceramics Limited, Kerala State Electronics Development Corporation Limited and Kerala State Textile Corporation Limited.

¹⁰ Kerala State Electricity Board Limited, Traco Cable Company Limited, Kerala Electrical and Allied Engineering Company Limited, Kerala State Film Development Corporation Limited, Meat Products of India Limited, The Travancore Cements Limited and Kerala State Road Transport Corporation.

¹¹ Kerala State Road Transport Corporation and Infrastructure Kerala (INKEL) Limited

two¹² PSUs was erroneously released through investment head, but not reclassified till date.

It was ascertained (June 2016) from State Government whether the Government has any policy for making share capital investments in PSUs, Government Companies, etc., but no reply had been furnished till date (November 2016).

1.8.3 Loans and advances by the State

In addition to investments in Co-operative Societies, Statutory Corporations and Government Companies, the Government has also been providing loans and advances to many institutions. **Table 1.24** presents the outstanding loans and advances as on 31 March 2016 and interest receipts during the last five years.

Table 1.24: Details of loans and advances during the last five years

(₹ in crore)

Quantum of Loans/Interest Receipts/Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Opening balance	8461 ¹³	9394 ¹⁴	10360 ¹⁵	11713 ¹⁶	12320 ¹⁷
Amount advanced during the year	998	1136	1464	743	842
Amount repaid during the year	55	74	103	124	152
Closing balance	9404	10456	11721	12332	13010
Net addition	943	1062	1361	619	690
Interest receipts	23	19	21	27	32

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31 March 2016 increased by ₹690 crore compared to those of the previous year. The major disbursement of loans and advances during the current year was to the Kerala State Road Transport Corporation (₹214 crore), Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹81 crore), Kerala Co-operative Textile Federation (₹68 crore) and House building advance to State Service Officers (₹195 crore). Interest received against these loans remained less than one *per cent* during the period 2011-12 to 2015-16 and was 0.2 *per cent* during 2015-16 as against the average cost of borrowing of 7.3 *per cent* during the year.

¹² Kerala State Industrial Development Corporation Limited ₹25 crore in 2010-11 and Kerala State Textile Corporation Limited ₹13.96 crore in 2012-13.

¹³ Difference of ₹ six crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (Z) of Statement no.16 of Finance Accounts 2011-12.

¹⁴ Difference of ₹10 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no.16 of Finance Accounts 2012-13.

¹⁵ Difference of ₹96 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (p) of Statement no.16 of Finance Accounts 2013-14.

¹⁶ Difference of ₹eight crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (o) of Statement no.18 of Finance Accounts 2014-15.

¹⁷ Difference of ₹12 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no.18 of Finance Accounts 2015-16.

1.8.3.1 Defaulters on loan repayment

Government has been providing loan assistance to Statutory Corporations, Government Companies, Autonomous Bodies and Authorities etc., and the same was treated as assets in the Government accounts. As per Finance Accounts, an amount of ₹13,010 crore was outstanding as loan at the end of March 2016. Also, at the end of March 2016, 76 institutions defaulted in repayment of loans advanced to them and arrears in respect of this were ₹9,328 crore (Principal: ₹5,809 crore and Interest: ₹3,519 crore). About 89 per cent of the above arrears pertain to five institutions viz., Kerala Water Authority (₹3,890 crore), Kerala State Electricity Board Limited (₹1,760 crore), Kerala State Road Transport Corporation (₹1280 crore), Kerala State Housing Board (₹1180 crore) and Kerala State Cashew Development Corporation (₹199 crore). During the year State Government also released loans to 16 institutions amounting to ₹408 crore whose previous loan repayments are in arrears.

It was also observed that State Government released 79 loans to 19 institutions amounting to ₹83.96 crore, during the period from 1991-92 to 2005-06, without specifying the terms and conditions for repayment. In order to provide a true and fair status in the balance sheet of the State Government, Government needs to take effective steps to reduce these non-performing assets.

1.8.4 Cash balances and Investment of cash balances

The cash balances and investments made by the State Government out of the cash balances during the year are shown in **Table 1.25**.

Table 1.25: Cash balances and Investment of cash balances

(₹ in crore)

Particulars	As on 31 March 2015	As on 31 March 2016	Increase(+)/ Decrease(-)
(a) General Cash balances			
Cash in Treasuries and other banks	4.47	5.43	0.96
Deposit with Reserve Bank	(-)11.07	(-)45.88	(-)34.81
Remittances in transit -Local	1.02	1.07	0.05
Total(a)	(-)5.58	(-)39.38	(-)33.80
(b)Investments from cash balances			
GoI Treasury Bills	141.90	1631.60	(+)1489.70
GoI Securities	5.15	5.15	-
Total (b)	147.05	1636.75	(+)1489.70
(c) Investments in earmarked funds			
Reserve funds not bearing interest	1507.44	1630.37	(+)122.93
Total (c)	1507.44	1630.37	(+)122.93
(d) Departmental cash balances including Permanent advances	2.09	1.65	(-)0.44
Total Cash Balance - (a) to (d)	1651.00	3229.39	(+)1578.39
Interest realised during the year on investment of cash balances	44.16	40.85	(-)3.31

Source: Finance Accounts of the State Government

Table 1.25 shows that cash balance of the State, at the end of March 2016, increased by ₹1,578.39 crore compared to the closing balance at the end of March 2015. This was due to the increase in investments under GoI Treasury Bills (₹1,489.70 crore) and investments in earmarked funds (₹122.93 crore). However, interest received on investment of cash balance decreased by ₹3.31 crore, compared to the previous year.

1.8.4.1 Outstanding balances under the head ‘Cheques and Bills’

This head is an intermediary accounting head for initial recording of transactions which are to be cleared eventually. As per accounting rules, when a cheque is issued, the functional head is debited and the Major Head-8670-Cheques and Bills is credited. On clearance of the cheque by the bank, the minus credit is given to Major Head 8670-Cheques and Bills by crediting the Major Head- 8675-Deposits with Reserve Bank and thereby reducing the cash balance of the Government. Thus, the outstanding balance under the Major Head 8670-Cheques and Bills represents the amount of un-encashed cheques.

As on 31 March 2016, there was an outstanding balance (cumulative) of ₹1,873.99 crore. This represents expenditure originally booked under different major heads of Consolidated Fund, which has not resulted in any cash outflow till the end of March 2016.

1.9 Assets and Liabilities

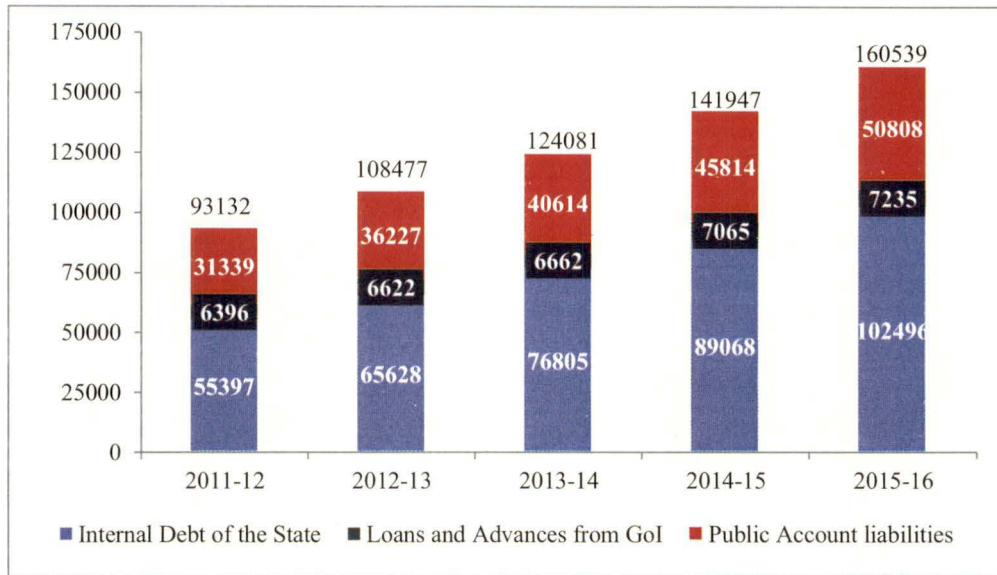
1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4 Part B** gives an abstract of such liabilities and assets as on 31 March 2016, compared with the corresponding position as on 31 March 2015. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds, the assets mainly comprise of the capital outlay and loans and advances given by the State Government and its cash balances.

1.9.2 Fiscal liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.5**. The composition of fiscal liabilities during the last five years are presented in **Chart 1.11**.

Chart 1.11 : Composition of Fiscal Liabilities (₹in crore)



The overall fiscal liabilities of the State increased from ₹93,132 crore in 2011-12 to ₹1,60,539 crore in 2015-16, thus recording an increase of 72 per cent during the five year period. During the last four years, growth rate of fiscal liabilities of the State declined from 16.5 per cent in 2012-13 to 13.1 per cent in 2015-16. However, growth rate of fiscal liabilities in 2015-16 was higher than the growth rate of GDP (12.6 per cent).

Fiscal liabilities of the State comprised of Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liabilities (₹1,09,731 crore) comprised of Market Loans (₹84,846 crore), Loans from the Government of India (₹7,235 crore) and Other Loans (₹17,650 crore). The Public Account liabilities (₹50,808 crore) comprised of Small Savings, Provident Funds, etc., (₹47,640 crore)¹⁸, interest bearing obligations (₹73 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹3,095 crore).

The overall liabilities of the State include balance under Reserve Funds amounting to ₹2,012.06 crore (as on 31 March 2016). The details in respect of two of the reserve funds are given in succeeding paragraphs:

(a) State Disaster Response Fund

The State Disaster Response Fund (SDRF) was set up on 1 April 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹21.91 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2015-16 (fixed by the Fourteenth Finance Commission) was ₹184.75 crore, 75 per cent (₹138.75 crore) of which was to be contributed by the Central

¹⁸ This includes liabilities from the Treasury Savings Bank Account (₹10,552 crore) and Treasury Fixed Deposits (₹10,962 crore).

Government and 25 *per cent* (₹46 crore) by the State Government. During the year an amount of ₹184.75 crore was credited to the Fund. After setting off the expenditure for disaster relief operations to the extent of ₹134.14 crore, the balance in SDRF as on 31 March 2016 was ₹72.52 crore.

According to the guidelines issued by the Government of India, balances lying in the fund are required to be invested by the State Executive Committee constituted for the management of the Fund and this was not done. The interest payable on the un-invested balances of the earlier years has not been estimated by the Government (October 2016).

(b) Consolidated Sinking Fund

The State Government had set up a Consolidated Sinking Fund with effect from the financial year 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the outstanding liabilities of the Government. As per paragraph 5 of revised model scheme for the constitution and administration of Consolidated Sinking Fund of Kerala, the rate of contribution to the Consolidated Sinking Fund was 0.5 *per cent* of the outstanding liabilities at the end of the previous year. According to this, the State Government had to contribute ₹709.73 crore during 2015-16 to the Consolidated Sinking Fund. However, the State Government did not contribute any amount to the Fund, during the current year.

As per the guidelines of the fund, the balance at credit of the Fund is required to be invested in the Government of India Securities. During the year, an amount of ₹122.94 crore was received as interest from the investment made out of the fund. At the beginning of the year ₹1,610.37 crore was available and with the interest received on investment and an amount of ₹117.50 crore adjusted for repayment of market loans, the outstanding balance at the end of year was ₹1,615.81 crore.

1.9.3 Review of Kerala Forest Development Fund

Kerala Forest Development Fund (KFDF) was constituted under Section 75 B of Kerala Forest Act, 1961 for crediting the proceeds of Forest Development Tax (5 *per cent*) introduced from 1 September 1984. According to Kerala Forest Development Fund Rules (Rule 4) 1989, 60 *per cent* of the KFDF shall be utilised for planting and maintaining softwood and other species of trees which form raw materials for industries and 40 *per cent* for forest research. The objective of the compliance audit was to examine the utilisation of KFDF by Forest and Wildlife department for the intended purpose.

Detailed audit was conducted by covering the period 2011-12 to 2015-16 in

Forest Headquarters (Head of the Department), Thiruvananthapuram and five Divisional Forest Offices of Thiruvananthapuram, Punalur, Thenmala, Wayand (South) and Wayanad (North).

Audit observations

1.9.3.1 Availability of funds and its utilisation

Kerala Forest Development Fund had ₹131.47 crore as opening balance at the end of March 2011. During the period from 2011-12 to 2015-16 an amount of ₹68.02 crore was credited to the fund and against this utilisation was only ₹10.77 crore (₹8.31 crore for plantations and ₹2.46 crore for research), resulting in an unutilised balance of ₹188.72 crore in the fund account at the end of March 2016. Audit analysed the reason for this accumulation of funds and observed the following;

(i) Availability of funds under other budget heads for same purpose

As per Rule 3 (7) of KFDF Rules 1989, the Administrator¹⁹ of the fund has to make proposals for budget allocation under the expenditure heads for utilisation in plantation and research activities, against the balance under the Fund. To facilitate this, divisional offices should propose the funds required for plantation in area under their control. However, the budget proposals for the last five years were less than three *per cent* of accumulated balance for the preceding years. Further, audit observed that the department has been providing funds under two other heads of account '4406-01-105-85-Industrial Raw Materials' and '2406-01-101-89-Pulpwood revolving fund²⁰', for planting pulpwood trees for industries and during the last five years an amount of ₹58.28 crore (₹27.3 crore and ₹30.98 crore respectively) has been incurred from these heads. Since a specific fund has been created for the purpose of planting and maintenance of softwood and other species of trees, providing of funds in other heads from state plan could have been avoided and funds could have been utilised from the fund created specifically for the purpose. In reply, department stated (November 2016) that KFDF cannot be resorted to as a criterion for raising and maintenance of species which form raw materials for wood based industries. However, the fact remains that as per the Act KFDF can be utilised for other species of trees apart from pulpwood plantations.

Regarding the low budgeting under KFDF, department stated that making proposal for whole amount available under KFDF was not feasible as the requirements were assessed based on the working/management plan of the divisions. This reply is not tenable, as the percentage of allocation of the fund was only to the range of 1.4 *per cent* to 2.6 *per cent* of the total fund available during the last five years. Audit noticed that though, the Western India Plywoods limited approached the forest department for additional pulpwood requirement of 60000

¹⁹ Chief Conservator of Forests (Development)

²⁰ Revolving fund constituted under the Kerala Forest Revolving Fund for teak and pulpwood Rules 1999.

MT, the request was not met during the period 2011-16. Department stated (November 2016) that due to shift in National Forest Policy (production forestry to protection forestry) more and more of state forest areas are declared as protected areas and planting in new areas are not possible.

(ii) Failure in timely felling and re-plantation

Funds provided in the budget are to be utilised for the maintenance of pulpwood trees already planted as well as for planting new areas for increasing the production and productivity of the pulpwood plantations. However, department failed in timely felling and replanting in an area of 4807.79 ha due to reasons such as surrender of plantations by industrial units²¹, non-inclusion of the plantations which were due for felling in the approved working plan²², reduction in plantation area due to public protest²³ and conversion of plantations to natural forest²⁴.

Thus, effective utilisation of KFDF for increasing the plantation area and also for increasing the quantum of pulpwood was absent during the last five years. Department stated (November 2016) that efforts will be taken to prepare a detailed action plan for utilisation of the KFDF.

1.9.3.2 Utilisation of funds for Forest Research

The funds (40 per cent) meant for research activities are to be utilised for the projects approved by Kerala Forest Development Fund Research Committee (Committee) and the Committee has been sanctioning research projects to various institutions like Kerala Forest Research Institute, Jawaharlal Nehru Tropical Botanical Garden and Research Institute, Rajiv Gandhi Centre for Biotechnology, Kerala Agricultural University, Institution of Foresters Kerala and Research Wing of Forest Headquarters. Audit scrutiny of the records of the department revealed that, department is not ensuring timely completion of research projects and utilisation of the research results for improvement of pulpwood plantations in the State. Department stated (November 2016) that audit observations are noted for future guidance.

(i) Non-submission of Research Reports

During the last two decades (1996-16) 85 projects (59 projects for ₹3.46 crore during 1996-2010 and 26 projects for ₹1.77 crore during 2011-16) were sanctioned and reports of 74 projects (reports of 11 projects sanctioned during 2011-16 are due after April 2016) were due for submission before March 2016. However, final report submission in respect of 55 projects (out of these 55 projects, 44 are sanctioned way back during 1996-2010 and 11 during 2011-16)

²¹ Thiruvananthapuram - 504.82 ha, Thenmala - 393.23 ha, Punalur - 314.496 ha and Wayanad (South) - 199 ha.

²² Thiruvananthapuram - 530.51ha, Wayanad (South) -283.33ha and Wayanad (North)- 558.49ha

²³ 723.31ha in Wayanad (South) and Wayanad (North) divisions

²⁴ Punalur - 45.9 ha, Wayanad (South)-1247.69 ha and Wayanad (North) – 7 ha

was not evident from the records furnished to Audit or not seen discussed in the Kerala Forest Development Research Committee meeting held during the last ten year period. Additional Principal Chief Conservator of Forests stated that the timely completion of Research projects would be ensured in future and the audit observations were discussed in the last KFDF Research Committee meeting held on 27.6.2016.

(ii) Poor follow-up and non-utilisation of research results

In the case of completed projects, it was stated that the final reports were forwarded to the Central Library for reference. But Audit noticed that these reports were not available either from the Library or from the department. Also the department is not maintaining any records showing the details of projects sanctioned, to whom sanctioned, amount sanctioned and paid and progress of the project. In the absence of these details the utilisation of results of research activities could not be ascertained.

Department replied (September 2016) that the matter will be taken up in the next KFD Research Committee and as far as possible a copy of the reports would be made available to the library for necessary cross reference.

(iii) Utilisation of Funds for unintended purposes

An amount of ₹0.36 crore was diverted from the funds earmarked for Forest Research activities for the purchase of vehicles (non-research activities) without the approval of the Committee. Though, the Chief Conservator of Forests (Forest Management) had replied that this was done with the prior approval from Government, no approval was available on record.

Thus, despite sufficient demand from the industrial units for softwood for industrial use, department's efforts to utilise research activities for improving plantation area or increasing the production of pulpwood were not evident from the records.

1.9.3.3 Deficiencies in internal control

Plantation journals are permanent records maintained by Forest Range offices and separate pages are provided in plantation journals for recording all the activities of a plantation from the initial stage to the final felling. Audit scrutiny revealed that the entries in journals are incomplete and all the details such as various expenditure incurred, activities conducted, details of inspections conducted etc., were not recorded. Hence audit could not ascertain the actual amount expended for raising and maintenance of each plantation.

As per Rule 3(5) of KFD Fund Rules 1989, the Administrator of the Development Fund shall furnish to Government every year a report on the receipt and expenditure of the Fund and Schemes and programmes implemented during the year under review. Department has not complied with this provision so far.

1.9.4 Status of guarantees – contingent liabilities

Guarantees are contingent liabilities¹ 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 (Amendment) Act, 2015²⁵ 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 ₹21,000 crore. The maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2011-12 are given in **Table 1.26**.

Table 1.26: Guarantees given by the Government of Kerala

(₹ in crore)

Guarantees	2011-12	2012-13	2013-14	2014-15	2015-16
Maximum amount guaranteed	11,332.11	11,482.25	12,275.21	13,123.30	13712.77
Outstanding amount of guarantees	8,277.44	9,099.50	9,763.36	11,126.87	12438.52
Percentage of maximum amount guaranteed to total revenue receipts	30	26	25	23	20
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	21,000

Source: Finance Accounts of the State Government

The above table shows that there was steady increase in the outstanding guarantees at the end of each of last five years and it increased from ₹8,277.44 crore in 2011-12 to ₹12,438.52 crore in 2015-16. However, as a percentage of revenue receipts, the guaranteed amount showed steady decline from 30 per cent in 2011-12 to 20 per cent in 2015-16, which is a good indicator.

As per Section 6 of the Act, the Government has 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 ₹752.78 crore collected during 2003-04 to 2015-16 had not been credited to the Fund but was treated as non-tax revenue in the relevant years and used for meeting the revenue expenditure of the Government.

During the year, an amount of ₹88.83 crore was received as guarantee commission and as of March 2016, ₹96.96 crore was due as arrears in this regard.

²⁵ Kerala Ceiling on Government Guarantees Act, 2003 has been amended in 2015 and ceiling on outstanding Government guarantee at the end of the year has been revised from ₹14000 crore to ₹21000 crore

1.10 Debt Management

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section analyses sustainability of overall debt liability of the State Government in terms of growth rate of debt and GSDP, Debt-GSDP ratio, Debt-RR ratio, impact of growing debt on interest payments, etc. These indicators for the last five years are given in **Table 1.27**.

Table 1.27: Debt sustainability: indicators and trends

(₹ in crore)

Indicators of Debt Sustainability	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding Debt of the State	93132	108477	124081	141947	160539
Growth rate of Debt	13.0	16.5	14.4	14.4	13.1
Gross State Domestic Product(GSDP)	364048	412313	462916	519896	585467
Growth rate of GSDP	38.0	13.3	12.3	12.3	12.6
Debt-GSDP ratio (<i>per cent</i>)	25.6	26.3	26.8	27.3	27.4
Debt-Revenue Receipt ratio	2.5	2.5	2.5	2.4	2.3
Average interest ²⁶ paid on outstanding debt	7.2	7.1	7.1	7.3	7.3
Percentage of interest paid on revenue Receipt	16.6	16.3	16.8	16.9	16.1
Per capita debt of the State	27,884	32,478	37,150	42,499	45,095

Source: Finance Accounts of respective years

Table 1.27 showed a decreasing trend in growth rate of debt from 2012-13 onwards. However, during the last five years Debt-GSDP ratio had showed an increasing trend and it increased from 25.6 *per cent* in 2011-12 to 27.4 *per cent* in 2015-16. This was due to higher growth rate of debt, compared to GSDP.

Interest payments as a percentage of revenue receipt was between 16 to 17 *per cent* which indicated the steady growth of revenue receipt compared to the ever increasing liability on interest payments.

1.10.1 Public Debt management

Public debt of the State comprises of debt raised from internal sources as well as loans and advances received from Government of India. Over the years loans raised from open market has been the main source for the State Government to meet its fiscal needs. Loans raised by the State Government during the last five years, repayments made with interest and net amount available from the resources are given in **Table 1.28**.

²⁶ Average interest rate = Interest paid/average of opening and closing balance of debt for the year

Table 1.28 : Net resources available in Public Debt

(₹ in crore)

Description	2011-12	2012-13	2013-14	2014-15	2015-16
Public Debt					
Internal Debt					
Open Market Borrowings	8880	11583	12800	13200	15000
Loans from Financial Institutions	457	410	501	552	600
Special securities issued to NSSF	0	630	565	1132	1455
Others	55	86	84	222	87
Total Internal Debt	9392	12709	13950	15106	17142
Loans and Advances from GOI	407	552	392	752	531
Total Public Debt Receipts	9799	13261	14342	15858	17673
Total Public Debt Payments	2893	2804	3126	3191	4075
Total interest paid on Public Debt	4532	5255	6151	7301	8358
Net Debt available	2374	5202	5065	5366	5240

Source: Finance Accounts of respective years

Table 1.28 shows that though the total public debt receipt increased from ₹13,261 crore in 2012-13 to ₹17,673 crore in 2015-16, there was not much increase in the net debt available with the State for its development activities. Also, during 2015-16, almost 70 per cent of the loans raised by the State Government has been utilised for servicing debt, since the State had no surplus revenue to meet this liability. Status of State's non-debt receipt against total expenditure in last five years is given in Table 1.29.

Table 1.29 : Incremental non-debt receipts and total expenditure

(₹ in crore)

Year	Non-Debt Receipt	Growth compared to last year	Total Expenditure	Growth compared to last year	Resource Gap
2011-12	38081	7021	50896	12105	-5084
2012-13	44226	6145	59228	8332	-2187
2013-14	49300	5074	66244	7016	-1942
2014-15	58102	8802	76744	10500	-1698
2015-16	69214	11112	87032	10288	824

Source: Finance Accounts of respective years

The resource gap (gap between incremental non-debt receipts and incremental total expenditure) was negative from 2011-12 to 2014-15, which indicated that incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. However, resource gap reduced from 2011-12 and it became positive in 2015-16, which is a positive indicator.

Table 1.30 : Maturity profile of Public Debt

	(₹ in crore)				
Debt maturing	2011-12	2012-13	2013-14	2014-15	2015-16
Up to one year	2154.64 (3.5)	2569.25 (3.6)	2674.90 (3.2)	3289.26 (3.4)	3751.61 (3.4)
One to three years	8401.13 (13.6)	5791.05 (8.0)	6829.83 (8.2)	9139.85 (9.5)	12243.13 (11.1)
Three to five years	9100.09 (14.7)	9100.72 (12.6)	12058.34 (14.4)	13265.26 (13.8)	13284.34 (12.1)
Five to seven years	13156.00 (21.3)	13181.39 (18.2)	13165.08 (15.8)	16667.64 (17.4)	22808.05 (20.8)
Seven years and above	24240.81 (39.2)	36932.83 (51.1)	44048.78 (52.8)	48958.69 (50.9)	52857.95 (48.2)
Maturity profile details not furnished by State Government	4740.42 (7.7)	4674.95 (6.5)	4689.63 (5.6)	4812.26 (5.0)	4785.90 (4.4)

Source: Finance Accounts of respective years

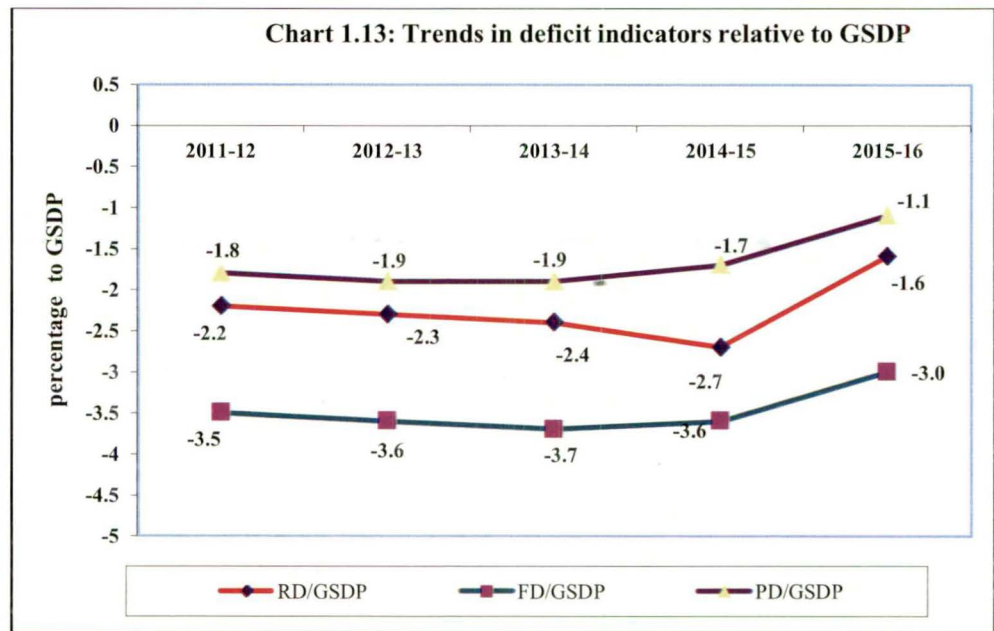
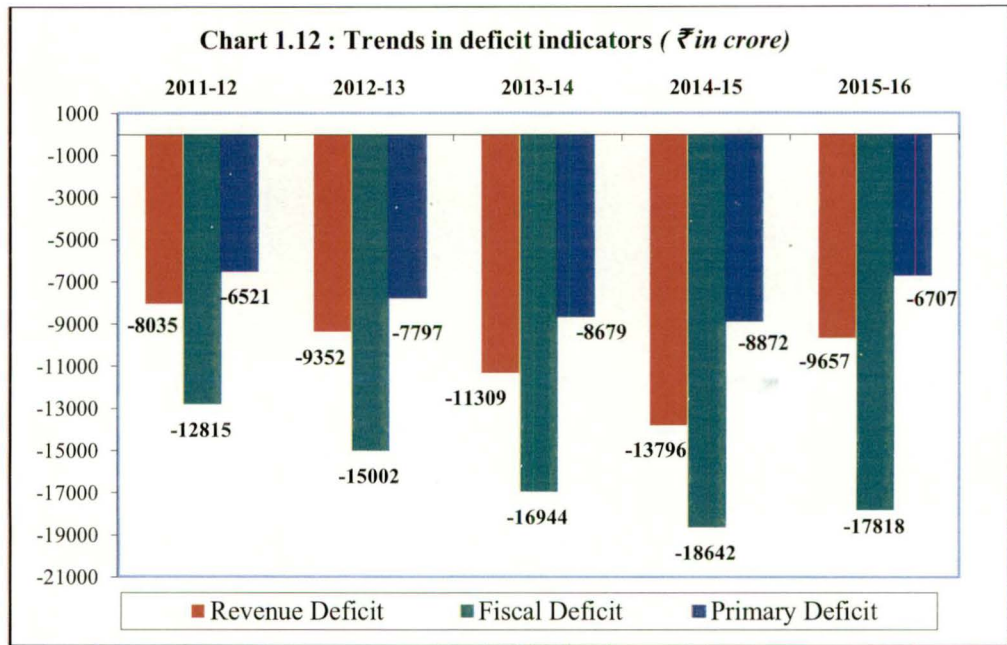
The debt maturity profile of the State given in the **Table 1.30** shows that 26.6 per cent of the debt amounting to ₹29,279.08 crore has to be repaid within five years. Also 47.4 per cent (₹52,087.13 crore) of the debt has to be repaid by March 2023 (within seven years). Steep increase in State Government's open market borrowings occurred from 2007-08 onwards and this will have adverse impact on State finances from 2017-18 onwards. State Government has to ensure additional revenue resources to meet this debt burden.

1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are raised and applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under the Fiscal Responsibility Act/Rules for the financial year 2015-16.

1.11.1 Trends in deficits

Charts 1.12 and **1.13** present the trends in deficit indicators over the period 2011-2016.



The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts, increased steadily since 2011-12 indicating disproportionate growth of revenue expenditure or low growth rate of revenue receipts. However, the State Government could reduce the revenue deficit during 2015-16 due to the receipt of Post Devolution Revenue Deficit Grant (₹4,640 crore) from Government of India, based on the recommendations of Fourteenth Finance Commission.

The fiscal deficit, which represents the total borrowings of the Government and its total resource gap also increased steadily during the last five years. It has been increasing from 2011-12 and there was decrease in the year 2015-16 due to

receipt of Finance Commission grant as stated above.

Similarly, primary deficit also decreased during 2015-16, compared to 2014-15 due to the receipt of Finance Commission grant.

As a proportion of GSDP, primary, revenue and fiscal deficits were lowest during 2015-16 which was mainly attributed to the receipt of ₹4,640 crore received as Post Devolution Revenue Deficit Grant.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.31**. Receipts and disbursements under the components of financing the fiscal deficit during 2015-16 are given in **Table 1.32**.

Table 1.31: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2011-12	2012-13	2013-14	2014-15	2015-16
Decomposition of fiscal deficit						
1.	Revenue deficit	8035	9352	11309	13796	9657
2.	Net capital expenditure	3837	4588	4275	4227	7472
3.	Net loans and advances	943	1062	1360	619	689
Total fiscal deficit		12815	15002	16944	18642	17818
Financing pattern of fiscal deficit*						
1.	Market borrowings	7496	10571	11373	11777	12886
2.	Loans from Government of India	36	226	40	402	169
3.	Special Securities Issued to National Small Savings Fund	(-491)	32	(-42)	525	731
4.	Loans from Financial Institutions	(-7)	(-118)	(-77)	(-69)	(-64)
5.	Small Savings, PF, etc.	3839	3686	4231	3765	8332
6.	Deposits and Advances	(-52)	1141	188	1365	(-3280)
7.	Suspense and Miscellaneous	852	712	(-946)	58	774
8.	Remittances	(-157)	31	(-168)	26	(-93)
9.	Others	32	(-379)	(-68)	164	(-59)
10.	Total (1 to 9)	11548	15902	14531	18013	19396
11.	Increase (-)/Decrease (+) in Cash Balance	1267	(-900)	2413	629	(-1578)
12.	Overall deficit	12815	15002	16944	18642	17818

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

Source: Finance Accounts of respective years

Table 1.32: Receipts and disbursements under components financing the fiscal deficit during 2015-16

(₹ in crore)

Sl. No.	Particulars	Receipt	Disbursement	Net
1.	Market borrowings	15000	2114	12886
2.	Loans from Government of India	531	362	169
3.	Special Securities Issued to National Small Savings Fund	1455	724	731
4.	Loans from Financial Institutions	600	664	(-)64
5.	Small Savings, PF, etc.	50248	41916	8332
6.	Deposits and Advances	4547	7827	(-)3280
7.	Suspense and Miscellaneous	103331	102557	774
8.	Remittances	10175	10268	(-)93
9.	Others	409	468	(-)59
10.	Total (1 to 9)	186296	166900	19396
11.	Increase (-)/Decrease (+) in Cash Balance	1651	3229	(-)1578
12.	Overall deficit			17818

Source: Finance Accounts of the State Government

Table 1.31 reveals that during the last five years, market borrowings and net accretions in Public Account (especially in Small Savings, PF, etc.) are the main source of the State Government to finance the fiscal deficit. During 2015-16 also, net market borrowings (₹12,886 crore) and net accretions in Small Savings, PF, etc (₹8,332 crore) were used for bridging the fiscal deficit of the State.

During 2015-16, the State Government raised ₹15,000 crore as market loans at a weighted average interest rate of 8.25 per cent, loans amounting to ₹600 crore from NABARD at an interest rate of 6.25 per cent to 7 per cent, ₹1,455.20 crore from National Small Savings Fund at an interest rate of 9.5 per cent and ₹31.02 crore from NCDC at an interest rate of 11.45 per cent. The State Government also received loans amounting to ₹531 crore from the Government of India during the year for which the details of interest rate on all loans were not available.

The State Government has been mobilising deposits from its employees, pensioners, institutions and general public through treasuries. During 2015-16, the State Government received ₹33,053.82 crore as deposits through Treasury Savings Bank accounts at an average interest rate of five per cent and ₹9522.18 crore as Treasury Fixed Deposits at interest rates ranging between 7.5 per cent and 9.5 per cent. The balance of such deposits as on 31 March 2016 was ₹21,515.04 crore. This is ₹5,615.38 crore more than the previous year's balance.

1.11.3 Quality of deficit

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds

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

Table 1.33: Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2011-12	38081	39751	3853	998	44602	(-) 1670	(-) 6521
2012-13	44226	46284	4603	1136	52023	(-) 2058	(-) 7797
2013-14	49300	52221	4294	1464	57979	(-) 2921	(-) 8679
2014-15	58102	61976	4255	743	66974	(-) 3874	(-) 8872
2015-16	69214	67579	7500	842	75921	1635	(-) 6707

Source: Finance Accounts of respective years

The bifurcation of the factors leading to primary deficit of the State reveals that during 2011-12 to 2015-16, non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure²⁷ of the State. However, the position has improved and there was primary revenue surplus of ₹1635 crore during 2015-16. Though the Government had to depend on borrowed funds even for meeting primary expenditure till 2014-15, the situation improved in 2015-16 due to increased revenue collection of the State as well as receipt of Post Devolution Revenue Deficit Grant.

1.12 Conclusion

Fiscal position of the State

As in the previous year, revenue resources of the State were insufficient to meet its revenue expenditure and the State had a revenue deficit of ₹9,657 crore in 2015-16. But due to receipt of Post Devolution Revenue Deficit Grant of ₹4,640 crore from Government of India, based on the recommendations of Fourteenth Finance Commission, the State could reduce revenue deficit considerably, compared to 2014-15. However, fiscal deficit (₹17,818 crore) continued to be high and it was 3 per cent of the GSDP against 3.6 per cent in 2014-15. Share of revenue deficit in fiscal deficit also came down to 54.2 per cent in 2015-16 against 74 per cent in 2014-15.

²⁷ Primary revenue expenditure represents revenue expenditure less expenditure on interest.

Revenue resources of the State

Revenue receipts (₹69,033 crore) of the State increased by ₹11,082 crore, compared to the previous year, recording an increase of 19 *per cent*. More than 50 *per cent* (₹6,178 crore) of this increase was contributed by share of union taxes and grants-in-aid from Government of India. Though, State's own tax revenue increased by ₹3,763 crore, its growth rate (11 *per cent*) was much less than the growth rate of revenue receipts (19 *per cent*) and also less than the growth rate of GSDP (13 *per cent*). Substantial increase was noticed in the receipt of non-tax revenue due to increased receipts under State Lotteries. But net yield from the sale of lotteries was less due to increased expenditure on distribution of prizes, agent commission, etc.

Revenue Expenditure of the State

During the last five years, lowest growth rate (9.7 *per cent*) of revenue expenditure was in 2015-16. As in the previous year, plan revenue expenditure recorded a better growth rate (17.5 *per cent*) than non-plan revenue expenditure (8.4 *per cent*) during 2015-16. Though interest payments and pensions recorded an increase of 14 *per cent* and 16 *per cent* respectively during 2015-16, growth rate of payment of salary and wages was less than 10 *per cent*. During the year committed expenditure of the State consumed about 71 *per cent* of the revenue receipts, but this was lowest during the last five year period.

Quality of expenditure

State's share of expenditure on education and health in total expenditure was higher than General Category States, but in respect of development expenditure, social sector expenditure and capital expenditure, State's performance was poor comparing to General Category States. State's expenditure on share capital investments and release of loans and advances to Government companies, Public Sector Undertakings, etc. continued without any improvement in the return on these expenditures.

Reserve Funds and liabilities

Consolidated Sinking Fund was constituted with the aim to amortize the outstanding liabilities of Government, but Government did not contribute to the fund during 2015-16. Non-contribution of required amount to the fund would reduce the debt redemption options of the Government in future.

Kerala Forest Development Fund was constituted for planting and maintaining softwood and other species of trees which form raw materials for industries, but due to non-utilisation of accruals in the fund as envisaged in the Act, funds accumulated in the Reserve Fund.

Debt management

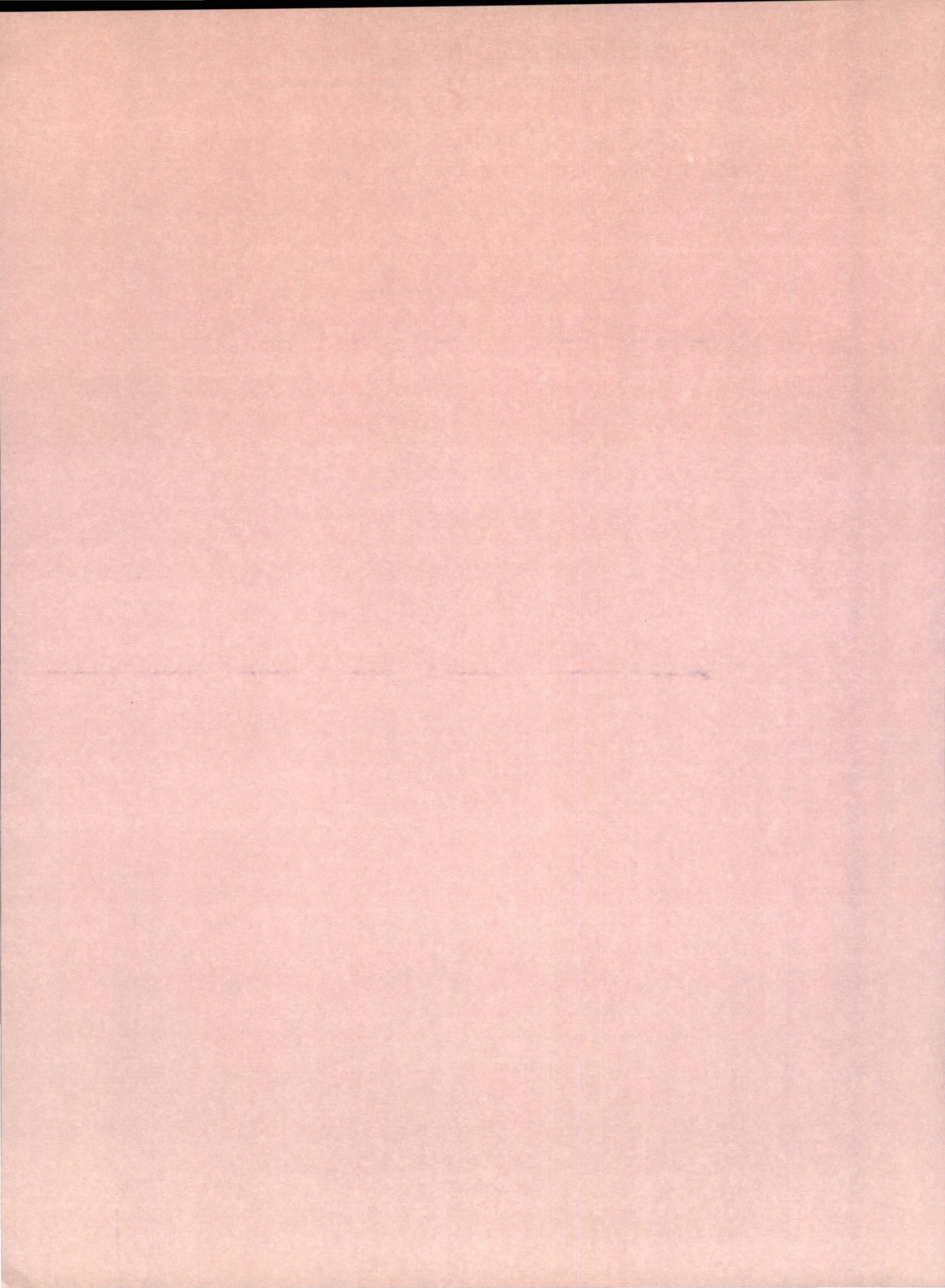
Though growth rate of debt liability showed a declining trend during the last four years, debt-GSDP ratio showed a steady increasing trend during the last five years indicating increased growth rate of debt compared to GSDP. Public Debt receipt of the State increased by 80 *per cent* during the last five years, but during 2015-16 more than 70 *per cent* of the receipt was utilised for redemption of debt liability during the year. Debt maturity profile shows that 47.4 *per cent* (₹52,087.13 crore) of the debt has to be repaid by March 2023.

1.13 Recommendations

- Government may take necessary steps to improve the growth rate of State's own tax revenue to meet the increasing burden of interest payments and pensions.
- State may improve its Capital expenditure and Development expenditure so that it can match those of General Category States.
- Measures may be taken to improve the utilisation of Kerala Forest Development Fund to achieve its objectives.



CHAPTER II
FINANCIAL MANAGEMENT
AND
BUDGETARY CONTROL



CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.1.3 As per the Kerala Budget Manual, the Finance Department is responsible for the preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by the Heads of Departments and other Estimating Officers and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands foresight in anticipating revenue and expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should not be over or under expenditure. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2015-16 against 47 Grants/Appropriations is given in **Table 2.1**.

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

(₹ in crore)						
Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Savings(-)/ Excess(+)	Savings/ Excess in percentage
Voted						
I Revenue	74498.93	6486.42	80985.35	68438.50	(-)12546.85	15.5
II Capital	9206.06	1233.78	10439.84	7490.29	(-)2949.55	28.3
III Loans and Advances	845.48	128.73	974.21	842.25	(-)131.96	13.5
Total Voted	84550.47	7848.93	92399.40	76771.04	(-)15628.36	16.9
Charged						
IV Revenue	11325.63	84.01	11409.64	11447.26	37.62	0.3
V Capital	36.29	67.48	103.77	98.13	(-)5.64	5.4
VI Public Debt Repayment	14977.98	0	14977.98	6060.74	(-)8917.24	59.5
Total Charged	26339.90	151.49	26491.39	17606.13	(-)8885.26	33.5
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total	110890.37	8000.42	118890.79	94377.17	(-)24513.62	20.6

Source: Appropriation Accounts 2015-16 and Appropriation Acts

The overall savings of ₹24,513.62 crore was the result of savings of ₹24,744.39 crore in 44 Grants and 19 Appropriations under the Revenue Section and 27 Grants and six Appropriations under the Capital Section (**Appendix 2.1**), offset by excess of ₹230.77 crore in three Appropriations under the Revenue Section and one Grant under Capital section. Overall savings increased from 19.5 per cent in the last year to 20.6 per cent in 2015-16 indicating increasing deficiency in the budgetary process.

Audit further analysed utilisation of budget allocation under voted category in revenue and capital section separately and observed that in 29 Grants (each having savings exceeding ₹100 crore) budget allocation of ₹16,807.79 crore remained unutilised in plan and non-plan category as detailed in **Table 2.2**.

Table 2.2 : Savings under Plan and Non-plan category
(₹ in crore)

Category	No. of Grants	Original Budget	Supplementary	Final Expenditure	Savings	% of Saving
Revenue-Plan	10	12012.04	2271.41	9744.37	4539.08	31.8
Revenue-Non-Plan	9	49527.43	2653.64	43860.73	8320.34	15.9
Capital-Plan	7	3847.03	339.28	2215.42	1970.89	47.1
Capital-Non-plan	3	2587.15	15	624.67	1977.48	76.0
Total	29	67973.65	5279.33	56445.19	16807.79	22.9

Source: Appropriation Accounts 2015-16

Grant-wise details of the above information are given in **Appendix 2.2**. Apart from the above savings, it was also observed that in Grant number XLI-Transports (Revenue-Non-plan-Charged) substantial portion of budget allocation (₹86 crore out of ₹86.03 crore) remained unutilised at the end of the financial year. Similarly, entire budget allocations under XXXVIII-Irrigation (₹5 crore-Capital-Non-plan-Charged) and XXI-Housing (₹3 crore-Capital-Non-plan-voted) were not utilised during the year.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

Audit of Appropriation of Accounts revealed that savings exceeded ₹100 crore and also more than 25 per cent of the total budget provision in 14 Grants/Appropriations as detailed in **Table 2.3**.

Table 2.3: Grants/Appropriations showing substantial savings
(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/Appropriation	Expenditure	Savings
Revenue – Voted				
1.	II Heads of States, Ministers and Headquarters Staff	630.27	437.62	192.65
2.	XIX Family Welfare	579.16	436.20	142.96
3.	XXII Urban Development	932.90	287.07	645.83
4.	XXVI Relief on Account of Natural Calamities	468.00	351.82	116.18
5.	XXXV Panchayat	551.66	348.85	202.81
6.	XXXVI Rural Development	2982.23	2242.19	740.04
7.	XLIII Compensation and Assignments	6493.05	4217.24	2275.81
Capital – Voted				
8.	XII Police	107.72	3.66	104.06
9.	XX Water Supply and Sanitation	335.18	160.28	174.90
10.	XXV Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes and Minorities	283.63	57.01	226.62

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
11.	XXVIII Miscellaneous Economic Services	2088.88	910.00	1178.88
12.	XXIX Agriculture	433.18	283.96	149.22
13.	XLI Transport	1217.94	658.86	559.08
Capital-Charged				
14.	Public Debt Repayment	14977.98	6060.74	8917.24
Total		32081.78	16455.50	15626.28

Source: Appropriation Accounts 2015-16

It was also observed that the savings under above 14 Grants/ Appropriations was more than 64 per cent of the total savings during 2015-16.

2.3.2 Persistent savings

Persistent savings of ₹100 crore or more were noticed in ten cases for the last three years as shown in Table 2.4.

Table 2.4: Grant-wise persistent savings

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Amount of savings		
		2013-14	2014-15	2015-16
Revenue – Voted				
1.	XIX Family Welfare	145.57 (29)	148.52 (27)	142.96 (25)
2.	XXII Urban Development	1125.04 (84)	948.83 (75)	645.84 (69)
3.	XXV Welfare of SCs/STs/Other backward classes and minorities	282.57 (15)	533.94 (23)	405.69 (16)
4.	XXIX Agriculture	231.15 (11)	512.90 (21)	498.24 (18)
Capital – Voted				
5.	XX Water Supply and Sanitation	113.33 (31)	140.30 (52)	174.90 (52)
6.	XXVIII Miscellaneous Economic Services	2421.19 (86)	1361.72 (96)	1178.88 (56)
7.	XXXVII Industries	165.38 (22)	365.83 (51)	133.35 (19)
8.	XXXVIII Irrigation	396.46 (66)	645.03 (79)	107.28 (24)
9.	XLI Transport	1051.74 (56)	118.61 (16)	559.08 (46)
Capital – Charged				
10.	Public Debt Repayment	6859.49 (68)	8349.59 (59)	8917.24 (60)

Source: Appropriation Accounts for respective years.

Figures in parenthesis are percentage of savings with respect to budget allocation

Further analysis revealed that overall savings under the above Grants were due to persistent savings under a few subheads (schemes/activity), which indicated failure of the respective Controlling Officers and the Finance department in making a realistic assessment of the budget requirement based on the expenditure of the previous year and also the ability of the department to utilise the funds.

Details of schemes where persistent savings of ₹one crore or more was noticed, are given in **Appendix 2.3**.

2.3.3 Excess over provision during 2015-16

The Appropriation Accounts disclosed excess expenditure of ₹161.54 crore under Revenue Section in three²⁸ appropriations and ₹69.23 crore under Capital section in Grant-‘Public Works’ which require regularisation under Article 205 of the Constitution. The sub-heads in which expenditure exceeded the appropriation under the Grant are detailed in **Table 2.5**.

Table 2.5: Sub-heads in which expenditure exceeded the appropriation
(₹ in crore)

Sl. No.	Head of account and name of the scheme	Final Appropriation	Expenditure	Excess
2049-Interest Payments - Charged (Non-plan)				
1.	03-115-98-Fixed Time Deposits	659.78	673.12	13.34
2.	03-104-99-Interest on General Provident Fund	1563.82	1625.89	62.07
3.	03-108-99-State Life Insurance Official Branch	150.00	191.21	41.21
4.	04-101-99-Block Loans for State Plan Schemes	157.24	177.13	19.89
5.	03-108-95-Kerala State Government Employees Group Insurance Scheme	98.00	110.97	12.97
4059 Capital Outlay on Public Works – Voted (Non-Plan)				
6.	01-051-75-Construction of office building for Commercial Taxes Department	0.38	7.78	7.40
5054-Capital Outlay on Roads and Bridges– Voted (Plan)				
7.	80-001-99-Establishment charges transferred on percentage basis from 3054-Roads and Bridges	229.02	293.22	64.20

Source: Detailed Appropriation Accounts 2015-16

In the case of item number 4, 2049-04-101-99-Block Loans for State Plan Schemes, original budget allocation was ₹210.04 crore. Subsequently, Controlling Officer surrendered an amount of ₹52.80 crore, which resulted in final excess of ₹19.89 crore (final expenditure was ₹177.13 crore). Similarly, in the case of 4059-01-051-75-Construction of office building for Commercial Taxes Department, major portion of the original budget allocation was surrendered (₹4.62 crore out of ₹5.00 crore) without anticipating the expenditure of ₹7.78 crore finally incurred from the head of account.

2.3.4 Excess expenditure over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over Grants/Appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). Excess expenditure

²⁸ Debt charges : ₹154.71 crore, Pensions and Miscellaneous : ₹6.74 crore and Public Works : ₹0.09 crore

under 13 Grants and five Appropriations amounting to ₹817.61 crore for the years 2011-12 to 2014-15 was to be regularised (October 2016) as summarised in **Table 2.6**. The year-wise and Grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in **Appendix 2.4**.

Table 2.6: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
2011-12	2		24.50
2012-13	5		40.43
2013-14	6	4	560.68
2014-15		1	192.00
Total	13	5	817.61

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

2.3.5 Unnecessary/Excessive Supplementary provision

Supplementary provisions aggregating to ₹781.10 crore, obtained in 20 Grants/Appropriations (₹one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions as detailed in **Appendix 2.5**. Since there was sufficient savings in the original budget allocation, the option of re-appropriation of funds between heads of account (where savings are noticed) within the Grant/Appropriation could have been resorted to by the Chief Controlling Officers (for heads of accounts which require funds) instead of proposing Supplementary Demands for Grants (SDG). Further scrutiny revealed that ₹434.52 crore (out of ₹781.10 crore) were obtained in February 2016 and the departmental officers/chief controlling officers had ample opportunity to assess the expenditure of various heads of account under their control, for re-appropriation of savings, to needy heads of accounts.

Audit further scrutinised the utilisation of supplementary grants obtained for schemes/activity under the above Grants/Appropriation and deficiencies in utilisation of these supplementary grants were as follows:

(i) Grant number I (Revenue-Voted)

The supplementary grant of ₹1.30 crore, obtained in February 2016 was to regularize the additional authorisation issued under the head of account 2011-02-101-99-04-Travelling Expenses and 103-99-02-wages. Since there was sufficient savings under the above subheads and the savings (exceeding the amount obtained as SDG) the additional authorisation could have been regularized by re-appropriation of funds among the object heads below the subheads, instead of going for SDG

(ii) Grant number II (Revenue-Voted)

Supplementary grant of ₹2.52 crore obtained in February 2016 under various subheads below the minor head 2052-090-Secretariat could have been avoided since the final expenditure under the head of account was less than (₹8.57 crore) the original budget allocation. Hence the savings available under the minor head could have been re-appropriated instead of moving for SDG.

(iii) Grant number VI (Revenue-Voted)

Supplementary grant of ₹two crore obtained in February 2016 under the head of account 2029-103-99 was not utilised and surrendered at the end of the year.

(iv) Grant number VIII (Revenue-Voted)

Supplementary grant of ₹15.96 crore obtained in February 2016 under the head of account '2039-001-95-Campaign against alcoholism' was not fully utilised and ₹13.09 crore was surrendered at the end of the year.

(v) Grant number XVII (Revenue-Voted)

Supplementary grants were obtained in February 2016 under two heads of account '2202-03-102-97-Mahatma Gandhi University' (₹One crore) and '2203-112-61-Kerala State Science and Technology Museum' (₹two crore) but the funds remained unutilised at the end of the year.

(vi) Grant number XXXIX (Revenue-Voted)

Supplementary grant of ₹1.60 crore, ₹22.40 crore and ₹2.60 crore were obtained in February 2016 respectively under the heads of account '2801-80-101-99-Subsidy to the KSEB towards power tariff concessions', '2801-80-101-92-Assistance to KSEB to compensate the loss sustained on account of write off of the Electricity charges of KWA' and '2801-80-101-91-Innovation fund and ESCOT'. But the funds remained unutilised at the end of the year.

(vii) Grant number III (Revenue-Charged)

Supplementary grant of ₹1.60 crore obtained under the head of account '2014-00-102-99-High Court' proved unnecessary since the final expenditure under the head of account was ₹nine crore less than the original budget allocation.

(viii) Grant number XXXIX (Capital-Voted)

Out of ₹13.63 crore obtained as supplementary grant in February 2016 under '4801-80-101-99-Investments in KSEB', ₹10.00 crore remained unutilised at the end of the year.

(ix) Grant number XLVI (Capital-Voted)

Out of ₹17.20 crore allocated as supplementary grant in July 2015 under '4235-02-102-94-Convergence of pre-school and pre-primary education centres into Anganwadies', ₹11.61 crore were surrendered at the end of the year.

Apart from the above, departmental officers failed to utilise the supplementary grants obtained in following Grants/Appropriations and budget allocations obtained through supplementary grants were surrendered at the end of the year, in five out six cases detailed below:

(i) Grant number XXVI (Revenue-Voted)

Supplementary budget allocations amounting to ₹5.61 crore, ₹6.28 crore, ₹2.65 crore and ₹4.02 crore were obtained respectively under the heads of account '2245-01-101-99-Supply of seeds/Fertilizers and Agricultural implements', '2245-01-102-99-Water Supply', '2245-02-101-98-Food and Clothing' and '2245-02-101-94-Other items' in July 2015. But the amounts were surrendered at the end of the year along with the unutilised portion of the allocation received in original budget.

(ii) Grant number XXXI (Revenue-Voted)

Supplementary grant of ₹0.80 crore was obtained under '2403-789-98-Livestock Health and Disease Control Programme' in December 2015, but the major portion of this amount (₹0.54 crore) was surrendered at the end of the year.

(iii) Grant number II (Revenue-Charged)

Supplementary grant of ₹16.20 crore obtained in February 2016 under the head of account '2051-00-102-99-Public Service Commission' proved unnecessary since the amount surrendered (₹16.55 crore) at the end of the year was more than the supplementary grant obtained.

(iv) Grant number XXXIV (Revenue-Charged)

Supplementary grant of ₹0.14 crore obtained under the head of account '2406-01-001-99-Office of the Chief Conservator' proved wholly unnecessary since the entire amount was surrendered at the end of the year.

(v) Grant number XII (Capital-Voted)

Out of the supplementary grant (₹41.72 crore in July 2015 and ₹25.31 crore in February 2016) obtained under the heads of account '4055-207-97-Other buildings' (₹4.64 crore) and '4055-211-97-Modernisation of police force' (₹61.64 crore), ₹64.08 crore were surrendered at the end of the year.

(vi) Grant number XXIX (Capital-Charged)

Supplementary Grant of ₹0.09 crore (₹0.01 crore in July 2015 and ₹0.08 crore in February 2016) obtained under the head of account '4702-00-101-99-Minor Irrigation Works' proved wholly unnecessary since the entire amount remained

unutilised at the end of the year.

Further, in 19 Grants/Appropriation, against the additional requirement of ₹2,368.37 crore, supplementary budget allocation of ₹5,500.64 crore obtained during the year proved excessive (**Appendix 2.6**) by ₹3,132.27 crore. The departmental officers while making proposals for supplementary grants did not assess the actual requirement of funds which resulted in this avoidable savings.

2.3.6 Re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Augmentation of funds through re-appropriation was resorted to by departmental officers. However, audit analysis revealed that augmentation of budget allocation was wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation (original and supplementary grant) provided under it. Subheads in which augmentation was done through re-appropriation (exceeding ₹one crore) but no part was utilised are given in **Appendix 2.7**.

In some cases augmentation of funds through re-appropriation proved in excess of the actual requirement. Cases of excess re-appropriation exceeding ₹one crore are given in **Table 2.7** below:

Table 2.7 : Subheads in which re-appropriation proved excessive

(₹ in crore)

Scheme/Activity	Budget allocation	Reapp	Net Budget	Expenditure	Net savings
2415-05-277-99-Kerala University of Fisheries and Ocean Studies-(NP)	9.66	5.09	14.75	13.75	1.00
4701-80-800-76-Priority Works-(NP)	0.00	11.99	11.99	10.97	1.02
2225-01-283-89-House to Houseless- SCP-(P)	180.00	79.48	259.48	258.11	1.36
2515-00-196-39-NABARD assisted RIDF Projects undertaken by District Panchayats-(P)	7.18	5.60	12.78	11.42	1.37
7610-00-800-95-Interest Free Advances to Government Employees-(NP)	8.30	2.88	11.18	9.79	1.39
2210-05-105-97-Allopathy Medical College, Kozhikode-(NP)	118.82	10.11	128.93	125.24	3.69
5054-01-337-95-NH Bypasses Kollam and Alappuzha (Cost Sharing Basis with GOI)-(P)	0.01	46.22	46.23	42.11	4.12
2210-05-105-98-Allopathy Medical College, Thiruvananthapuram-(NP)	163.84	14.23	178.07	173.36	4.71
2202-02-001-94-Directorate of Higher Secondary Education (Plus Two)-(NP)	48.07	10.00	58.07	52.11	5.96

Source: Detailed Appropriation Accounts 2015-16

P: Plan; NP: Non-plan

Failure of the departmental officers in assessing the actual requirement of funds also resulted in excess withdrawal of funds from units of appropriation, which finally led to excess expenditure over provision in certain subheads. Cases of such

injudicious re-appropriations noticed in 26 schemes/activities are given in **Appendix 2.8**.

2.3.7 Surrender of budget allocations

As per Paragraph 91 of the Kerala Budget Manual, the Administrative Departments should surrender all anticipated savings before the close of the financial year to Finance Department as and when they are foreseen, unless they are required to meet the excesses under other units of appropriation.

During 2015-16, ₹22,459.15 crore (19 per cent) out of the total budget allocation (₹1,18,890.79 crore) was surrendered at the end of the financial year. More than ₹1,000 crore were surrendered in five Grants/Appropriation, as detailed in **Table 2.8**.

Table 2.8: Grants in which substantial portion of the budget allocation was surrendered

		(₹ in crore)		
Grant number		Budget Allocation	Amount surrendered	Percentage of surrender
Revenue – Voted				
XVI	Pensions and Miscellaneous	19746.16	1212.63	6
XVII	Education, Sports, Art and Culture	16655.14	1404.67	8
XLIII	Compensation and Assignments	6493.05	2754.97	42
Capital – Voted				
XXVIII	Miscellaneous Economic Services	2088.88	1174.06	56
Capital – Charged				
	Public Debt Repayment	14977.98	8921.97	60

Source: Appropriation Accounts 2015-16

Schemes/activities under which substantial surrenders were made in respect of above Grants/Appropriations are given in **Table 2.9**.

Table 2.9: Schemes in which budget allocation were surrendered in excess of ₹100 crore

		(₹ in crore)	
Grant no.	Scheme/activity	Budget	Surrender
XVI	2071-01-101-99-Pension to Kerala Government Pensioners-(NP)	6854.45	302.94
XVI	2075-00-800-72-Spill Over Schemes-(NP)	1000.00	801.30
XVII	2202-01-111-99-Sarva Siksha Abhiyan-(P)	266.23	157.74
XVII	2202-01-112-91-Mid Day Meal(100% CSS)-(P)	222.46	222.46
XVII	2202-03-104-99-Salaries to the staff under the Direct Payment System-(NP)	1165.22	197.44
XVII	2202-03-105-97-Additional Skill Acquisition Programme (ASAP)-(P)	234.68	133.68
XXVIII	5475-00-800-92-Major Infrastructural Development Projects-(P)	2000.00	1126.14
XLIII	3604-00-200-90-Expansion and Development under XIV Finance Commission Recommendations-(NP)	796.30	273.42

Grant no.	Scheme/activity	Budget	Surrender
XLIII	3604-00-200-91-Funds for Development Expenditure - 4 th SFC Recommendations-(NP)	3657.43	1974.41
XLIII	3604-00-200-92-Funds for Maintenance Expenditure (Non-Road Assets) - 4 th SFC Recommendations-(NP)	574.49	282.85
XLIII	3604-00-200-94-Performance Grant under Kerala Local Government and Service Delivery Project (KLGSDP) - World Bank Aided-(NP)	345.00	167.74
Public Debt Repayment	6003-00-110-96-Overdrafts-(NP)	1500.00	1378.19
	6003-00-110-98-Special Ways and Means advances-(NP)	4000.00	3294.56
	6003-00-110-99-Ways and Means Advances-(NP)	5500.00	4219.62
Total		28116.26	14532.49

Source: Detailed Appropriation Accounts 2015-16

Further analysis revealed that surrenders (surrenders involving more than 50 per cent of the total allocation and more than ₹one crore in each case) were noticed in 254 sub-heads, amounting to ₹17,403.39 crore. In 206 subheads, entire budget allocation amounting to ₹1,485.53 crore was surrendered and in 46 cases, this was ₹ five crore and above as detailed in **Appendix 2.9**.

In 7 schemes, no budget allocation was provided through original/ supplementary budget but funds were brought in through re-appropriation. Augmentation of ₹11.37 crore through re-appropriation was finally surrendered without utilisation as shown in **Table 2.10** below:

Table 2.10 : Funds augmented through re-appropriation and surrendered without utilisation

Sl. No	Scheme/Activity	(₹ in crore)	
		Amount reappropriated	Amount Surrendered
1	2202-02-001-82-Public Entrance Examination Coaching Scheme(PEECS)-(P)	2.62	2.62
2	2204-00-104-49-Promotion and Upgradation of Sports Disciplines-Taekwondo, Judo, Karate etc.-(P)	0.67	0.67
3	2204-00-104-62-Jimmy George Indoor Stadium, Peravoor-(P)	0.99	0.99
4	2401-00-789-99-National Food Security Mission (NFSM)-(P)	0.25	0.25
5	2405-00-105-94-XIII Finance Commission Award - Development of model fishing villages and setting up of fish marketing centres-(P)	5.00	5.00
6	2851-00-105-71-Establishment and strengthening of Departmental Khadi production centres-(P)	1.59	1.59
7	2851-00-105-72-Establishment and strengthening of Departmental Village Industries Units-(P)	0.25	0.25
Total		11.37	11.37

Source: Detailed Appropriation Accounts 2015-16

2.3.8 Surrender in excess of actual savings

In 16 Grants/Appropriations, the amounts surrendered (₹ one crore or more in each case) was in excess of the actual savings indicating lack of or inadequate financial control. As against savings of ₹13,593.88 crore, the amount surrendered was ₹14,170.56 crore, resulting in excess surrender of ₹576.68 crore. Details are given in **Appendix 2.10**. Further, audit analysed the budget management of Departmental officers in respect of schemes/activities under their control and observed that in 20 schemes/activities, injudicious surrender led to excess surrender (in excess of ₹one crore) in the Grants. Details are given in **Appendix 2.11**. It was observed from the replies furnished by the departmental officers that excess surrender was due to discrepancies in expenditure details furnished by subordinate offices.

2.3.9 Anticipated savings not surrendered

As per Paragraph 91 of the Kerala Budget Manual, spending departments are required to surrender Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. It was observed that savings of ₹840.13 crore available under these three Grants and one Appropriation were not surrendered at the end of the year. Details are given in **Table 2.11**.

Table 2.11 : Available savings not surrendered at the end of the year
(₹ in crore)

Sl. No.	Grant number and Name		Total Grant/ Appropriation	Expenditure	Savings
Revenue-Voted					
1	VII	Stamps and Registration	185.94	174.29	11.65
2	XVIII	Medical and Public Health	4825.05	4121.48	703.57
Revenue-Charged					
3	XLI	Transport	86.03	0.03	86.00
Capital-Voted					
4	XXI	Housing	63.72	24.81	38.91
Total					840.13

₹2,859.57 crore (28 per cent) out of the total savings of ₹10,203.46 crore under 41 Grants/Appropriations with savings of ₹ one crore and above in each Grant/Appropriation were not surrendered as detailed in **Appendix 2.12**.

Besides, ₹3,516.07 crore under 29 major heads was surrendered only on 31 March 2016 (surrender of funds in excess of ₹10 crore). Details are given in **Appendix 2.13**.

2.3.10 Unexplained re-appropriations

Paragraph 86 (3) of the Kerala Budget Manual lays down that the authority

sanctioning re-appropriations should satisfy itself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as ‘based on actual requirement’, ‘based on trend of expenditure’, ‘expenditure is less than that was anticipated’, etc., as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 Grants issued by the Finance Department revealed that in respect of 690 out of 1126 items (61 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.

2.4 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 to which they relate. The DC bills pertaining to a month’s claim should reach the PAG (A&E), Kerala not later than the 20th of the succeeding month for accounting and monitoring the AC Bills.

As per the records maintained by the PAG (A&E) Kerala, 28 AC bills drawn by 17 DDOs upto March 2016 involving ₹0.40 crore were not adjusted as of August 2016 due to non-receipt of DC bills as detailed in **Appendix 2.14**. Year-wise details are given in **Table 2.12**. Non-submission of DC bills would lead to retention of advance amount drawn with the drawing officers without accounting under the proper heads of account.

Table 2.12: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(₹ in crore)

Year	AC bills		Outstanding AC bills	
	No. of Items	Amount	No. of Items	Amount
2014-15	260	4.31	1	0.15
2015-16	257	2.75	27	0.25
Total	517	7.06	28	0.40

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

One AC bill drawn by Principal Agricultural Officer, Thrissur in November 2014 (for ₹0.15 crore) has been regularised by presenting DC bill in November 2016.

2.4.2 Un-reconciled receipts and expenditure

According to Paragraph 74 of the Kerala Budget Manual, the expenditure recorded in the books of the Controlling Officer of the department should be reconciled every month with that recorded in the books of the PAG (A&E), Kerala to exercise effective control over expenditure and to keep it within the budget grants and also to ensure accuracy of their accounts. During the year, reconciliation for 79.55 per cent of the total receipts (₹37,723.85 crore out of ₹47,420.64 crore) and 60.33 per cent of the total expenditure (₹51,997.69 crore out of ₹86,189.51 crore) were completed. However, 29 Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by PAG (A&E) as shown in **Appendix 2.15**. This was not only in violation of the provisions of Paragraph 74 of Kerala Budget Manual but also casts doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by PAG (A&E), Kerala.

2.5 Review on Budgetary process and appropriation control - Grant no. XLVI- Social Security and Welfare

Director of Social Justice Department is the Chief Controlling Officer of the Grant no.XLVI-Social Security and Welfare and the directorate is the main body for implementing various social legislations pertaining to the weaker sections of the society. Moreover it promotes flagship programmes for women and creates general awareness among the public about the welfare measures adopted by the State for the upliftment of the needy.

Budget allocations and expenditure of revenue and capital portion of the Grant, during the last three years were separately analysed in audit and we observed that savings in the revenue section ranged from nine to 13 per cent and in the capital section from 35 to 79 per cent, as shown in the **Table 2.13**.

Table 2.13: Budget allocation and expenditure during 2013-2016
(₹ in crore)

Year	Category	Budget allocation	Expenditure	Savings	% of savings
2013-14	Revenue	2503.36	2230.83	272.53	11
	Capital	63.10	38.74	24.36	39
2014-15	Revenue	3355.73	3054.61	301.12	9
	Capital	77.60	50.30	27.30	35
2015-16	Revenue	4973.68	4340.75	632.93	13
	Capital	106.31	21.95	84.36	79

Source : Detailed appropriation Accounts for respective years

Further, audit analysed the savings during the last three years and observed that the savings were due to the net effect of excesses and savings under various schemes (subheads) as detailed in **Table 2.14**.

Table 2.14 : Subhead-wise status of excess/savings

Year	Section	Total number of schemes		Excess occurred in subheads		Savings occurred in subheads	
		Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2013-14	Revenue	57	85	4	25	26	33
	Capital	9	-	1	-	6	-
2014-15	Revenue	65	88	5	24	34	33
	Capital	9	2	-	-	7	1
2015-16	Revenue	73	89	10	25	32	26
	Capital	11	2	-	-	9	-

Source : Detailed appropriation Accounts for respective years

In respect of savings/excess under non-plan schemes, audit scrutiny revealed that it was mainly due to the variations in budget estimations meant for disbursement of salary and other establishment expenditures. Hence the review was focused on the budgetary variations in the plan schemes implemented under the Grant. Audit observations are summarised below:

2.5.1 Persistent savings

Audit scrutiny revealed substantial under-utilisation of budget allocations in plan schemes under revenue section as detailed in **Table 2.15**.

Table 2.15: Substantial savings under revenue section

(₹ in lakh)

Sl. No.	Name of Scheme	Year	Budget allocation	Expenditure	% of savings
1	2235-02-001-96-(P) Strengthening of administrative infrastructure.	2013-14	400	159.36	60.16
		2014-15	500	328.85	34.23
		2015-16	500	260.44	47.91
Reply awaited from Government					
2	2235-02-101-73-(P) Model programme for support and rehabilitation of adult mentally challenged persons	2013-14	100	7.34	92.66
		2014-15	700	0	100
		2015-16	200	0	100
The programme was to be implemented with the active involvement of NGOs and the Social Justice Department as nodal agency but could not be implemented due to non-availability of suitable proposals.					
3	2235-02-101-74-(P) Vocational rehabilitation centre for differently abled persons, Wayanad	2013-14	25	12.50	50.00
		2014-15	28	6.25	77.68
		2015-16	20	0	100
Budget allocations were made for imparting training and work opportunities for persons with disabilities. But suitable proposals were not made by the authorities of the Vocational Training Centre, Wayanad resulted in non-utilisation of budget allocation.					
4	2235-02-101-75-(P) 'Ente Koodu'- Shelter homes for destitutes	2013-14	80	36.00	55.00
		2014-15	85	9.90	88.35
		2015-16	75	1.44	98.08

Sl. No.	Name of Scheme	Year	Budget allocation	Expenditure	% of savings
	The Department stated that the 'Ente koodu', a project for shelter home for destitutes implemented in Kozhikode district on pilot basis during 2013-14. The mission of starting new 'Ente koodu' project in Thiruvananthapuram could not go ahead during 2014-15 since no suitable places were located for the project. The expenditure incurred was for renovation of a Government building to make it into a shelter home in Kozhikode and for meeting other running expenses incurred there.				
5	2235-02-101-84-(P) Upgradation of Vocational training Centers	2013-14	20	11.32	43.40
		2014-15	22	9.29	57.77
		2015-16	25	9.62	61.52
	Budget allocation was made for imparting vocational training to mentally challenged students in two Vocational Training Centres located in Thiruvananthapuram and Kozhikode and to arrange hostel facilities to students. Department stated that suitable proposals were not received from the authorities of the Vocational training centres and the plan to provide hostel facilities to students also did not materialise.				
6	2235-02-102-56-(P) Development of Anganwadi centres as Community resource centres for women and children-A life cycle approach	2013-14	100	55	45
		2014-15	200	99.50	50.25
		2015-16	220	45.39	79.37
	The Project Director ICDS stated that administrative sanction was accorded by the Government for the construction of five new Anganwadies in Kozhikode district at a cost of ₹50 lakh in 2013-14 and the fund was transferred to PWD. However construction was completed in respect of only two Anganwadies and for the remaining three construction is in progress. In 2014-15, proposal was to construct nine Anganwadies in Palakkad, Wayanad and Idukki district at total cost of ₹104.90 lakh and the work was entrusted to LSGD engineering wing but the work did not start and budget allocation remained unutilised. In 2015-16, an amount of ₹220 lakh was earmarked for construction of 14 Anganwadi Buildings and one Anganwadi-cum-Bio diversity park at Kannur against which ₹45.39 lakh was incurred resulting in savings under the head.				
7	2235-02-104-83-(P)-Government-NGO partnership in managing welfare institutions	2014-15	1000	1.44	99.85
		2015-16	1250	7.60	99.36
	The department stated that budget allocations were made for starting old age homes in 14 districts in partnership with NGOs. Only initial procedures could be done so far, which led to savings under the head.				
8	2235-60-200-72-09(P) Model rehabilitation centre for paraplegic patients	2013-14	400	10	97.50
		2014-15	50	0	100
		2015-16	5	0	100
	The budget allocation was for starting model Paraplegic centre in the State. Though several Local Bodies came with the proposal for site, the department did not accept any, citing the locations as inappropriate for paraplegic patients hence the project could not be started. During 2013-14, expenditure was incurred on Thresiamma memorial hospital and rehabilitation centre, a private hospital owned by N.K.Mathew Charitable trust which was taken over by the Social Justice Department and converted into a paraplegic centre. Replies for the years 2014-15 and 2015-16 were not received.				
9	2235-02-101-82-(P) Home for mentally challenged persons-adult females, Thrissur	2013-14	10	4.71	52.90
		2014-15	11	3.51	68.09
		2015-16	10	1.13	88.70
	Budget allocations were made for giving care, protection, proper medical treatment to inmates of the mentally challenged female person's home in Thrissur. Department stated that no suitable proposals were received from the authorities of the Pratyasha Bhavan.				

Sl. No.	Name of Scheme	Year	Budget allocation	Expenditure	% of savings
10	2235-02-102-93-(P) C.H.Muhammad koya state institute for the mentally handicapped, Pangappara	2013-14	500	304.36	39.12
		2014-15	700	355.10	49.27
		2015-16	700	170.02	75.71
The Institute imparts special education, training and rehabilitation services to the mentally challenged in the State. The proposals to regularize the contract staff was not acceded to and administrative sanction for opening of two regional centres at Kasaragod and Malappuram was not given by the Government which resulted in savings.					

Source : Detailed appropriation Accounts for respective years

Similarly, in the following plan schemes under capital section, entire budget allocation was either not utilized or substantial portion surrendered at the fag end of the year as detailed in **Table 2.16**.

Table 2.16 : Substantial savings under Capital section

(₹ in lakh)

Sl. No.	Name of Scheme	Financial year	Budget allocation	Expenditure	% of savings
1	4235-02-102-96-Construction of model Anganwadies	2013-14	120	0	100
		2014-15	700	0	100
		2015-16	1000	23.80	97.62
Failure of the Department to take up the works resulted in savings during 2013-14 and 2014-15. In 2015-16 the fund was used for clearing pending bills of contractors.					
2	4235-02-103-99-Construction of Nirbhaya homes	2013-14	300	0	100
		2014-15	900	0	100
		2015-16	800	0	100
PWD replied that savings was due to failure of the Department to take up the works.					
3	4235-60-800-98-Buildings for social welfare institutions	2013-14	494.23	19.58	96.03
		2014-15	544	108.44	80.07
		2015-16	1400.33	235.62	83.17
Savings was due to failure of the Department to take up the works. Funds utilised was for clearing pending bills of contractors.					
4	4235-02-102-94-Convergence of preschool and pre primary education centres in Anganwadies (NABARD-RIDF)	2013-14	500	0	100
		2014-15	200	0	100
		2015-16	1720	555	67.73
In 2013-14, the head of account was operated by Chief Engineer, PWD who replied that savings in that period was due to failure of the Department to take up the works. By the end of 2014-15, Government declared Chief Engineer, LSGD (Engineering wing) as the controlling officer of this Head of account. Due to delay in compliance procedures for incurring expenditure, the fund remained unutilized in 2014-15. In 2015-16, ₹1720 lakh was obtained through supplementary demand for grants in anticipation of settlement of final bills but the works could not be completed as expected which led to surrender of major portion of supplementary grant obtained.					

Source : Detailed appropriation Accounts for respective years

2.5.2 Failure in assessing actual requirement of funds during the year

While requesting for additional funds through supplementary demands for grants or through re-appropriation, departmental officers should make sure that the

additional funds are actually required for meeting the expenditure during the year. However, audit scrutiny revealed that in 13 sub heads (2013-14: five subheads; 2014-15 : four subheads and 2015-16:four subheads) augmentation of funds through supplementary demands for grants was wholly unnecessary as the entire/substantial portion of the provision obtained through supplementary demands surrendered before the close of the year. Details are given in **Appendix 2.16**. Similarly augmentation of funds through re-appropriation proved excessive in nine subheads during the last three years. Details are given in **Table 2.17**.

Table 2.17 :Subheads in which re-appropriation proved excessive

(₹ in lakh)

Sl. No.	Year	Head of account and name of the scheme	Original budget	Augmented through re-appropriation	Final expenditure
1	2013-14	2235-02-106-94(NP)-Rescue homes and after care homes	189.63	0.25	132.14
2		2235-02-001-99(NP)-Direction	181.30	6.30	182.05
3		2235-01-001-99(NP)-Directorate of rehabilitation	16.65	1.25	15.27
4	2014-15	2235-60-200-72(P)-Kerala Social Security Mission	7730.00	1698.60	8750.48
5		2235-02-789-98(P)-Rajiv Gandhi Scheme for empowerment of adolescent girls (100% CSS)(SABLA)	0.01	47.45	0.00
6	2015-16	2235-60-200-72(P)-Kerala Social Security mission	12775.01	236.00	12458.18
7		2235-02-789-99(P)-Supplementary Nutrition programme for children	0.00	1373.80	926.87
8		2235-02-102-97(NP)-Creches cum day care centers in Unorganized sectors	0.00	6.96	0.00
9		2235-02-796-99(P)-Supplementary nutrition programme for children (100% CSS)	0.00	497.52	387.11

Source : Detailed appropriation Accounts for respective years

2.5.3 Surrender/Re-appropriation of anticipated savings

According to Paragraph 93(1) of the Kerala Budget Manual, the proposal for re-appropriation and surrender should reach the Finance Department not later than 25 February every year. However, it was observed that during the last three years, the Director of Social Justice had submitted the proposal for re-appropriation/surrender of anticipated savings on the last day of the financial year. Consequently, the objective of allocating un-utilised funds to another needy department by Finance Department was defeated.

During 2015-16, an amount of ₹613.14 crore was surrendered on the last working day of the financial year and also re-appropriation proposal for a total amount of ₹49.30 crore was made on the last working day of the year.

According to Paragraph 84(3) of Kerala Budget Manual, if the appropriation under a unit is reduced by re-appropriation or resumption, the expenditure debitable to the unit should be restricted to the reduced appropriation. Under four subheads final expenditure exceeded the original budget allocation and hence reduction of funds through re-appropriation proved injudicious as shown in **Table 2.18**.

Table 2.18 : Injudicious re-appropriation

(₹ in lakh)

Sl. No.	Year	Head of account	Original Budget	Funds after Re-appropriation	Final Expenditure
1	2015-16	2235-02-102-53 (NP)-Child Right Commission	255.38	243.76	275.2
2	2015-16	2235-02-197-50 (NP)-Block grants for revenue expenditure	64.85	57.49	66.2
3	2013-14	2235-02-102-55(NP)-Improving conditions of Anganwadi workers and helpers	11855.6	11833.73	11965.8
4	2013-14	2235-02-001-98(NP)-Supervision	378.05	377.12	400.42

Source : Detailed Appropriation Accounts for respective years

In the seven subheads (**Table 2.19**) budget allocation was reduced by re-appropriation, in excess of the actual savings available under the head. This resulted in expenditure exceeding the available allocation under the heads.

Table 2.19 : Reduction of appropriation in excess of actually required

(₹ in lakh)

Sl. No.	Year	Head of account	Original budget	Funds after re-appropriation	Final expenditure
1	2013-14	2235-02-191-50(NP)-Block grants for Revenue Expenditure	1717.81	1608.07	1711.07
2	2014-15	2235-60-107-99(NP)-Freedom fighter's Pension	6020.00	5303.63	5314.65
3	2014-15	2235-02-001-96 (P)-Strengthening of Administrative Infrastructure	500.00	319.43	328.85
4	2014-15	2235-60-191-50 (NP)-Block grants for Revenue Expenditure	6816.86	6673.40	6811.38
5	2014-15	2235-02-106-97(NP)-Probation service	272.85	268.90	280.80
6	2015-16	2235-02-001-98 (NP)-Supervision	647.67	587.27	604.75
7	2015-16	2235-60-200-87 (NP)-Zilla Sainik Welfare Offices	589.13	509.36	519.51

Source : Detailed Appropriation Accounts for respective years

2.6 Overstated expenditure

Financial Rules prohibit withdrawal of money from treasury unless it is required for immediate disbursement. However, in some cases departmental officers withdraw budget allocation at the end of the year, to avoid lapse of budget, and keep them either in Treasury Savings Bank account or outside the Government without actually spending. This has resulted in overstatement of the total expenditure of the Grant as the amount remained unutilised even after the close of financial year. Audit noticed a few instances of under-utilisation of Government funds as detailed in **Table 2.20**.

Table 2.20: Details of overstated expenditure

(₹ in crore)

Sl. No.	Implementing institution/Name of scheme	Date of withdrawal of funds	Amount drawn	Unutilized amount
1.	Animal Husbandry Department- Kerala State Poultry Development Corporation/ Poultry Processing Plant, Mobile Freezer Unit, Vacuum packing machine (2403-00-190-94)	29 May 2012	2.14	2.14
Though the fund was released in 2012-13, the project was not implemented so far by the Kerala State Poultry Development Corporation due to non-availability of land as well as insufficiency of fund.				
2.	Forest and Wildlife Department- Zoological Park, Wildlife Protection and Research Centre, Puthur (2406-02-110-48)	30 March 2013	2.50	2.50
Though the fund was released in 2012-13, delay in finalising the design of the zoo resulted non-utilisation of fund (June 2016).				
3.	Agriculture Department- Establishing two mobile soil testing laboratories (2401-00-104-79)	28 March 2016	1.00	1.00
This was a project funded by Government of India, but the funds were not utilised due to delay in fulfilling administrative procedures.				
4.	Kerala Infrastructure Investment Fund Board- Major Infrastructure Development Projects (5475-00-800-92 (P))	28 March 2016	873.86	873.86
This amount was meant for eleven major infrastructure projects of the State and transferred to the corpus fund of KIIFB to facilitate borrowing by that institution.				
Total			879.50	879.50

Source : Detailed appropriation Accounts of respective years

2.7 Inspection of treasuries

There were 23 District Treasuries, 200 sub-treasuries, 12 Stamp depots and one e-treasury functioning in the State as of March 2016. The Principal Accountant General (A&E), Kerala inspected 150 units (including Directorate of Treasuries,

District Treasuries and Sub-treasuries). Irregularities and deficiencies noticed during the inspection of treasuries are mentioned in the succeeding paragraphs.

2.7.1 Excess payment of pension

During the course of treasury inspection, excess payment on account of pension/family pension amounting to ₹0.90 crore was noticed in 898 cases. The main reasons for these excess payments were errors in calculation of revised pension, continuance of higher rate of family pension after expiry of authorised period, non-deduction of commuted portion of pension from basic pension, payment of ineligible festival allowance and medical allowance to family pensioners who are also in receipt of regular pension and incorrect calculation of dearness relief. Out of the above excess payment, ₹0.30 crore involved in 537 cases have already been recovered as shown in Table 2.21.

Table 2.21: Excess pension that remains to be recovered

(₹ in crore)

Sl. No.	Details of Excess paid pension	Excess paid		Recovered		Balance	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Excess payment of pension	108	0.42	40	0.16	68	0.26
2	Excess payment of UGC pension	36	0.03	29	0.01	7	0.02
3	Excess payment of family pension	81	0.29	22	0.05	59	0.24
4	Excess payment of festival allowance and Medical allowance	669	0.12	444	0.06	225	0.06
5	Irregular crediting of MLA pension	3	0.03	2	0.02	1	0.01
6	Excess payment of inter-state pension	1	0.01	0	0	1	0.01
Total		898	0.90	537	0.30	361	0.60

Source: Data compiled by the PAG (A&E), Kerala

2.7.2 Retention of excess cash balance

According to Rule 309 of Kerala Treasury Code Vol.I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next financial year. The District Treasury Officer in turn fixes the cash balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. Moreover excess retention of cash balance in treasuries may cause loss of revenue to the State by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 109 treasuries/sub treasuries on 880 occasions during the financial year.

2.7.3 Short/non-recovery of rent of residential quarters

House rent at the rate of two *per cent* of basic pay (as per paragraph 14 of GO(P) 85/2011/Fin dated 16 February 2011) has to be recovered with effect from the date of coming over to the revised scale in the case of employees residing in Government quarters and whose scale of pay is 21240-37040 and above. In the case of employees covered under UGC/AICTE scale of pay, rent at the rate of four *per cent* of their basic pay has to be recovered (paragraph 14 of the Pay Revision Orders 2009). During the year, short/non-recovery of house rent was noticed in 37 cases amounting ₹2.84 lakh in 22 sub treasuries, of which ₹2.37 lakh in respect of 26 cases was yet to be recovered as on October 2016.

2.7.4 Pending adjustment of advances drawn by Drawing and Disbursing Officers

During the audit of Treasury Information System, Principal Accountant General (A&E), observed that in 92 treasuries, out of ₹121.67 crore (389 cases) drawn as advance, ₹121.01 crore (327 cases) were not settled (October 2016) by presenting final bills. Non-settlement of advances distorts the correctness of expenditure booked in Government accounts.

2.7.5 Irregular maintenance of Personal Deposit Accounts and Treasury Savings Bank Account

As per existing Government orders, if any Personal Deposit (PD) account remains un-operated for more than three years consecutively, the order of the Government has to be obtained for closing such accounts, if the accounts are no longer required by the Administrator. Such PD accounts which remain un-operated for more than three financial years, should be closed and the balance transferred to revenue. However, during the audit of 50 treasuries in 2015-16, ₹153.15 crore was seen blocked up in 236 accounts. Out of this, ₹4.82 crore had been credited back to revenue and ₹148.33 crore remained unadjusted (October 2016) in 174 PD accounts.

Similarly, as per Rule 28 and 40 of Treasury Savings Bank Rules, accounts which remain inoperative for more than five completed financial years cease to bear interest and balance outstanding in such accounts are to be transferred to Revenue Deposit. Principal Accountant General (A&E), observed that in 29 treasuries ₹0.54 crore was available in 383 un-operated accounts. Further, an amount of ₹3.05 crore being the balance amount of various projects/schemes implemented by eight departmental officers was idling under treasury savings bank/treasury public account of eight treasuries.

2.8 Conclusion

Against the total budget allocation of ₹1,18,890.79 crore, total expenditure was ₹94,377.17 crore, which resulted in under-utilisation of 21 *per cent* (₹24,513.62

crore) of the budget allocation during 2015-16. This was one *per cent* more than the under-utilisation during 2014-15. In nine Grants and one Appropriation persistent savings of ₹100 crore or more were noticed for the last three years. Excess expenditure of ₹230.77 crore under three appropriations and one Grant is to be regularized under Article 205 of the Constitution. Supplementary provisions aggregating to ₹781.10 crore, obtained in 20 Grants/ Appropriations (₹one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions. Augmentation of funds through re-appropriation was proved wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation received through original and supplementary demands for grants. In 16 Grants/Appropriations, against the actual savings of ₹13,593.88 crore, the amount surrendered was ₹14,170.56 crore, resulting in excess surrender of ₹576.68 crore, which indicated the injudicious management of budget allocation by departmental officers.

Failures in appropriation control on the part of departmental officers of Social Justice Department were noticed in the Grant selected for review. Though, allocations were made in the budget for the last three years (2013-14 to 2015-16) for rehabilitation of mentally challenged and differently abled persons, utilisation of funds by the department was very poor. Funds earmarked for construction of Anganwadies and Nirbhaya homes was also not utilised.

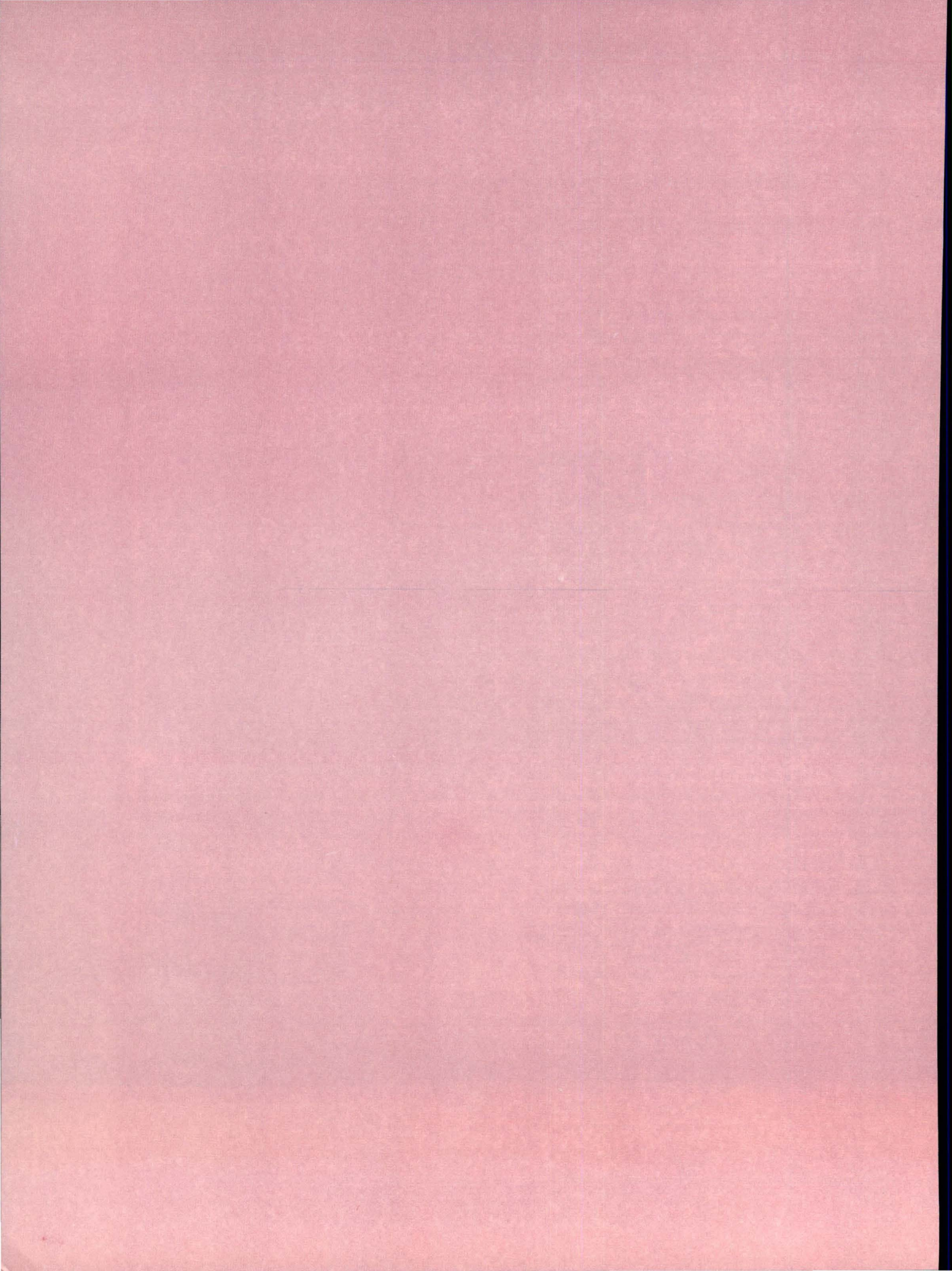
Irregular maintenance of Personal Deposit Accounts and Treasury Savings Bank accounts was noticed during the audit of treasuries.

2.9 Recommendations

- Finance Department may review budgetary process in Grants/ Appropriations continuously showing under-utilisation of budget allocation as overall savings in budget allocations have been increasing year after year.
- Finance Department may ensure the utilisation of budget allocation under the Grant/Appropriation while processing the request of departmental officers for Supplementary Demands for Grants to avoid unnecessary savings under the Grant/ Appropriation at the end of the financial year. Departmental Controlling Officers may propose for Supplementary Grants only after exhausting the chances for re-appropriation between the heads of account under their control.
- Periodical review of inoperative Personal Deposit Accounts and Savings Bank Account may be carried out at treasury level to avoid blockage of funds.



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, timeliness and quality of reporting on the status of such compliances are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist a State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

Article 208 of the Kerala Financial Code stipulates that the State may make such grants-in-aid for public purposes or activities carried out by private institutions or local bodies as are in conformity with Article 282 of the Constitution of India. Financial rules²⁹ stipulate that the authority sanctioning grant-in-aid has to stipulate, in every order sanctioning the grant, a time limit not exceeding one year from the date of sanction for utilisation of the grant and a time-limit of nine months for the submission of audited accounts. The utilisation certificate should be furnished within three months from the date of receipt of audited accounts. The Utilisation Certificate (UC) for grants-in-aid exceeding ₹10,000 has to be forwarded to the Principal Accountant General (Accounts and Entitlement), Kerala. It was observed that 34 utilisation certificates for ₹88.05 crore were not received (June 2016), by the PAG (A&E) in respect of grants for which UCs were due during the period from 2013-14 to 2015-16. The age-wise position of delays in submission of Utilisation Certificates is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

(₹ in crore)

Grant-in-aid released during	UC due during	Utilisation certificates outstanding as on June 2016		
		Delay	Number	Amount
Upto 2011-12	Upto 2013-14	More than two years	7	53.46
2012-13	2014-15	More than one year	10	6.30
2013-14	2015-16	Upto one year	17	28.29
Total			34	88.05

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

²⁹ Article 210 of the Kerala Financial Code (Vol. I)

3.2 Non-submission/delay in submission of Accounts

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

As of March 2016, the annual accounts of six autonomous bodies/authorities due upto 2014-15 were not furnished to the Principal Accountant General (Economic and Revenue Sector Audit), Kerala as detailed in **Appendix 3.1**.

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

The Audit of Accounts of 25 Autonomous Bodies in the field of legal aid, human rights, development of khadi, etc., in the State has been entrusted to the Comptroller and Auditor General of India under Sections 19 (2), 19 (3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature are indicated in **Appendix 3.2**.

Accounts of District Legal Services Authority, Palakkad are due from 2011-12. Accounts of District Legal Services Authorities, Ernakulam and Kasaragod are due from 2012-13 and that of Pathanamthitta and Wayanad are due from 2013-14. Apart from above, accounts of eight bodies are due from 2014-15 onwards.

3.4 Departmentally managed Commercial Undertakings

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

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

The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government in respect of three³⁰ such undertakings, is given in **Appendix 3.3**. Out of the three, two are running in loss (State Water Transport Department and Text Book Office) and accounts of Text Book Office are in arrears from 2003-04. In the absence of up-to-date accounts, financial status of Text Book Office could not be ascertained.

3.5 Misappropriations, losses, defalcations, etc.

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

The final action on 117³¹ cases of misappropriation, defalcation, etc., involving Government money amounting to ₹7.16 crore reported to State Government for the period up to June 2016 was pending as detailed in **Appendix 3.4** and **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.2**.

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

A. Age-profile of the pending cases			B. Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
Less than 5 years	12	90.69	Theft	16	3.56
5 – 10	17	47.81	Misappropriation/ loss of material	101	712.43
10 – 15	36	451.33			
15 – 20	26	84.28			
20 – 25	10	25.88			
25 and above	16	16.00			
Total	117	715.99	Total pending cases	117	715.99

Source: Cases reported by departments of the State Government

The reasons for delay in finalisation of outstanding cases were analysed by Audit and are summarised in **Table 3.3**.

³⁰ Kerala State Insurance Department, State Water Transport Department and Text Book Office.

³¹ This includes cases detected by Audit during local audit as well as cases reported by Government departments as per codal provisions.

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

Sl. No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in lakh)
1.	Awaiting departmental and criminal investigation	22	214.22
2.	Departmental action initiated but not finalised	42	190.86
3.	Awaiting orders for recovery or write off	36	114.81
4.	Pending in the courts of law	17	196.10
Total		117	715.99

Source: Information received from Departments of the State Government

3.6 Blocking up of funds under 8443 Civil Deposits

Government receives moneys deposited with them for various purposes by or on behalf of various public bodies and members of the public. These deposits are later adjusted by repayment or otherwise. In this manner, Public Works Department also receives deposit from other Government department or public/private bodies for the execution of civil work, entrusted to them.

In Government accounts, 'K. Deposits and Advance' is the sector with major heads for accounting for moneys received by Government on behalf of various public bodies and members of the public. The advances paid to departmental officers for executing departmental activities are adjusted under these heads. Among the various major heads under the sector, the major head '8443-Civil Deposits' had substantial accumulated balance (₹2874.15 crore) at the end of March 2016 and major portion of this accumulation pertains to two minor heads '108-Public Works Deposits' (₹1126.57 crore) and '117-Deposits for work done for public bodies or private individuals' (₹875.96 crore). Hence, audit conducted a review to identify the reasons for accumulation of funds under these two minor heads and also to assess its impact on state finances.

3.6.1 Accumulation of Deposit under 8443-108-Public Works Deposits

For construction/maintenance of Government buildings and roads, Public works divisions of the State receive money from Government departments/public/private bodies and deposit them under the head of account 8443-108 Public Works Deposit for executing the work. Deposits received/recoveries made from the work bills of the contractor are classified under the following subheads below the minor head mentioned above.

- Cash deposits received from contractors as security including percentage deductions made from their bills.
- Deposits for work to be done.
- Sums due to contractors on closed accounts.

- Miscellaneous deposits including (until clearance) all items of receipt the classification of which cannot at once be determined or which represent accounting errors awaiting adjustment.

As part of the review, audit scrutinised the records of 13 Public Works Divisions (eight Roads Divisions and five Buildings Divisions), having substantial accumulation under deposit head (exceeding ₹20 crore till February 2016) and observed that an amount of ₹606.02 crore (**Appendix 3.6**) was blocked up in Public Works Deposit of these divisions at the end of March 2016. Audit scrutiny of the records of the selected Divisions (for the period from April 2008 to March 2016) revealed that unutilised balance under the deposit head increased from ₹118.64 crore in April 2008 to ₹606.02 crore in March 2016 as given in **Table 3.4**.

Table 3.4 : head-wise accumulation of funds in test-checked divisions

Sub head	₹ in crore)	
	April 2008	March 2016
Cash deposit as security received from Contractors	8.88	27.88
Deposit for works to be done	92.65	548.26
Miscellaneous Deposit	17.11	29.88
Total	118.64	606.02

As indicated in the table above, substantial accumulation of funds was noticed under the head 'Deposits for works to be done' which increased from ₹92.65 crore in April 2008 to ₹548.26 crore in March 2016. Audit analysed the reasons for accumulation of funds under this head and observed the following.

Public Works (Roads) Divisions receive deposits for constructing new roads and also for restoring the roads damaged while laying water supply lines, telecom cables, electricity cables, etc. Substantial accumulation of funds under the head 'Deposits for works to be done' of the divisions was mainly due to non-utilisation of funds received for road restoration charges and also due to non-refund of balance to depositor after execution of the work. It was observed that divisions were often not utilising/under-utilising the amounts charged/collected as road cutting charge to repair the damaged roads. Consequently, deposits get accumulated in deposit account.

Further, divisions seldom act on unspent deposits available for construction of new roads with them after the execution of work. These unutilised deposits were not refunded to the depositor for years together. Consequently, funds get accumulated in the Deposit account.

In **Buildings Divisions** inordinate delay in execution of construction works was the main reason for accumulation of funds with Public Works (Buildings) division. Delay in issuing administrative/technical sanction, arranging work, etc

were observed as the reasons for the delayed execution of construction work. In the test checked building divisions, audit observed that certain works for which deposits were received from 2008-09 to 2014-15 are pending for execution. As in the case of roads divisions, buildings divisions are also keeping the unutilised balance of deposit amount, without refunding it to the depositor or transferring to revenue head, which also resulted in accumulation of funds.

Though the accumulation was not as huge as in the head 'Deposits for works to be done', accumulation was noticed in other heads, viz. 'Deposits received from contractors as security' and 'Miscellaneous deposits'. As per the provisions of Kerala Financial Code, deposits remaining unclaimed for the three financial years should be credited back to Government revenue at the end of the financial year. However, security deposits/retention amounts which remained unclaimed for years together are retained in the deposit head by divisions, without being transferred to Government revenue. Divisional officers stated that non release of security deposits was due to non-completion of work and also due to pending litigations. Correctness of this statement could not be verified in audit due to non-maintenance of individual work registers in divisions.

'Miscellaneous Deposits' are mainly related to Sales Tax/VAT recovered from work bills and contribution recovered from work bills towards Kerala State Construction Workers Welfare Fund (KSCWWF). As per the existing directions of the Government, Sales Tax/VAT collected by the divisions in a particular month from the work bills of the contractors are to be transferred to the relevant revenue head of the Government before 20th day of the subsequent month. However, inordinate delay in transfer of tax revenue was noticed in seven³² divisions and at the end of March 2016, ₹3.87 crore was pending for transfer to revenue head.

Similarly, delay in transfer of contribution recovered from work bills towards KSCWWF was noticed in ten³³ divisions (₹12.50 crore). Since the KSCWWF Board invests the contribution received from various sources in nationalised banks, delay in transfer of funds to the Board would lead to loss of interest.

Audit observed that Public Works Divisions are not maintaining progress register of works in respect of individual works entrusted to them. Consequently, monitoring of the progress of work and also revenue administration was not effectively carried out in divisions test checked in audit.

Estimated impact

- When a Government department entrusts the work of constructing a building or road to Public Works Division, funds are withdrawn from

³²Roads Divisions: Thiruvananthapuram, Kannur, Kasaragod and Buildings Divisions: Thrissur, Kozhikode, Palakkad, Thalassery

³³Roads Divisions: Thiruvananthapuram, Kottayam, Ernakulam, Thrissur, Kannur, Kasaragod and Buildings Divisions: Thrissur, Kozhikode, Palakkad, Thalassery

Consolidated Fund of the State and deposited into Public Account. Thus, funds shown as Expenditure in Consolidated Fund are not really spent but blocked up in Public Account till actually spent. Also, non-refund of unutilised balance to the department (which deposited the funds) resulted in non-depiction of actual expenditure incurred on the project in Government accounts.

3.6.2 Accumulation of deposits under 8443-117 Deposits for works to be done for public bodies and private individual

As part of infrastructure development, Government has to acquire land and pay compensation to the title holders, for the acquired land. To facilitate this, allocations are made in the annual budget and placed at the disposal of Land Acquisition Officers (LAO). In order to avoid lapsing of budget allocation and to facilitate staggered payment of compensation, departmental officers withdraw the funds provided under the functional heads (under Consolidated Fund) and credit them under the deposit head 8443-117-99 (Public Account).

Finance Accounts for 2015-16 shows that at the end of March 2016 the subhead ‘8443-117-99-Deposits for payment of compensation for land acquired’ had an accumulated balance of ₹837.66 crore, which was ₹451.02 crore in April 2011 (accumulation of ₹386.64 crore during last five years).

Scrutiny of the transactions under the head for the last few years revealed that majority of the transactions took place under two district treasuries of the State, viz., Thiruvananthapuram and Ernakulam, and hence audit scrutiny was focused on these two district treasuries and connected offices in the districts. Audit scrutiny revealed that out of ₹3640.17 crore drawn by offices under the two district treasuries from the Consolidated Fund of the State during the period 2006-07 to 2015-16, ₹496.28 crore³⁴ remained blocked up in deposit head, at the end of March 2016.

Audit observations on blockage of funds

As per 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. However, audit scrutiny revealed that 17 LAOs had retained ₹437.79 crore (as of August 2016) without utilization.

Further scrutiny revealed that

- In five cases (Sl. Nos.1,5,6,7&8 in **Table 3.5**), funds placed at the disposal of LAOs were fully drawn and kept in the deposit head but the acquisition process was delayed due to non-finalisation of judicial proceedings, public

³⁴ Outstanding balance prior to 2006-07 not included

protest, etc. In some other cases (Sl. Nos. 2,3,4,9 &10) second and subsequent instalments were drawn from the Consolidated Fund and kept in deposit head, when major portion of the first instalment remained unutilised. This blockage of funds could have been avoided, had the LAOs followed the procedure prescribed in Section 18 of the Kerala Public Works Department Manual.

Table 3.5: Funds drawn in excess of requirement and kept under deposit head

Sl. No.	Project name	Name of LAO	Funds drawn (₹)	Funds utilized(₹)	Reason for non-utilisation
1	Land Acquisition (LA) for Life Science Park-Technocity	Special Tahsildar, SPVL No.III & LA, Thiruvananthapuram	36.84 crore (February 2010 & May 2014)	Nil	LAO replied that amount pertains to cases pending with Court.
2	LA for IWAI Cargo Terminal	Spl. Tahsildar (LA), NH No.III, Vyttila	13.90 crore (June 2012 & April 2013)	12,342	Delay was due to non-finalisation judicial proceedings.
3	LA for Burial Ground at Lakshadweep	-do-	1.01 crore (April 2012)	21,363	Fund allocated was insufficient to acquire the land.
4	LA for Development of PHC, Vilappil	Spl. Tahsildar, Additional LA Unit, Thiruvananthapuram	4.53 lakh (April 2012)	11,520	Title holder filed a petition.
5	Acquisition of land from Kerala Secretariat Association	Dy. Collector (LA), Thiruvananthapuram	21.71 lakh (December 2010)	Nil	Due to dispute in payment of compensation fund was not utilised.
6	Rehabilitation of affected traders	-do-	2.20 crore (February 2008)	Nil	Pending due to non-finalisation of judicial proceedings.
7	LA for Kumaranasan National Institute of Culture	-do-	1.76 crore (April 2008 to December 2012)	Nil	Land for acquisition is under dispute for the past eight years.
8	LA for Development of Government Secretariat Phase II	-do-	1.99 crore (March 2010)	Nil	Government permitted to use the amount for next phase of work, as dispute is going on regarding the land to be acquired.
9	LA for Indian Institute of Space Science & Technology	-do-	2.40 crore (September 2009)	21,760	Public protest against acquisition of land.
10	LA for rehabilitation by HUDCO	Spl. Tahsildar (LA), General, Kakkanad	11.02 lakh (June 2013 to August 2015)	1,18,000	Amount will be refunded after examination of the file.

In this regard the District Collector Ernakulam reported (November 2016) that directions have been issued to all LAOs to avoid the blockage of funds. District

Collector, Thiruvananthapuram stated that the balance amount in all case will be surrendered on merits after verification.

- It was also observed that balance funds after payment of compensation, deduction of income tax, establishment charges, etc. were retained in the deposit account (**Table 3.6**) without being returned to administrative department. This has led to an avoidable accumulation of funds under the deposit head.

Table 3.6: Balances after utilization retained in deposit head

Sl. No.	Name of LAO	Funds drawn ³⁵ (₹ in crore)	Balance (₹ in crore)
Thiruvananthapuram			
1	Spl. Tahsildar (LA), PWD	17.49	0.46
2	Spl. Tahsildar (LA), General	18.08	0.46
3	Spl. Tahsildar, Additional LA Unit	30.29	1.03
4	Deputy Collector (LA)	55.99	2.04
5	Spl. Tahsildar, SPVL No.III & LA	43.52	0.09
6	Spl. Tahsildar (LA), National Highways	126.97	0.03
7	Spl. Tahsildar (LA), International Airport	28.36	0.12
Ernakulam			
8	Spl. Tahsildar (LA), NH I	1.08	0.13
9	Spl. Tahsildar (LA), NH II	20.20	0.41
10	Spl. Tahsildar (LA), NH III	18.41	1.40
11	Spl. Tahsildar (LA), General	32.98	0.20
12	Spl. Tahsildar (LA), KIA No.III	3.84	1.08
13	Spl. Tahsildar (LA), KRL	81.93	0.19
14	Spl. Tahsildar (LA), Kochi Corporation	10.54	0.16
	Total	489.68	7.80

As per Article 282 of the Kerala Financial Code Volume I, all deposits remaining unclaimed for more than three complete financial years should be credited to the Government at the close of March in each year. This procedure was not followed by any of the LAOs test checked in audit. In reply to audit observations District Collector, Ernakulam informed that necessary steps have been taken to reconcile the difference in the records maintained with LAOs. District Collector, Thiruvananthapuram stated that treasury reconciliation of the balance is going on, on a war footing.

³⁵ Ongoing projects not included

Audit observations on system deficiencies

- (i) As per Rule 18 of the Land Acquisition (Kerala) Rules, 1990, all the offices dealing with land acquisition work have to maintain Registers relating to land acquisition and payments made thereto. None of the LAOs test-checked in Audit have maintained registers as mentioned in the Rules, except an Award Register. The fund allotment registers maintained in the offices showed the details of amounts received and paid, but were insufficient to provide information regarding receipt and disbursement of funds earmarked for a particular land acquisition project. In the absence of relevant registers, proper monitoring of payment of compensation thereto was not streamlined at the departmental level.
- (ii) Since all the receipt and disbursement transactions under the head of account 8443-117-99 are done through the treasuries, balance in respect of each of the projects was available in the treasuries. But, in all the LAOs test-checked, it was observed that there was difference between treasury balance and the balance recorded in the registers of the LAOs. A few instances are given in **Appendix 3.7**. Periodical reconciliation with Treasury, as prescribed in Kerala Budget Manual, was not being done by the LAOs; consequently, reliability of the fund balance disclosed by the LAOs was doubtful. In response to audit query LAOs replied that they would verify the balance with the Treasury and make necessary rectifications.

3.7 Conclusion

The Audit of Accounts of Autonomous Bodies, which 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 are pending in respect of 13 bodies due to delay in submission of accounts.

Scrutiny of records of 13 Public Works Divisions (eight Roads Divisions and five Buildings Divisions) revealed accumulation of ₹606.02 crore under the deposit head of the divisions at the end of March 2016, due to delay in execution of work and non-transfer of balance fund after execution. In respect of roads divisions deposits received for road restoration charges are rarely utilised and in respect of buildings divisions there was inordinate delay in execution of work.

During the period 2006-07 to 2015-16, out of ₹3640.17 crore withdrawn by departmental officers from the Consolidated Fund of the State, ₹496.28 crore remained blocked under the head of account 8443-117-99, due to non-utilisation of funds for the earmarked purpose as well as non-refund of balance fund after payment of compensation. None of the LAOs (17 test-checked in Audit) were maintaining registers as prescribed in Land Acquisition (Kerala) Rules, 1990, which led to poor monitoring of the utilization of funds entrusted to them.

Periodical reconciliation with Treasury, as prescribed in Kerala Budget Manual, was not being done by the LAOs; consequently, reliability of the fund balance disclosed by the LAOs was doubtful.

3.8 Recommendations

- Government may issue directions to Public Works (Roads) Division authorities to utilise road cutting charges received as deposit for road maintenance work without delay so that blockage of funds under Deposit head could be avoided. Also maintenance of individual work deposit register may be insisted in all the divisions so that utilisation of work deposit funds can be reviewed periodically to avoid accumulation under Deposit head.
- Prolonged idling of funds meant for land acquisitions may be avoided.



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Principal Accountant General
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Thiruvananthapuram,
The

1 FEB 2017

Countersigned



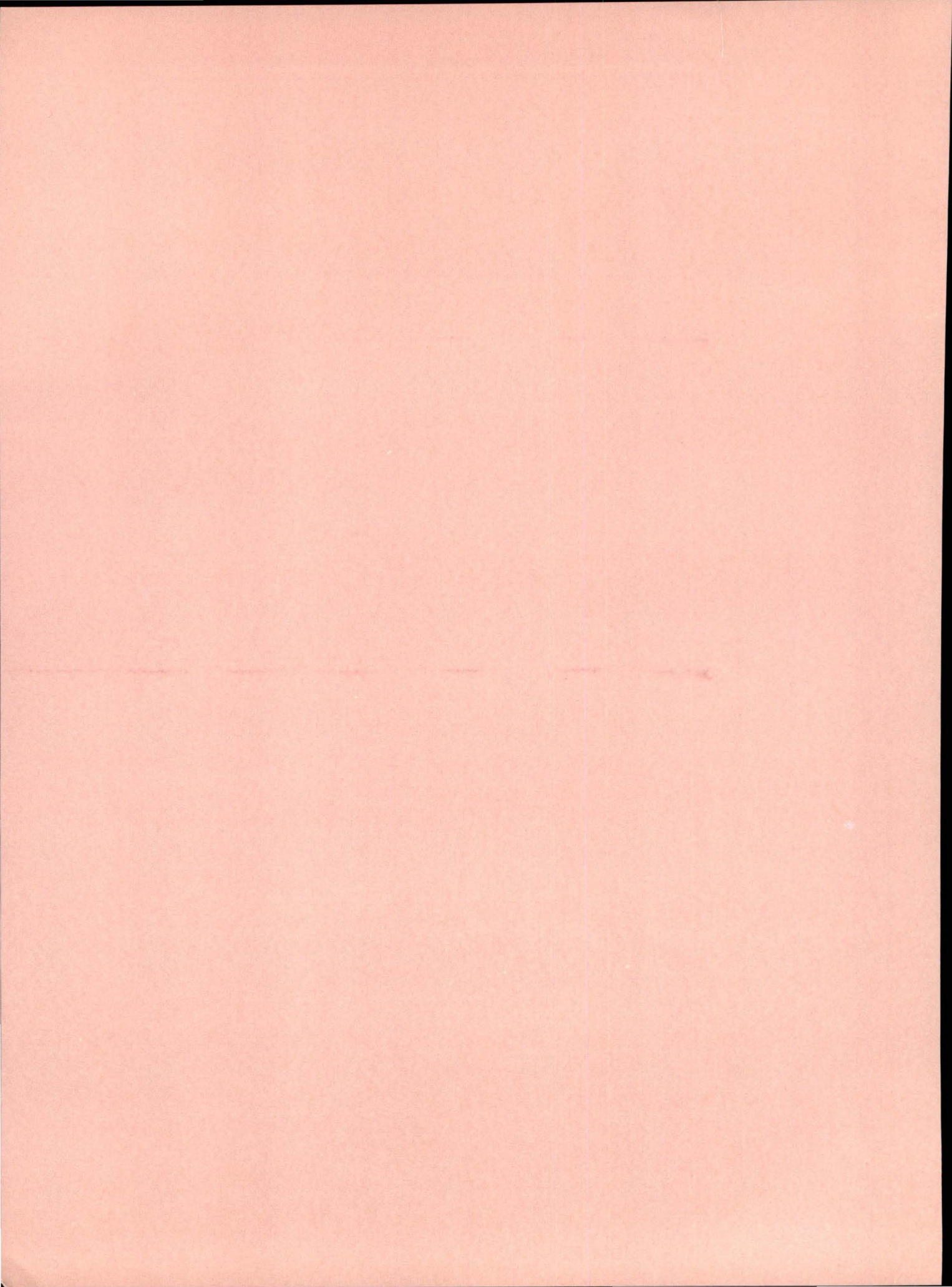
(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi,
The

8 FEB 2017



APPENDICES



Appendix 1.1

State Profile

(Reference: Page 1, Paragraphs 1.3; Page 8 and 1.6.1; Page 17)

A. General Data

Sl. No.	Particulars		Figures
1.	Area		38863 sq. km.
2.	Population		
	a.	In 2006	3.34 crore
	b.	In 2015	3.56 crore
3.	a.	Density of Population (as per 2001 Census) (All India Density = 325 persons per sq.km)	819 persons per sq. km.
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per sq.km)	860 persons per sq. km.
4.	Population Below Poverty Line (BPL) (All India Average = 29.5 per cent)		11.3 per cent
5.	a.	Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	90.92 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 73.0 per cent)	94 per cent
6.	Infant mortality (per 1000 live births)(All India Average =39per 1000 live births)		12
7.	Life Expectancy at birth (All India Average = 67.5 years)		74.7 years
	Gini Coefficient		
8.	a.	Rural (All India = 0.29)	0.42
	b.	Urban (All India = 0.38)	0.50
	Gross State Domestic Product (GSDP) 2015-16 at current prices		₹5,85,467 crore
9.	Per capita GSDP Compounded Annual Growth Rate (2006-07 to 2015-16)	Kerala	15.20 per cent
		General Category States	15.75 per cent
10.	GSDP Compounded Annual Growth Rate (2006-07 to 2015-16)	Kerala	16.01 per cent
		General Category States	14.27 per cent
11.	Population Growth (2006 to 2015)	Kerala	6.50 per cent
		General Category States	12.24 per cent
12.	Per capita income at current prices (2015-16)	Kerala	₹1,64,462
		All India	Not available

B. Financial Data (In per cent)

Compounded Annual Growth Rate		Particulars			
		2006-07 to 2014-15		2014-15 to 2015-16	
		General Category States	Kerala	General Category States	Kerala
a.	Revenue Receipts	14.74	15.59	15.00	19.12
b.	Own Tax Revenue	15.08	14.48	13.28	10.70
c.	Non Tax Revenue	10.20	29.21	6.00	15.68
d.	Total Expenditure	16.71	16.85	16.42	13.41
e.	Capital Expenditure	13.21	21.39	25.80	76.28
f.	Revenue Expenditure on Education	17.08	15.94	12.17	10.35
g.	Revenue Expenditure on Health	18.70	17.54	13.44	12.80
h.	Salary and Wages	15.49	15.84	9.95	9.88
i.	Pension	18.59	16.60	11.79	16.09

Source: Information furnished by the Economic Advisor, O/o the C&AG of India, New Delhi

Appendix 1.2

Part A : Structure and form of Government Accounts

(Reference: Paragraph 1.1; Page 2)

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

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

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

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

Part B : Layout of Finance Accounts

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

Statement No.	Details of Statements
1.	Statement of Financial Position
2.	Statement of Receipts and Disbursements
3.	Statement of Receipts (Consolidated Fund)
4.	Statement of Expenditure (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 Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government.
11.	Statement of Voted and Charged Expenditure
12.	Statement on sources and application of funds for expenditure other than on revenue account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement on Borrowings and Other Liabilities
18.	Detailed Statement on Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement on Contingency Fund and Other Public Account transactions
22.	Detailed Statement on Investments of earmarked balances

Appendix 1.3

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

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the Legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

	2011-12	2012-13	2013-14	2014-15	2015-16
GSDP ³⁶ (₹ in crore)	3,64,048	4,12,313	4,62,916	5,19,896	5,85,467
Growth rate of GSDP	..	13.26	12.27	12.31	12.61

Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2013-14 are provisional and that for 2014-15 are Quick Estimates.

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

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

³⁶ Base year 2011-12

Appendix 1.3
Part B : Outcome indicators set out in the Medium Term Fiscal Plan for the years
2015-16 to 2017-18
(Reference: Paragraphs 1.1; Page 2 and 1.3; Page 7)

(₹ in crore)

Item	2012-13 Accounts	2013-14 Accounts	2014-15 Revised Estimates	2015-16 Budget Estimates	Forward estimates	
					2016-17	2017-18
Revenue Receipts	44137	49177	63588	77427	94374	115602
Own Tax Revenue	30077	31995	38285	45428	52651	61023
Non Tax Revenue	4198	5575	7883	8931	12717	18108
Resources from Centre	9862	11607	17420	23068	29006	36472
Non Debt Capital Receipts	88	123	193	199	242	293
Revenue Expenditure	53489	60486	73852	85259	102643	123572
Salaries	17257	19280	22025	26594	32032	38583
Pensions	8867	9971	11515	13172	15809	18974
Interest	7205	8265	9536	10952	11790	13417
Subsidies	1265	1252	1109	852	1075	1355
Devolution to Local Governments	4739	5926	7507	7665	9648	12145
Other Revenue Expenditure	14156	15791	22161	26024	32290	39098
Capital Expenditure	5739	5759	5928	10066	12208	14918
Capital outlay	4603	4294	5063	9220	11156	13611
Loan disbursements	1136	1464	865	845	1051	1307
Revenue Surplus/Deficit	-9352	-11309	-10264	-7832	-8270	-7970
Fiscal Deficit/Surplus	-15003	-16944	-15999	-17698	-20236	-22595
Primary Deficit/Surplus	-7798	-8679	-6464	-6746	-8446	-9178
Debt Stock	103561	114777	128499	145009	165244	187839
Government Guarantees	9100	9763	11163	11946	12783	13679
GSDP (at market prices)	379417	430211	496886	570523	654618	751109
Interest/ Revenue Receipts (per cent)	16.32	16.81	15.00	14.15	12.49	11.61
Debt/ Revenue Receipts (per cent)	234.64	233.40	202.08	187.28	175.10	162.49
Revenue Deficit/ Revenue Receipt (per cent)	21.19	23.00	16.14	10.12	8.76	6.89
Revenue Deficit/GSDP (per cent)	2.46	2.63	2.07	1.37	1.26	1.06
Revenue Deficit /Fiscal Deficit (per cent)	62.33	66.74	64.15	44.25	40.87	35.27
Fiscal Deficit /GSDP (per cent)	3.95	3.94	3.22	3.10	3.09	3.01
Debt stock / GSDP (per cent)	27.29	26.68	25.86	25.42	25.24	25.01
Nominal GSDP Growth Rate (per cent)	11.69	13.39	15.50	14.82	14.74	14.74
Average Interest rate (per cent)	7.47	7.57	7.84	8.01	7.60	7.60
Domar Gap	4.22	5.82	7.66	6.81	7.14	7.14

Appendix 1.4

Part A : Abstract of receipts and disbursements for the year 2015-16
(Reference: Paragraph 1.1.1; Page 2)

(₹ in crore)

Receipts			Disbursements						
2014-15			2015-16	2014-15		2015-16			
	Section – A: Revenue					Non-Plan	Plan	Total	
57950.47	I. Revenue Receipts		69032.66	71746.43	I. Revenue Expenditure	66610.98	12078.49	78689.47	78689.47
35232.50	Own Tax Revenue	38995.15		31432.75	General Services	35967.70	116.98	36084.68	
7283.69	Non-Tax Revenue	8425.49		23718.11	Social Services	20011.73	7591.56	27603.29	
7926.29	State's share of Union Taxes and Duties	12690.67		12790.19	Education, Sports, Art and Culture	12601.49	1518.56	14120.05	
1984.10	Non-Plan Grants	5177.80		4035.10	Health and Family Welfare	3505.42	1046.15	4551.57	
4928.90	Grants for State Plan Schemes	3406.37		1049.84	Water Supply, Sanitation, Housing and Urban Development	372.49	962.35	1334.84	
594.99	Grants for Central Plan and Centrally Sponsored Plan Schemes	337.18		63.75	Information and Broadcasting	62.89	15.84	78.73	
				1772.63	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	407.80	1712.01	2119.81	
				762.60	Labour and Labour Welfare	316.76	490.15	806.91	
				3188.28	Social Welfare and Nutrition	2682.08	1846.50	4528.58	
				55.72	Others	62.80		62.80	
				10197.57	Economic Services	6728.47	4369.95	11098.42	
				4321.62	Agriculture and allied activities	3374.16	1424.78	4798.94	
				2305.05	Rural Development	371.87	2150.68	2522.55	
				135.95	Special Areas Programmes		109.03	109.03	
				391.75	Irrigation and Flood control	467.95	20.96	488.91	
				104.76	Energy	37.11	37.85	74.96	
				448.36	Industry and Minerals	175.73	169.73	345.46	
				1937.17	Transport	2030.68	126.07	2156.75	
				111.91	Science, Technology and Environment	49.95	86.70	136.65	
				441.00	General Economic Services	221.02	244.15	465.17	
				6398.00	Grants-in-aid and Contributions	3903.08		3903.08	
13795.96	II. Revenue Deficit carried over to Section B		9656.81		Revenue Surplus carried over to Section B				
71746.43	Total - Section A		78689.47	71746.43	Total - Section A	66610.98	12078.49	78689.47	78689.47

Appendix 1.4 Part A – Contd.

(₹ in crore)

Receipts				Disbursements					
2014-15			2015-16	2014-15	2015-16				
	Section B: Others				Non-Plan	Plan	Total		
2279.82	Opening Cash Balance including Permanent III. Advances, Cash Balance Investment and Investment of earmarked funds		1651.00	0.00	III. Opening Overdraft from Reserve Bank of India			Nil	0
28.17	IV. Miscellaneous Capital Receipts		28.08	4254.59	IV. Capital Outlay	981.56	6518.48	7500.04	7500.04
				134.66	General Services	84.53	172.07	256.60	
				875.26	Social Services	70.74	964.29	1035.03	
				307.33	Education, Sports, Art and Culture	55.60	384.15	439.75	
				193.20	Health and Family Welfare	9.14	210.53	219.67	
				128.30	Water Supply, Sanitation, Housing and Urban Development	6.00	132.36	138.36	
				5.29	Information and publicity		2.00	2.00	
				40.22	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		57.01	57.01	
				50.30	Social Welfare and Nutrition		21.95	21.95	
				150.62	Other Social Services		156.29	156.29	
				3244.67	Economic Services	826.29	5382.12	6208.41	
				398.42	Agriculture and allied activities	119.90	412.67	532.57	
				218.21	Other rural development programmes	242.79	199.61	442.40	
				270.24	Irrigation and Flood Control	68.37	457.86	526.23	
				0.86	Power projects		8.80	8.80	
				260.23	Industry and Minerals	1.25	333.69	334.94	
				1904.71	Transport	360.35	2966.62	3326.97	
				0.30	Science, Technology and Environment		0.75	0.75	
				191.70	General Economic Services	33.63	1002.12	1035.75	

Appendix 1.4 Part A – Concl'd.

(₹ in crore)

Receipts				Disbursements			
2014-15			2015-16	2014-15		2015-16	
123.74	V.	Recoveries of Loans and Advances	152.63	743.09	V.	Loans and Advances Disbursed	842.25
--		From Power Projects		0.00		For Power Projects	--
79.27		From Government Servants	101.10	208.55		To Government Servants	205.13
44.47		From Others	51.53	534.54		To Others	637.12
	VI.	Revenue Surplus brought down		13795.96	VI.	Revenue Deficit brought down	9656.81
18509.17	VII.	Public Debt Receipts	19658.74	5842.77	VII.	Repayment of Public Debt	6060.73
15105.63		Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	17141.58	2842.07		Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	3713.22
2651.07		Net transactions under Ways and Means Advances excluding overdraft	1985.82	2651.07		Net transactions under Ways and Means advances excluding overdraft	1985.82
752.47		Loans and Advances from Central Government	531.34	349.63		Repayment of Loans and Advances to Central Government	361.69
	VIII.	Appropriation from the Consolidated Fund			VIII.	Appropriation to Contingency Fund	
67.39	IX.	Amount transferred to Contingency Fund			IX.	Expenditure from Contingency Fund	
141521.71	X.	Public Account Receipts	168623.44	136242.59	X.	Public Account Disbursements	162824.67
35107.65		Small Savings, Provident Funds, etc.	50247.43	31342.88		Small Savings, Provident Funds, etc.	41915.36
290.66		Reserve Funds	322.75	224.65		Reserve Funds	257.85
11248.34		Deposits and Advances	4546.57	9883.84		Deposits and Advances	7826.86
86166.80		Suspense and Miscellaneous	103331.39	86108.90		Suspense and Miscellaneous	102557.11
8708.26		Remittances	10175.30	8682.32		Remittances	10267.49
	XI.	Closing Overdraft from Reserve Bank of India		1651.00	XI.	Cash Balance at end	3229.39
				4.47		Cash in Treasuries	5.43
				1.02		Local Remittances	1.07
				-11.07		Deposits with Reserve Bank	-45.88
				2.09		Departmental cash balance including Permanent Advance	1.65
				147.05		Cash Balance Investment	1636.75
				1507.44		Investment from earmarked funds	1630.37
162530.00		Total – Section B	190113.89	162530.00		Total – Section B	190113.89

Appendix 1.4
Part B : Summarised financial position of the Government of Kerala
as on 31 March 2016
(Reference: Paragraphs 1.1.1; Page 2 and 1.9.1; Page 30)

(₹ in crore)

As on 31 March 2015	Liabilities		As on 31 March 2016
89067.91	Internal Debt		102496.26
71960.10	Market Loans bearing interest	84845.72	
0.05	Market Loans not bearing interest	0.05	
2227.40	Loans from Life Insurance Corporation of India	1954.03	
253.00	Loans from General Insurance Corporation of India	231.80	
2254.32	Loans from National Bank for Agriculture and Rural Development	2484.53	
333.32	Loans from National Co-operative Development Corporation	300.65	
233.86	Loans from other institutions	142.66	
11805.86	Special securities issued to National Small Savings Fund of the Central Government	12536.82	
7065.05	Loans and Advances from Central Government		7234.71
1.16	Pre 1984-85 Loans	1.16	
22.04	Non-Plan Loans	20.07	
7041.85	Loans for State Plan Schemes	7213.48	
(*)	Loans for Central Plan Schemes	(*)	
-	Loans for Centrally Sponsored Plan Schemes		
100.00	Contingency Fund(Net)		100.00
39307.29	Small Savings, Provident Funds, etc.		47639.36
6066.92	Deposits		2786.66
1947.16	Reserve Funds		2012.06
1204.85	Suspense and Miscellaneous		1861.64
144759.18	Total		164130.69

(*) ₹ 7,000 only.

Appendix 1.4 – Part B Concl'd.

(₹ in crore)

As on 31 March 2015	Assets		As on 31 March 2016
38081.65³⁷	Gross Capital Outlay on Fixed Assets -		45553.61
6094.84 ³⁷	Investments in shares of Companies, Corporations, etc.	6733.85	
31986.81	Other Capital Outlay	38819.76	
12320.27^{37, 39}	Loans and Advances -		13009.89
2661.64	Loans for Power Projects	2661.64	
9032.70	Other Development Loans	9618.92	
625.93	Loans to Government servants and Miscellaneous loans	729.33	
0.36	Advances		0.39
576.44	Remittance Balances		668.64
136.72	Adjustment on account of retirement/disinvestment		164.80³⁸
1651.00	Cash -		3229.39
5.49	Cash in Treasuries and Local Remittances	6.50	
-11.07	Deposits with Reserve Bank	-45.88	
1.74	Departmental Cash Balance	1.27	
0.35	Permanent Advances	0.38	
147.05	Cash Balance Investments	1636.75	
1507.44	Reserve Fund Investments	1630.37	
91992.74³⁹	Deficit on Government Account -		101503.97
78224.94 ³⁹	Accumulated deficit at the beginning of the year	91992.74	
13795.96	Add: (i) Revenue Deficit of the current year	9656.81	
0.01	(ii) Miscellaneous Government account	-117.50	
28.17	Less: Miscellaneous Capital Receipts	28.08	
144759.18	Total		164130.69

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 ₹48.97 crore (debit) between the figures reflected in the accounts (credit item ₹45.88 crore) and that communicated by the Reserve Bank of India (credit item ₹3.09 crore). The net debit of ₹48.97 crore is under reconciliation.

³⁷ Balance as on 31 March 2015 differ from those shown in the previous year's account due to *pro forma* adjustment of ₹9.71 crore for conversion of loans into share capital which were explained in foot notes (b) of Statement no.1 of Finance Accounts 2015-16.

³⁸ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital *vide* foot note (k) of Statement no.12 of Finance Accounts 2015-16.

³⁹ Increased *pro forma* by ₹2.52 crore being the conversion of loan into grant *vide* foot note (c)(ii) of Statement no.1 of Finance Accounts 2015-16.

Appendix 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3; Page 7 and Paragraph 1.9.2; Page 30)

(₹ in crore)

Particulars		2011-12	2012-13	2013-14	2014-15	2015-16
Part A: Receipts						
1.	Revenue Receipts	38010	44137	49177	57950	69033
(i)	Tax Revenue	25719 (67)	30077 (68)	31995 (65)	35232 (61)	38995 (57)
	Taxes on Agricultural Income	43 ⁴⁰	19 ⁴⁰	22 ⁴⁰	9 ⁴⁰	2 ⁴⁰
	Taxes on Sales, Trade, etc.	18939 (74)	22511 (75)	24885 (78)	27908 (79)	30737 (79)
	State Excise	1883 (7)	2314 (8)	1942 (6)	1777 (5)	1964 (5)
	Taxes on Vehicles	1587 (6)	1925 (6)	2161 (7)	2365 (7)	2814 (7)
	Stamps and Registration fees	2987 (12)	2938 (10)	2593 (8)	2659 (8)	2878 (7)
	Land Revenue	61 ⁴⁰	122 ⁴⁰	89 ⁴⁰	139 ⁴⁰	182 ⁴⁰
	Other Taxes	219 (1)	248 (1)	303 (1)	375 (1)	418 (1)
(ii)	Non Tax Revenue	2592 (7)	4198 (10)	5575 (11)	7284 (12)	8426 (12)
(iii)	State's share in Union taxes and duties	5990 (16)	6841 (15)	7469 (15)	7926 (14)	12691 (18)
(iv)	Grants in aid from Government of India	3709 (10)	3021 (7)	4138 (9)	7508 (13)	8921 (13)
2.	Miscellaneous Capital Receipts	16	15	19	28	28
3.	Recovery of Loans and Advances	55	74	104	124	153
4.	Total revenue and Non debt capital receipts (1+2+3)	38081	44226	49300	58102	69214
5.	Public Debt Receipts	9799	13261	14461	18509	19658
	Internal Debt (excluding Ways & Means Advances and Overdraft)	9392 (96)	12709 (96)	13950 (96)	15106 (82)	17141 (87)
	Net transactions under Ways and Means Advances excluding Overdraft	...	...	119 (1)	2651 (14)	1986 (10)
	Loans and advances from Government of India	407 (4)	552 (4)	392 (3)	752 (4)	531 (3)
6.	Total receipts in the Consolidated Fund (4+5)	47880	57487	63761	76611	88872
7.	Contingency Fund Receipts	34	21		67	
8.	Public Account receipts	95830	105880	124374	141522	168623
9.	Total receipts of State (6+7+8)	143744	163388	188135	218200	257495
Part B: Expenditure/Disbursement						
10.	Revenue Expenditure	46045 (90)	53489 (90)	60486 (91)	71746 (93)	78690 (90)
	Plan	5327 (12)	6849 (13)	7074 (12)	10282 (14)	12079 (15)
	Non-Plan	40718 (88)	46640 (87)	53412 (88)	61464 (86)	66611 (85)
	General Services (incl. Interest payment)	20300 (44)	22787 (43)	26605 (44)	31433 (44)	36085 (46)
	Social Services	16224 (35)	18878 (35)	20980 (35)	23718 (33)	27603 (35)
	Economic Services	6132 (13)	7808 (15)	7929 (13)	10197 (14)	11099 (14)
	Grants-in-aid and Contributions	3389 (8)	4016 (7)	4972 (8)	6398 (9)	3903 (5)
11.	Capital Expenditure	3853 (8)	4603 (8)	4294 (7)	4255 (6)	7500 (9)
	Plan	3398 (88)	3466 (75)	3497 (81)	3881 (9)	6518 (87)
	Non-Plan	455 (12)	1137 (25)	797 (19)	374 (91)	982 (13)
	General Services	162 (4)	147 (3)	148 (3)	135 (3)	257 (3)
	Social Services	595 (16)	562 (12)	617 (15)	875 (21)	1035 (14)
	Economic Services	3096 (80)	3894 (85)	3529 (82)	3245 (76)	6208 (83)
12.	Disbursement of Loans and Advances	998 (2)	1136 (2)	1464 (2)	743 (1)	842 (1)
13.	Total (10+11+12)	50896	59228	66244	76744	87032

⁴⁰ Insignificant

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

Appendix 1.5- Contd.

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Part B: Expenditure/Disbursement					
14. Repayment of Public Debt	2893	2804	3245	5843	6061
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2522	2478	2774	2842	3713
Net transactions under Ways and Means Advances excluding Overdrafts	...	...	119	2651	1986
Loans and Advances from Government of India	371	326	352	350	362
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	53789	62032	69489	82587	93093
17. Contingency Fund disbursements	21	...	67	...	...
18. Public Account disbursements	91200	100456	120992	136243	162825
19. Total disbursement by the State (16+17+18)	145010	162488	190548	218830	255918
Part C: Deficits					
20. Revenue Deficit (1-10)	8035	9352	11309	13796	9657
21. Fiscal Deficit (4-13)	12815	15002	16944	18642	17818
22. Primary Deficit (21-23)	6521	7797	8679	8872	6707
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	6294	7205	8265	9770	11111
24. Financial Assistance to local bodies, etc.	12099	13716	16138	19944	20101
25. Ways & Means Advances/Overdrafts availed (days)	Nil	Nil	1	30	23
Ways and Means Advances availed (days)	Nil	Nil	1	23	23
Overdraft availed (days)	Nil	Nil	Nil	7	Nil
26. Interest on WMA/Overdraft	Nil	Nil	0.02	2	Nil
27. Gross State Domestic Product (GSDP) at current prices ⁴¹	364048	412313	462916	519896	585467
28. Outstanding Fiscal Liabilities (year-end)	93132	108477	124081	141947	160539
29. Outstanding guarantees (year-end)	8277	9099	9763	11127	12439
30. Maximum amount guaranteed (during the year)	11332	11482	12275	13123	13713
31. Number of incomplete projects/works	263	215	228	229	263
32. Capital blocked in incomplete projects/works ⁴²	484	539	759	959	1198

⁴¹ GSDP figures are communicated by the Director of Economics and Statistics Department, Government of Kerala. The figures for 2013-14 are provisional and that for 2014-15 are Quick Estimates.

⁴² Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

Appendix 1.5- Concl'd.

(₹ in crore)

		2011-12	2012-13	2013-14	2014-15	2015-16
Part E: Fiscal Health Indicators						
I	Resource Mobilisation					
	Own Tax revenue/GSDP	7.1	7.3	6.9	6.8	6.7
	Own non-tax revenue/GSDP	0.7	1.0	1.2	1.4	1.4
	Central Transfers/GSDP	2.7	2.4	2.5	3.0	3.7
II	Expenditure Management					
	Total Expenditure/GSDP	14.0	14.4	14.3	14.8	14.9
	Total Expenditure/Revenue Receipts	133.9	134.2	134.7	132.4	126.1
	Revenue Expenditure/Total Expenditure	90.5	90.3	91.3	93.5	90.4
	Revenue Expenditure on Social Services/Total Expenditure	31.9	31.9	31.7	30.9	31.7
	Revenue Expenditure on Economic Services/Total Expenditure	12.0	13.2	12.0	13.3	12.8
	Capital Expenditure/Total Expenditure	7.6	7.8	6.5	5.5	8.6
	Capital Expenditure on Social and Economic Services/Total Expenditure	7.3	7.5	6.3	5.4	8.3
III	Management of Fiscal Imbalances					
	Revenue deficit/GSDP	(-2.2)	(-2.3)	(-2.4)	(-2.7)	(-1.6)
	Fiscal deficit/GSDP	(-3.5)	(-3.6)	(-3.7)	(-3.6)	(-3.0)
	Primary Deficit /GSDP	(-1.8)	(-1.9)	(-1.9)	(-1.7)	(-1.1)
	Revenue Deficit/Fiscal Deficit	62.7	62.3	66.7	74.0	54.2
IV	Management of Fiscal Liabilities					
	Fiscal Liabilities/GSDP	25.6	26.3	26.8	27.3	27.4
	Fiscal Liabilities/Revenue Receipts	245.0	245.8	252.3	244.9	232.6
	Primary deficit vis-à-vis quantum spread	18864	(-2023)	(-3038)	(-2668)	(-1348)
	Debt Redemption (Principal +Interest)/ Total Debt Receipts (in per cent)	88.8	82.3	86.5	87.6	89.7
V	Other Fiscal Health Indicators					
	Return on Investment (per cent)	1.6	1.1	1.8	1.2	1.2
	Balance from Current Revenue	(-4974)	(-4867)	(-6694)	(-9038)	(-622)
	Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

Appendix 1.6
Receipt and utilisation of GoI Flagship Programmes
(Reference: Paragraph 1.2.2; Page 6)

(₹ in crore)

Sl. No.	Programme/ Scheme and implementing agency	Unutilised balance at the end of March 2015	Amount received during the year		Interest/ other receipts	Amount utilised during 2015-16	Unutilised balance at the end of March 2016
			From GoI	From the State			
1	Mahathma Gandhi National Rural Employment Guarantee Scheme – MGNREGS State Mission	54.27	1525.89	25.01	9.58	1483.17	131.58
2	Pradhan Mantri Gram Sadak Yojana – Kerala State Rural Roads Development Authority	11.12	147.60	32.00	0.55	191.22	0.05
3	Rural Housing – Indira Awas Yojana – Poverty Alleviation Unit (Commissioner for Rural Development)	74.57	357.17	191.55	12.25	400.74	234.80
4	Rashtriya Madhyamik Shiksha Abhiyan – Secondary Education Development Authority, Kerala	14.36	23.83	19.18	0.06	39.34	18.09
5	Ajeevika - State Poverty Eradication Mission (Kudumbashree)	11.76	7.62	5.41	0.65	20.35	5.09
6	National Horticulture Mission - Kerala State horticulture Mission	26.79	25.00	2.64	0.25	45.42	9.26
7	National Rural Drinking Water Programme – Kerala Water Authority	53.97	45.28	346.26	0.02	360.88	84.65
8	Sarva Shiksha Abhiyan – Primary Education Development Society of Kerala	138.85	128.59	103.81	0.00	258.33	112.92
9	Swarna Jayanthi Shahari Rozgar Yojana – State Poverty Eradication Mission (Kudumbashree)	47.17	0.00	0.00	0.75	15.54	32.38
10	National Rural Health Mission – State Health and Family Welfare Society	91.92	219.19	70.00	2.69	342.54	41.26
11	Rashtriya Swasthya Bima Yojana – Comprehensive Health Insurance Agency of Kerala	0.00	105.64	34.36	0.00	140.00	0.00
12	Integrated Watershed Management Programme – Poverty Alleviation Unit (Commissioner for Rural Development)	4.87	20.80	13.33	0.07	31.29	7.78
Total		529.65	2606.61	843.55	26.87	3328.82	677.86

Appendix 1.7
Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection
(Reference: Paragraph 1.3.4; Page 12)

(₹ 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.	2011-12	19427.90	18938.83	166.55	0.88	0.83
		2012-13	23450.52	22511.09	162.05	0.72	0.73
		2013-14	28456.62	24885.25	178.23	0.72	0.88
		2014-15	31913.47	27908.33	210.16	0.75	0.91
		2015-16	34712.28	30736.78	225.09	0.73	Not available
2.	Stamps (non-judicial) and registration fees	2011-12	3148.42	2906.90	144.85	4.98	1.89
		2012-13	3775.71	2862.06	128.73	4.50	3.25
		2013-14	4086.44	2504.04	135.34	5.40	3.37
		2014-15	3612.37	2560.83	147.11	5.74	3.59
		2015-16	4165.77	2778.99	172.28	6.19	Not available
3.	State excise	2011-12	2059.05	1883.18	144.69	7.68	2.98
		2012-13	2550.65	2313.95	146.81	6.34	2.96
		2013-14	2801.75	1941.72	164.32	8.46	1.81
		2014-15	1513.36	1777.42	187.28	10.54	2.09
		2015-16	2600.66	1964.15	213.87	10.89	Not available
4.	Taxes on vehicles	2011-12	1410.73	1587.13	53.26	3.36	2.96
		2012-13	1694.49	1924.62	58.30	3.03	4.17
		2013-14	2570.65	2161.09	74.61	3.45	6.25
		2014-15	2799.82	2364.95	88.52	3.74	6.08
		2015-16	3087.35	2814.30	95.13	3.38	Not available

Appendix 2.1
Details showing savings in Grants/Appropriations during the year
(Reference: Paragraph 2.2: Page 48)

(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
Revenue – Voted				
1.	I State Legislature	89.46	77.68	11.78
2.	II Heads of States, Ministers and Headquarters Staff	630.27	437.62	192.65
3.	III Administration of Justice	576.36	525.82	50.54
4.	IV Elections	179.75	156.36	23.39
5.	V Agricultural Income Tax and Sales Tax	274.59	242.85	31.74
6.	VI Land Revenue	530.44	465.08	65.36
7.	VII Stamps and Registration	185.94	174.29	11.65
8.	VIII Excise	264.20	212.95	51.25
9.	IX Taxes on Vehicles	101.75	95.16	6.59
10.	X Treasury and Accounts	238.04	210.11	27.93
11.	XI District Administration and Miscellaneous	602.46	535.77	66.69
12.	XII Police	3154.58	2638.83	515.75
13.	XIII Jails	110.11	103.03	7.08
14.	XIV Stationery and Printing and Other Administrative Services	366.27	318.36	47.91
15.	XV Public Works	3274.31	2599.14	675.17
16.	XVI Pensions and Miscellaneous	19746.16	18541.70	1204.46
17.	XVII Education, Sports, Art and Culture	16655.14	14270.40	2384.74
18.	XVIII Medical and Public Health	4825.05	4121.48	703.57
19.	XIX Family Welfare	579.16	436.20	142.96
20.	XX Water Supply and Sanitation	1007.32	973.10	34.22
21.	XXI Housing	78.37	77.67	0.70
22.	XXII Urban Development	932.90	287.07	645.83
23.	XXIII Information and Publicity	115.15	79.50	35.65
24.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	901.97	833.89	68.08
25.	XXV Welfare of Scheduled Castes/ Scheduled Tribes/Other Backward Classes and Minorities	2543.33	2137.64	405.69

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
26.	XXVI Relief on Account of Natural Calamities	468.00	351.82	116.18
27.	XXVII Co-operation	313.44	279.59	33.85
28.	XXVIII Miscellaneous Economic Services	142.15	130.38	11.77
29.	XXIX Agriculture	2835.75	2337.51	498.24
30.	XXX Food	1216.55	1184.61	31.94
31.	XXXI Animal Husbandry	545.05	492.80	52.25
32.	XXXII Dairy	189.74	128.53	61.21
33.	XXXIII Fisheries	405.24	324.01	81.23
34.	XXXIV Forest	488.36	442.75	45.61
35.	XXXV Panchayat	551.66	348.85	202.81
36.	XXXVI Rural Development	2982.23	2242.19	740.04
37.	XXXVII Industries	460.78	351.71	109.07
38.	XXXVIII Irrigation	406.65	354.00	52.65
39.	XXXIX Power	161.43	74.98	86.45
40.	XL Ports	62.11	46.14	15.97
41.	XLI Transport	112.13	100.30	11.83
42.	XLII Tourism	214.26	138.63	75.63
43.	XLIII Compensation and Assignments	6493.05	4217.24	2275.81
44.	XLVI Social Security and Welfare	4973.68	4340.75	632.93
Total		80985.34	68438.49	12546.85
Revenue – Charged				
1.	I State Legislature	0.87	0.70	0.17
2.	II Heads of States, Ministers and Headquarters Staff	157.96	134.73	23.23
3.	III Administration of Justice	102.15	90.97	11.18
4.	V Agricultural Income Tax and Sales Tax	5.15	4.99	0.16
5.	VI Land Revenue	0.01	0.01	(*)
6.	VII Stamps and Registration	0.01	0.00	0.01
7.	VIII Excise	1.67	1.00	0.67
8.	IX Taxes on Vehicles	(*)	(*)	(*)
9.	XI District Administration and Miscellaneous	1.13	1.12	0.01
10.	XII Police	5.74	3.99	1.75

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
11.	XIV Stationery and Printing and Other Administrative Services	(*)	(*)	(*)
12.	XVII Education, Sports, Art and Culture	0.20	(*)	0.20
13.	XVIII Medical and Public Health	0.16	0.04	0.12
14.	XXI Housing	0.02	(*)	0.02
15.	XXIX Agriculture	0.10	0.03	0.07
16.	XXXIV Forest	0.19	(*)	0.19
17.	XXXVI Rural Development	(*)	(*)	(*)
18.	XXXVIII Irrigation	0.22	0.08	0.14
19.	XLI Transport	86.03	0.03	86.00
Total		361.61	237.69	123.92
Capital – Voted				
1.	XII Police	107.72	3.66	104.06
2.	XIV Stationery and Printing and Other Administrative Services	5.70	3.94	1.76
3.	XVII Education, Sports, Art and Culture	497.31	441.99	55.32
4.	XVIII Medical and Public Health	267.31	219.67	47.64
5.	XX Water Supply and Sanitation	335.18	160.28	174.90
6.	XXI Housing	63.72	24.81	38.91
7.	XXII Urban Development	55.61	39.23	16.38
8.	XXIII Information and Publicity	12.45	2.00	10.45
9.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	170.30	156.29	14.01
10.	XXV Welfare of Scheduled Castes/ Scheduled Tribes/Other Backward Classes and Minorities	283.63	57.01	226.62
11.	XXVII Co-operation	75.37	70.27	5.10
12.	XXVIII Miscellaneous Economic Services	2088.88	910.00	1178.88
13.	XXIX Agriculture	433.18	283.96	149.22
14.	XXX Food	89.52	77.59	11.93
15.	XXXI Animal Husbandry	42.51	28.54	13.97
16.	XXXIII Fisheries	330.90	308.06	22.84
17.	XXXIV Forest	82.47	59.49	22.98

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
18.	XXXV Panchayat	454.47	437.34	17.13
19.	XXXVI Rural Development	0.50	0.25	0.25
20.	XXXVII Industries	715.49	582.14	133.35
21.	XXXVIII Irrigation	445.72	338.44	107.28
22.	XXXIX Power	63.42	8.79	54.63
23.	XL Ports	253.78	197.88	55.90
24.	XLI Transport	1217.94	658.86	559.08
25.	XLII Tourism	155.16	126.53	28.63
26.	XLV Miscellaneous Loans and Advances	220.81	205.65	15.16
27.	XLVI Social Security and Welfare	106.31	21.95	84.36
Total		8575.36	5424.62	3150.74
Capital-Charged				
1.	XV Public Works	79.77	78.07	1.70
2.	XVIII Medical and Public Health	0.21	0	0.21
3.	XXIX Agriculture	0.09	0	0.09
4.	XXXVIII Irrigation	6.08	2.44	3.64
5.	XLI Transport	17.60	17.60	(*)
6.	Public Debt Repayment	14977.98	6060.74	8917.24
Total		15081.73	6158.85	8922.88
Grand Total		105004.04	80259.65	24744.39

(*) insignificant/token provision

Appendix 2.2

Details of Grant-wise Plan/Non-plan savings (exceeding ₹100 crore) during the year
(Reference: Paragraph 2.2: Page 49)

(₹ in crore)

Sl. No.	Grant	Original Budget	Supplementary	Final Expenditure	Savings	% of Savings
Revenue-Plan (Voted)						
1	II	273.66	6.00	114.70	164.96	59.0
2	XVII	2125.13	307.21	1605.26	827.08	34.0
3	XVIII	956.71	23.41	718.83	261.30	26.7
4	XIX	448.14	0.00	327.33	120.81	27.0
5	XXII	844.14	49.32	252.64	640.81	71.7
6	XXV	2049.65	27.66	1712.01	365.30	17.6
7	XXIX	1369.86	301.13	1016.86	654.13	39.1
8	XXXV	270.06	0.00	113.05	157.01	58.1
9	XXXVI	2228.97	526.18	2037.63	717.52	26.0
10	XLVI	1445.72	1030.50	1846.06	630.16	25.4
Total		12012.04	2271.41	9744.37	4539.08	31.8
Revenue-Non-Plan (Voted)						
11	XII	3036.90	41.98	2592.62	486.26	15.8
12	XV	2495.71	906.34	2094.81	1307.24	38.4
13	XVI	18212.91	1533.25	18533.39	1212.77	6.1
14	XVII	14180.87	41.93	12651.44	1571.36	11.0
15	XVIII	3810.77	42.15	3397.05	455.87	11.8
16	XXVI	559.05	64.79	216.88	406.96	65.2
17	XXXV	281.60	0.00	167.52	114.08	40.5
18	XXXVIII	456.57	23.20	303.94	175.83	36.6
19	XLIII	6493.05	0.00	3903.08	2589.97	39.9
Total		49527.43	2653.64	43860.73	8320.34	15.9
Capital-Plan (Voted)						
20	XII	40.69	61.64	2.20	100.13	97.9
21	XX	295.18	0.00	154.28	140.90	47.7
22	XXV	283.53	0.00	57.01	226.52	79.9
23	XXVIII	2005.00	0.00	878.80	1126.20	56.2
24	XXIX	215.09	163.32	236.76	141.65	37.4
25	XXXVII	584.92	114.32	573.36	125.88	18.0
26	XXXVIII	422.62	0.00	313.01	109.61	25.9
Total		3847.03	339.28	2215.42	1970.89	47.1
Capital-Non-Plan (Voted)						
27	XV	1432.40	15.00	353.51	1093.89	75.6
28	XVII	166.55	0.00	55.60	110.95	66.6
29	XLI	988.20	0.00	215.56	772.64	78.2
Total		2587.15	15.00	624.67	1977.48	76.0
Grand Total		67973.65	5279.33	56445.19	16807.79	22.9

Appendix 2.3
Statement of persistent savings for the last three years
(Reference: Paragraph 2.3.2, Page 51)

(₹ in crore)

Sl. No.	Scheme/Activity	Year	Allocation	Expenditure	Savings
Revenue voted					
Grant No. XIX Family Welfare					
1.	2211-00-001-98 (Plan)-City and district family welfare bureaus (including mobile IUCD unit)(100 %CSS)	2013-14	20.51	13.87	6.64
		2014-15	27.50	15.13	12.37
		2015-16	27.50	16.08	11.42
2.	2211-00-001-99 (Plan)-State level organisation (100 % CSS)	2013-14	6.00	3.73	2.27
		2014-15	7.14	4.21	2.93
		2015-16	7.14	4.99	2.15
3.	2211-00-003-98 (Plan)-Training of health visitors, ANMS and DAIS (100% CSS)	2013-14	38.29	1.64	36.65
		2014-15	5.36	1.84	3.52
		2015-16	5.36	1.69	3.67
4.	2211-00-003-99 (Plan)-Regional Family Welfare Training centres (100% CSS)	2013-14	3.14	1.73	1.41
		2014-15	4.19	1.84	2.35
		2015-16	4.19	2.02	2.17
5.	2211-00-101-98 (Plan) -Expansion of ICDS programme (100% CSS)	2013-14	16.74	9.54	7.20
		2014-15	22.42	10.72	11.70
		2015-16	22.42	11.08	11.34
6.	2211-00-104-96 (Plan)-Health Transport organisation (100% CSS)	2013-14	1.99	0.56	1.43
		2014-15	2.81	0.49	2.32
		2015-16	2.81	0.46	2.35
7.	2211-00-104-98 (Plan)-Maintenance and supply of vehicles to district family welfare bureau (100% CSS)	2013-14	1.50	0.34	1.16
		2014-15	1.65	0.30	1.35
		2015-16	1.65	0.05	1.60
8.	2211-00-104-99 (Plan)-Maintenance and supply of vehicles to PH centres (100% CSS)	2013-14	1.50	0.41	1.09
		2014-15	1.65	0.47	1.18
		2015-16	1.65	0.36	1.29
9.	2211-00-800-98 (Plan)-Grant-in-aid (100% CSS)	2013-14	3.18	1.22	1.95
		2014-15	3.98	1.28	2.70
		2015-16	3.98	1.60	2.38
Grant No. XXII Urban Development					
10.	2217-05-800-89 (Plan) Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	2013-14	471.17	25.00	446.17
		2014-15	535.13	85.59	449.54
		2015-16	474.67	114.53	360.14
11.	2217-80-001-97 (Plan) Municipal secretaries	2013-14	4.84	2.81	2.03
		2014-15	5.66	3.08	2.58
		2015-16	6.94	3.47	3.47
12.	2217-80-192-91 (Plan) Modernisation of slaughter houses (50% CSS)	2013-14	10.00	6.46	3.54
		2014-15	10.00	0.00	10.00
		2015-16	50.00	0.00	50.00
13.	2217-80-800-70 (Plan) -Rajiv Awas Yojana (RAY) (50% CSS)	2013-14	134.00	3.31	130.69
		2014-15	101.07	0.39	100.68
		2015-16	72.66	11.49	61.17

Sl. No.	Scheme/Activity	Year	Allocation	Expenditure	Savings
14.	2217-80-800-76 (Plan) -Ayyankali urban employment guarantee scheme	2013-14	12.16	2.29	9.87
		2014-15	30.00	2.04	27.96
		2015-16	15.00	10.12	4.88
15.	2217-80-800-91 (Plan) -Kerala Sustainable Urban Development Project	2013-14	250.00	50.00	200.00
		2014-15	150.00	50.00	100.00
		2015-16	140.00	62.99	77.01
Grant No. XXV Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes and Minorities					
16.	2225-01-102-96 (Plan)-Assistance for training and employment	2013-14	30.00	6.01	23.99
		2014-15	37.01	10.51	26.50
		2015-16	40.00	24.41	15.59
17.	2225-01-793-99 (Plan)-Special Central assistance to special component plan (SCA to SCP)	2013-14	20.00	13.86	6.14
		2014-15	22.00	12.96	9.04
		2015-16	24.00	10.45	13.55
18.	2225-03-102-99 (Plan)-Career in automobile industry through public private participation	2013-14	2.00	0.01	1.99
		2014-15	1.00	0.02	0.98
		2015-16	1.00	0.08	0.92
19.	2225-03-277-91 (Plan)-Overseas scholarship for OBC	2013-14	2.00	0.03	1.97
		2014-15	2.00	0.64	1.36
		2015-16	2.00	0.61	1.39
20.	2225-03-277-92 (Plan)-Pre-matric scholarship for OBC (50% CSS)	2013-14	32.00	21.44	10.56
		2014-15	64.22	14.64	49.58
		2015-16	64.00	25.23	38.77
21.	2225-03-277-96 (Plan)-Post-metric scholarship to students belonging to OBCs (100% CSS)	2013-14	100.00	13.58	86.42
		2014-15	100.00	34.73	65.27
		2015-16	50.00	21.23	28.77
22.	2225-03-800-86 (Plan)-Assistance to voluntary organisation (90% CSS)	2013-14	15.00	0.00	15.00
		2014-15	15.00	0.00	15.00
		2015-16	1.00	0.01	0.99
Grant No. XXIX Agriculture					
23.	2401-00-107-78 (Plan)-Crop health management	2013-14	13.00	8.49	4.51
		2014-15	13.35	8.34	5.01
		2015-16	16.30	11.53	4.77
24.	2401-00-113-81 (Plan)-Sub Mission of Agricultural mechanisation	2013-14	5.00	0.57	4.43
		2014-15	10.00	0.001	9.99
		2015-16	4.00	0.00	4.00
25.	2415-03-277-98 (Plan)-Infrastructure development of Kerala Veterinary and Animal Sciences University - RIDF XVI	2013-14	20.00	12.18	7.82
		2014-15	26.00	17.02	8.98
		2015-16	20.00	8.80	11.20
26.	2415-05-277-99 (Plan)-Kerala University of fisheries and ocean studies	2013-14	20.00	14.43	5.57
		2014-15	27.00	5.00	22.00
		2015-16	27.00	18.00	9.00
27.	2551-01-103-94 (Plan)-Forest based programmes for western ghats	2013-14	2.43	1.50	0.93
		2014-15	3.59	1.60	1.99
		2015-16	3.59	0.00	3.59

Sl. No.	Scheme/Activity	Year	Allocation	Expenditure	Savings
28.	2551-01-800-92 (Plan)-Other programmes: research, monitoring and evaluation and training	2013-14	1.82	0.07	1.75
		2014-15	3.04	1.22	1.82
		2015-16	3.04	0.51	2.53
29.	2551-60-101-98 (Plan)-Sabarimala master plan	2013-14	25.00	12.50	12.50
		2014-15	25.00	0.00	25.00
		2015-16	25.00	12.82	12.18
30.	2705-00-101-79 (Plan)-Kallada project (50 % CSS)	2013-14	2.50	1.81	0.69
		2014-15	2.40	0.76	1.64
		2015-16	2.40	1.27	1.13
Capital Voted					
Grant No. XX Water Supply and Sanitation					
31.	4215-01-800-93 (Non plan)-Projects under LAC ADS	2013-14	3.00	0.00	3.00
		2014-15	29.00	8.95	20.05
		2015-16	40.00	6.00	34.00
32.	4215-01-800-95 (Plan)-Modernisation of water supply schemes	2013-14	2.00	0.00	2.00
		2014-15	2.00	0.00	2.00
		2015-16	2.00	0.00	2.00
Grant No. XXVIII Miscellaneous Economic Services					
33.	5475-00-800-91 (Non plan)-Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS)	2013-14	315.00	0.00	315.00
		2014-15	187.00	0.00	187.00
		2015-16	83.88	1.20	82.68
34.	5475-00-800-92 (Plan)-Major infrastructural development projects	2013-14	846.03	5.00	841.03
		2014-15	1225.00	53.85	1171.15
		2015-16	2000.00	873.86	1126.14
35.	5475-00-800-95 (Plan)-Buildings	2013-14	2.00	0.00	2.00
		2014-15	2.00	0.01	1.99
		2015-16	5.00	0.19	4.81
Grant No. XXXVII Industries					
36.	4851-00-101-91 (Plan)-Infrastructure development -construction of multistoried industrial estate (One time ACA)	2013-14	15.00	4.50	10.50
		2014-15	14.06	0.00	14.06
		2015-16	5.30	0.00	5.30
37.	4851-00-101-93 (Plan)-Small industry cluster development programme (20% SS)	2013-14	11.25	2.50	8.75
		2014-15	22.50	0.00	22.50
		2015-16	4.01	0.00	4.01
38.	4859-02-190-94 (Plan)-Kerala State Information Technology Infrastructure Limited	2013-14	24.05	17.00	7.05
		2014-15	26.00	0.00	26.00
		2015-16	40.00	21.00	19.00
39.	4885-01-190-99 (Plan)-The Kerala State Industrial Development Corporation (KSITL)	2013-14	70.82	51.82	19.00
		2014-15	40.04	0.00	40.04
		2015-16	69.01	24.09	44.92
40.	4885-60-800-96 (Plan) -Provision for revival/diversification of state public sector undertakings lump-sum provision	2013-14	80.00	0.00	80.00
		2014-15	100.00	0.00	100.00
		2015-16	100.00	0.00	100.00
Grant No. XXXVIII Irrigation					
41.	4700-29-800-87 (Plan)-NABARD assisted (RIDF) Mullaperiyar Project	2013-14	35.00	0.00	35.00
		2014-15	15.00	0.00	15.00
		2015-16	15.00	0.00	15.00

Sl. No.	Scheme/Activity	Year	Allocation	Expenditure	Savings
42.	4700-29-800-97 (Plan)-Dam and appurtenant works	2013-14	15.00	0.01	14.99
		2014-15	5.00	0.00	5.00
		2015-16	5.00	0.24	4.76
43.	4700-80-800-89 (Non plan)-Projects under LAC ADF	2013-14	3.00	0.09	2.91
		2014-15	10.00	0.00	10.00
		2015-16	10.00	4.85	5.15
44.	4701-25-800-97 (Plan)-Dam and appurtenant works	2013-14	10.00	0.00	10.00
		2014-15	10.00	0.01	9.99
		2015-16	10.00	0.01	9.99
45.	4701-80-800-77 (Plan)-Dam Rehabilitation and Improvement Project (DRIP)	2013-14	40.00	2.49	37.51
		2014-15	30.00	6.47	23.53
		2015-16	40.00	7.36	32.64
46.	4701-80-800-88 (Plan)-Formation of river basin organisation (MGP)	2013-14	13.18	5.81	7.37
		2014-15	1.00	0.08	0.92
		2015-16	1.00	0.03	0.97
Grant No. XLI Transport					
47.	5055-00-800-77 (Non plan)-Projects under legislative assembly constituency asset development scheme (LAC ADS)	2013-14	0.10	0.00	0.10
		2014-15	8.00	1.11	6.89
		2015-16	8.00	0.59	7.41
48.	5075-60-800-86 (Plan)-Development of feeder canals connecting the national water way III (RIDF scheme)	2013-14	40.00	9.97	30.03
		2014-15	44.00	12.33	31.67
		2015-16	44.00	13.31	30.69
49.	5075-60-800-94 (Plan)-Inland navigation (State sector) direction and administration	2013-14	27.17	1.16	26.01
		2014-15	29.82	1.66	28.16
		2015-16	41.82	5.78	36.04
Capital Charged - Public Debt Repayment					
50.	6003-00-110-96 (Non plan)-Overdrafts	2013-14	1000.00	0.00	1000.00
		2014-15	1500.00	724.78	775.22
		2015-16	1500.00	0.00	1500.00
51.	6003-00-110-97 (Non plan)-Shortfall in cash balances	2013-14	25.00	0.00	25.00
		2014-15	25.00	1.66	23.34
		2015-16	25.00	0.00	25.00
52.	6003-00-110-98 (Non plan)-Special Ways and Means advances	2013-14	3000.00	5.19	2994.81
		2014-15	4000.00	502.23	3497.77
		2015-16	4000.00	705.44	3294.56
53.	6003-00-110-99 (Non plan)-Ways and Means advances	2013-14	3000.00	113.74	2886.26
		2014-15	5500.00	1422.40	4077.60
		2015-16	5500.00	1280.38	4219.62

Appendix 2.4
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 52)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	2 Grants	Revenue-XLI	14,90,73,882	Final copies of the notes received. Not discussed by PAC
		Capital-XLII	9,58,81,595	Final copies of the notes received. Not discussed by PAC
2012-13	5 Grants	Revenue-IX	80,65,569	Final copies of the notes received. Not discussed by PAC
		Revenue – XVII	29,71,81,076	Final copies of the notes received. Not discussed by PAC
		Revenue -XXXI	4,79,92,489	Final copies of the notes received. Not discussed by PAC
		Revenue – XLII	3,92,53,979	Final copies of the notes received. Not discussed by PAC
		Capital- XVII	1,18,49,442	Final copies of the notes not received. Not discussed by PAC
2013-14	6 Grants	Revenue-I	32,74,452	Final copies of the notes received. Not discussed by PAC
		Revenue-IV	2,10,27,603	Final copies of the notes received. Not discussed by PAC
		Revenue-XIII	3,74,75,050	Final copies of the notes received. Not discussed by PAC
		Revenue-XVI	3,71,23,54,719	Final copies of the notes received. Not discussed by PAC
		Capital-XV	72,52,76,458	Initial notes not received. Not discussed by PAC
		Capital-XXXII	19,774	Final copies of the notes received. Not discussed by PAC
	4 Appropriations	Revenue-I	7,79,857	Final copies of the notes received. Not discussed by PAC
		Revenue-Debt Charges	1,09,10,96,321	Final copies of the notes received. Not discussed by PAC
		Revenue-XV	27,21,676	Initial notes not received. Not discussed by PAC
		Revenue-XVI	1,27,63,774	Final copies of the notes received. Not discussed by PAC
2014-15	1 Appropriation	Revenue-Debt Charges	1,92,00,43,541	Final copies of the notes received. Not discussed by PAC
Total			8,17,61,31,257	

Appendix 2.5
Grants/Appropriations where supplementary provision (₹ one crore or more in each case)
proved unnecessary
(Reference: Paragraph 2.3.5, Page 52)

(₹ in crore)

Sl. No.	Grant number and description		Original Budget	Final Expenditure	Total SDG	SDG in Feb. '16
Revenue-Voted						
1	I	State Legislature	88.16	77.68	1.30	1.30
2	II	Heads of States, Ministers and Headquarters staff	618.75	437.62	11.52	2.52
3	V	Agricultural Income Tax and Sales Tax	266.59	242.84	8.00	6.00
4	VI	Land Revenue	528.44	465.08	2.00	2.00
5	VIII	Excise	248.24	212.95	15.96	15.96
6	XII	Police	3095.15	2638.83	59.43	41.98
7	XIV	Stationery and Printing and Other Administrative Services	361.27	318.36	5.00	5.00
8	XVII	Education, Sports , Art and Culture	16306.00	14270.39	349.13	131.73
9	XXII	Urban Development	883.59	287.06	49.31	19.99
10	XXV	Welfare of Scheduled Castes/ Scheduled Tribes/Other Backward Classes and Minorities	2386.13	2137.64	157.20	111.87
11	XXVIII	Miscellaneous Economic Services	140.93	130.38	1.22	1.16
12	XXXVII	Industries	441.78	351.71	19.00	17.00
13	XXXVIII	Irrigation	383.45	354.00	23.20	23.20
14	XXXIX	Power	132.79	74.98	28.64	28.64
Total					730.91	408.35
Revenue-Charged						
15	III	Administration of Justice	100.40	90.97	1.75	1.60
Capital-Voted						
16	XVIII	Medical and Public Health	261.81	219.67	5.50	0.00
17	XXI	Housing	62.10	24.81	1.62	1.62
18	XXXI	Animal Husbandry	37.20	28.54	5.31	5.31
19	XXXIX	Power	47.22	8.79	16.20	16.20
20	XLVI	Social Security and Welfare	86.50	21.95	19.81	1.44
Total					48.44	24.57
Grand Total					781.10	434.52

SDG-Supplementary Demands for Grants

Appendix 2.6
Cases of excessive supplementary Grants/Appropriations
(Savings of ₹ one crore and above)
(Reference: Paragraph 2.3.5, Page 55)

(₹ in crore)

Sl. No	Grant No	Original provision	Final Expenditure	Funds required as SDG	SDG obtained	Excess SDG
Revenue Voted						
1	IV	112.24	156.36	44.12	67.51	23.39
2	XI	501.73	535.77	34.04	100.73	66.69
3	XIII	101.44	103.03	1.59	8.67	7.08
4	XV	2304.81	2599.14	294.33	969.50	675.17
5	XVI	18212.91	18541.70	328.79	1533.25	1204.46
6	XXIII	70.53	79.50	8.97	44.62	35.65
7	XXVII	275.44	279.59	4.15	38.00	33.85
8	XXX	770.37	1184.61	414.24	446.18	31.94
9	XXXIII	300.01	324.01	24.00	105.23	81.23
10	XLI	59.85	100.30	40.45	52.28	11.83
11	XLVI	3635.73	4340.75	705.02	1337.95	632.93
Total		26345.06	28244.76	1899.70	4703.92	2804.22
Capital-Voted						
12	XVII	352.15	442.00	89.85	145.17	55.32
13	XXIV	141.75	156.29	14.54	28.55	14.01
14	XXIX	227.89	283.96	56.07	205.29	149.22
15	XXX	64.52	77.59	13.07	25.00	11.93
16	XXXIII	255.96	308.06	52.10	74.94	22.84
17	XXXV	336.47	437.34	100.87	118.00	17.13
18	XL	103.78	197.88	94.10	150.00	55.90
Total		1482.52	1903.12	420.60	746.95	326.35
Capital-Charged						
19	XV	30.00	78.07	48.07	49.77	1.70
Grand Total		27857.58	30225.95	2368.37	5500.64	3132.27

SDG-Supplementary Demands for Grants

Appendix 2.7

Re-appropriation of funds (in excess of ₹one crore) proved unnecessary as the final expenditure was less than original/supplementary budget allocation
(Reference: Paragraph 2.3.6; Page 55)

(₹ in crore)

Sl. No.	Grant No.	Scheme/Activity	Budget allocation	Reapp	Surrender	Net Budget	Expenditure
1	III	2014-00-114-93-Kerala State Legal Services Authority-(NP)	10.40	1.76	1.79	10.36	10.34
2	V	2045-00-103-99-Electrical Inspectorate-(NP)	24.05	1.05	0.11	24.99	21.39
3	VIII	2039-00-001-99-Superintendence-(NP)	104.35	2.88	28.37	78.85	91.47
4	IX	2041-00-102-99-Inspection of Motor Vehicles-(NP)	40.03	3.31	0.10	43.23	37.85
5	X	2054-00-095-99-Directorate of Treasuries-(NP)	6.06	2.54	0.11	8.50	5.62
6	XII	2055-00-104-99-Armed Police-(NP)	347.30	1.40	63.83	284.87	280.74
7	XII	2055-00-101-98-Special Branch C.I.D-(NP)	87.64	1.05	16.66	72.04	73.60
8	XII	2055-00-101-99-Criminal Investigation Branch-(NP)	74.12	6.48	13.19	67.41	70.83
9	XII	2055-00-104-98-India Reserve Battalion-(NP)	34.81	2.69	3.60	33.91	33.46
10	XV	3054-80-191-39-Fourth SFC – Assistance to Municipal Corporation-(NP)	85.75	2.75	42.09	46.42	46.18
11	XV	3054-80-192-39-Fourth SFC- Assistance to Municipalities-(NP)	122.39	6.58	27.84	101.13	95.81
12	XVII	2203-00-112-88-Government College of Engineering, Kannur-(NP)	17.05	1.36	2.56	15.85	14.83
13	XVII	2203-00-105-91-Setting up of Polytechnics by upgrading Technical High Schools-(NP)	29.00	2.01	1.23	29.78	27.63
14	XVII	2203-00-112-93-Part Time Course in Engineering College-(NP)	3.45	1.21	1.58	3.09	2.74
15	XXV	2225-02-283-90-Resettlement of Landless Tribals-(P)	20.00	1.71	2.14	19.57	19.57
16	XXIX	2401-00-109-72-National Mission on Agricultural Extension and Technology (NMAET)- (P)	20.30	2.50	7.77	15.04	15.04
17	XXX	3456-00-001-82-End to end Computerisation of Targeted Public Distribution System Operations (50% CSS)- (P)	5.07	7.30	4.94	7.43	4.06
18	XXXVI	2515-00-001-48-Strengthening of Block Administration-(NP)	12.52	1.84	0.08	14.28	10.87
19	XL	5051-02-200-83-Development of Azhekkal Port- (P)	10.00	4.00	6.59	7.41	7.42
20	XL	5051-02-200-74-Development of Beypore and Kozhikode Port-(P)	15.00	6.00	6.03	14.97	14.98
21	XLVI	2235-60-200-72-Kerala Social Security Mission-(P)	127.75	2.36	3.16	126.95	124.58

Appendix 2.8
Subheads in which injudicious re-appropriation led to final excess
(Reference: Paragraph 2.3.6; Page 56)

(₹ in crore)

Sl. No.	Scheme/Activity	Total Budget	Net Reapp. (-)	Net Budget	Expenditure	Net excess
1	2202-03-104-99-Salaries to the staff under the Direct Payment System-(NP)	1165.15	219.11	946.04	971.33	25.29
2	2040-00-101-97-Offices of Commercial Taxes-(NP)	206.96	41.00	165.96	182.93	16.97
3	2039-00-001-99-Superintendence-(NP)	97.47	24.54	72.93	85.50	12.56
4	2515-00-001-49-Recurring expenditure on personnel retained on N.E.S pattern-(NP)	162.91	28.02	134.90	143.88	8.99
5	2406-02-110-99-Wildlife Preservation Division-(NP)	12.29	1.29	11.00	16.17	5.17
6	2062-00-104-99-Vigilance-(NP)	66.76	12.77	53.99	58.07	4.08
7	2220-01-001-99-Directorate of Public Relations-(NP)	5.63	4.46	1.17	5.07	3.90
8	2055-00-101-99-Criminal Investigation Branch-(NP)	70.29	12.89	57.40	60.83	3.43
9	2406-01-101-99-Forest Consolidation and Acquisition of Private Forests-(NP)	32.60	4.92	27.68	30.79	3.10
10	2039-00-001-98-Range Offices-(NP)	133.57	27.51	106.06	108.99	2.93
11	2406-01-101-81-Forest protection-(NP)	40.18	8.79	31.39	34.32	2.93
12	2401-00-001-99-Directorate of Agriculture-(NP)	8.23	3.23	5.01	7.14	2.13
13	2202-03-001-99-Directorate of Collegiate Education-(NP)	9.72	1.98	7.74	9.72	1.98
14	2225-01-001-98-District Offices-(NP)	28.51	3.95	24.55	26.48	1.93
15	2203-00-112-84-Rajiv Gandhi Institute of Technology, Kottayam-(NP)	15.43	1.90	13.53	15.34	1.81
16	2055-00-101-98-Special Branch C.I.D-(NP)	84.43	16.53	67.90	69.59	1.69
17	2406-01-001-99-Office of the Chief Conservator-(NP)	12.41	1.19	11.22	12.73	1.51
18	2425-00-101-99-General-(NP)	105.48	21.68	83.80	85.20	1.41
19	2406-01-001-95-District Offices-(NP)	103.97	13.28	90.69	92.07	1.39
20	2210-01-102-99-Administrative Unit-(NP)	7.10	1.94	5.16	6.53	1.37
21	2406-01-102-98-Ecology Development (World Bank Assisted Social Forestry)-(NP)	23.45	4.83	18.62	19.97	1.35
22	2225-02-277-49-Running of Ashramam School/Model Residential Schools-(P)	13.85	1.58	12.27	13.59	1.32
23	2055-00-114-98-Computer Centre-(NP)	10.67	1.28	9.39	10.65	1.26
24	2230-01-001-98-District Offices-(NP)	16.02	2.87	13.14	14.36	1.22
25	2700-02-001-97-Execution-(NP)	7.91	1.42	6.50	7.69	1.20
26	2851-00-106-99-Development of Coir Industry-Supervision-(NP)	12.25	1.61	10.63	11.82	1.19

Appendix 2.9
Heads in which entire budget allocation (₹ five crore and above) surrendered
(Reference: Paragraph 2.3.7; Page 57)

(₹ in crore)

Sl. No.	Grant no.	Scheme/Activity	Budget Allocation	Amount Surrendered
1	II	3451-00-090-93-Incentive Grant for Unique Identification(UIDs)-XIV Finance Commission Award (P)	9.92	9.92
2	II	3451-00-101-37-Integration of Kerala Perspective Plan 2030 with the Annual Plans/Five Year Plan(P)	10.00	10.00
3	XII	2055-00-001-92-Upgradation of the Police Department (XIV Finance Commission)(P)	25.00	25.00
4	XII	4055-00-207-95-National scheme for modernisation of police and other forces (CSS)(P)	40.69	40.69
5	XVII	2202-01-101-80-Grant for Elementary Education - XIV Finance Commission Award(P)	31.00	31.00
6	XVII	2202-01-112-91-Mid Day Meal (100%CSS) (P)	222.46	222.46
7	XVII	2202-02-107-93-Pre-Matric Scholarship for Minorities (75% CSS)(P)	89.35	89.35
8	XVII	2202-02-109-67-Mission 100 - Elevation of 100 schools to international Standards (Nadakkavu Model)(P)	8.00	8.00
9	XVII	2202-02-109-68-ASWAS(P)	5.00	5.00
10	XVII	2202-03-107-85-Post-Matric Scholarship for Minorities (100% CSS)(P)	19.50	19.50
11	XVII	2202-80-800-75-Scheme for providing Quality Education in Madrassas (100% CSS) (P)	43.93	43.93
12	XVII	2203-00-112-68-Scholarship to GATE qualified PG students in other Engineering Colleges (100% CSS)(P)	5.19	5.19
13	XVII	2203-00-112-97-Scholarship to GATE qualified PG students in College of Engineering, Thiruvananthapuram (100% C.S.S)(P)	7.50	7.50
14	XVII	2204-00-104-24-35 th National Games(P)	33.71	33.71
15	XVII	3425-60-200-63-Karamana River-Scientific Management Project(Pilot)	8.00	8.00
16	XXII	2217-05-191-37-National Urban Livelihood Mission (NULM) Restructured Scheme of SJSRY (25% State Share)(P)	24.00	24.00

Sl. No.	Grant no.	Scheme/Activity	Budget Allocation	Amount Surrendered
17	XXII	2217-05-192-75-National Urban Livelihood Mission (NULM) Restructured Scheme (25% State Share)(P)	36.00	36.00
18	XXII	2217-80-192-91-Modernisation of Slaughter Houses (50% CSS)(P)	50.00	50.00
19	XXII	4217-60-052-99-Establishment of Gas Crematorium in Urban Areas-Plant and Machinery(P)	10.00	10.00
20	XXV	2225-02-800-13-XIV Finance Commission Award(P)	37.00	37.00
21	XXV	4225-01-277-89-Construction of Medical College, Palakkad(P)	150.00	150.00
22	XXV	4225-02-277-51-Construction of Ashramam schools and Model Residential Schools(P)	30.00	30.00
23	XXIX	2401-00-110-85-Comprehensive Crop Insurance for Paddy(P)	6.50	6.50
24	XXIX	4402-00-203-92-Improvements to Padasekharams deepening of inner Chals of Ponnani Kole(P)	6.50	6.50
25	XXIX	4702-00-101-70-XIV Finance Commission Award(P)	12.50	12.50
26	XXIX	4702-00-101-73-Rehabilitation of Lift Irrigation Schemes(P)	5.22	5.22
27	XXIX	4702-00-101-75-Repair, Renovation and Restoration (RRR) of water bodies (75% SS)(P)	26.67	26.67
28	XXIX	4702-00-101-77-Minor Irrigation Projects in Cauvery Basin(P)	21.00	21.00
29	XXIX	4702-00-102-96-Meenachil Check Dams(P)	7.00	7.00
30	XXXI	6403-00-190-92-Loans to Kerala State Poultry Development Corporation (RIDF)(P)	8.00	8.00
31	XXXII	2404-00-102-73-XIV Finance Commission Award(P)	37.50	37.50
32	XXXII	2404-00-102-74-National Programme for Dairy Development (100% CA)(P)	14.44	14.44
33	XXXIII	2405-00-800-86-Housing Scheme Assisted by National Fishermen Welfare Fund (50% State Share)(P)	6.00	6.00
34	XXXV	4515-00-800-95-Construction of Bus Terminal and AGRO Market at Cheruthoni in Idukki District(P)	8.00	8.00
35	XXXVII	2851-00-102-42-Seed Fund to Youth(P)	6.00	6.00

Sl. No.	Grant no.	Scheme/Activity	Budget Allocation	Amount Surrendered
36	XXXVII	4851-00-101-91-Infrastructure Development - Construction of Multistoried Industrial Estate (One Time ACA)(P)	5.30	5.30
37	XXXVII	6885-60-190-92-Loans to Bharath Earth Movers Limited(P)	9.44	9.44
38	XXXVIII	2701-80-799-99-Stock(NP)	7.00	7.00
39	XXXVIII	4700-29-800-87-NABARD Assisted (RIDF) Mullaperiyar Project(P)	15.00	15.00
40	XXXIX	2801-80-101-90-Rajeev Gandhi Grameen Vaidyuthikaran Yojana Scheme (RGGVY) (State Share)(P)	10.00	10.00
41	XLI	5075-60-800-69-Priority Scheme under XIV Finance Commission(P)	50.00	50.00
42	XLI	5075-60-800-71-Land Acquisition Purposes(NP)	100.00	100.00
43	XLII	3452-01-101-95-Product/Infrastructure development for Destination and Circuits (100% CSS)(P)	58.15	58.15
44	XLVI	2235-02-101-70-Model programme for support and rehabilitation of adults with disabilities including persons with Cerebral Palsy, Autism and Severely Mentally Retarded (One Time ACA)(P)	5.00	5.00
45	XLVI	4235-02-103-99-Construction of Nirbhaya homes(P)	8.00	8.00
46	Public Debt Repayment	6003-00-110-97-Short Fall in Cash Balances(NP)	25.00	25.00
Total			1354.47	1354.47

Appendix 2.10

Surrender (₹ one crore or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.8; Page 58)

(₹ in crore)

Sl. No.	Grant number and Name		Total Grant/ Appropriation	Savings	Amount surrendered	Excessive surrender
Revenue Voted						
1	III	Administration of Justice	576.36	50.54	52.15	1.61
2	IV	Elections	179.75	23.39	25.58	2.19
3	V	Agricultural Income Tax and Sales Tax	274.59	31.74	44.27	12.53
4	VIII	Excise	264.2	51.25	66.79	15.54
5	XVI	Pensions and Miscellaneous	19746.16	1204.46	1212.63	8.17
6	XX	Water Supply and Sanitation	1007.32	34.22	36.02	1.8
6	XXIII	Information and Publicity	115.15	35.65	40.42	4.77
7	XXIV	Labour, Labour Welfare and Welfare of Non-Residents	901.97	68.08	70.25	2.17
8	XXVII	Co-operation	313.44	33.85	37.10	3.25
9	XXXIV	Forest	488.36	45.61	73.77	28.16
10	XXXVI	Rural Development	2982.23	740.04	743.93	3.89
11	XLIII	Compensation and Assignments	6493.05	2275.81	2754.97	479.16
Total			33342.58	4594.64	5157.88	563.24
Capital-Voted						
12	XXII	Urban Development	55.61	16.38	18.00	1.62
13	XXIV	Labour, Labour Welfare and Welfare of Non-Residents	170.3	14.01	17.25	3.24
14	XXXIV	Forest	82.47	22.98	24.13	1.15
15	XLII	Tourism	155.16	28.63	31.33	2.7
Total			463.54	82.00	90.71	8.71
Capital-Charged						
16		Public Debt Repayment	14977.98	8917.24	8921.97	4.73
Grand Total			48784.10	13593.88	14170.56	576.68

Appendix 2.11

Subheads in which injudicious surrender (exceeding ₹ one crore) led to excess expenditure
(Reference: Paragraph 2.3.8, Page 58)

(₹ in crore)

Sl. No.	Scheme/Activity	Budget allocation	Amount Re-appropriated	Amount Surrendered	Net Budget	Final Expenditure	Excess
1.	2040-00-101-97-Offices of Commercial Taxes-(NP)	227.76	-3.10	40.84	183.82	200.83	17.01
2.	2039-00-001-98-Range Offices-(NP)	138.07	0.75	28.11	110.71	113.66	2.95
3.	2039-00-001-99-Superintendence-(NP)	104.35	2.88	28.37	78.85	91.47	12.62
4.	2220-01-001-99-Directorate of Public Relations-(NP)	5.85	-1.01	3.51	1.33	5.23	3.90
5.	2220-60-800-76-Centre for Development of Imaging Technology - Grant-in-Aid-(P)	4.00	0.00	2.50	1.50	2.74	1.24
6.	2230-01-001-98-District Offices-(NP)	16.60	-0.26	2.76	13.58	14.79	1.21
7.	4250-00-800-99-Special Development Fund for MLAs-(P)	169.20	0.00	17.25	151.95	155.19	3.24
8.	2425-00-101-99-General-(NP)	106.19	-9.84	12.05	84.31	85.72	1.41
9.	2406-01-001-95-District Offices-(NP)	105.44	-5.03	8.87	91.54	93.08	1.54
10.	2406-01-001-99-Office of the Chief Conservator-(NP)	13.71	1.19	2.03	12.87	14.48	1.61
11.	2406-01-101-81-Forest protection-(NP)	40.30	-2.83	6.03	31.44	35.48	4.04
12.	2406-01-101-99-Forest Consolidation and Acquisition of Private Forests-(NP)	33.69	0.65	6.28	28.06	31.14	3.08
13.	2406-01-102-98-Ecology Development (World Bank Assisted Social Forestry)-(NP)	23.49	0.16	5.02	18.62	19.98	1.36
14.	2406-02-110-66-Agasthyamala Biosphere Reserve (100% CSS)-(P)	2.50	0.00	2.50	0.00	1.97	1.97
15.	2406-02-110-99-Wild Life Preservation Division-(NP)	12.49	0.41	1.82	11.08	16.27	5.19
16.	2515-00-001-49-Recurring expenditure on personnel retained on N.E.S pattern-(NP)	163.95	-4.15	24.14	135.66	144.61	8.95
17.	3604-00-200-90-Expansion and Development under XIV Finance Commission Recommendations-(NP)	796.30	0.00	273.42	522.88	940.16	417.28
18.	3604-00-200-91-Funds for Development Expenditure - 4 th SFC Recommendations-(NP)	3657.43	0.00	1974.41	1683.02	1704.76	21.74

Sl. No.	Scheme/Activity	Budget allocation	Amount Re-appropriated	Amount Surrendered	Net Budget	Final Expenditure	Excess
19.	3604-00-200-92-Funds for Maintenance Expenditure (Non-Road Assets) - 4 th SFC Recommendations-(NP)	574.49	0.00	282.85	291.65	300.01	8.36
20.	3604-00-200-93-General Purpose Fund/Funds for Traditional Functions - 4 th SFC Recommendations-(NP)	1119.83	0.00	56.54	1063.29	1096.26	32.97

Appendix 2.12
Details of savings of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.9, Page 58)

(₹ in crore)

Sl. No.	Grant number and Name	Savings	Amount surrendered	Amount not surrendered
Revenue-Voted				
1	I State Legislature	11.78	10.23	1.55
2	II Heads of States, Ministers and Headquarters Staff	192.65	69.32	123.33
3	VI Land Revenue	65.36	50.34	15.02
4	VII Stamps and Registration	11.65	0	11.65
5	IX Taxes on Vehicles	6.59	0.29	6.3
6	X Treasury and Accounts	27.93	21	6.93
7	XI District Administration and Miscellaneous	66.69	56.98	9.71
8	XII Police	515.75	505.92	9.83
9	XV Public Works	675.17	584.75	90.42
10	XVII Education, Sports, Art and Culture	2384.74	1404.67	980.07
11	XVIII Medical and Public Health	703.57	0	703.57
12	XIX Family Welfare	142.96	20.76	122.2
13	XXII Urban Development	645.83	622.28	23.55
14	XXV Welfare of Scheduled Castes/ Scheduled Tribes/Other Backward Classes and Minorities	405.69	386.24	19.45
15	XXVI Relief on Account of Natural Calamities	116.18	73.64	42.54
16	XXVIII Miscellaneous Economic Services	11.77	10.54	1.23
17	XXIX Agriculture	498.24	336.42	161.82
18	XXXI Animal Husbandry	52.25	31.76	20.49
19	XXXII Dairy	61.21	53.45	7.76
20	XXXIII Fisheries	81.23	74.15	7.08
21	XXXVII Industries	109.07	105.49	3.58
22	XXXVIII Irrigation	52.65	30.22	22.43
23	XXXIX Power	86.45	35.83	50.62
24	XLI Transport	11.83	6.22	5.61
25	XLII Tourism	75.63	73.72	1.91
26	XLVI Social Security and Welfare	632.93	613.14	19.79

Sl. No.	Grant number and Name	Savings	Amount surrendered	Amount not surrendered
Revenue – Charged				
27	II Heads of States, Ministers and Headquarters Staff	23.23	19.23	4.00
28	XLI Transport	86.00	0	86.00
Capital – Voted				
29	XIV Stationery and Printing and Other Administrative Services	1.76	0.10	1.66
30	XVII Education, Sports, Art and Culture	55.32	45.55	9.77
31	XVIII Medical and Public Health	47.64	41.03	6.61
32	XXI Housing	38.91	0	38.91
33	XXVIII Miscellaneous Economic Services	1178.88	1174.06	4.82
34	XXIX Agriculture	149.22	95.76	53.46
35	XXXIII Fisheries	22.84	20.18	2.66
36	XXXVII Industries	133.35	95	38.35
37	XXXVIII Irrigation	107.28	100.79	6.49
38	XXXIX Power	54.63	0.56	54.07
39	XLI Transport	559.08	515.58	43.50
40	XLV Miscellaneous Loans and Advances	15.16	13.25	1.91
41	XLVI Social Security and Welfare	84.36	45.44	38.92
Total		10203.46	7343.89	2859.57

Appendix 2.13
Cases of surrender of funds in excess of ₹10 crore on 31 March 2016
(Reference: Paragraph 2.3.9, Page 58)

(₹ in crore)

Grant No.	Major Head and Nomenclature	Budget Allocation	Amount Surrendered	Percentage of surrender
III	2014 Administration of Justice	678.52	63.06	9
V	2040 Taxes on Sales, Trades etc	254.16	44.31	17
VI	2029 Land Revenue	522.72	50.27	10
VIII	2039 State Excise	265.87	67.35	25
XI	2053 District Administration	396.22	34.64	9
XIV	2070 Other Administrative Services	222.64	30.97	14
	2058 Stationery and Printing	143.62	12.59	9
XVI	2071 Pensions and Other Retirement benefits	13477.07	411.17	3
	2075 Miscellaneous Government Service	6321.66	801.30	13
XVII	2202 General Education	14979.59	424.34	3
	2203 Technical Education	1130.22	167.43	15
	2205 Art and Culture	175.83	22.52	13
	3425 Other Scientific Research	149.17	41.30	28
	4202 Capital outlay on Educations, Sports, Art and Culture	495.51	45.55	9
XVIII	4210 Capital outlay on Medical and Public Health	267.52	41.03	15
XIX	2211 Family Welfare	579.16	20.76	4
XX	2215 Water Supply and Sanitation	1007.32	36.02	4
	4215 Capital outlay on Water Supply and Sanitation	135.18	55.59	41
	6215 Loans for Water Supply and Sanitation	200.00	119.31	60
XXV	2225 Welfare of SCs/STs/OBCs and Minorities	2543.33	386.23	15
	4225 Capital outlay on Welfare of SCs/STs/OBCs and Minorities	283.53	226.52	80
XXVII	2425 Co-operation	313.44	37.10	12
XXX	2408 Food, Storage and Warehousing	1175.85	21.45	2
XXXI	2403 Animal Husbandry	545.05	31.76	6
	6403 Loans for Animal Husbandry	26.64	10.00	38
XXXIII	2405 Fisheries	405.24	74.15	18
	4405 Capital outlay on Fisheries	312.90	20.18	6
XXXV	2515 Other Rural Development Programmes	1008.95	201.99	20
	4515 Capital outlay on Other Rural Development Programmes	454.97	17.18	4
Total		48471.88	3516.07	

Appendix 2.14
Pendency in submission of Detailed Contingent bills against Abstract
Contingent bills drawn from 2014-15 to 2015-16
(Reference: Paragraph 2.4.1, Page 59)

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
1.	Principal Agricultural Officer, Thrissur	November 2014	1500000
2.	Superintendent, District Jail Kollam	August 2015	100000
		January 2016	100000
3.	Superintendent, Sub Jail Ernakulam	January 2016	10000
4.	Superintendent, Special Sub Jail, Palakkad	January 2016	100000
		February 2016	100000
5.	Superintendent, Special Sub Jail, Chittur	December 2015	75000
		December 2015	75000
		January 2016	75000
6.	Superintendent, Central Prison, Thiruvananthapuram	February 2016	172971
7.	Superintendent, Sub Jail, Attingal	July 2015	30000
		September 2015	30000
		February 2016	5000
		March 2016	13791
8.	Superintendent, Central Jail, Viyyur	February 2016	200000
		February 2016	300000
		February 2016	200000
9.	Superintendent, Sub Jail, Viyyur	February 2016	50000
10.	Superintendent, Sub Jail, Alathur	December 2015	50000
		February 2016	50000
11.	Superintendent, Sub Jail, Chavakkad	April 2015	30000
12.	Superintendent, Prison headquarters, Thiruvananthapuram	May 2015	50000
		November 2015	50000
13.	Assistant Soil Chemist, Soil Testing Laboratory, Thrissur	September 2015	150000
14.	Assistant Executive Engineer (Agriculture), Thrissur	September 2015	363000
15.	Superintendent, District Jail, Viyyur	October 2015	30000
16.	Superintendent, Women's Prison, Viyyur	November 2015	25000
17.	Superintendent, Sub Jail, Ottapalam	December 2015	50000
Total			3984762

Appendix 2.15
List of Controlling Officers where amounts exceeding ₹50 crore in each case
remained un-reconciled during 2015-16
(Reference: Paragraph 2.4.2, Page 60)

Sl. No.	Name of the controlling officer	Amount not reconciled (₹ in crore)
1.	The Additional Chief Secretary, Water Resources Department	920.95
2.	The Additional Secretary, Higher Education Department (ASAP)	96.00
3.	The Chief Engineer, Revenue Complex	354.19
4.	The Chief Town Planner, Town and Country planning Department	113.06
5.	The Director of Employment	98.10
6.	The Director of Panchayats	583.09
7.	The Director of Public Instruction	8032.84
8.	The Director of Scheduled Caste's Development	1132.33
9.	The Director of Scheduled Tribe's Development	615.78
10.	The Director of Training	177.48
11.	The Director of Urban Affairs	133.63
12.	The Director of Printing	86.01
13.	The Director of Urban Affairs	71.25
14.	The Director of Sustainable Urban Development Project	68.09
15.	The Director of Sports and Youth Affairs	97.18
16.	The Director of Survey and Land Records Department	119.20
17.	The Director of Vocational Higher Secondary Education	274.13
18.	The District Collector, Kasaragod	73.65
19.	The Excise Commissioner	196.85
20.	The Inspector General of Registration	116.06
21.	The Principal Secretary to Government, Higher Education Department	66.64
22.	The Secretary to Government, Cultural Affairs Department	68.48
23.	The Secretary to Government, Power Department	74.35
24.	The Secretary to Government, Science and Technology Department	166.41
25.	The Secretary to Government, Health and Family Welfare Department	335.01
26.	The Secretary to Government, Industries Department	65.56
27.	The Secretary to Government, Local Self Government Department	133.14
28.	The Secretary, State Election Commission	86.65
29.	The Secretary, Transport Department	407.73
Total		14763.84

Appendix 2.16
Under-utilised supplementary grants
(Reference: Paragraph 2.5.2, Page 64)

(₹ in lakh)

Sl. No.	Year	Scheme/Activity	Supplementary Demands	Amount surrendered
1	2013-14	2235-02-101-99-Schools for the deaf, the dumb and the blind	0.30	8.33
2		2235-02-191-50 – Block grants for revenue expenditure	365.03	108.88
3		2235-02-192-50 – Block grants for revenue expenditure	563.07	97.42
4		2235-02-198-50 – Block grants for revenue expenditure	6065.63	1321.30
5		2235-60-110-99- State Insurance department	40.00	9.29
6	2014-15	2235-02-103-74 –Nirbhaya programme	104.00	19.33
7		2235-02-191-50 – Block grants for revenue expenditure	199.30	66.42
8		2235-02-192-50 – Block grants for revenue expenditure	227.60	48.45
9		4235-02-800-98- Modernization of Social Justice department-Spill over commitments of One Time ACA scheme	400.00	196.20
10	2015-16	2235-02-101-76-Establishing care homes/institutions to protect and treat mentally ill people	100.00	100.00
11		2235-02-103-90 – Flagship programme on Gender awareness	35.00	80.19
12		2235-60-200-70-Creation of barrier free environment to persons with disabilities	1500.00	1399.26
13		4235-02-102-94-Convergence of preschool and preprimary centers in anganwadies(NABARD-RIDF)	1720.00	1160.57

Appendix 3.1
Statement showing names of bodies and authorities, the accounts of
which had not been received as of March 2016
(Reference: Paragraph 3.2; Page 72)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received
1.	National Transportation Planning and Research Centre (NATPAC)	2011-12 to 2014-15
2.	Kerala Institute of Tourism and Travel Studies (KITTS)	2014-15
3.	Thenmala Eco Tourism Promotion Society	2014-15
4.	Public Sector Restructuring and Internal Audit Board (RIAB)	2014-15
5.	Agency for Non-conventional Energy and Rural Technology (ANERT)	2014-15
6.	Kerala Infrastructure Investment Fund Board (KIIFB)	2008-09 to 2014-15

Due date for submission of accounts is September 30 of succeeding year.

Appendix 3.2
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.3; Page 72)

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 2017-18	2013-14	2013-14	2010-11	3.12.14	01.12.2016	20 months
2.	Command Area Development Authority, Thrissur	Up to 2015-16	2013-14	2013-14	2012-13	16.12.15	10.9.2015	11 months
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Upto 2016-17	2014-15	2014-15	2012-13	1.12.15	31.03.2016	8 months 30 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	For five years from 2012-13	2014-15	2014-15	2007-08	17.2.16	22.06.2016	11 months 21 days
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards, Act enacted by Parliament	2014-15	2014-15	2012-13	18.7.16	14.03.2016	08 months 13 days
6.	Kerala State Human Rights Commission, Thiruvananthapuram	1998-99 onwards	2014-15	2014-15	2013-14	16.12.15	16.02.2016	7 months 15 days
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards	2014-15	2014-15	2014-15	20.10.16	22.01.2016	6 months 21 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards	2013-14	2013-14	2013-14	27.9.16	30.09.2015	14 months 29 days
9.	District Legal Services Authority, Kollam	1998-99 onwards	2013-14	2013-14	2012-13	1.12.15	30.03.2016	20 months 29 days
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards	2012-13	2012-13	2012-13	1.12.15	18.3.2015	20 months 17 days
11.	District Legal Services Authority, Alappuzha	1998-99 onwards	2014-15	2014-15	2014-15	27.9.16	15.03.2016	08 months 14 days
12.	District Legal Services Authority, Kottayam	1998-99 onwards	2014-15	2014-15	2014-15	27.9.16	15.6.2015	No delay
13.	District Legal Services Authority, Idukki	1998-99 onwards	2014-15	2014-15	2013-14	1.12.15	09.12.2015	5 months 8 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	2011-12	2011-12	2011-12	11.3.15	20.02.2014	19 months 19 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards	2013-14	2013-14	2012-13	18.7.16	21.07.2016	24 months 20 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards	2010-11	2010-11	2010-11	28.6.16	13.10.2011	3 months 12 days
17.	District Legal Services Authority, Malappuram	1998-99 onwards	2014-15	2014-15	2014-15	8.11.16	20.01.2016	6 months 9 days
18.	District Legal Services Authority, Kozhikode	1998-99 onwards	2014-15	2014-15	2013-14	16.12.15	22.02.2016	7 months 21 days
19.	District Legal Services Authority, Wayanad	1998-99 onwards	2012-13	2012-13	2011-12	17.12.15	01.08.2016	37 months
20.	District Legal Services Authority, Kannur	1998-99 onwards	2013-14	2013-14	2009-10	12.12.12	10.06.2016	23 months 9 days
21.	District Legal Services Authority, Kasaragod	1998-99 onwards	2011-12	2011-12	2011-12	1.12.15	01.11.2013	16 months
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards	2014-15	2014-15	2014-15	20.10.16	27.08.2015	1 month 26 days
23.	Permanent Lok Adalath, Ernakulam	2011-12 onwards	2013-14	2013-14	2012-13	20.10.16	29.01.2016	18 months 28 days
24.	Permanent Lok Adalath, Kozhikode	2013-14 onwards	2014-15	2014-15	2014-15	20.10.16	05.02.2016	7 months 4 days
25.	Kerala Water Authority	Till 2019-20	2013-14	2013-14	2011-12	28.06.16	29.12.2015	17 months 28 days

Appendix 3.3
Statement of finalisation of *pro forma* accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
 (Reference: Paragraph 3.4; Page 73)

(₹ in crore)

Sl.No.	Name of the undertaking	Accounts finalized up to	Government investment as per the last accounts finalized	Profit/loss as per the last accounts
1.	State Water Transport Department	2013-14	359.13	(-) 39.11
2.	Kerala State Insurance Department	2013-14	Nil	0.02
3.	Text Book Office ⁴³	--	21.26	(-) 5.61

Note : Besides, *pro forma* accounts in respect of rubber plantation activities of Open Prison, Nettukaltheri received upto 2014-15 showed a trading loss of ₹0.76 crore.

⁴³ Government decided (December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 is pending with the Government. Preparation of Accounts from 2003-04 onwards are entrusted with Institute of Public Auditors, but the same has not been submitted to Principal Accountant General (G&SSA) for certification.

Appendix 3.4
Department/duration-wise break-up of cases of misappropriation, defalcation etc.
(Reference: Paragraph 3.5; Page 73)

(₹ in lakh)

Sl. No.	Name of the Department	Upto 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years and above		Total number of cases	
1	Agriculture	2	2.12	3	27.00	1	9.76	2	0.95	1	5.53	1	0.23	10	45.59
2	Animal Husbandry			1	0.35									1	0.35
3	Co-operation							1	3.80					1	3.80
4	Cultural Affairs - Archives											1	0.20	1	0.20
5	Finance – National Savings											1	0.45	1	0.45
6	Finance - Treasuries			2	1.98	5	96.95	5	58.55	1	0.07	4	2.19	17	159.74
7	Fisheries and Ports			1	-			1	1.32					2	1.32
8	General Education	3	10.84	2	1.73	2	10.34	7	1.27	2	0.16	2	4.52	18	28.86
9	Technical Education							1	-					1	0
10	Health and Family Welfare – Health Services	2	18.54	6	13.72	3	150.74			3	4.72	3	2.23	17	189.95
11	Health and Family Welfare – Medical Education	1	7.37	1	1.16	1	15.00	2	2.97					5	26.50
12	Health and Family Welfare – Indian System of Medicine	1	9.30					1	1.85					2	11.15
13	Higher Education – Collegiate Education					1	0.20	1	0.73	1	0.02			3	0.95
14	Home Department- Police											1	0.38	1	0.38
15	Industries and Commerce	1	40.00					1	0.31					2	40.31
16	Local Self Government					3	13.90	3	4.60	1	1.85			7	20.35
17	Public Works			1	1.87	3	5.88							4	7.75
18	Revenue – Survey and Land records											2	5.63	2	5.63
19	Scheduled Castes and Scheduled Tribes Development	2	2.52									1	0.17	3	2.69
20	Social Justice					1	8.92							1	8.92
21	Taxes - Lotteries									1	13.53			1	13.53
22	Motor Vehicles							1	7.93					1	7.93
23	Water Resources					16	139.64							16	139.64
Total		12	90.69	17	47.81	36	451.33	26	84.28	10	25.88	16	16.00	117	715.99

Appendix 3.5
Department/category-wise details in respect of cases of loss to Government due to theft,
misappropriation and loss of Government material
(Reference: Paragraph 3.5; Page 73)

(₹ in lakh)

Sl. No.	Name of the Department	Theft		Misappropriation/Loss of Government material		Total	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	Agriculture			10	45.59	10	45.59
2	Animal Husbandry			1	0.35	1	0.35
3	Co-operation			1	3.80	1	3.80
4	Cultural Affairs - Archives			1	0.20	1	0.20
5	Finance – National Savings			1	0.45	1	0.45
6	Finance - Treasuries			17	159.74	17	159.74
7	Fisheries and Ports			2	1.32	2	1.32
8	General Education	9	1.05	9	27.81	18	28.86
9	Technical Education	1	...			1	...
10	Health and Family Welfare – Health Services	3	1.74	14	188.21	17	189.95
11	Health and Family Welfare – Medical Education			5	26.50	5	26.50
12	Health and Family Welfare – Indian System of Medicine			2	11.15	2	11.15
13	Higher Education – Collegiate Education	2	0.22	1	0.73	3	0.95
14	Home Department- Police			1	0.38	1	0.38
15	Industries and Commerce			2	40.31	2	40.31
16	Local Self Government			7	20.35	7	20.35
17	Public Works			4	7.75	4	7.75
18	Revenue – Survey and Land records			2	5.63	2	5.63
19	Scheduled Castes and Scheduled Tribes Development			3	2.69	3	2.69
20	Social Justice			1	8.92	1	8.92
21	Taxes - Lotteries			1	13.53	1	13.53
22	Motor Vehicles			1	7.93	1	7.93
23	Water Resources	1	0.55	15	139.09	16	139.64
Total		16	3.56	101	712.43	117⁴⁴	715.99

⁴⁴ Includes four cases (two misappropriation cases under Fisheries & Ports and Health & Family Welfare – Medical Education departments and two theft cases under Technical Education and Health & Family Welfare – Health Services departments) for which amounts were not assessed.

Appendix 3.6
Division-wise deposit pending as of March 2016
(Reference: Paragraph 3.6.1; Page 75)

(in ₹)

Sl No.	Name of Division	Opening balance under various heads as on 01 April 2008			Closing balance under various heads as on 31 March 2016		
		Deposit for works to be done	Security Deposit	Miscellaneous Deposits	Deposit for works to be done	Security Deposit	Miscellaneous Deposits
1	Roads Division, Thiruvananthapuram	174241383	9487551	20864735	1033337992	21975678	73202932
2	Buildings Division, Thiruvananthapuram	126722312	7267620	14940892	696646897	17150521	10824689
3	Roads Division, Kollam	102511883	28771292	11970217	505528225	30806582	13300500
4	Buildings Division, Thrissur	71290610	3534778	4608689	406871060	13931742	10906264
5	Roads Division, Kottayam	38581728	1608476	20301075	288309343	75153005	57573493
6	Buildings Division, Kozhikode	110635250	5272992	4001371	445098131	16446362	16771476
7	Roads Division, Alapuzha	70731813	17673570	39561136	259930345	17754659	4561802
8	Roads Division, Kannur	101289355	1855740	20803228	299299503	5492634	37118294
9	Roads Division, Thrissur	70979316	6898756	21143749	337942131	20419582	12515601
10	Roads Division, Ernakulam	*	*	*	313113709	42813148	37101885
11	Buildings Division, Thalassery	35733619	3228954	1985727	271679772	9755578	1446876
12	Roads Division, Kasaragod	34775818	848591	3674423	347395824	7065712	5238736
13	Buildings Division, Palakkad	-10955053	2384482	7208760	277466558	0 [#]	18280144
Total		926538034	88832802	171064002	5482619490	278765203	298842692
		1186434838			6060227385		

* Records not available

All security deposits released

Appendix 3.7

**Instances of variations in the amount of balance available
(Reference: Paragraph 3.6.2; Page 80)**

Name of LAO	Name of work	Amount allotted (₹)	Balance as per	
			LAO (₹)	Treasury (₹)
Spl. Tahsildar (LA), PWD, Thiruvananthapuram	LA for construction of bridge across Killi River near Attukal temple	1,64,58,498	2,06,291	1,14,851
	LA for construction of Mannanthala-Kesavadasapuram Road	6,77,77,950	50,47,022	35,74,532
	LA for VSSC	2,08,51,690	97,56,695	Nil
Spl. Tahsildar (LA), General, Thiruvananthapuram	LA for widening of road for TRIDA	1,10,00,000	10,05,028	86,415
	-do-	1,65,00,000	47,34,658	2,57,872
	LA for Kowdiyar-Peroorkada-Vazhayila Road	6,00,00,000	17,21,055	15,68,138
Spl. Tahsildar (LA), Additional LA Unit, Thiruvananthapuram	Widening of Pattoor-Vanchiyoor-Choorakkattupalayam Road	1,00,00,000	8,75,724	5,52,970
	LA for Ulloor-Kuzhivila-Neyyattinkara Bypass- Reach IV&V	8,50,00,000	46,770	30,828
Deputy Collector (LA), Thiruvananthapuram	LA for Sreevarahom-Eanchakkal-Attakulangara Road	5,00,00,000	1,91,35,574	1,88,99,989
	LA for construction of 66 KV sub station at Athiyannoor by KSEB	59,35,067	17,18,339	2,94,982
Spl. Tahsildar, SPVL No.III&LA, Thiruvananthapuram	LA for Technocity	120,00,00,000	25,93,65,071	25,93,52,617
Spl. Tahsildar (LA), General, Ernakulam	LA for Kakkanad-Kothamangalam Road	5,98,00,000	3,28,01,701	3,18,05,618
Spl. Tahsildar (LA), Kochi International Airport No. III	LA for Seaport -Airport Road Phase II	23,00,00,000	5,11,54,529	5,11,08,289
	LA for Seaport -Airport Road Phase II	75,06,09,870	23,82,35,187	22,89,36,178
Spl. Tahsildar (LA), NH No.II, Aluva	LA for Vengoor-Nayathode Road widening	15,20,00,000	9,89,769	5,21,292