

सत्यमेव जयते

ACCOUNTS AT A GLANCE 2013 - 14



GOVERNMENT OF KARNATAKA

PREFACE

The Annual accounts of the State Government are prepared and examined under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for being laid before the Legislature of the State. The Annual Accounts consist of (a) Finance Accounts and (b) Appropriation Accounts.

Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise gross expenditures against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

The Principal Accountant General (Accounts and Entitlement) prepares the State Finance Accounts and Appropriation accounts.

A combined reading of the Finance Accounts and Appropriation Accounts, the Report on State Finances and the Accounts at a Glance, will help the stakeholders to more effectively comprehend the various facets of the finances of the Government of Karnataka.

'Accounts at a Glance' provides a broad overview of Government activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publication.



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Place: Bengaluru

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CHAPTER I

OVERVIEW

1.1 Introduction

The Principal Accountant General (Accounts and Entitlement), Karnataka compiles the accounts of Receipts and Disbursements of the Government of Karnataka. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions, Other Account Rendering Offices and advices of the Reserve Bank of India, Central Accounts Section (CAS), Nagpur and other Orders for Book Adjustments/Inter Account Transfers involving no outflow of cash issued by the Government of Karnataka, from time to time. Following such compilation, the Principal Accountant General (Accounts and Entitlement) prepares, annually, the Finance Accounts and Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General (General and Social Sector Audit), Karnataka and certification by the Comptroller and Auditor General of India.

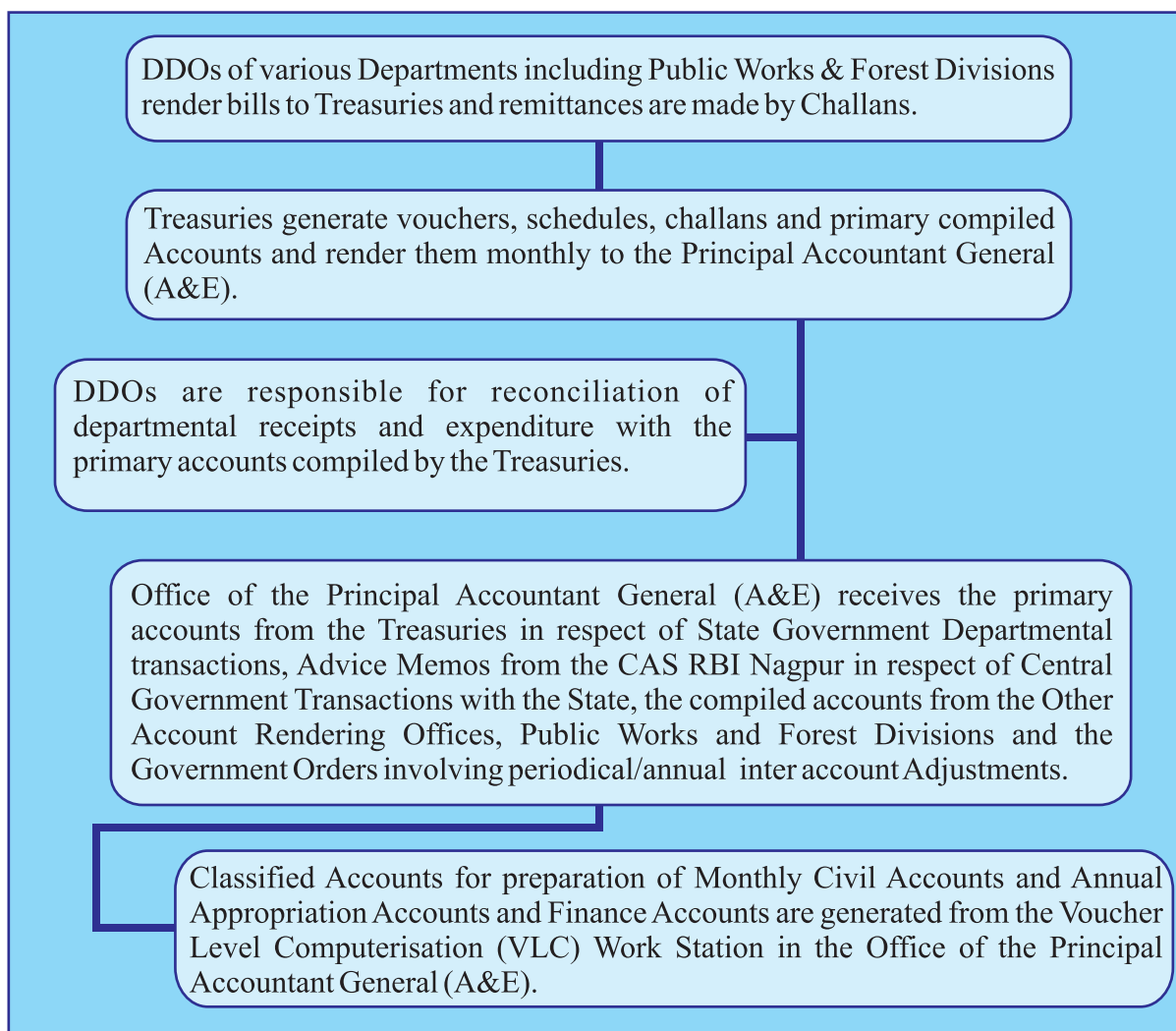
1.2 Structure of Accounts

1.2.1 Government Accounts are kept in three parts:

Part I CONSOLIDATED FUND	Consolidated Fund comprises Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances, Inter State Settlement & Appropriation to Contingency Fund.
Part II CONTINGENCY FUND	Contingency Fund is intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this Fund is recouped either by transferring the debit during the same financial year or by a fresh debit to the Consolidated Fund in the next financial year.
Part III PUBLIC ACCOUNT	Public Account comprises of Small Savings & Provident Funds, Reserve Funds, Deposits & Advances, Suspense and Remittances transactions. While the Small Savings & Provident Funds, Reserve Funds, and Deposits represent repayable liabilities of the Government, the Advances represent receivables of the Government. Suspense and Remittance transactions are adjusting entries that are to be cleared eventually by booking to the final head of account.

1.2.2 Compilation of Accounts

Flow Diagram showing process of Compilation of Accounts



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the Receipts and Disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. The Finance Accounts are prepared in two volumes, to make it more comprehensive and informative. **Volume I** of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, Guide to the Finance Accounts, Summarized statements of overall Receipts and Disbursements, Assets and Liabilities of the Government and 'Notes to Accounts' containing summary of significant accounting Policies, certain types of (fund, suspense and other book adjustments) transactions having a bearing on quality of accounts, and other items. **Volume II** contains other Summarized Statements (**Part-I**), Detailed Statements (**Part-II**) and Appendices (**Part-III**).

Receipts and Disbursements of the Government of Karnataka as depicted in the Finance Accounts 2013-14 are given below:

(₹ in crore)			
Receipts (Total: ₹106,832)	Revenue (Total: ₹89,543)	States' own Tax Revenue	62,604
		States' Share of Union taxes & Duties	13,808
		Non-Tax Revenue	4,032
		Grants-in-Aid and Contributions ^(§)	9,099
	Capital (Total: ₹17,289)	Recovery of Loans and Advances	109
		Other Receipts (Miscellaneous Capital Receipts)	88
		Borrowings and Other Liabilities ^(*)	17,092
Disbursements (Total: ₹106,832)	Revenue (A)		89,190
	Capital		16,947
	Loans and Advances		695

(§) Apart from Grants-in-Aid and Contributions routed through the State Budget, the Union Government has also transferred substantial funds directly to State Implementing Agencies/Non-Government Organisations for implementation of various Central Government Schemes and Programmes. During 2013-14, the Government of India has directly released ₹ 7,811 crore as against ₹ 6,649 crore in 2012-13 and ₹ 5,469 crore in 2011-12. This excludes an amount of ₹ 865 crore, ₹ 2,096 crore, ₹ 1,671 crore, for the years 2013-14, 2012-13 and 2011-12 respectively, released to Central Bodies as well as various other organizations located in the State of Karnataka, monitoring the end use of which is outside the administrative control of the Government of Karnataka. The scheme-wise details are furnished in Appendix VII of Volume II of the Finance Accounts.

(*) Comprises net contribution from (i) 'E-Public Debt' {₹ 13,470 crore}; (ii) 'Contingency Fund' {nil}; (iii) 'Public Account' {₹ 3,640 crore} minus 'Net Cash Balance' {₹ 18 crore}

(A) Includes 'Grants-in-Aid for creation of Capital Assets' {₹ 3,105 crore} released to Urban Local Bodies (Please see Statement No.8 in Volume - II of Finance Accounts)

1.3.2. Appropriation Accounts

The Appropriation Accounts supplement the Finance Accounts and record the Grant-wise gross expenditure against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided. There are 28 'Voted Grants' and one 'Charged Appropriation'.

The Appropriation Acts of 2013 and 2014 had provided funds for gross expenditure of ₹ 137,314 crore, including the Supplementary Grants of ₹ 12,198 crore voted by State Legislature during the year. An amount of ₹ 6,387 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2013-14 show disbursements of ₹ 113,717 crore against the aggregate Budget Provision of ₹ 137,314 crore, resulting in a net saving of ₹ 23,597 crore. Actual recoveries in reduction of expenditure amounted to ₹ 3,068 crore, reflecting a decrease of ₹ 3,319 crore vis-à-vis Budget Estimates. The gross expenditure includes ₹ 169 crore drawn on Abstract Contingent (AC) Bills. Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year in respect of ₹ 128 crore out of this expenditure.

During 2013-14, ₹ 695 crore was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Account, which are maintained by the designated Administrators for specific purposes. Normally, the Administrators are required to transfer the unspent balances under PD Accounts to the Consolidated Fund at the end of the financial year. There was an aggregate unspent balance of ₹ 2,297 crore in the Personal Deposit Accounts of the Administrators at the year end.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

These are borrowings of a purely temporary nature. These advances are obtained to make good the deficiency in the minimum cash balance required to be maintained with the Reserve Bank of India. If, even after the maximum Ways and Means Advance is given, the balance is below the minimum cash balance, the deficit is met out of Overdrafts. During 2013-14, the Government of Karnataka did not avail, either Ways & Means Advance facility or Overdraft from the Reserve Bank of India.

1.4.2 Fund Flow Statement

The State had a Revenue Surplus of ₹ 353 crore and a Fiscal Deficit of ₹ 17,092 crore representing 0.06 per cent and 2.84 per cent of the Gross States' Domestic Product (GSDP)¹. The Fiscal Deficit constituted 15.99 per cent of total expenditure. This deficit was met from net receipts under Public Debt (₹ 13,470 crore), increase in net accruals under Public Account (₹ 3,640 crore) *minus* Net Cash Balance (₹ 18 crore). Around 79.28 per cent of the Revenue Receipts (₹ 89,543 crore) was spent on committed expenditure like Salaries⁽²⁾ (₹ 8,065 crore), Explicit Subsidies^(2&3) (₹ 13,323 crore), Grants-in-Aid⁽²⁾ (₹ 27,592 crore), Interest Payments (₹ 7,837 crore), Pension payments (₹ 9,152 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹ 5,019 crore).

Sources and Application of Funds

(₹ in crore)

SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2013	68
	Revenue Receipts	89,543
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	197
	Public Debt	17,287
	Receipts under Small Savings, Provident Funds & Others	4,508
	Receipts under Reserve & Sinking Funds	2,032
	Deposits Received	34,303
	Civil Advances Repaid	...
	Suspense Account	217,195
	Remittances	27
	Contingency Fund ⁽⁸⁾	...
	TOTAL	365,160

Sources and Application of Funds

(₹ in crore)

APPLICATION	PARTICULARS	AMOUNT
	Revenue Expenditure	89,190
	Capital Expenditure	16,947
	Loans Given	695
	Repayment of Public Debt	3,817
	Disbursements under Small Savings, Provident Fund etc.	2,401
	Expenditure met from Reserve & Sinking Funds	1,898
	Deposits Repaid	31,463
	Contingency Fund	...
	Suspense Account	218,624
	Remittances	39
	Closing Cash Balance as on 31.03.2013	86
	TOTAL	365,160

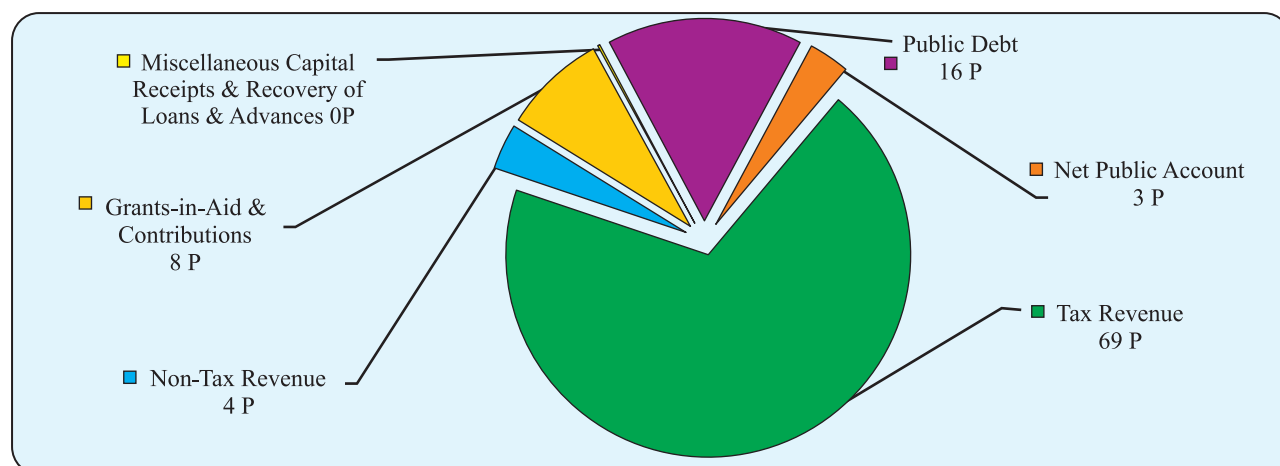
(1) GSDP 2013-14: ₹ 601,633 crore {Source: Medium Term Fiscal Plan 2014-18}.

(2) Salaries, Subsidies and Grants-in-Aid are sum of all sectors & Salaries do not include Grants given to Local Bodies etc., for the purpose of payment of salaries.

(3) Subsidy includes Expenditure booked under Object Head '106 Subsidies' only.

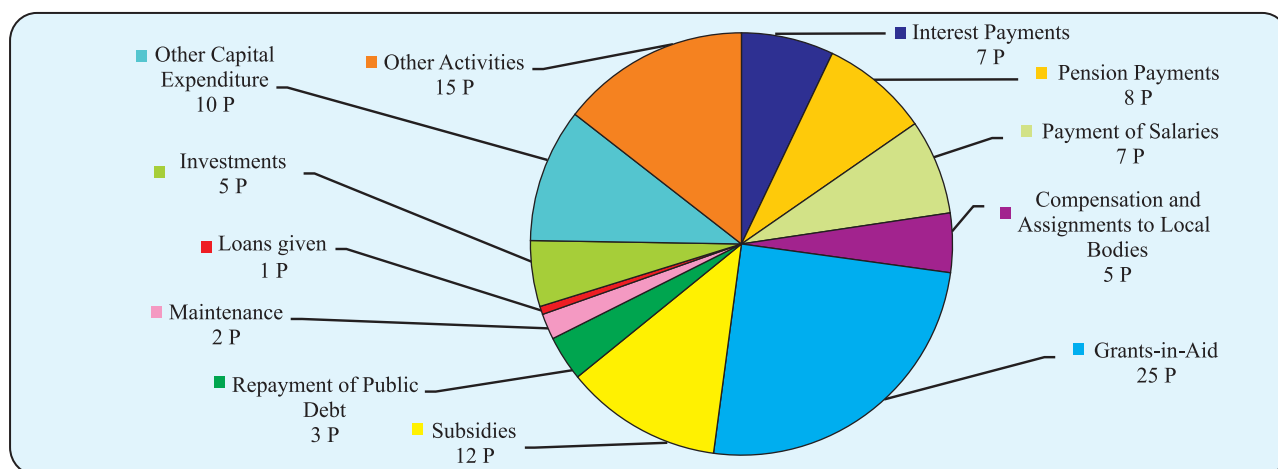
1.4.3 Where each rupee of receipt came from

Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account *minus* increase in cash balance. Main segments of Government revenues, in terms of Paise (P) to each Rupee of receipts, are indicated in the below given pie diagram.



1.4.4 Where each rupee of expenditure went

The Government expenditure on various functions, programs, schemes, objects of expenditure is incurred from the Consolidated Fund of the State with the prior approval of the State Legislature. Where each rupee spent on main segments of expenditure in terms of Paise (P) are indicated below in the pie diagram.



1.5 Highlights of Accounts

Sl. No.	Particulars	Budget Estimates 2013-14	Actuals	Percentage of Actuals to Budget Estimates	Percentage of Actuals to GSDP(*)
		(₹ in crore)			
01.	Tax Revenue	77,520 (@)	76,412 (&)	98.57	12.70
02.	Non-Tax Revenue	4,038	4,032	99.85	0.67
03.	Grants-in-aid & Contributions	16,428	9,099	55.39	1.51
04.	Revenue Receipts (1+2+3)	97,986	89,543	91.38	14.88
05.	Recovery of Loans & Advances	135	109	80.74	0.02
06.	Other Receipts - Miscellaneous Capital Receipts	200	88	44.00	0.01
07.	Borrowings and Other Liabilities	17,449 (#)	17,092 (\$)	97.95	2.84
08.	Capital Receipts (5+6+7)	17,784	17,289	97.22	2.87
09.	Total Receipts (4+8)	115,770	106,832	92.28	17.76
10.	Non-Plan Expenditure (NPE)11+13	64,924	62,572	96.38	10.40
11.	NPE on Revenue Account	64,499	62,220	96.47	10.34
12.	NPE on Interest Payments out of 11	8,500	7,837 (^)	92.20	1.30
13.	NPE on Capital Account	425	352	82.82	0.06
14.	Plan Expenditure (PE) (15+16)	50,846	44,260	87.05	7.36
15.	PE on Revenue Account	32,891	26,970	82.00	4.48
16.	PE on Capital Account	17,955	17,290	96.30	2.87
17.	Total Expenditure {(10+14) = (18+19)}	115,770	106,832	92.28	17.76
18.	Revenue Expenditure (11+15)	97,390	89,190	91.58	14.82
19.	Capital Expenditure (13+16)	18,380 (a)	17,642 (b)	95.98	2.93
20.	Revenue Surplus (4-18)	596	353	59.23	0.06
21.	Fiscal Deficit {(17) - (4+5+6) = 7}	17,449	17,092	97.95	2.84

(*) GSDP at Current Prices for 2013-14: ₹ 601,633 crore {Source: Medium Term Fiscal Plan 2014-18}

(@) Includes State share of Union Taxes & Duties of ₹ 15,056 crore.

(&) Includes State share of Union Taxes & Duties of ₹ 13,808 crore.

(#) Comprises net contribution from (i) 'E Public Debt' {₹ 16,556 crore} (ii) 'Public Account' {₹ 973 crore} minus (iii) 'Cash Balance' {₹ 80 crore}.

(\$)

Comprises net contribution from (i) 'E Public Debt' {₹ 13,470 crore} (ii) 'Contingency Fund' {nil} and (iii) 'Public Account' {₹ 3,640 crore} minus 'Net Cash Balance' {₹ 18 crore}.

(a) Comprises provision on 'Capital Outlay' {₹ 17,627 crore} and 'F Loans and Advances' {₹ 753 crore}.

(b) Comprises expenditure incurred on 'Capital Outlay' {₹ 16,947 crore} and 'F Loans and Advances' {₹ 695 crore}.

(^)

Excludes payment of Interest on 'Off budget borrowings'.

1.6 What do the Deficits and Surplus Indicate?

Deficit	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed and application of funds are important indicators of prudence in Financial Management.
Revenue Deficit/Surplus	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government. Ideally, the Revenue Expenditure should be fully met from Revenue Receipts.
Fiscal Deficit/Surplus	Refers to the gap between Total Receipts (excluding receipts/repayment of borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the Borrowings should be invested in capital projects.

Deficit Indicators, Revenue Augmentation and Expenditure Management are major yardsticks for judging the fiscal performance of the Government. Pursuant to the recommendations of the XI Finance Commission, the Government of Karnataka was the first State to enact the **Fiscal Responsibility (FRA) Act**, 2002 committing the State Government to reduce the Revenue Deficit to 'NIL' within a period of four financial years beginning from initial financial year on 1 April 2002. The State Government has been successful in achieving the Revenue Surplus target as early as in 2004-05 and the Fiscal Deficit was within the limit of 3 *per cent* of GSDP as prescribed in the Act. However, through the amendment to KFRA limit to Fiscal Deficit for the year 2009-10 and 2010-11 was revised to 4.00 *per cent* and 3.44 *per cent* respectively. In accordance with the recommendations of the XIII Finance Commission and with the amendment to the FRA (May-2011), the State laid down the Fiscal targets to ensure- (1) Outstanding Debt at the end of 2014-15 to be at 25.20 *per cent* of the estimated GSDP, and the outstanding debt was to be 25.4 *per cent* of estimated GSDP at the year ending 31 March 2014 and (2) Fiscal Deficit, during 2013-14, not to exceed more than 3.00 *per cent* of the estimated GSDP. The Fiscal Deficit Actuals and Targets for 2011-12, 2012-13 and 2013-14 are 2.87/3.00, 2.78/3.00 and 2.84/3.00 *per cent* respectively. The outstanding debt stood at 22.49 *per cent* (excluding off-budget borrowings) and the Fiscal Deficit stood at 2.84 *per cent* of the estimated GSDP to the end of 2013-14, a slight increase over the previous year by 0.06 *per cent*.

1.6.1 Trend in Revenue Surplus

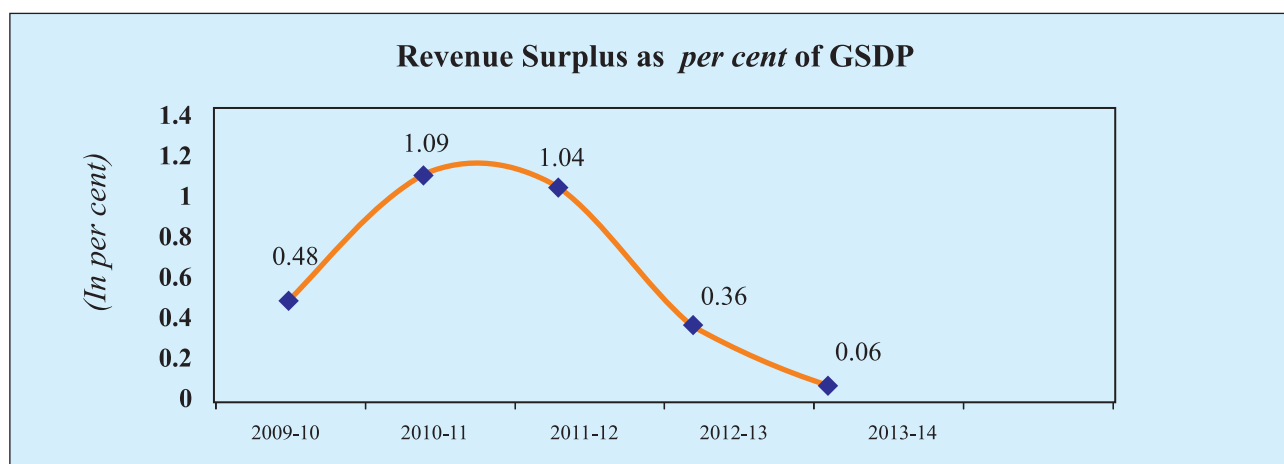
Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. Revenue Surplus as a *per cent* to the GSDP for the last 5 years given below, in the table followed by graphical presentation.

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Surplus	1,619 ^(#)	4,172	4,521	1,883	353
GSDP ^(*)	335,747	380,871	434,270	522,650	601,633
Revenue Surplus as <i>per cent</i> to GSDP	0.48	1.09	1.04	0.36	0.06

*Source for GSDP : Medium Term Fiscal Plan 2014-18

^(#) Excludes ₹10.00 crore being conversion of grants to Milk Unions released during 2009-10 in to equity, corrected proforma by reducing cumulative balance of Revenue Surplus.



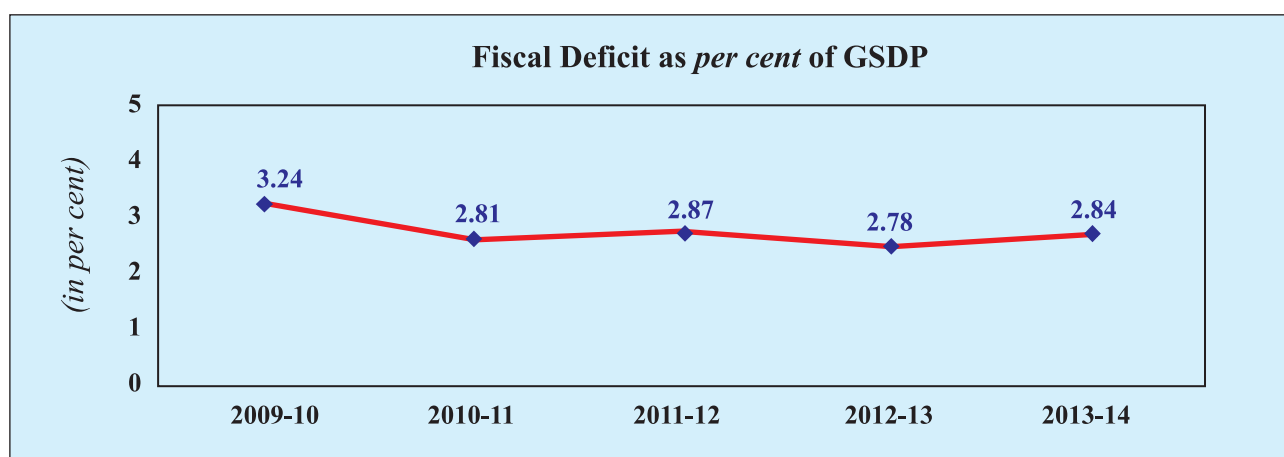
1.6.2 Trend in Fiscal Deficit

Fiscal Deficit is calculated as the Total Expenditure (Revenue + Capital + Net Loans and Advances) less Revenue Receipts and Miscellaneous Capital Receipts.

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Fiscal Deficit	10,875	10,688	12,470	14,507	17,092
GSDP*	335,747	380,871	434,270	522,650	601,633
Fiscal Deficit as <i>per cent</i> to GSDP	3.24	2.81	2.87	2.78	2.84

*Source for GSDP: Medium Term Fiscal Plan 2014-18



1.6.3 Government Accounts

The total expenditure (Revenue and Capital outlay) for the year is netted against total receipts (Revenue and non-debt Capital receipts) of the year and the surplus/deficit thereof is transferred to a separate ledger called 'Government Account'. In addition, net effect of prior period adjustments, Miscellaneous Government Accounts etc., is also transferred to the ledger 'Government Account'.

Thus, the ledger 'Government Account' represents the cumulative surplus/deficit of the operations of the Government. The details of the ledger 'Government Account' for the past five years are given below.

(₹ in crore)

Year	Revenue Heads			Capital Heads			Other Heads ^(#) Deficit (-) Surplus (+)	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)			
2009-10	49,156	47,537 ^(a)	(+) 1,619 ^(b)	70	12,137	(-) 12,067	(+) 64	(-) 10,384	(-) 70,810
2010-11	58,206	54,034	(+) 4,172	72	13,355	(-) 13,283	(+) 55	(-) 9,056	(-) 79,866 ^(a)
2011-12	69,806	65,115	(+) 4,521 ^(c)	89	15,506	(-) 15,417	(+) 55	(-) 10,841	(-) 90,707 ^(b)
2012-13	78,176	76,293	(+) 1,883	33	15,479	(-) 15,446	...	(-) 13,563	(-) 104,270
2013-14	89,543	89,190	(+) 353	88	16,947	(-) 16,859	...	(-) 16,506	(-) 120,776

(#) Miscellaneous Government Account.

(a) Includes ₹ 10.00 crore being conversion of grants to Milk Unions released during 2009-10, as equity in Milk Unions corrected proforma, by reducing cumulative balance of Revenue Surplus in 2010-11.

(b) Includes ₹ 4.00 crore being conversion of grants to Milk Unions released during 2008-09, as equity in Milk Unions corrected proforma, by reducing cumulative balance of Revenue Surplus in 2011-12.

(c) Excludes ₹ 170 crore GOI loans for Central Plan schemes and Centrally Sponsored Schemes written off as per recommendations of the 13th Finance Commission.

1.6.4 Proportion of Borrowed Funds Spent on Capital Expenditure

It is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the payment of interest. The State Government, however, spent full amount of the borrowings of the current year (₹ 17,287 crore) on Capital Expenditure (₹ 17,642 crore) inclusive of disbursement of Loans and Advances.

CHAPTER II

RECEIPTS

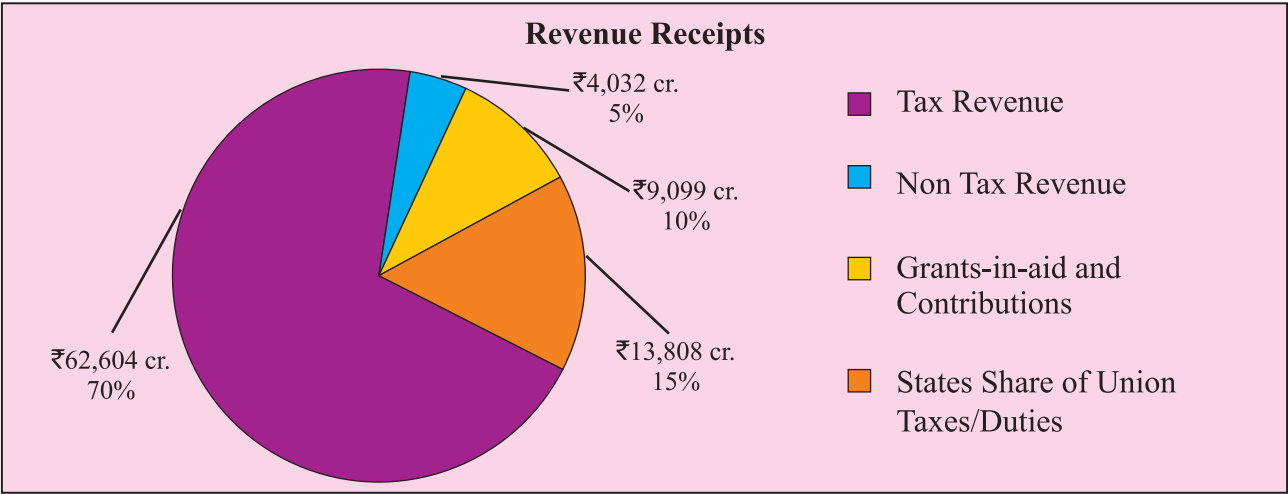
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2013-14 were ₹ 89,543 crore comprising of Tax Revenue (₹ 76,412 crore including ₹ 13,808 crore being State share of Union Taxes and Duties), Non-Tax Revenue (₹4,032 crore), Grant-in-Aid & Contributions from Government of India (₹ 9,099 crore) and Capital Receipts (₹ 17,289 crore), inclusive of Recovery of Loans and Advances (₹ 109 crore), Miscellaneous Capital Receipts (₹ 88 crore) and 'Borrowings & Other Liabilities' (₹ 17,092 crore) which is comprising of net contribution from (i) 'E Public Debt' {₹ 13,470 crore}; (ii) 'Contingency Fund' (nil) (iii) 'Public Account' {₹ 3,640 crore} minus net 'Cash Balance' {₹ 18 crore}.

2.2 Revenue Receipts

Three main sources of the Revenue Receipts of the State Government comprising of Tax Revenue consisting of State's own taxes and share of Central Taxes and Duties, Non-tax Revenue and Grants-in-Aid and Contributions from the Central Government. Segments of revenue receipts as *per cent* to the total revenue receipts are given below in the pie chart.

TAX REVENUE	Comprises Taxes and Duties collected and retained by the State and state's share of Union Taxes & Duties under Article 280 (3) of the Constitution.
NON TAX REVENUE	Includes Interest Receipts, Dividends and Profits and other Departmental Receipts.
GRANTS-IN-AID AND CONTRIBUTIONS	Essentially, a form of Central Assistance to the State Government, Includes 'External Grant Assistance and Aid Material & Equipments' received from foreign Governments and channelized through the Union Government.



2.2.1 Revenue Receipt Components

Components of Tax Revenue and Non-tax revenue as *per cent* to total revenue receipts are given below, in the table.

COMPONENTS	(₹ In crore)	<i>per cent to Revenue Receipts</i>
A. Tax Revenue *	76,412	85
Taxes on Income and Expenditure	8,516	10
Taxes on Property and Capital Transactions	6,401	07
Taxes on Commodities and Services	61,495	68
B. Non-Tax Revenue	4,032	5
Interest Receipts, Dividends and Profits	749	1
General Services	612	1
Social Services	491	1
Economic Services	2,180	2
C. Grants-in-aid and Contributions	9,099	10
TOTAL-REVENUE RECEIPTS	89,543	100

* Includes ₹13,808 crore (15.42 *per cent* of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government.

Total Tax Revenue ₹ 76,412 crore and Non-Tax Revenue of ₹ 4,032 crore formed 12.70 *per cent* and 0.67 *per cent* respectively of the GSDP*.

2.2.2 Major Contributors to Tax Revenue:

Major contributors to tax revenue as *per cent* to GSDP* furnished below, in the table.

Head of Account	Amount (₹ in crore)	<i>Percent to GSDP</i>
Taxes on Sales, Trade etc	33,719	5.60
State Excise	12,828	2.13
Stamps and Registration Fees	6,189	1.03
Corporation Tax	4,644	0.77
Taxes on Vehicles	3,912	0.65
Taxes on Income Other than Corporation Tax	3,058	0.51
Taxes on Goods and Passengers	2,626	0.44
Customs	2,253	0.37
Union Excise Duties	1,591	0.26
Service Tax	2,250	0.37
Other Taxes and Duties on Commodities and Services	1,420	0.24

* GSDP for 2013-14: ₹601,633 crore. {Source: Medium Term Fiscal Plan 2014-18}.

Net Tax Receipts during the year was less than Budget Estimates by ₹ 1,108 crore. Major variations were as under:

(₹ in crore)

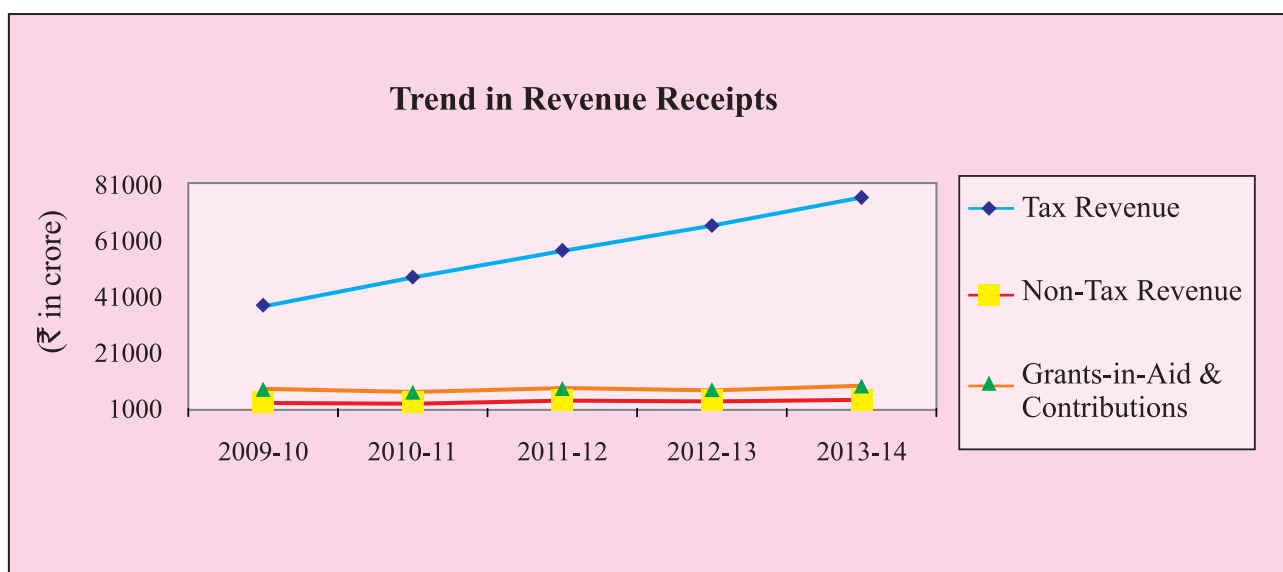
Actuals less than Budget Estimates		Actuals more than Budget Estimates	
Corporation Tax	1,282	Service Tax	453
Customs	358	State Excise	228
Stamps and Registration Fees	311	Other Taxes and Duties on Commodities and Services	211
Taxes on Vehicles	209	Taxes on Sales, Trade etc.,	129
Union Excise Duties	98	Taxes on Duties and Electricity	72
		Taxes on Income other than Corporation Tax	48
		Taxes on Goods and Passengers	101

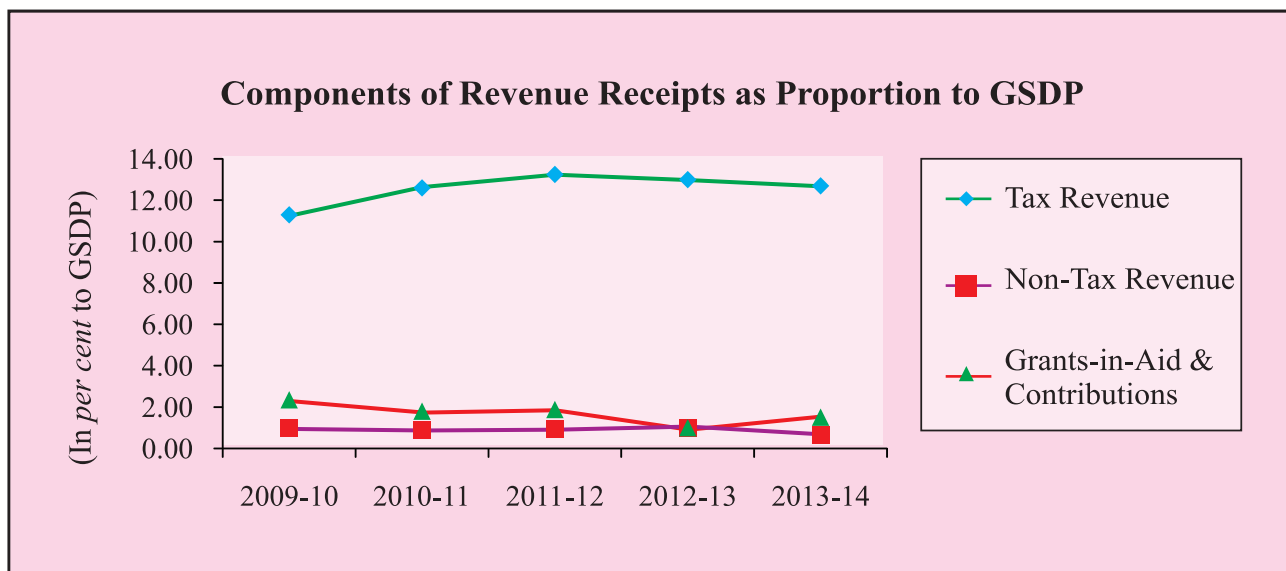
2.3 Trend in Revenue Receipts: Trend in components of revenue receipts for the previous five years and as a *per cent* of total receipts to GSDP furnished below in the table followed with the graphical presentation.

(₹ in crore)

Year	Tax Revenue	Non-Tax Revenue	Grants-in-aid and Contributions	Total Revenue Receipts	GSDP*	Per cent of total Revenue Receipts to GSDP
2009-10	37,939	3,334	7,883	49,156	335,747	14.64
2010-11	47,979	3,358	6,869	58,206	380,871	15.28
2011-12	57,551	4,087	8,168	69,806	434,270	16.07
2012-13	66,401	3,966	7,809	78,176	522,650	14.96
2013-14	76,412	4,032	9,099	89,543	601,633	14.88

*Source for GSDP : Medium Term Fiscal Plan 2014-18



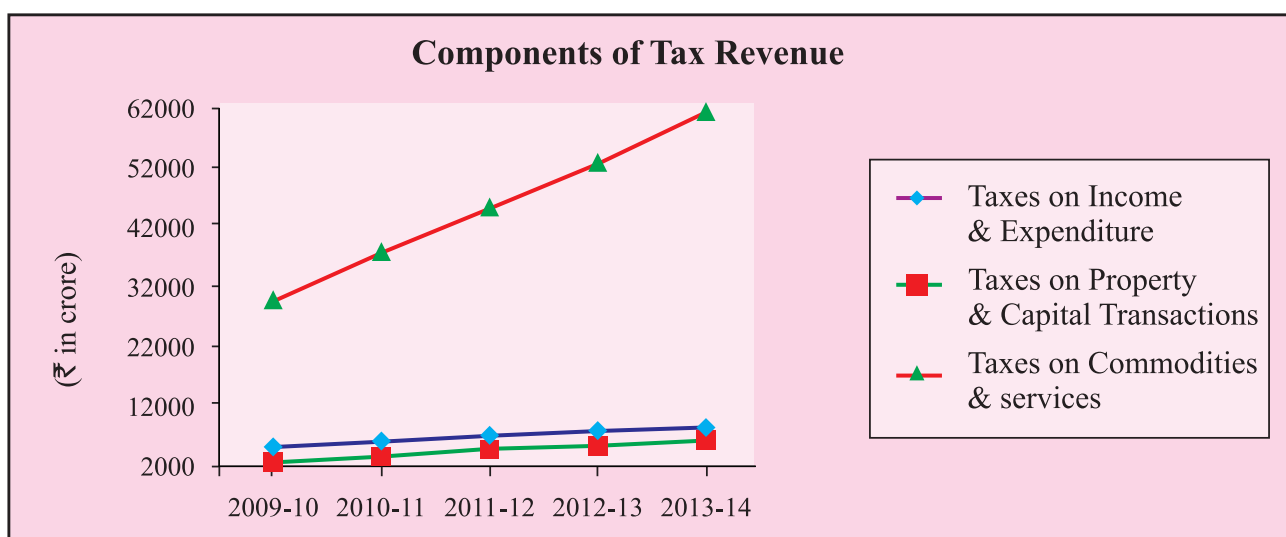


2.3.1 Components of Tax Revenue:

Trend in collection of tax revenues by sub-sector, for the last five years are given below, in the table.

(₹ in crore)

Tax Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and Expenditure	5,252	6,238	7,189	7,978	8,516
Taxes on Property and Capital Transactions	2,763	3,716	4,855	5,438	6,401
Taxes on Commodities and Services	29,924	38,025	45,507	52,985	61,495
Total Tax Revenue	37,939	47,979	57,551	66,401	76,412



2.4 Performance of State's Own Tax Revenue Collection

Year	Tax Revenue	State Share of Union Taxes & Duties	State's Own Tax Revenue	GSDP*	State's Own Tax Revenue Per cent to GSDP
	(₹ in crore)				
2009-10	37,939	7,360	30,579	335,747	9.11
2010-11	47,979	9,506	38,473	380,871	10.10
2011-12	57,551	11,075	46,476	434,270	10.70
2012-13	66,401	12,647	53,754	522,650	10.28
2013-14	76,412	13,808	62,604	601,633	10.41

*Source for GSDP : Medium Term Fiscal Plan 2014-18

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions ^(*)

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Revenue Collection	2,755	3,709	4,838	5,430	6,388
Cost of Collection ^(a)	200	218	254	312	362
Percentage of Cost of Tax Collection	7.26	5.88	5.25	5.75	5.67

(*) Taxes on Property and Capital Transactions excluding 'Taxes on Wealth' which is not a part of States' Own Tax Revenue.

(a) Comprising Expenditure booked under the minor heads '001-Direction and Administration & 101 - Collection Charges'

B. Taxes on Commodities and Services ^(*)

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	27,287	34,205	41,023	47,608	55,401
Cost of Collection ^(a)	258	291	344	454	1,457
Percentage of Cost of Tax Collection	0.95	0.85	0.84	0.95	2.63

(*) Taxes on Commodities and Services excluding 'Customs, Union Excise Duties, Service Tax'

(a) Comprising Expenditure booked under the minor heads '001-Direction and Administration & 101-Collection Charges'

2.6 Trend in State's Share of Union Taxes & Duties

(₹ in crore)

Major Head Description	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	3,029	3,716	4,359	4,543	4,644
Taxes on Income other than Corporation Tax	1,687	1,963	2,214	2,720	3,058
Taxes on Wealth	7	8	17	8	13
Customs	1,030	1,662	1,920	2,102	2,253
Union Excise Duties	830	1,209	1,243	1,428	1,591
Service Tax	777	948	1,322	1,847	2,250
Other Taxes and Duties on Commodities and Services	*	*	*	*	*
State Share of Union Taxes & Duties	7,360	9,506	11,075	12,647	13,808
Total Tax Revenue	37,939	47,979	57,551	66,401	76,412
Percentage of Union Taxes & Duties to Total Tax Revenue	19.40	19.81	19.24	19.05	18.07

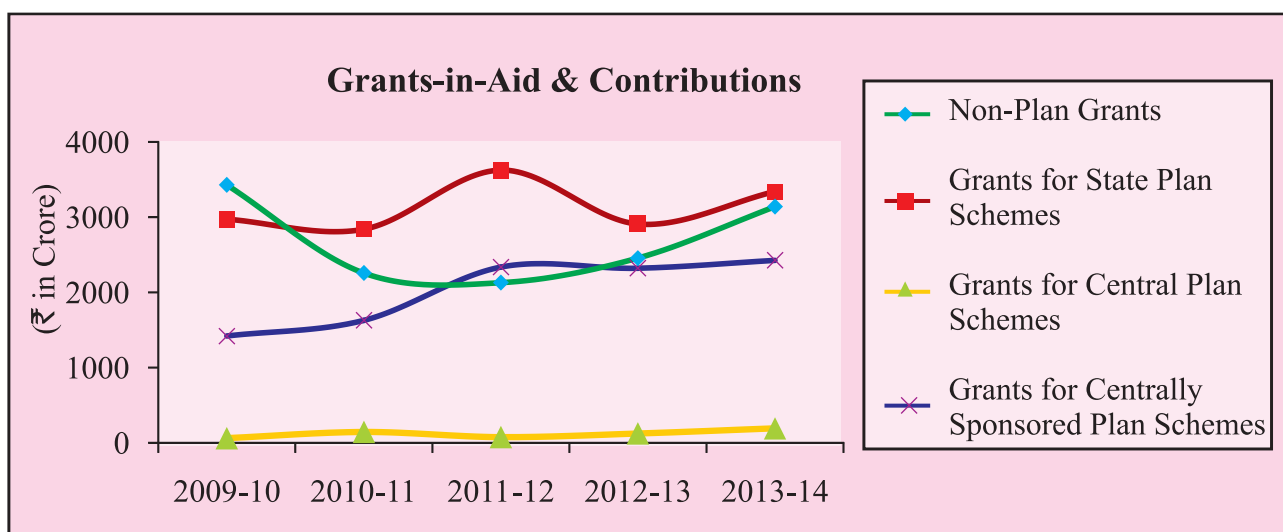
* Involved amounts less than one crore and negative figures which indicate cost of collection is more than the receipts under the head, as per the sanction orders advised by the Ministry of Finance, Government of India.

2.7 Grants-in-Aid and Contributions

Grants-in-Aid and Contributions represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during the last five years under Grants-in-Aid and Contributions are as shown below:

(₹ in crore)

Components of Grants-in-Aid & Contributions	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	3,429	2,257	2,129	2,455	3,140
Grants for State Plan Schemes	2,973	2,839	3,626	2,909	3,341
Grants for Central Plan Schemes	61	145	76	124	192
Grants for Centrally Sponsored Schemes	1,420	1,628	2,337	2,321	2,426
TOTAL	7,883	6,869	8,168	7,809	9,099



The share of Non-Plan Grants in total Grants-in-Aid and Contributions increased from 31 *per cent* during 2012-13 to 35 *per cent* in 2013-14, while, the share of Grants for State Plan Schemes was 37 *per cent* in 2012-13 and remained same in 2013-14 also. As against a Budget Estimate of ₹ 10,133 crore of Union Share in Plan Schemes, the State Government has actually received ₹ 2,618 crore of Grants-in-Aid (26 *per cent* of BE).

2.8 Public Debt

Trend of receipts under Public Debt over the past five years are indicated below:

(₹ in crore)					
Description	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt of the State Government	7,310	5,210	8,091	12,116	16,132
Loans and Advances from the Central Government	681	1,504	1,267	1,349	1,155
Total Public Debt	7,991	6,714	9,358	13,465	17,287

During 2013-14 the State Government has obtained Market Loans amounting to ₹ 14,997 crore, comprising of six loans aggregating to ₹ 9,802 crore redeemable in 2023 and three loans aggregating to ₹ 5,195 crore redeemable in 2024.

Against the total Internal Debt of ₹ 16,132 crore of the State Government in 2013-14 plus the Central Loan component of ₹ 1,155 crore received during this period, expenditure on Capital Account was ₹ 17,642 crore (excluding repayment of Public Debt of ₹ 3,817 crore).

CHAPTER III

EXPENDITURE

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day running of the Departments of the Government. Capital expenditure is used to create permanent assets or to enhance the utility of such assets or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

General Services	Includes Justice, Police, Jails, PWD, Pensions etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC/ ST etc.
Economic Services	Include - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 89,190 crore for 2013-14 is less than Budget Estimates (₹ 97,391 crore), by ₹ 8,201 crore. The shortage is due to less disbursement of ₹ 5,015 crore under Plan and ₹ 3,186 crore, under Non-Plan Expenditure over the Budget Estimates. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below:

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Budget Estimates	47,238	53,138	65,034	80,530	97,391
Actuals	47,537 ^(*)	54,034	65,115	76,293	89,190
Gap	(-) 299	(-) 896	(-) 81	4,237	8,201
Gap over BE in <i>per cent</i>	(-) 1	(-) 2	(-) 1	5	8

(*) Include ₹ 10 crore grants given to Milk Unions later converted as equity and corrected proforma in 2010-11

3.2.1 Sectoral Distribution of Revenue Expenditure

(₹ in crore)

Components	Amount	Percent
A. General Services (*)	24,954	28.00
a. Organs of State	1,010	1.00
b. Fiscal Services	1,860	2.00
(i) Collection of Taxes on Income and Expenditure	5	...
(ii) Collection of Taxes on Property and Capital Transactions	376	...
(iii) Collection of Taxes on Commodities and Services	1,470	1.65
(iv) Other Fiscal Services	8	...
c. Interest Payment and Servicing of Debt ^(*)	7,837	8.79
d. Administrative Services	5,030	5.64
e. Pension and Miscellaneous General Services	9,217	10.33
B. Social Services	32,622	36.56
C. Economic Services	26,593	29.81
D. Grants-in-Aid and Contributions	5,021	5.63
Total Expenditure (Revenue Account)	89,190	100.00

(*) The percentage of Revenue Expenditure against the Sub-sectors against the total revenue expenditure.

(*) Excludes payment of interest on 'Off-budget Borrowings'.

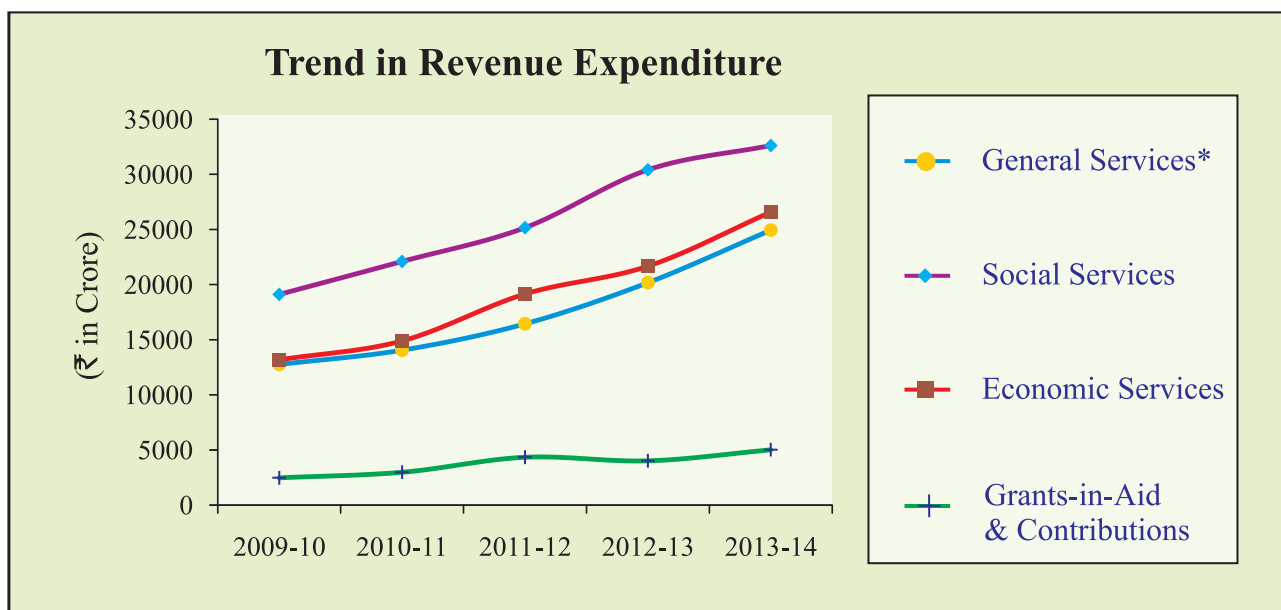
3.2.2 Trend in Sectoral composition of Revenue Expenditure

(₹ in crore)

Year	General Services	Social Services	Economic Services	Grants-in-aid and Contributions	Total Revenue Expenditure	GSDP*	Per cent of Total Revenue Expenditure to GSDP
2009-10	12,762	19,119	13,182	2,474	47,537 ^(a)	335,747	14.16
2010-11	14,055	22,108	14,892	2,979	54,034	380,871	14.19
2011-12	16,445	25,172	19,154	4,344	65,115	434,270	14.99
2012-13	20,181	30,420	21,674	4,018	76,293	522,650	14.60
2013-14	24,954	32,622	26,593	5,021	89,190	601,633	14.82

*Source for GSDP: Medium Term Fiscal Plan 2014-18.

(a) Include ₹10.00 crore being conversion of grants to Milk Unions released during 2009-10, as investments in the equity of Milk Unions corrected proforma by reducing cumulative balance of Revenue Surplus & increasing progressive Capital Expenditure of 2010-11.



(*) General Services including Major Head 2049-Interest Payments)

3.2.3 Expenditure in Major Sectors

The trends in the major sub sectors of expenditure are as indicated below.

(₹ in crore)

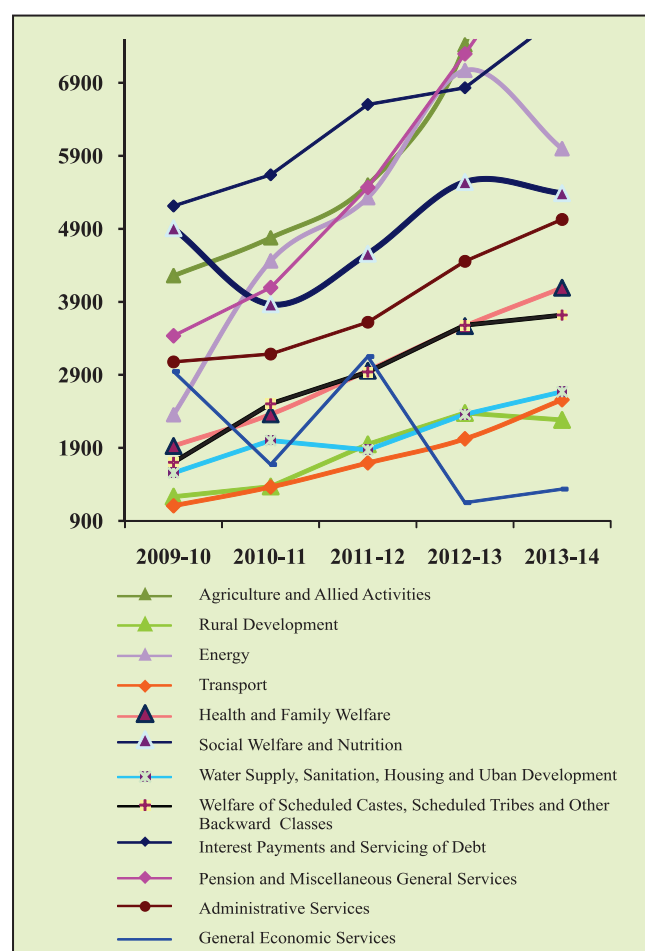
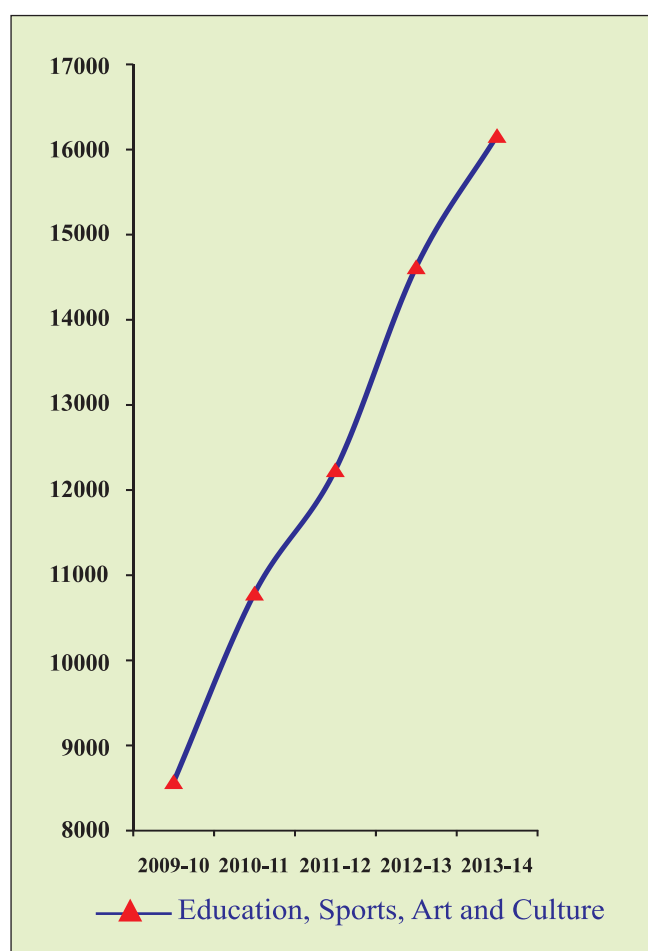
Areas of expenditure	2009-10	2010-11	2011-12	2012-13	2013-14
Interest Payments and Servicing of Debt	5,213	5,641	6,062 [@]	6,833 [@]	7,837 [@]
Pensions and Miscellaneous General Services	3,435	4,095	5,468	7,292	9,217
Administrative Services	3,079	3,186	3,622	4,456	5,030
Education, Sports, Art and Culture	8,576	10,790	12,240	14,624	16,166
Health and Family Welfare	1,927	2,360	2,958	3,568	4,093
Water Supply, Sanitation, Housing and Urban Development	1,558	2,002	1,873	2,360	2,670
Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1,703	2,504	2,940	3,581	3,720

(₹ in crore)

Areas of expenditure	2009-10	2010-11	2011-12	2012-13	2013-14
Social Welfare and Nutrition	4,908	3,866	4,559	5,542	5,388
Agriculture and Allied Activities	4,258	4,777	5,501	7,417	12,590
Rural Development	1,233	1,371	1,949	2,378	2,283
Energy	2,353	4,460	5,326	7,070	5,996
Transport	1,108	1,365	1,695	2,024	2,560
General Economic Services	2,946	1,672	3,150	1,151	1,337

[@] Excludes payment of interest on 'Off- budget Borrowings' and amount released to Urban Local Bodies under Major Head 3604 ₹ 542 crore in 2011-12, ₹ 621 crore in 2012-13 and ₹ 190 crore in 2013-14.

Expenditure in Major Areas (₹ in crore)



3.3 Capital Expenditure

Capital Disbursements of ₹ 17,642 crore for 2013-14 at 2.93 *per cent* of GSDP was less than Budget Estimates (₹ 18,380 crore) by ₹ 738 crore. The shortage is due to less disbursement of ₹ 666 crore under Plan and ₹ 72 crore under Non-Plan.

3.3.1 Sectoral Distribution of Capital Expenditure

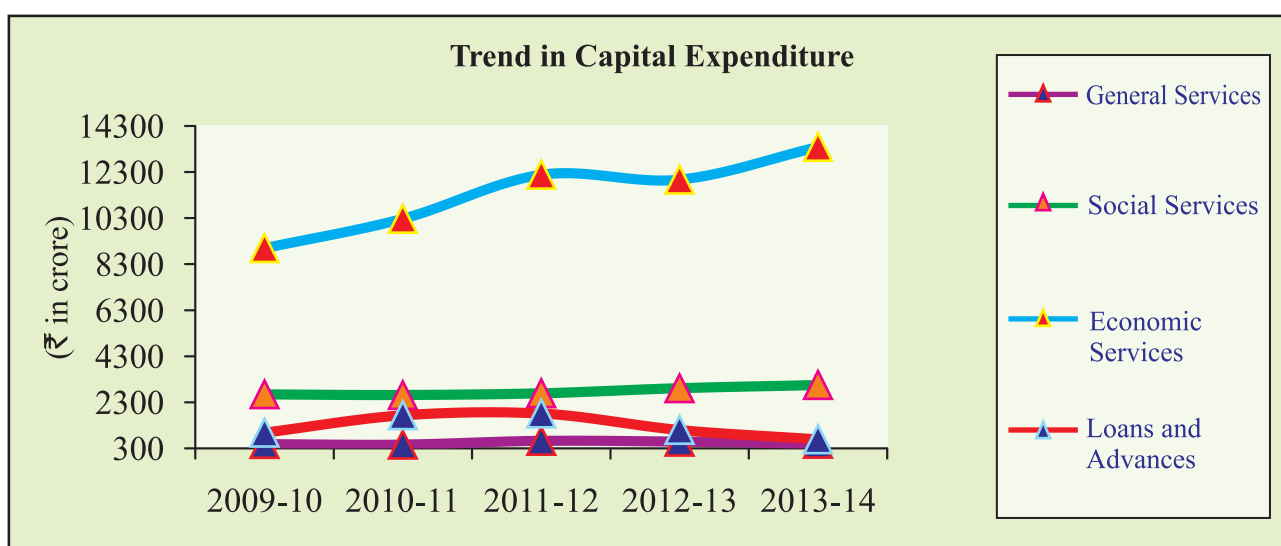
During 2013-14 the Government spent ₹ 17,642 crore on various projects under the following sectors. The percentage of sector-wise expenditure to the total capital expenditure indicated in the table.

Sl. No.	Sector	Amount (₹ in crore)	Per cent
1.	General Services – Police, Land Revenue etc.,	501	2.84
2.	Social Services – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,	3053	17.31
3.	Economic Services – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	13,393	75.91
4.	Loans and Advances Disbursed	695	3.94
Total Capital Expenditure (Outside the Revenue Account)		17,642	100.00

3.3.2 Trend in Capital Expenditure

(₹ in crore)

Sl. No.	Sector	2009-10	2010-11	2011-12	2012-13	2013-14
1.	General Services	490	465	626	590	501
2.	Social Services	2,651	2,617	2,695	2,916	3,053
3.	Economic Services	8,996	10,273	12,185	11,973	13,393
4.	Loans and Advances	982	1,738	1,815	1,102	695
Total		13,119	15,093	17,321	16,581	17,642

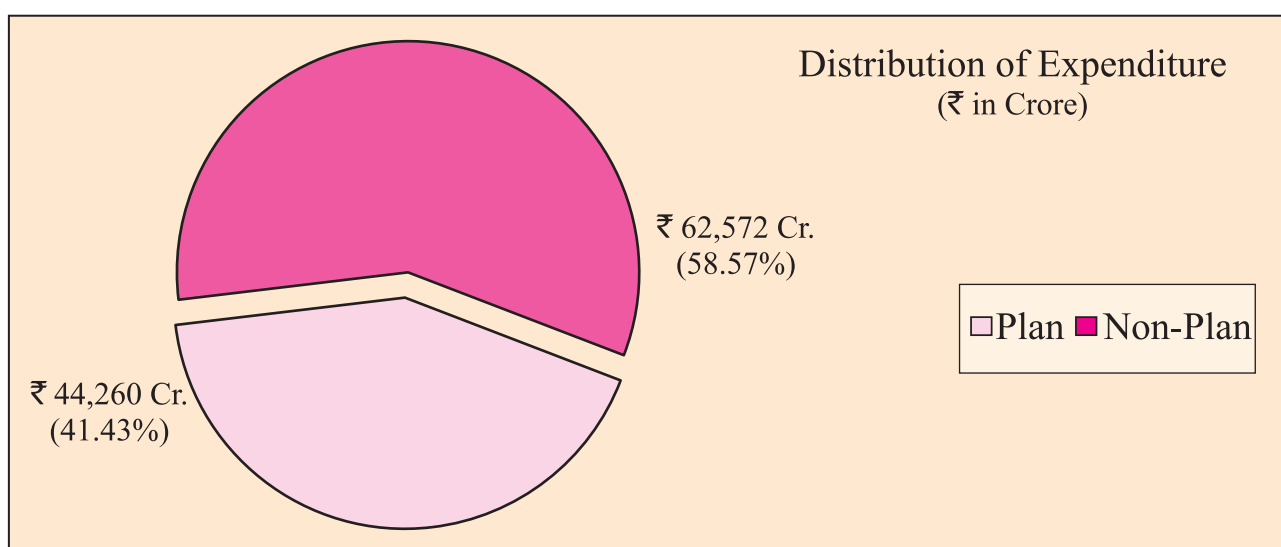


CHAPTER IV

PLAN & NON PLAN EXPENDITURE

4.1 Distribution of Expenditure

During 2013-14, an amount of ₹ 106,832 crore was incurred towards Plan and Non-Plan expenditure which works out to 17.76 *per cent* of the GSDP. The following pie diagram represents the *per cent* of distribution of expenditure to the Total Expenditure.

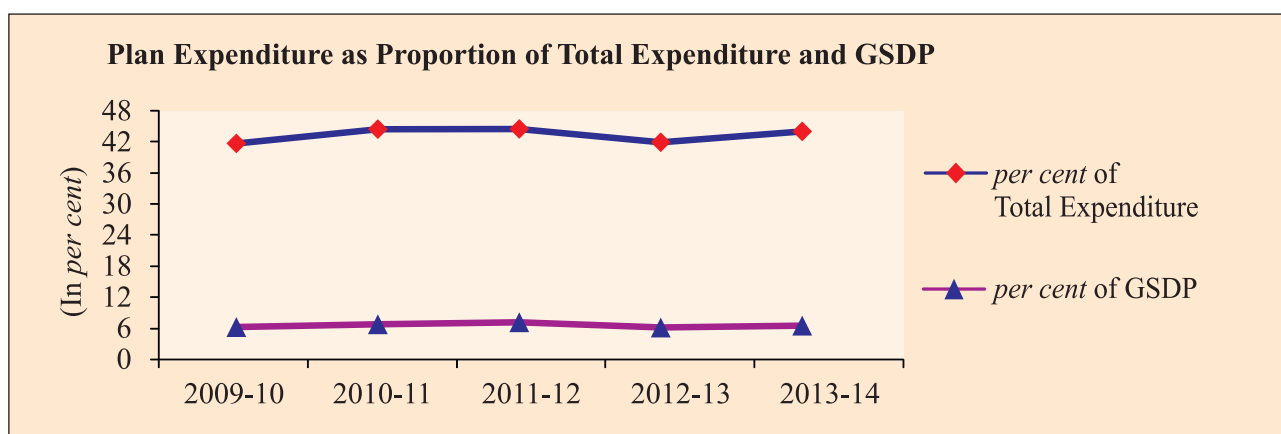


4.2 Plan Expenditure

During 2013-14 the Government incurred an expenditure of ₹ 44,260 crore on Plan schemes, which represents 41.43 *per cent* of total disbursements. This Expenditure comprises of State Plan Schemes ₹ 40,026 crore inclusive of State share of Centrally Sponsored Plan Schemes ₹ 1,747 crore and ₹ 4,234 crore under Central Share of Centrally Sponsored Plan Schemes and Central Plan Schemes. The Graphical presentation of the *per cent* of Plan Expenditure to the Total Expenditure and to the GSDP is also furnished below the Table.

(₹ in crore)					
Description	2009-10	2010-11	2011-12	2012-13	2013-14
Total Expenditure	60,656	69,127	82,436	92,874	106,832
Plan Expenditure	24,337	29,506	35,220	37,453	44,260
Plan Expenditure as a <i>per cent</i> to Total Expenditure	40.12	42.68	42.72	40.33	41.43
GSDP*	335,747	380,871	434,270	522,650	601,633
Plan Expenditure as a <i>per cent</i> to GSDP	7.25	7.75	8.11	7.17	7.36

*Source for GSDP : Medium Term Fiscal Plan 2014-18



4.2.1 Plan Expenditure under Capital Account

The trend of Capital Expenditure (Plan), as a *per cent* to the Total Capital Expenditure, over a period of five years is furnished in the table below.

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Total Capital Expenditure*	13,119	15,093	17,321	16,581	17,642
Capital Expenditure* (Plan)	12,034	14,318	16,653	16,241	17,290
<i>per cent</i> of Capital Expenditure* (Plan) to Total Capital Expenditure	91.73	94.87	96.14	97.95	98.00

* Capital Expenditure includes expenditure on Capital Outlays and disbursements of Loans and advances.

4.3 Non-Plan Expenditure

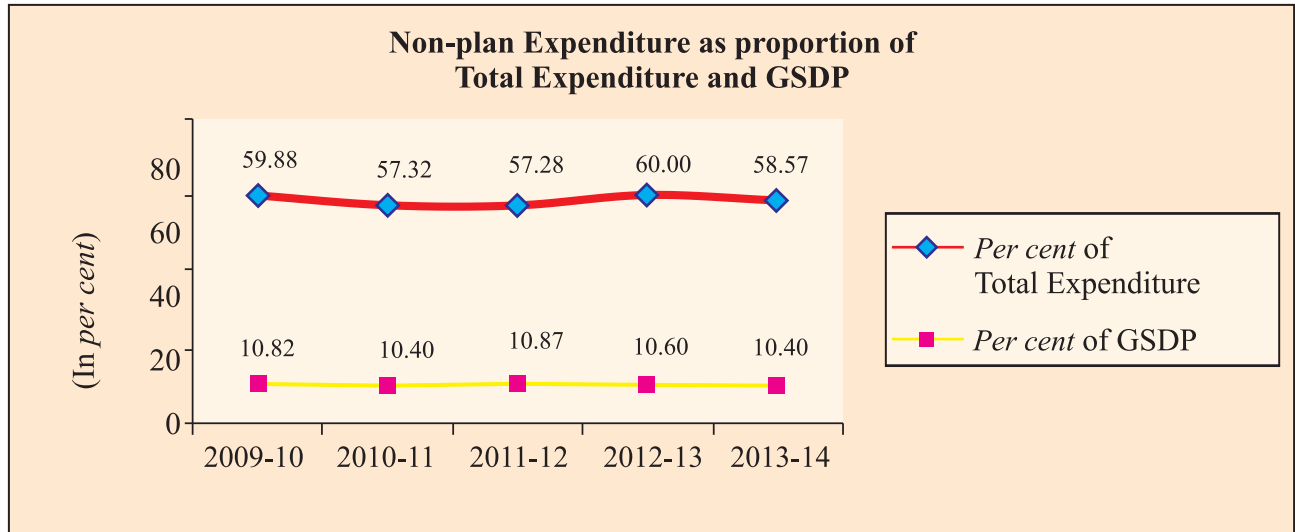
Non-Plan Expenditure during 2013-14, representing 58.57 *per cent* of total disbursements was ₹ 62,572 crore, (₹ 62,219 crore under Revenue and ₹ 353 crore under Capital Account). Graphical presentation of the *per cent* of Non-Plan Expenditure to the Total Expenditure and to the GSDP is furnished in the table below.

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Total Expenditure	60,656*	69,127	82,436	92,874	106,832
Non-Plan Expenditure	36,318	39,621	47,216	55,421	62,572
<i>Per cent</i> to Total Expenditure	59.88	57.32	57.28	60.00	58.57
GSDP^^	337,516	398,893	458,903	525,444	601,633
<i>Per cent</i> of Non-Plan Expenditure to GSDP	10.76	9.94	10.29	10.55	10.40

* Please refer footnote (#) below paragraph 1.6.1 for explanation

^^Source for GSDP : Medium Term Fiscal Plan 2014-18



4.4 Committed Expenditure^(&)

Government of Karnataka has specified the components of Committed Expenditure in their Medium Term Fiscal Plan 2014-18. The trend in growth of Committed Expenditure over the Revenue Receipts and Revenue Expenditure, for the past five years is given below:

(₹ in crore)

Components	2009-10	2010-11	2011-12	2012-13	2013-14
Total Committed Expenditure of which-	35,272	42,280	51,676	61,106	73,413
1) Salary ^(A)	4,456	5,281	6,068	7,183	8,065
2) Interest Payments ^(B)	5,213	5,641	6,604	6,833	7,837
3) Pension Payments	3,408	4,070	5,436	7,227	9,152
4) Subsidy ^(C)	4,118	6,303	7,390	10,709	13,323
5) Grants-in-Aid ^(D)	13,948	16,065	19,686	23,265	27,592
6) Devolution to PRIs and ULBs	2,472	2,976	4,248	4,009	5,019
7) Social Security Pensions	1,657	1,944	2,244	1,880	2,425
Revenue Receipts	49,156	58,206	69,806	78,176	89,543
Revenue Expenditure	47,537	54,034	65,115	76,293	89,190
<i>Per cent</i> of Committed Expenditure to Revenue Receipts	72	73	74	78	82
<i>Per cent</i> of Committed Expenditure to Revenue Expenditure	74	78	79	80	82

(&) Exclusive of 'Administrative Expenses' and 'Implicit Subsidy' as defined in the Medium Term Fiscal Policy (MTFP) 2014-18 due to absence of specific identification in the accounts classification.

(a) Indicates Salary booked under State Sector and excluding salary paid to staff employed under Panchayat Raj Institutions.

(b) Excludes payment of interest on 'Off budget borrowings'.

(c) Subsidy representing only the amount booked under the object head '106-Subsidy' excluding subsidy releases to PRIs & ULBs

(d) Excluding devolutions to PRIs and ULBs which is shown as a separate line item below.

CHAPTER V

APPROPRIATION ACCOUNTS

5.1 Summary of Appropriation Accounts

Appropriation Accounts of the Government of Karnataka for the year 2013-14 presents the accounts of sums expended compared with the sums specified in the schedules appended to the Appropriation Acts passed under Article 204 & 205 of the Constitution of India. Summary of the Appropriation Accounts by major sections under the Consolidated Fund of the State for the year 2013-14 are given below.

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Surrenders	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted Charged	89,502 9,139	7,752 11	(-) 3,286 (-) 679	93,968 8,471	82,071 8,791	(-) 11,897 (+) 320
2	Capital Voted Charged	19,639 ...	4,303 ...	(-) 843 ...	23,099 ...	18,129 ...	(-) 4,970 ...
3	Public Debt Charged	5,840	...	(-) 2,017	3,823	3,823	...
4	Loans and Advances Voted	996	132	(-) 91	1,037	903	(-) 134
	Total	1,25,116	12,198	(-) 6,916	1,30,398	1,13,717	(-) 16,681

5.1.1 Grant wise Details of Saving/Excess

The Appropriation Accounts of Government of Karnataka for 2013-14 indicate Grant-wise saving and excess as given below:

(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
01	Agriculture and Horticulture	15,53.19	0.16	31.24	...
02	Animal Husbandry and Fisheries	2,07.09	0.10	38.96	...
03	Finance	1,16.64	0.38	14.30	...
04	Department of Personnel and Administrative Reforms	2,50.41	24.94	90.10	...
05	Home and Transport	5,20.60	...	57.90	...
06	Infrastructure Development	8.97	...	1,40.04	...
07	Rural Development and Panchayat Raj	29,61.52	0.41	20,42.93	...
08	Forest, Ecology and Environment	59.59	...	0.07	...
09	Co-operation	36.09	...	1.25	...

(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
10	Social Welfare	10,25.07	...	4,04.32	...
11	Women and Child Development	4,56.50	...	25.48	...
12	Information, Tourism and Youth Services	36.55	...	48.28	...
13	Food and Civil Supplies	3,65.47	0.03		...
14	Revenue	5,33.43	26.99	15.93	...
15	Information Technology	49.94	...	...	...
16	Housing	1,54.73	...	...	...
17	Education	26,64.47	...	1,34.88	...
18	Commerce and Industries	1,35.47	...	1,32.45	...
19	Urban Development	17,68.58	...	2,77.37	...
20	Public Works	2,89.45	...	9,37.23	...
21	Water Resources	2,94.73	...	12,60.62	...
22	Health and Family Welfare Services	12,84.72	...	1,33.97	...
23	Labour	1,63.08	...	7.90	...
24	Energy	6.59	0.03	2,64.18	...
25	Kannada and Culture	34.01	...	0.52	...
26	Planning, Statistics, Science and Technology	95.37	...	...	...
27	Law	96.48	...	...	...
28	Parliamentary Affairs and Legislation	13.94	1.10	...	...
29	Debt Servicing	...	6,59.67	0.11	20,16.96
Excess under the following grants					Charged
08	Forest, Ecology and Environment	...	3,55.39	...	...
26	Planning, Statistics, Science and Technology	...	...	20.42	...

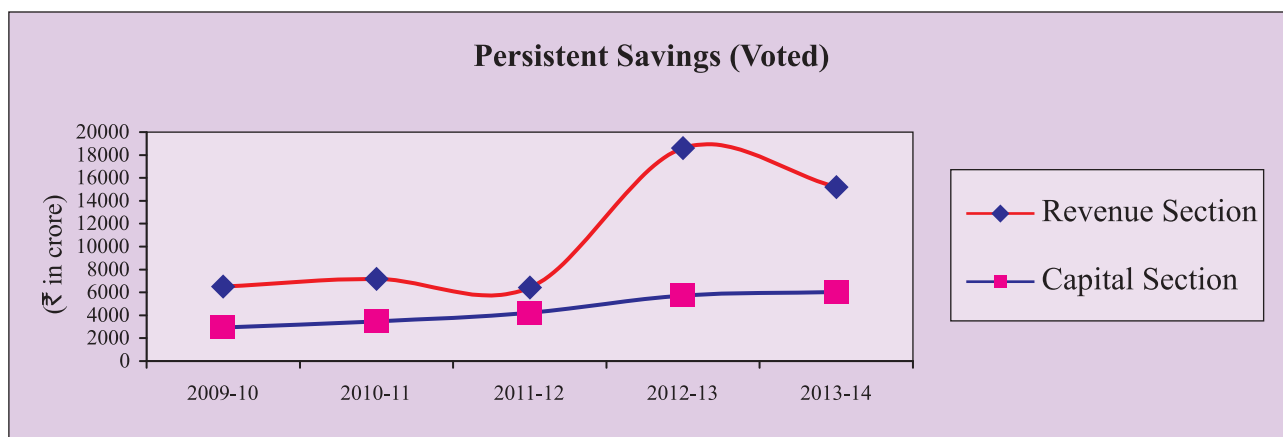
5.2 Trend in Savings

Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature, excluding the amount surrendered which is also considered as saving and trends over a period of the preceding five years are given in the table below. Graphical presentation of the trend in saving under Voted and Charged category, for Revenue and Capital Section are also furnished there under.

Persistent Savings (Voted)

(₹ in crore)

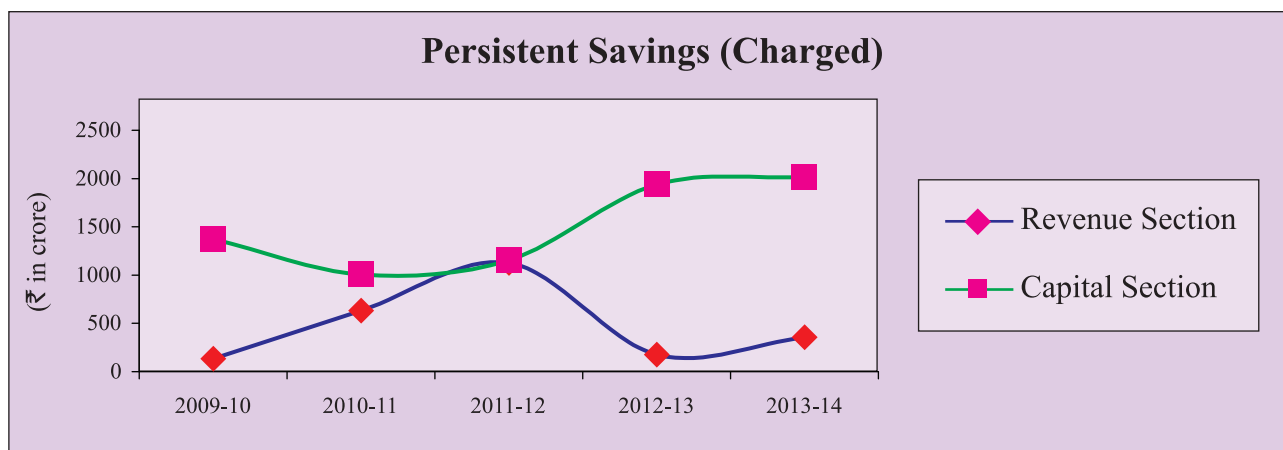
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2009-10	50,354	43,840	6,514	12.94	16,597	13,659	2,938	17.70
2010-11	55,257	48,074	7,183	13.00	19,193	15,736	3,457	18.01
2011-12	65,469	59,056	6,413	9.80	22,223	18,000	4,223	19.00
2012-13	88,265	69,672	18,593	21.06	23,339	17,608	5,731	24.56
2013-14	97,254	82,071	15,183	15.61	25,071	19,031	6,040	24.09



Persistent Savings (Charged)

(₹ in crore)

Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2009-10	5,765	5,630	135	2.34	3,683	2,308	1,375	37.33
2010-11	6,930	6,298	632	9.12	3,813	2,807	1,006	26.38
2011-12	7,579	6,453	1,126	14.86	4,473	3,320	1,153	25.78
2012-13	9,120	8,942	178	1.95	5,670	3,733	1,937	34.16
2013-14	9,149	8,791	358	3.91	5,840	3,823	2,017	34.54



5.3 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes/programmes or request for excessive allocation while preparing the budget. Grants with Persistent and Significant savings for the past five years, over and above 10 *per cent* of the provision of funds, under Revenue and Capital Section are given below:

(In *per cent*)

Grant No.	Revenue Section	2009-10	2010-11	2011-12	2012-13	2013-14
01	Agriculture and Horticulture	32	34	34	39	31
04	Department of Personnel & Administrative Reforms	17	17	21	28	26
19	Urban Development	27	11	11	31	23
20	Public Works	18	12	13	12	11
23	Labour	20	32	40	29	28
25	Kannada and Culture	24	11	30	16	13
26	Planning, Statistics, Science and Technology	21	28	30	41	40
	Capital Section					
01	Agriculture and Horticulture	54	55	39	31	28
02	Animal Husbandry & Veterinary Science	38	44	27	34	18
07	Rural Development & Panchayat Raj	26	13	17	17	51
10	Social Welfare	10	24	13	22	31
11	Women and Child Welfare	35	34	35	70	19
19	Urban Development	16	21	22	21	25
20	Public Works	16	17	18	16	16
21	Water Resources	20	15	12	23	17
23	Labour	23	17	16	20	33
29	<i>Debt Servicing</i> *	37	26	26	34	35

* *Charged Appropriation – Capital Section*

5.4 Supplementary Provision of funds:

During 2013-14, additional funds aggregating to ₹ 12,198 crore have been provided through Supplementary Demand for Grants under Article 205 of the Constitution of India. Of this, an amount of ₹ 3,777 crore remained unutilized and proved excessive. Few instances of unnecessary supplementary provision in excess of ₹ 10 crore and some instances of excessive supplementary provision, partly reappropriated / surrendered, are indicated in the table given below.

Unnecessary Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Actuals	Saving
01	2851-00-107-1-45-059	6.42	12.91	6.23	13.10
07	2501-01-198-6-01-300	133.86	134.35	94.43	173.78
07	2505-60-196-6-04-300	1512.80	127.51	265.04	1375.27
07	2515-00-101-0-80-059	15.00	20.99	7.64	28.35
07	2515-00-198-6-10-300	471.48	21.32	168.14	324.66
14	2506-00-101-5-10-125	10.00	26.72	0.56	36.16
19	3604-00-191-7-01-101	4.89	42.53	2.56	44.86
22	2211-00-003-0-04-071	0.15	10.00	0.02	10.13

Excessive Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Actuals	Saving
01	2401-00-800-1-40-059	152.25	350.00	336.60	165.65
01	2401-00-800-1-57-059	136.76	161.20	184.93	113.03
01	2402-00-800-0-06-059	47.00	18.53	51.00	14.53
02	2403-00-800-0-30-101	49.14	69.75	54.37	64.52
04	2015-00-105-0-01-059	0.01	50.00	33.10	16.91
05	3055-00-190-0-05-106	84.78	36.37	96.37	24.78
07	2515-00-196-6-09-300	46.01	22.49	55.83	12.67
07	2515-00-197-6-09-300	92.02	44.99	111.67	25.34
07	2515-00-198-6-09-300	322.09	157.44	390.84	88.69
07	5054-04-337-7-01-132	120.82	815.38	740.65	195.55
17	2202-01-196-6-01-300	186.58	335.36	464.04	57.90
17	2203-00-107-1-00-422	5.79	45.00	25.64	25.15
18	6860-04-190-1-16-394	0.01	48.00	21.87	26.14
19	3604-00-191-7-51-101	203.48	246.47	246.57	203.38
20	3054-03-337-0-05-200	245.00	25.00	249.11	20.89
20	5054-04-800-2-02-172	120.00	100.00	185.76	34.24
22	4210-03-105-1-02-422	17.00	28.00	31.78	13.22

CHAPTER VI

ASSETS AND LIABILITIES

6.1 Assets

The details of Assets and Liabilities of Government of Karnataka are exhibited in the Statement No.1 of the Finance Accounts **Volume-I**. The existing form of accounts do not depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. The value of Government Assets consists of Cash Balance and Investments of Cash Balance (₹ 14,630 crore), progressive Capital Expenditure (₹ 136,419 crore), Loans and Advances (₹ 12,729 crore), Other Advances (₹ 7.36 crore) and Remittance (₹ 488.30 crore) at the end of 31 March 2014.

Total investments as share capital in the Public Sector Undertakings (PSUs) stood at ₹ 55,048 crore at the end of 2013-14. However, dividends received during the year were ₹ 55 crore (which is 0.09 *per cent*) on investment. During 2013-14 investments increased by ₹ 5,584 crore, while dividend income decreased by ₹ 1 crore.

Cash Balance with RBI, which stood at ₹ 68 crore on 31 March 2013, has increased to ₹ 86 crore at the end of March 2014.

6.2 Debt and Liabilities

Article 293(1) of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature. Also, the Government of Karnataka has enacted the Karnataka Fiscal Responsibility (Amendment) Act, 2014 on 28th February, 2014 enhancing the scope of 'Total Liabilities', to include borrowing by the Public Sector Undertakings and Special Purpose Vehicles and Other Equivalent Instruments, where the Principal and/or Interest are to be serviced out of the budget of the Government of Karnataka. This relevant Information has not been provided by the Government of Karnataka, for the year 2013-14.

Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ in crore)

Year	GSDP*	Public Debt	Per cent to GSDP	Public Account [^]	Per cent to GSDP	Total Liabilities [^]	Per cent to GSDP
2009-10	335,747	55,370	16.49	28,112	8.37	83,482	24.86
2010-11	380,871	59,277	15.56	32,666	8.58	91,943	24.14
2011-12	434,270	65,315	15.04	37,715	8.68	103,030	23.72
2012-13	522,650	75,052	14.36	41,715	7.98	116,767	22.34
2013-14	601,633	88,522	14.71	46,796	7.78	135,318 ^(&)	22.49

* {Source for GSDP 2013-14 Medium Term Fiscal Plan 2014-18 & for 2009-10 to 2012-13 Karnataka Economic Survey 2013-14}.

[^] Exhibits net of small savings and other liabilities as depicted in Statement No.6 (i) of Finance Accounts.

[&] Excluding the amount of liabilities recognized in pursuant to Karnataka Fiscal Responsibility (Amendment) Act, 2014 on 28th February, 2014 not furnished by the Government of Karnataka, for the year 2013-14.

There is net increase of ₹ 18,551 crore (15.88 *per cent*) in Public Debt and Other Liabilities as compared to 2012-13.

The Interest payments on debt and other liabilities at ₹ 7,837 crore constitutes 8.78 *per cent* of the Revenue Expenditure, of this Interest Payments on Public Debt amounting to ₹ 6,353 crore of which ₹ 5,598 crore related to Internal Debt and ₹ 755 crore to Loans and Advances from GOI. Interest Payments on Small Savings, Provident Funds etc., and Other Liabilities was ₹ 1,485 crore. Interest on Reserve Funds was ₹ 0.08 crore.

The Expenditure on account of interest payments increased by ₹ 1,004 crore during 2013-14 over 2012-13.

6.2.1 State Provident Funds

(₹ in crore)

Year	Opening Balance	Receipts ^(*)	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2009-10	5,019	1,418	452	966	5,985	420
2010-11	5,985	1,664	667	997	6,982 [@]	490
2011-12	6,981 [@]	1,917	1,059	858	7,839	580
2012-13	7,839	2,248	1,290	958	8,797	662
2013-14	8,797	2,558	1,371	1,187	9,984	784

(*) Includes Interest indicated in the last column of the table.

(@) Differs by ₹ 1 crore, due to rounding.

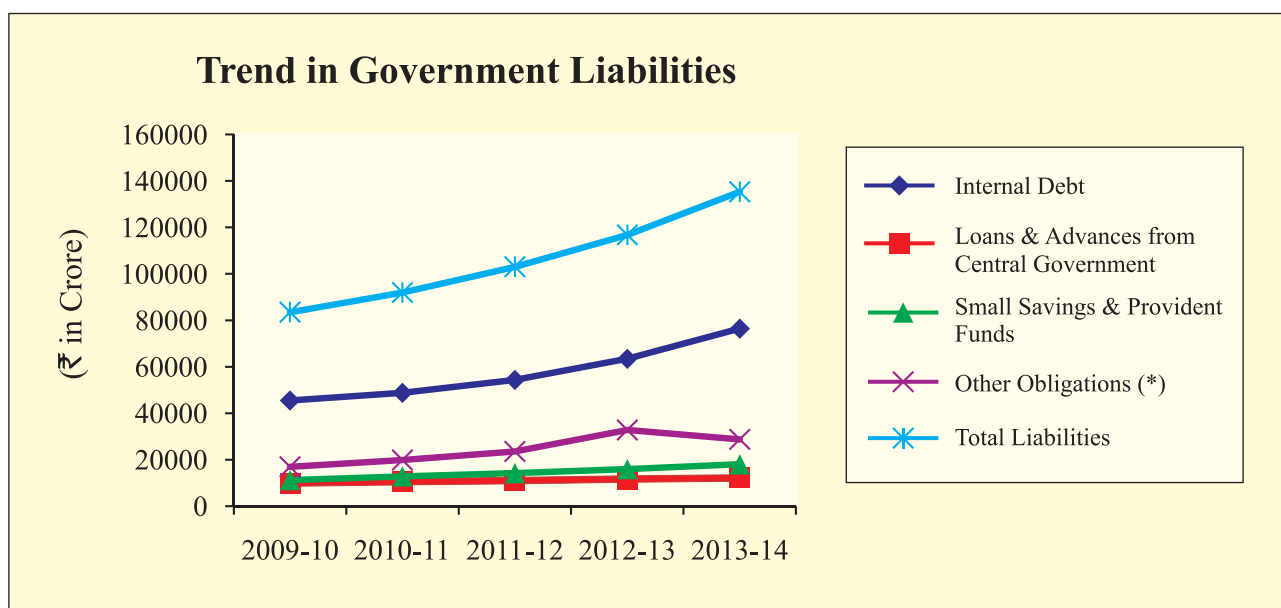
6.2.2 Trend in Government Liabilities

The following table indicates the trends in liabilities of State Government during the past five years. The graphical representation of trends in Government Liabilities furnished, below the table.

(₹ in crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations (*)	Total Liabilities
2009-10	45,468	9,902	11,177	16,935	83,482
2010-11	48,762	10,515	12,784	19,882	91,943
2011-12	54,333	10,982	14,182	23,533	103,030
2012-13	63,418	11,634	15,914	25,801	116,767
2013-14	76,428	12,094	18,021	28,775	135,318

(*) Includes balances under Reserve Funds and Deposits Accounts.



The Karnataka Fiscal Responsibility (Amendment) Act, 2011, has amended Section 4 of KFRA to put a ceiling on Total Outstanding Debt. Outstanding Debt at the end of the financial year 2013-14 shall be at 25.40 *per cent* of the GSDP against which, the Outstanding Debt stood at 22.49 *per cent* of the estimated GSDP to the end of 2013-14.

6.2.3 Contingency Fund

Contingency Fund of the State is set-up to meet expenditure on unforeseen contingencies, pending authorization from the State Legislature. The extent of availing of Contingency Fund for the past 5 years is as under.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Number of withdrawals from Contingency Fund	9	24	15	9	9
Total withdrawals from Contingency Fund	38.18	57.28	46.61	46.00	56.89
Withdrawals from the Contingency Fund as a percentage to Total Budget Provision of ₹137,314 crore	0.05	0.06	0.05	0.04	0.04

6.3 Guarantees

The limit of guarantees prescribed in the Karnataka Ceiling on Government Guarantees Act, 1999 is that the total Outstanding Government Guarantees as on the first of April of any year shall not exceed 80 *per cent* of the States' Revenue Receipts of the Second Preceding year as in the books of the Principal Accountant General of Karnataka. The maximum amount of outstanding guarantee as depicted in Finance Accounts is within the limits prescribed in the Act. The position of guarantees by the State Government for the repayment of Loans and payment of interest thereon raised by Statutory Corporations, Government Companies, Local Bodies, Co-operative Societies, etc., are furnished in the Statement No.9 of the Finance Accounts **Volume-II**. The maximum amount guaranteed and the outstanding principal and interest at the end of each year over the past five years are given below:

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
2009-10	18,420	6,954	249
2010-11	19,150	6,448	169
2011-12	13,262	6,491	149
2012-13	14,306	6,565	123
2013-14	16,145	7,671	112

6.4 Externally Aided Projects

The liability of the State Government for repayment of Externally Aided Projects is given below. Individual Scheme wise details are furnished in the Appendix-V of the Finance Accounts **Volume-II**.

(₹ in crore)

Period	Opening Balance	Amount Received	Amount Repaid	Closing Balance
2012-13	7,663	1,349	399	8,613
2013-14	8,613	1,159	410	9,362

CHAPTER VII

OTHER ITEMS

7.1 Adverse Balances under E-Public Debt

Borrowings of State Governments are governed by Article 293(1) of the Constitution of India. The balance under 'Internal Debt of the State Government' stood at ₹ 76,428 crore, which comprises an adverse balance amounting to ₹ 123.07 crore under 'Loans from National Co-operative Development Corporation'. As against the outstanding balance of ₹ 12,094 crore under 'Loans and Advances from Central Government' an amount of ₹ 23.66 crore representing adverse balance due to non reconciled amount under Loans to Central Plan Schemes and Centrally Sponsored Schemes written-off, in terms of the recommendations of the Thirteenth Finance Commission. These are under examination.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2013-14 was ₹ 12,729 crore. The Loans and Advances are disbursed to various Loanee Groups such as, Panchayat Raj Institutions, Urban Development Authorities & Municipalities, Housing Boards and Corporations, Government Companies & Corporations, Co-operative Institutions and others. Recovery of Principal aggregating to ₹ 3,248 crore and Interest amounting to ₹ 1,745 crore, are in arrears as at the end of 31 March 2014 in respect of loans, the detailed accounts of which are maintained by the Principal Accountant General (A&E).

7.3 Financial Assistance to Local Bodies and Others

Grants-in-Aid to Local Bodies etc., increased from ₹ 23,934 crore in 2011-12 to ₹ 32,611 crore in 2013-14. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹ 25,531 crore) represented 78 *per cent* of total Grants given during the year. Details of Grants-in-aid for the past three years are as under.

(₹ in crore)

Year	Zilla Panchayats	Taluk Panchayats	Gram Panchayats	ULBs & Municipalities	Others *	Total
2011-12	5,653	8,211	1,344	4,248	4,478	23,934
2012-13	6,497	10,423	1,611	4,009	4,636	27,176
2013-14	7,488	11,403	1,619	5,019	7,082	32,611

* Others include Public Sector Undertakings, Autonomous Bodies and Co-operative Institutions & Non Government Organisations.

7.3.1 Submission of Utilization Certificates (UCs)

The Government while sanctioning Grants-in-aid to various beneficiaries may stipulate that the UCs for the amount of Grants-in-Aid, have to be forwarded to the Principal Accountant General (A&E). The Principal Accountant General (A&E) will keep a watch over the submission of UCs in respect of such releases only. UCs against 320 Grants-in-Aid bills amounting to ₹ 1,215 crore were outstanding as at 31 March 2014.

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2013	As on 31 March 2014	Net Increase (+) Decrease (-)
Cash Balance*	68	86	(+) 18
Investments from Cash Balance (GOI Securities & Treasury Bills)	6,872	10,973	(+) 4101
Other Cash Balances & Investments	3,571	3,571	(+) 1,605
(a) Cash with Departmental Officers & Permanent Advances	4	4	
(b) Investments of Earmarked Funds	3,567	3,567	(+) 1,605
Total	10,511	14,630	(+) 4,119
Interest realized	532	459	(-) 73

* Cash Balance include Local Remittances & Deposits with RBI

During 2013-14 the Interest receipt on Cash Balance Investments decreased by 14 *per cent* in comparison with the previous year.

7.5 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the Departments and the figures appearing in the accounts compiled by the Principal Accountant General (Accounts and Entitlement). This exercise is to be conducted by respective Heads of Departments. During 2013-14, only 59 *per cent* (₹ 63,043 crore) of the total expenditure of ₹ 106,136 crore of the State Government was reconciled. Similarly, out of total receipts of ₹ 89,630 crore, 99 *per cent* (₹ 88,741 crore) was reconciled. Loans and advances, both receipts and expenditure, were not reconciled by any of the CCOs concerned.

7.6 Submission of Accounts by Treasuries

There are 33 District Treasuries in the State. During the year 2013-14, Treasury Accounts received were 396. Delay of up to 15 days was noticed in rendering the accounts by the treasuries on 267 occasions, delay over 15 days and less than one month on 4 occasions.

7.6.1 Classification of Departmental Receipts and Disbursements under omnibus Minor Head '800 - Other Receipts and 800-Other Expenditure'

Substantial amount of Departmental Receipts of ₹ 4,182 crore, under 61 Revenue, Capital and Loan Major Heads of Accounts on Receipts side, constituting 4.66 per cent of the total receipts (₹ 89,740 crore) was classified under the minor head '800-Other Receipts.' Similarly, Departmental Expenditure of ₹ 6,179 crore under 63 Revenue, Capital and Loan Major Heads of Accounts was classified on Expenditure side, being 5.78 per cent of the total Expenditure booked under '800-Other Expenditure'. More details are furnished in the Annexure-A to Notes to Accounts in Finance Accounts - **Volume-I**.

7.7 Abstract Contingent (AC) Bills and Non-payable Detailed Contingent (NDC) Bills

The 'Contingent Charges' or 'Contingencies' means and include all incidental and other expenses which are incurred for the management of an office or for the technical working of a department other than those which under prescribed rules of classification of expenditure fall under some other head of expenditure. The Drawing and Disbursing Officers (DDOs) are authorized to draw money without supporting documents through AC bills, under rule 36 of Manual of Contingent Expenditure 1958. Such AC bills are required to be settled, within a maximum of 90 days, through submission of NDC bills. To the end of 31 March 2014, about 9,488 AC bills amounting to ₹ 190 crore were outstanding for want of NDC bills.

7.8 Commitments on account of Incomplete Works

A total expenditure of ₹ 94,232 crore was incurred up to the year 2013-14 by the State Government under various Construction Projects taken up by the Public Works Department, Water Resources Department, and Public Health & Engineering Department etc.,. However, the Departments engaged in Construction Projects have reported commitment of ₹ 1,193 crore on incomplete works (1342 Works) costing over ₹ 2,252 crore to the end of the financial year 2013-14. The details are as follows.

(₹ in crore)

Period	Number of Works	Cost of Works	Progressive Expenditure
1995-2000	2	5	2
2000-2005	4	3	3
2005-2010	102	287	163
2010-2014	1234	1957	891
TOTAL	1342	2252	1059



