



सत्यमेव जयते

# ACCOUNTS AT A GLANCE 2015-2016



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 Accountant General (Accounts and Entitlement) compiles the Finance Accounts and Appropriation accounts of the State.

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.



**(R. Naresh)**

**Place: Bengaluru**  
**Date: 23 December 2016**

**Accountant General (A&E)**  
**Karnataka**

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# CHAPTER I

## OVERVIEW

### 1.1 Introduction

The Accountant General (Accounts and Entitlement) Karnataka compiles the accounts of Receipts and Disbursements of 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, advice of the Central Accounts Section (CAS) of the Reserve Bank of India (RBI), Nagpur and Orders for Book Adjustments/Inter Accounts Transfers involving no outflow of cash, issued by the Government of Karnataka, from time to time. Following such compilation, the Accountant General (Accounts and Entitlement), Karnataka, 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.

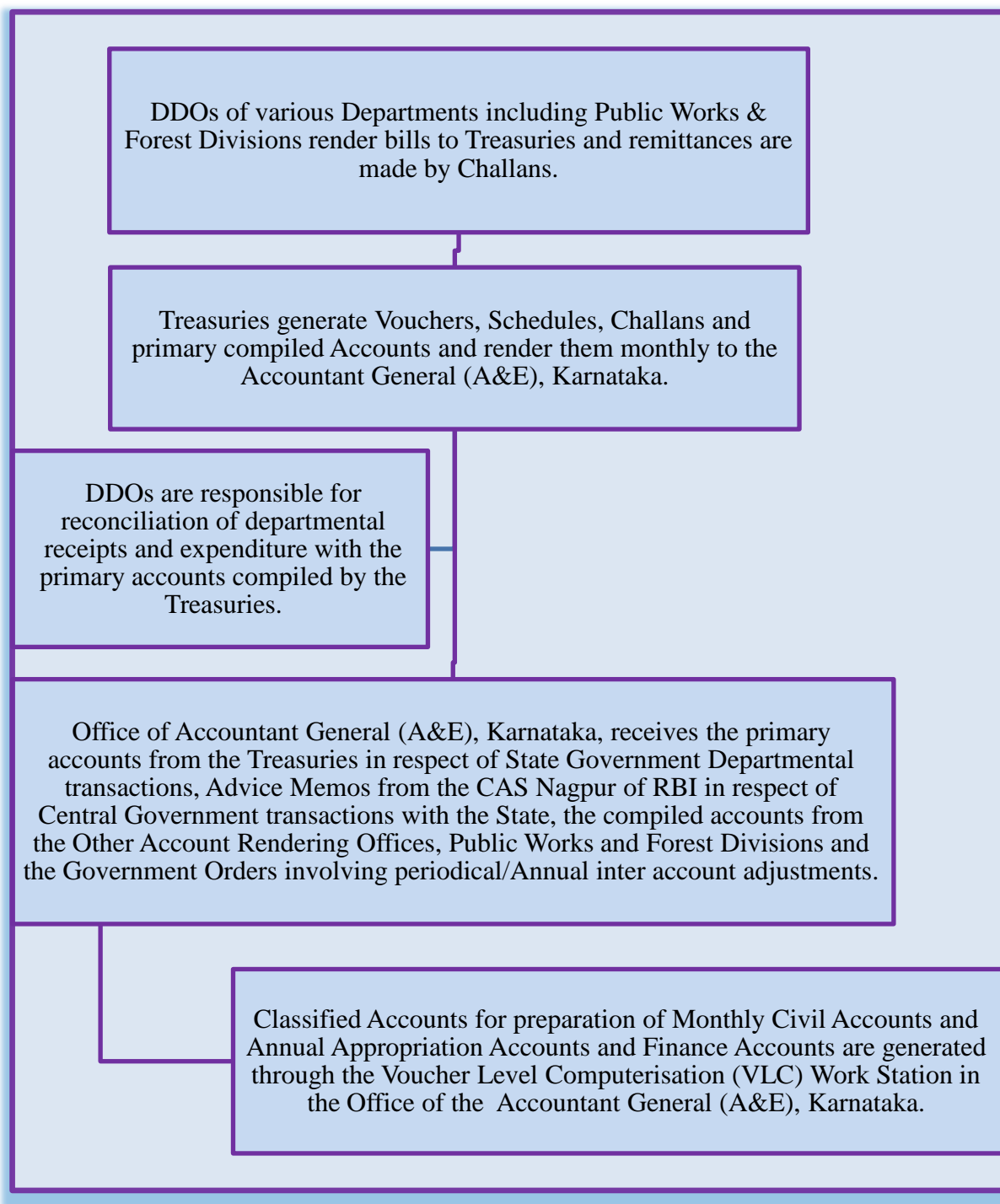
### 1.2 Structure of Accounts

#### 1.2.1 Parts of Government Accounts:

<b>Part I CONSOLIDATED FUND</b>	Consolidated Fund comprises Receipts and Expenditure on Revenue and Capital Account, Public Debt, Loans and Advances, Inter State Settlement and Appropriation to Contingency Fund.
<b>Part II CONTINGENCY FUND</b>	The Corpus of 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.
<b>Part III PUBLIC ACCOUNT</b>	Public Account comprises of Small Savings and Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittance transactions. While the Small Savings and 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 the receipts/disbursements 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 Finance Accounts, summarized statements of overall Receipts and Disbursements for the year, summarized statements of financial position giving details of Assets and Liabilities, Progressive Capital Expenditure, Borrowings and other Liabilities, Loans and Advances, Guarantees & Grants-in-Aid given by the Government, Investments of the Government, Distribution of Expenditure between Voted and Charged, Sources and Application of funds for expenditure other than on Revenue Account, Summary of balances under Government Accounts and 'Notes to Accounts'. **Volume II** contains, Detailed Statements (**Part-I**) and Appendices (**Part-II**).

Receipts and Disbursements of the Government of Karnataka as depicted in the Finance Accounts 2015-16 are given below:

(₹ In Crore)

<b>Receipts</b> (Total: ₹1,38,398)	<b>Revenue</b> (Total: ₹1,18,817)	States' own Tax Revenue	75,550
		States' Share of Union taxes & Duties	23,983
		Non-Tax Revenue	5,355
		Grants-in-Aid and Contributions <sup>(1)</sup>	13,929
	<b>Capital</b> (Total: ₹19,581)	Recovery of Loans and Advances	60
		Other Receipts (Miscellaneous Capital Receipts)	352
		Borrowings and Other Liabilities <sup>(2)</sup>	19,169
<b>Disbursements</b> (Total: ₹1,38,398)	<b>Revenue</b> <sup>(3)</sup>		1,17,029
	<b>Capital</b>		20,713
	<b>Loans and Advances</b>		656
(1) Government of India has changed the procedure for releasing funds provided for implementation of various Central Government Schemes and programmes by the state implementing agencies/Non-Governmental Organisations, through the State Budget. During 2015-16, funds were provided for 'Member of Parliament Local Area Development Scheme' in the Union Government Budget were directly released to the Deputy Commissioners of the Districts in Karnataka ₹160 crore. Details are furnished in Appendix VI in Volume - II of Finance Accounts.			
(2) Comprises net contribution from (i) 'E-Public Debt' {₹16,962 crore}; (ii) 'Contingency Fund' {nil}; (iii) 'Public Account' {₹2,127 crore} minus 'Net Cash Balance' {₹(-)80 crore}			
(3) Includes ₹3,141 crore Grants-in-Aid for creation of Capital Assets released to Urban Local Bodies (ULB) (Please see Statement No.10 in Volume - I 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 actual expenditure and the funds provided. There are 28 'Voted Grants' and one 'Charged Appropriation'.

Sums required to meet the expenditure charged upon the Consolidated Fund of the State and sums required to meet other expenditure proposed to be made from the Consolidated Fund for the year 2015-16, was approved by the State Legislature through the Appropriation Acts of 2015 and 2016. For the year 2015-16 funds were provided for gross expenditure of ₹166,672 crore, including Supplementary Grants of ₹18,708 crore voted by State Legislature. An amount of ₹12,366 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2015-16 show disbursements of ₹149,250 crore against the aggregate Budget Provision of ₹166,672 crore, resulting in a net saving of ₹17,356 crore, which includes an excess (₹66 crore) under 4 grants. Actual Recoveries by way of reduction of expenditure amounted to ₹6,742 crore, reflecting a decrease of ₹5,624 crore vis-à-vis Budget Estimates (₹12,366 crore). The gross expenditure includes ₹91 crore drawn on Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2015-16, ₹6,368 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 ₹2,736 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 2015-16, 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

During the year 2015-16, the State had a Revenue Surplus of ₹1,789 crore and a Fiscal Deficit of ₹19,169 crore representing 0.24 per cent and 2.60 per cent of the Gross States' Domestic Product (GSDP) <sup>4</sup>. The Fiscal Deficit constituted 13.85 per cent of total expenditure. This deficit was met from net receipts under Public Debt (₹16,962 crore), increase in net accruals under Public Account (₹2,127 crore) and decrease in Net Cash Balance [(-) ₹80 crore]. Around 72.87 per cent of the Revenue Receipts (₹118,817 crore) was spent on committed expenditure (₹87,177 crore) like Salaries<sup>(5)</sup> (₹9,167 crore), Subsidies<sup>(5&6)</sup> (₹13,149 crore), Grants-in-Aid<sup>(5)</sup> (₹7,250 crore), Interest Payments (₹11,343 crore) {this includes payment of interest (₹597 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹11,251 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹32,771 crore) and Social Security Pension (₹2,247 crore).

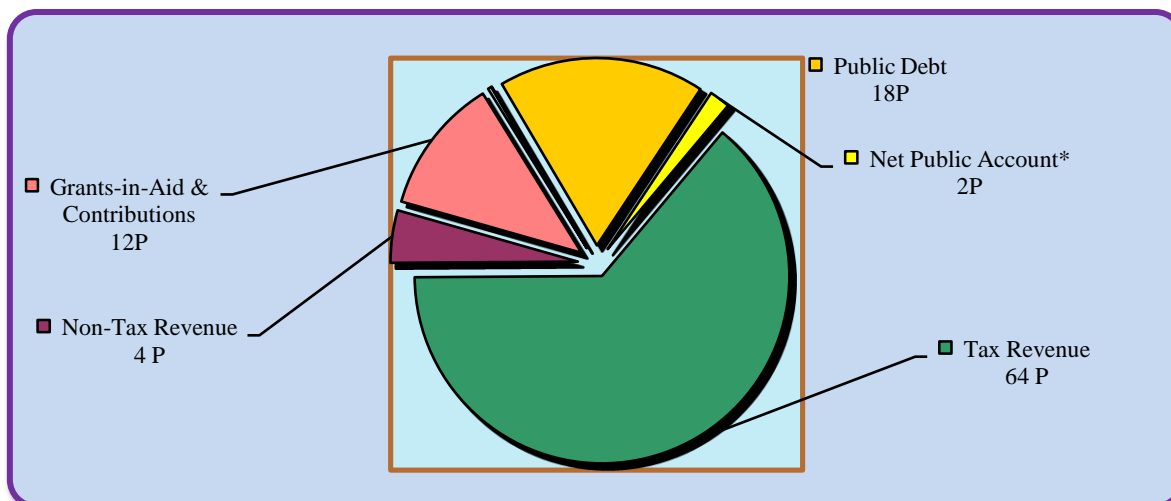
#### Sources and Application of Funds

(₹ In Crore)

	PARTICULARS	AMOUNT
SOURCES	Opening Cash Balance as on 01.04.2015	5
	Revenue Receipts	118,817
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	412
	Public Debt Receipts	21,072
	Receipt under Small Savings, Provident Funds & Others	5,486
	Reserve & Sinking Funds	4,591
	Deposits Received	42,411
	Civil Advances Repaid	...
	Suspense Account	342,661
	Remittances	29
	Contingency Fund	...
	<b>TOTAL</b>	<b>535,484</b>
	APPLICATION	Revenue Expenditure
Capital Expenditure		20,713
Loans disbursed		656
Repayment of Public Debt		4,110
Disbursement under Small Savings, Provident Fund & Others		3,401
Reserve & Sinking Funds		6,852
Deposits Repaid		42,128
Contingency Fund		...
Suspense Account		340,625
Remittances		45
Closing Cash Balance as on 31.03.2016		(-) 75
<b>TOTAL</b>		<b>535,484</b>
(4)	GSDP 2015-16: ₹735,975 crore {Source: Medium Term Fiscal Plan 2016-20}.	
(5)	Salaries, Subsidies and Grants-in-Aid are sum of the expenditure of all sectors & Salaries do not include Grants given to Local Bodies etc., for the purpose of payment of salaries.	
(6)	Subsidy includes Expenditure booked under Object Head '106 Subsidies' only.	

### 1.4.3 Sources of Receipt

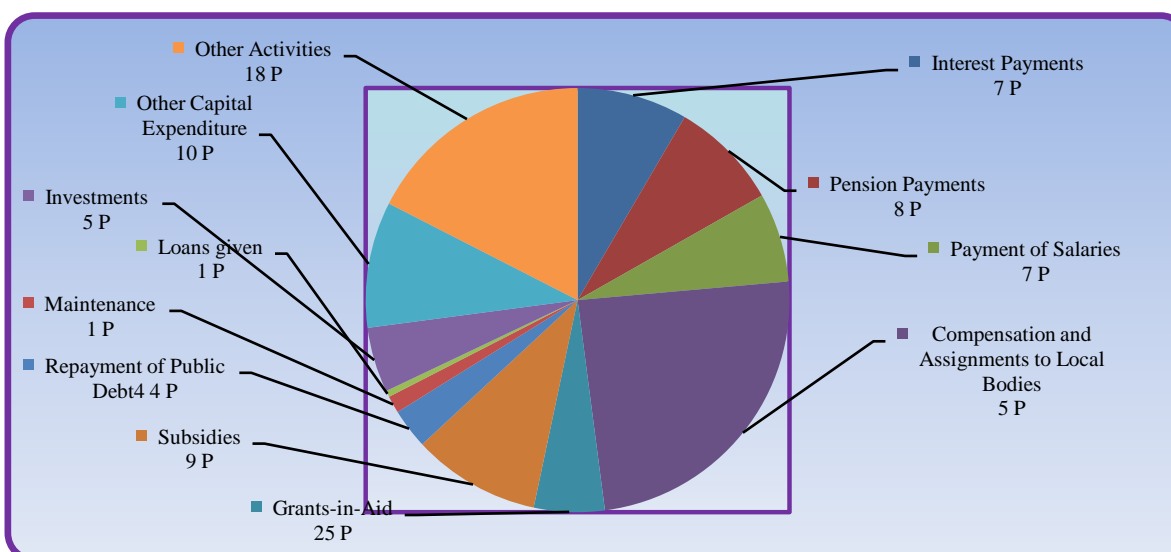
Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government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



Note: Receipts under 'Miscellaneous Capital Receipts (₹352 crore) and Recovery of Loans and Advances (₹60 crore) representing less than one paise, hence not shown in the pie diagram

### 1.4.4 Destination of Expenditure

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



## 1.5 Highlights of Accounts

Sl. No.	Particulars	Budget Estimates 2015-16	Actual		Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP (*)
		(₹ in crore)				
01.	Tax Revenue	101,235 (@)	99,533 (&)		98.32	13.52
02.	Non-Tax Revenue	5,206	5,355		102.86	0.73
03.	Grants-in-aid & Contributions	9,919	13,929		140.43	1.89
<b>04.</b>	<b>Revenue Receipts (1+2+3)</b>	<b>116,360</b>	<b>118,817</b>		<b>102.11</b>	<b>16.14</b>
05.	Recovery of Loans & Advances	91	60		65.93	0.01
06.	Other Receipts - Miscellaneous Capital Receipts	75	352		469.33	0.05
07.	Borrowings and Other Liabilities	20,220 (#)	19,169 (\$)		94.80	2.60
<b>08.</b>	<b>Capital Receipts (5+6+7)</b>	<b>20,386</b>	<b>19,581</b>		<b>96.05</b>	<b>2.66</b>
<b>09.</b>	<b>Total Receipts (4+8)</b>	<b>136,746</b>	<b>138,398</b>		<b>101.21</b>	<b>18.80</b>
<b>10.</b>	<b>Non-Plan Expenditure (NPE)11+13</b>	<b>78,840</b>	<b>77,514</b>		<b>98.32</b>	<b>10.53</b>
11.	NPE on Revenue Account	75,226	77,019		102.38	10.46
12.	NPE on Interest Payments out of 11	10,668	10,746 (^)		100.73	1.46
13.	NPE on Capital Account	614	495		80.63	0.07
<b>14.</b>	<b>Plan Expenditure (PE) (15+16)</b>	<b>60,906</b>	<b>60,884</b>		<b>99.96</b>	<b>8.27</b>
15.	PE on Revenue Account	40,223	40,010		99.47	5.44
16.	PE on Capital Account	20,683	20,874		100.92	2.84
<b>17.</b>	<b>Total Expenditure {(10+14) = (18+19)}</b>	<b>136,746</b>	<b>138,398</b>		<b>101.21</b>	<b>18.80</b>
18.	Revenue Expenditure (11+15)	115,449	117,029		101.37	15.90
19.	Capital Expenditure (13+16)	21,297 (a)	21,369 (b)		100.34	2.90
<b>20.</b>	<b>Revenue Surplus (4-18)</b>	<b>911</b>	<b>1,788</b>		<b>196.27</b>	<b>0.24</b>
<b>21.</b>	<b>Fiscal Deficit {(17) - (4+5+6) = 7}</b>	<b>20,220</b>	<b>19,169</b>		<b>94.80</b>	<b>2.60</b>
(*)	GSDP at Current Prices for 2015-16: ₹735,975 crore {Source: Medium Term Fiscal Plan 2016-20}					
(@)	Includes State share of Union Taxes & Duties of ₹24,790 crore.					
(&)	Includes State share of Union Taxes & Duties of ₹23,983 crore.					
(#)	Comprises net contribution from (i) 'E Public Debt' {₹17,162 crore} (ii) 'Public Account' {₹2,667 crore} minus (iii) 'Net Cash Balance' {₹(-)391 crore}.					
(\$)	Comprises net contribution from (i) 'E Public Debt' {₹16,962 crore} (ii) 'Contingency Fund' {nil} and (iii) 'Public Account' {₹2,127 crore} minus 'Net Cash Balance' ₹(-) 80 crore.					
(a)	Comprises provision on 'Capital Outlay' {₹17,627 crore} and 'F Loans and Advances' {₹753 crore}					
(b)	Comprises expenditure incurred on 'Capital Outlay' {₹20,713 crore} and 'F Loans and Advances' {₹656 crore}.					
(^)	Excludes payment of interest (₹597 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'General Services', 'Social Services' and 'Economic Services'.					

## 1.6 Definition of Deficits and Surplus

<b>Deficit</b>	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.
<b>Revenue Deficit/Surplus</b>	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.
<b>Fiscal Deficit/Surplus</b>	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.

The State Government has been on the path of Fiscal Consolidation ever since the passing of Fiscal Responsibility Legislations (FRLs) like Karnataka Fiscal Responsibility Act (KFRA), 2002 and Karnataka Ceiling on Government Guarantee Act (KCGGA), 1999.

The KFRA was amended in the year 2011 to bring more transparency in the management of Government's Finances and Liabilities. The newly introduced Section 5 (2)(c) mandates the State Government to make specific disclosures. The State Government has been providing such information in the successive Medium Term Fiscal Plans (MTFPs) presented before the State Legislature. An amendment to the KFRA, 2002 was carried out in February 2014 to ensure statutory compliance in reporting the Off-budget Borrowings (OBBs) as part of the State's own liabilities for working out the Total Liabilities.

The particulars of the key fiscal and debt norms to be followed and the compliance by the State are given below, in the table.

Sl. No.	Particulars	Statutory Norm	Compliance by State
1.	<b>Revenue Deficit</b>	Reduce Revenue Deficit to Nil by 31 March 2006.	Achieved in Financial year 2004-05 itself. During 2015-16, Government had a Revenue Surplus of ₹1,788.73 crore.
2.	<b>Fiscal Deficit</b>	Reduce the Fiscal deficit to not more than 3 per cent of estimated GSDP by 31 March 2006.	Fiscal Deficit for 2015-16 stood at ₹19,168.73 crore constitutes 2.60 <i>per cent</i> of GSDP.
3.	<b>Outstanding Liabilities</b>	To ensure that TL/GSDP does not to exceed 25.2 <i>per cent</i> of GSDP by 31 March 2016.	Outstanding Liabilities (₹1,83,321.77 crore) <sup>(8)</sup> as on 31 March 2016 works out to 24.91 <i>per cent</i> of GSDP.
4.	<b>Guarantees</b>	Outstanding guarantees on 1 <sup>st</sup> April of any year shall not exceed 80 <i>per cent</i> of Total Revenue Receipts (TRR) of the second preceding year.	Outstanding Guarantees stood at ₹11,167.64 crore at the beginning of 2015-16 constituted 12.47 <i>per cent</i> of the TRR (₹89,542.53 crore) for the second preceding year 2013-14.
Note 7	GSDP ₹735,975 crore as intimated by Ministry of Finance, Government of India. {Source: MTFP 2016-20 by Government of Karnataka }		
Note 8	Outstanding Liabilities worked out with the amount of off budget borrowings (₹7,698.69 crore) furnished by the Government of Karnataka, together with those appearing (₹175,623.08 crore) under Consolidated Fund and Public Account of the State, in terms of KFR (Amendment) Act, 2014.		

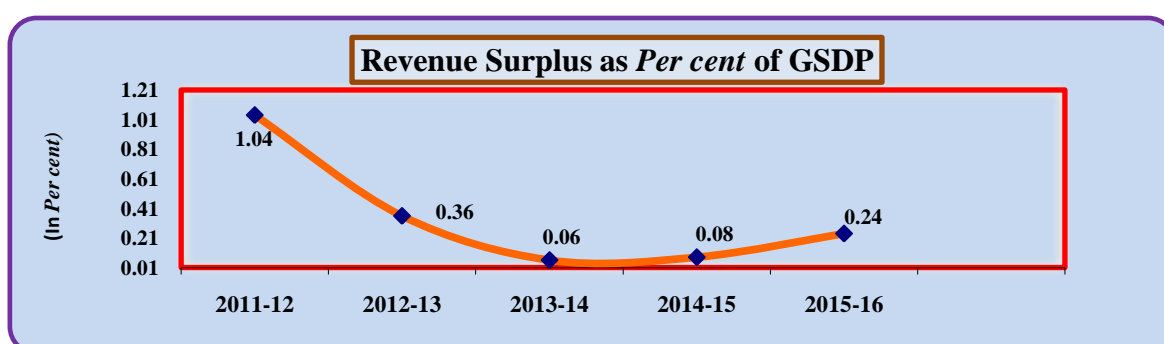
### 1.6.1 Trend in Revenue Surplus

Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. The trend in Revenue Surplus for the period 2011-12 to 2015-16 is given in Table below:

(₹ In Crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Surplus	4,521	1,883	353	528	1,788
GSDP (*)	434,270	520,766	601,633	685,207	735,975
Revenue Surplus as <i>per cent</i> to GSDP	1.04	0.36	0.06	0.08	0.24

(\*) Source for GSDP: Medium Term Fiscal Plan 2016-20



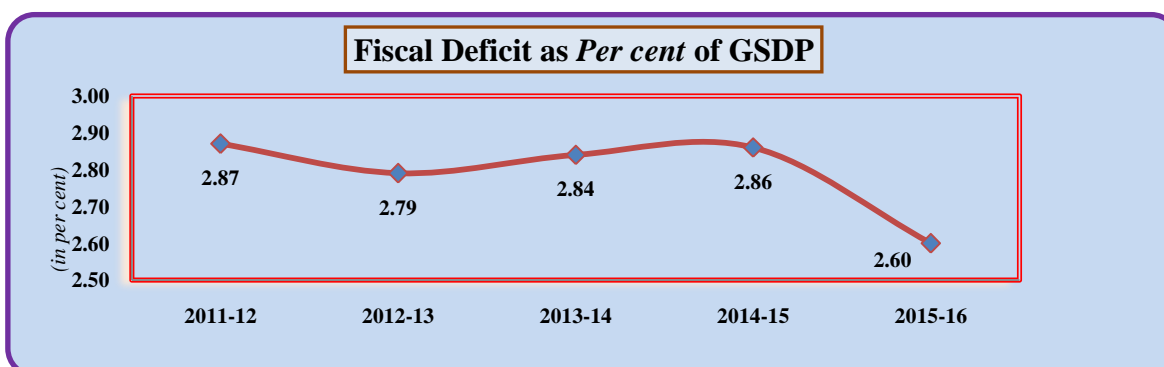
### 1.6.2 Trend in Fiscal Deficit

Fiscal Deficit is calculated as the Total Expenditure (Revenue + Capital + Net Loans and Advances) less Revenue Receipts and Miscellaneous Capital Receipts. The trend in fiscal deficit for the period 2011-12 to 2015-16 is given in Table below:

(₹ In Crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Deficit	12,470	14,507	17,092	19,576	19,169
GSDP (*)	434,270	520,766	601,633	685,207	735,975
Fiscal Deficit as <i>per cent</i> to GSDP	2.87	2.79	2.84	2.86	2.60

(\*) Source for GSDP: Medium Term Fiscal Plan 2016-20



### 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 of Karnataka. The details of the ledger 'Government Account' for the past five years are given below.

(₹ In crore)

Year	Revenue Heads			Capital Heads			Other Heads <sup>(#)</sup>	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
2011-12	69,806	65,115	(+) 4,521	89	15,506	(-) 15,417	(+) 55	(-) 10,841	(-) 90,707
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
2014-15	104,142	103,614	(+) 528	10	19,622	(-) 19,612	...	(-) 19,084	(-) 139,860
2015-16	118,817	117,029	(+) 1,788	352	20,713	(-) 20,361	...	(-) 18,573	(-) 158,433

(#) Miscellaneous Government Account.

### 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, has generally spent the amount of borrowings of the current year (₹21,072 crore) on Capital Expenditure (₹21,369 crore), which is inclusive of disbursement of Loans and Advances.

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## CHAPTER II

### RECEIPTS

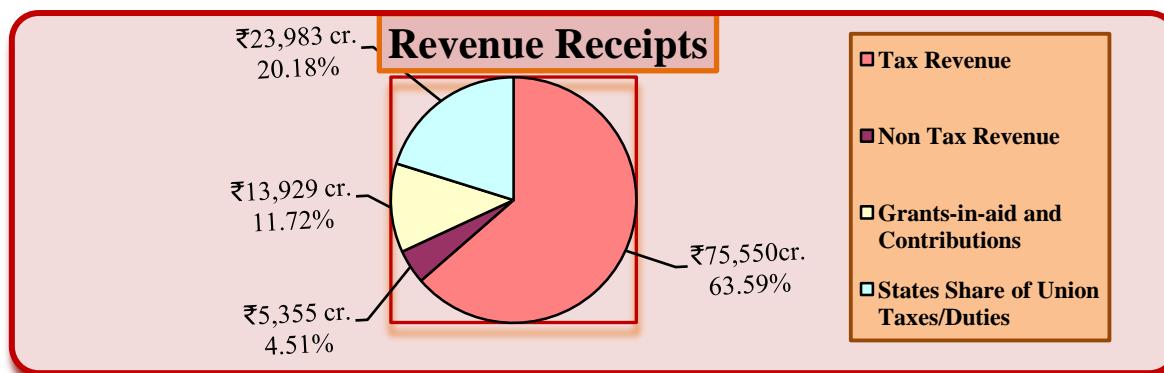
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2015-16 were ₹118,817 crore comprising of Tax Revenue (₹99,533 crore) which includes ₹23,983 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹5,355 crore), Grant-in-Aid & Contributions from Government of India (₹13,929 crore). Capital Receipts (₹19,581 crore) comprising of Recovery of Loans and Advances (₹60 crore), Miscellaneous Capital Receipts (₹352 crore) and Borrowings & Other Liabilities (₹19,169 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E Public Debt' {₹16,962 crore}; (ii) 'Contingency Fund' (nil) (iii) 'Public Account' {₹2,127 crore} minus net 'Cash Balance' {₹(-)80 crore}.

#### 2.2 Revenue Receipts

Three main sources of the Revenue Receipts of the State Government are (i) Tax Revenue comprising of State's own taxes and share of Central Taxes and Duties, (ii) Non-tax Revenue and (iii) 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.

|                                        |                                                                                                                                                                                                                      |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tax Revenue</b>                     | 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.                                                                  |
| <b>Non-Tax Revenue</b>                 | Includes Interest Receipts, Dividends and Profits and other Departmental Receipts.                                                                                                                                   |
| <b>Grants-in-Aid and Contributions</b> | 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 Components of Revenue Receipts

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

| COMPONENTS                                                                                                                                                 | (₹ In Crore)   | Per cent to Revenue Receipts |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------|
| <b>A. Tax Revenue</b> (*)                                                                                                                                  | <b>99,533</b>  | <b>84</b>                    |
| Taxes on Income and Expenditure                                                                                                                            | 13,653         | 12                           |
| Taxes on Property and Capital Transactions                                                                                                                 | 8,397          | 07                           |
| Taxes on Commodities and Services                                                                                                                          | 77,483         | 65                           |
| <b>B. Non-Tax Revenue</b>                                                                                                                                  | <b>5,355</b>   | <b>4</b>                     |
| Interest Receipts, Dividends and Profits                                                                                                                   | 1362           | 1                            |
| General Services                                                                                                                                           | 844            | 1                            |
| Social Services                                                                                                                                            | 549            | ...                          |
| Economic Services                                                                                                                                          | 2,600          | 2                            |
| <b>C. Grants-in-aid and Contributions</b>                                                                                                                  | <b>13,929</b>  | <b>12</b>                    |
| <b>TOTAL-REVENUE RECEIPTS</b>                                                                                                                              | <b>118,817</b> | <b>100</b>                   |
| (*) includes ₹23,983 crore (20.18 <i>per cent</i> of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government |                |                              |

Total Tax Revenue ₹99,533 crore and Non-Tax Revenue of ₹5,355 crore formed 13.52 *per cent* and 0.73 *per cent* respectively of the GSDP\*.

### 2.2.2 Major Contributors to Tax Revenue

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

| Head of Account                                                                | ₹in crore | Per cent to GSDP* |
|--------------------------------------------------------------------------------|-----------|-------------------|
| Taxes on Sales, Trade etc                                                      | 40,449    | 5.50              |
| State Excise                                                                   | 15,333    | 2.08              |
| Stamps and Registration Fees                                                   | 8,215     | 1.12              |
| Corporation Tax                                                                | 7,548     | 1.03              |
| Taxes on Vehicles                                                              | 5,002     | 0.68              |
| Taxes on Income Other than Corporation Tax                                     | 5,252     | 0.71              |
| Taxes on Goods and Passengers                                                  | 3,125     | 0.42              |
| Customs                                                                        | 3,830     | 0.52              |
| Union Excise Duties                                                            | 3,182     | 0.43              |
| Service Tax                                                                    | 4,154     | 0.56              |
| Other Taxes and Duties on Commodities and Services                             | 1,224     | 0.17              |
| Taxes on Duties on Electricity                                                 | 1,170     | 0.16              |
| * GSDP for 2015-16: ₹735,975 crore. {Source: Medium Term Fiscal Plan 2016-20}. |           |                   |



Net Tax Receipts during the year was more than Budget Estimates by ₹545 crore. Major variations in actual realization of Tax Revenues vis-à-vis Budget Estimates were as under.

(₹ In Crore)

| Tax Receipts where actual was less than Budget Estimates | Amount | Tax Receipts where actual was more than Budget Estimates | Amount |
|----------------------------------------------------------|--------|----------------------------------------------------------|--------|
| Corporation Tax                                          | 662    | Taxes on Vehicles                                        | 202    |
| Service Tax                                              | 76     | Taxes on Goods and Passengers                            | 24     |
| Stamps and Registration Fees                             | 15     | Taxes and Duties on Electricity                          | 19     |
| Other Taxes on Income and Expenditure                    | 146    | State Excise                                             | 133    |
| Land Revenue                                             | 40     | Union Excise Duties                                      | 703    |
| Taxes on Income other than Corporation tax               | 809    | Customs                                                  | 20     |
| Taxes on sales, Trade                                    | 880    |                                                          |        |
| Taxes on Agriculture                                     | 11     |                                                          |        |
| Other Taxes and Duties on Commodities and Services       | 195    |                                                          |        |

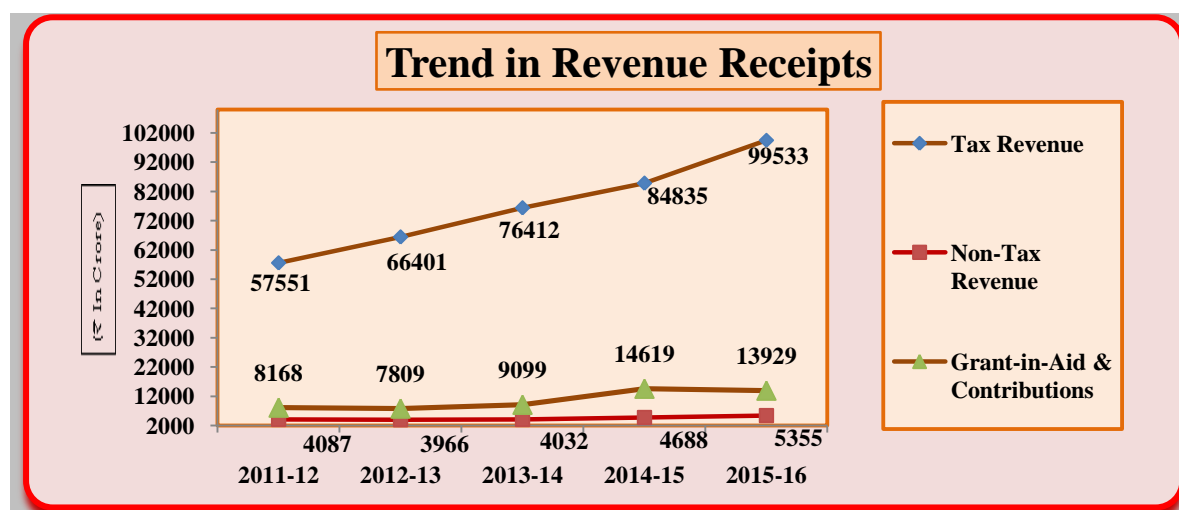
### 2.3 Trend in Revenue Receipts

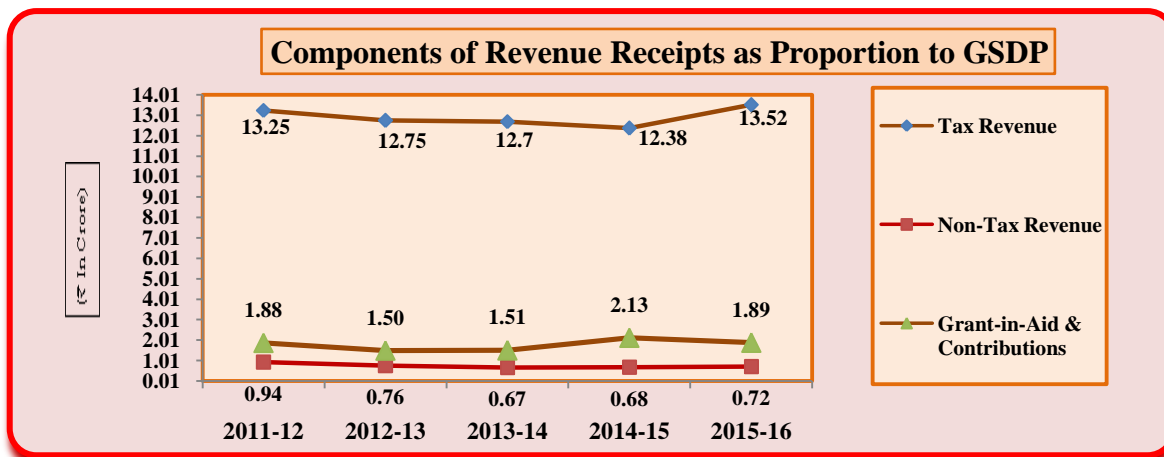
Trend in components of Revenue Receipts for the previous five years and as a *per cent* of total receipts to GSDP are furnished in the table below along with graphical presentation.

(₹ 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 |
|---------|-------------|-----------------|---------------------------------|------------------------|---------|--------------------------------------------|
| 2011-12 | 57,551      | 4,087           | 8,168                           | 69,806                 | 434,270 | 16.07                                      |
| 2012-13 | 66,401      | 3,966           | 7,809                           | 78,176                 | 520,766 | 15.01                                      |
| 2013-14 | 76,412      | 4,032           | 9,099                           | 89,543                 | 601,633 | 14.88                                      |
| 2014-15 | 84,835      | 4,688           | 14,619                          | 104,142                | 685,207 | 15.20                                      |
| 2015-16 | 99,533      | 5,355           | 13,929                          | 118,817                | 735,975 | 16.14                                      |

\*Source for GSDP : Medium Term Fiscal Plan 2016-20

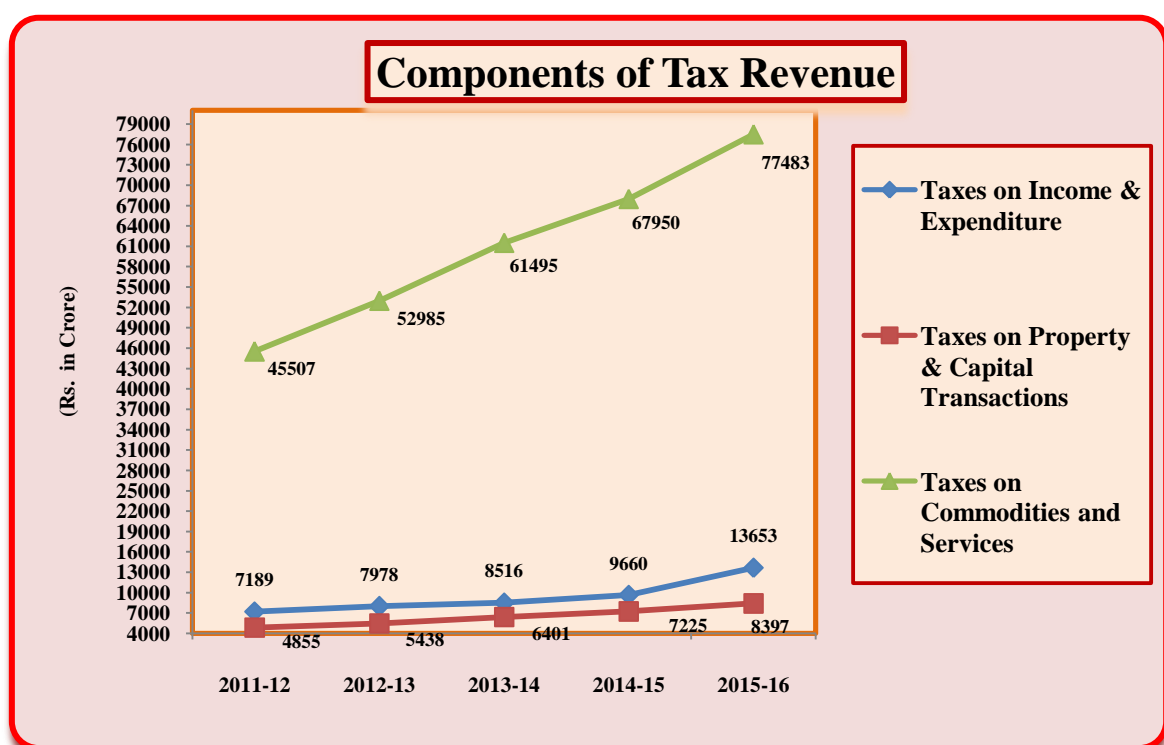




### 2.3.1 Components of Tax Revenue

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

| (₹ In Crore)                               |               |               |               |               |               |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Tax Revenue                                | 2011-12       | 2012-13       | 2013-14       | 2014-15       | 2015-16       |
| Taxes on Income and Expenditure            | 7,189         | 7,978         | 8,516         | 9,660         | 13,653        |
| Taxes on Property and Capital Transactions | 4,855         | 5,438         | 6,401         | 7,225         | 8,397         |
| Taxes on Commodities and Services          | 45,507        | 52,985        | 61,495        | 67,950        | 77,483        |
| <b>Total Tax Revenue</b>                   | <b>57,551</b> | <b>66,401</b> | <b>76,412</b> | <b>84,835</b> | <b>99,533</b> |



## 2.4 Performance of Tax Revenue Collection

| Year    | Tax Revenue  | State Share of Union Taxes & Duties | State's Own Tax Revenue | GSDP*   | State Share of Union Taxes & Duties | State's Own Tax Revenue |
|---------|--------------|-------------------------------------|-------------------------|---------|-------------------------------------|-------------------------|
|         | (₹ In Crore) |                                     |                         |         | Per cent to GSDP                    |                         |
| 2011-12 | 57,551       | 11,075                              | 46,476                  | 434,270 | 2.55                                | 10.70                   |
| 2012-13 | 66,401       | 12,647                              | 53,754                  | 520,766 | 2.43                                | 10.32                   |
| 2013-14 | 76,412       | 13,808                              | 62,604                  | 601,633 | 2.30                                | 10.41                   |
| 2014-15 | 84,835       | 14,654                              | 70,181                  | 685,207 | 2.14                                | 10.24                   |
| 2015-16 | 99,533       | 23,983                              | 75,550                  | 735,975 | 3.26                                | 10.27                   |

\*Source for GSDP : Medium Term Fiscal Plan 2016-20

## 2.5 Efficiency of Tax Collection

### A. Taxes on Property and Capital Transactions (\*)

The efficiency of tax collection as indicated by percentage of Cost of Collection is shown below:

| Description                          | (₹ In Crore) |         |         |         |         |
|--------------------------------------|--------------|---------|---------|---------|---------|
|                                      | 2011-12      | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Gross Revenue Collection             | 4,859        | 5,494   | 6,441   | 7,221   | 8,423   |
| Cost of Collection <sup>(A)</sup>    | 254          | 312     | 362     | 360     | 420     |
| Percentage of Cost of Tax Collection | 5.23         | 5.68    | 5.62    | 4.99    | 4.99    |

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

(<sup>A</sup>) Comprising Expenditure booked under the minor heads '001-Direction and Administration and 101-Collection Charges'

### B. Taxes on Commodities and Services (\*)

| Description                          | (₹ In Crore) |         |         |         |         |
|--------------------------------------|--------------|---------|---------|---------|---------|
|                                      | 2011-12      | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Revenue Collection                   | 41,192       | 49,054  | 56,787  | 63,497  | 67,753  |
| Cost of Collection <sup>(A)</sup>    | 344          | 454     | 1,457   | 1,697   | 488     |
| Percentage of Cost of Tax Collection | 0.84         | 0.93    | 2.57    | 2.67    | 0.72    |

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

(<sup>A</sup>) Comprising Expenditure booked under the minor heads '001-Direction and Administration & 101-Collection Charges'

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

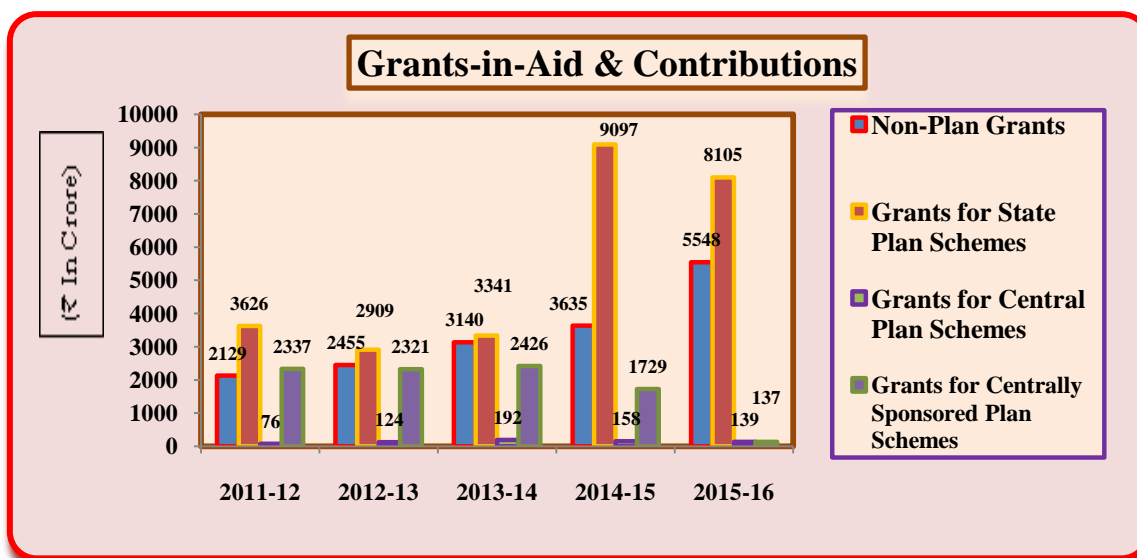
| (₹ In Crore)                                                       |               |               |               |               |               |
|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Major Head Description                                             | 2011-12       | 2012-13       | 2013-14       | 2014-15       | 2015-16       |
| Corporation Tax                                                    | 4,359         | 4,543         | 4,644         | 5,117         | 7,548         |
| Taxes on Income other than Corporation Tax                         | 2,214         | 2,720         | 3,058         | 3,654         | 5,252         |
| Taxes on Wealth                                                    | 17            | 8             | 13            | 14            | 2             |
| Customs                                                            | 1,920         | 2,102         | 2,253         | 2,370         | 3,830         |
| Union Excise Duties                                                | 1,243         | 1,428         | 1,591         | 1,338         | 3,182         |
| Service Tax                                                        | 1,322         | 1,847         | 2,250         | 2,161         | 4,153         |
| Other Taxes and Duties on Commodities and Services                 | *             | *             | *             | *             | 16            |
| <b>State Share of Union Taxes &amp; Duties</b>                     | <b>11,075</b> | <b>12,647</b> | <b>13,808</b> | <b>14,654</b> | <b>23,983</b> |
| <b>Total Tax Revenue</b>                                           | <b>57,551</b> | <b>66,401</b> | <b>76,412</b> | <b>84,835</b> | <b>99,533</b> |
| <b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b> | <b>19.24</b>  | <b>19.05</b>  | <b>18.07</b>  | <b>17.27</b>  | <b>24.10</b>  |

\* Involved amounts less than one crore and negative figures {(-) ₹0.01 crore under the head 0045-901} indicates 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 | 2011-12      | 2012-13      | 2013-14      | 2014-15       | 2015-16       |
| Non-Plan Grants                             | 2,129        | 2,455        | 3,140        | 3,635         | 5,548         |
| Grants for State Plan Schemes               | 3,626        | 2,909        | 3,341        | 9,097         | 8,105         |
| Grants for Central Plan Schemes             | 76           | 124          | 192          | 158           | 139           |
| Grants for Centrally Sponsored Schemes      | 2,337        | 2,321        | 2,426        | 1,729         | 137           |
| <b>Total</b>                                | <b>8,168</b> | <b>7,809</b> | <b>9,099</b> | <b>14,619</b> | <b>13,929</b> |



The share of Non-Plan Grants in total Grants-in-Aid and Contributions increased from 24.86 per cent in 2014-15 to 39.83 per cent in 2015-16, while the share of Grants for State Plan Schemes decreased from 62.23 per cent in 2014-15 to 58.19 per cent in 2015-16, due to restructuring and release of funds for plan schemes by the Central Government, through the State Budget. As against a Budget Estimate of ₹796 crore of Union Share in Central Plan Schemes/Centrally Sponsored Schemes, the State Government has actually received ₹276 crore of Grants-in-Aid, which was about 34.67 per cent of Budget Estimate.

## 2.8 Public Debt

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

| (₹In Crore)                                    |              |               |               |               |               |
|------------------------------------------------|--------------|---------------|---------------|---------------|---------------|
| Description                                    | 2011-12      | 2012-13       | 2013-14       | 2014-15       | 2015-16       |
| Internal Debt of the State Government          | 8,091        | 12,116        | 16,132        | 20,510        | 19,801        |
| Loans and Advances from the Central Government | 1,267        | 1,349         | 1,155         | 1,365         | 1,271         |
| <b>Total Public Debt</b>                       | <b>9,358</b> | <b>13,465</b> | <b>17,287</b> | <b>21,875</b> | <b>21,072</b> |

During the year 2015-16, the State Government has obtained 'Market Loans' amounting to ₹16,187 crore, comprising of 8 loans redeemable in the year 2025-26.

Against the total receipts of ₹21,072 crore received during 2015-16, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹19,801 crore) and 'Loans and Advances from the Central Government' (₹1,271 crore), the expenditure on Capital Account was ₹21,369 crore excluding repayment of Public Debt of ₹4,110 crore.

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## 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.

<b>General Services</b>	Includes Justice, Police, Jails, Public Works, Pensions etc.
<b>Social Services</b>	Includes Education, Health & Family Welfare, Water Supply and Sanitation, Welfare of Scheduled Caste, Scheduled Tribes and other Backward Classes, etc.
<b>Economic Services</b>	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

#### 3.2 Revenue Expenditure

Revenue Expenditure of ₹117,029 crore for 2015-16 is more than Budget Estimates (₹115,449 crore) by ₹1,580 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

	(₹ In Crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Budget Estimates	65,034	80,530	97,391	110,757	115,449
Actuals	65,115	76,293	89,190	103,614	117,029
Gap	(-) 81	4,237	8,201	7,143	(-) 1,580
Gap over BE in <i>per cent</i>	(-) 1	5	8	6	1

##### 3.2.1 Sectoral Distribution of Revenue Expenditure

Distribution of Revenue Expenditure, between the Sectors and sub-sectors are given in the table below.

		(₹In Crore)	
Components of Revenue Expenditure		Amount	Per cent <sup>(*)</sup>
<b>A</b>	<b>General Services</b>	<b>30,800</b>	<b>26.32</b>
a.	Organs of State	945	0.81
b.	Fiscal Services [Total of (i) to (iv)]	961	0.82
(i)	Collection of Taxes on Income and Expenditure	6	...
(ii)	Collection of Taxes on Property and Capital Transactions	437	0.37
(iii)	Collection of Taxes on Commodities and Services	511	0.44
(iv)	Other Fiscal Services	7	0.01
c.	Interest Payment and Servicing of Debt <sup>(*)</sup>	11,816	10.10

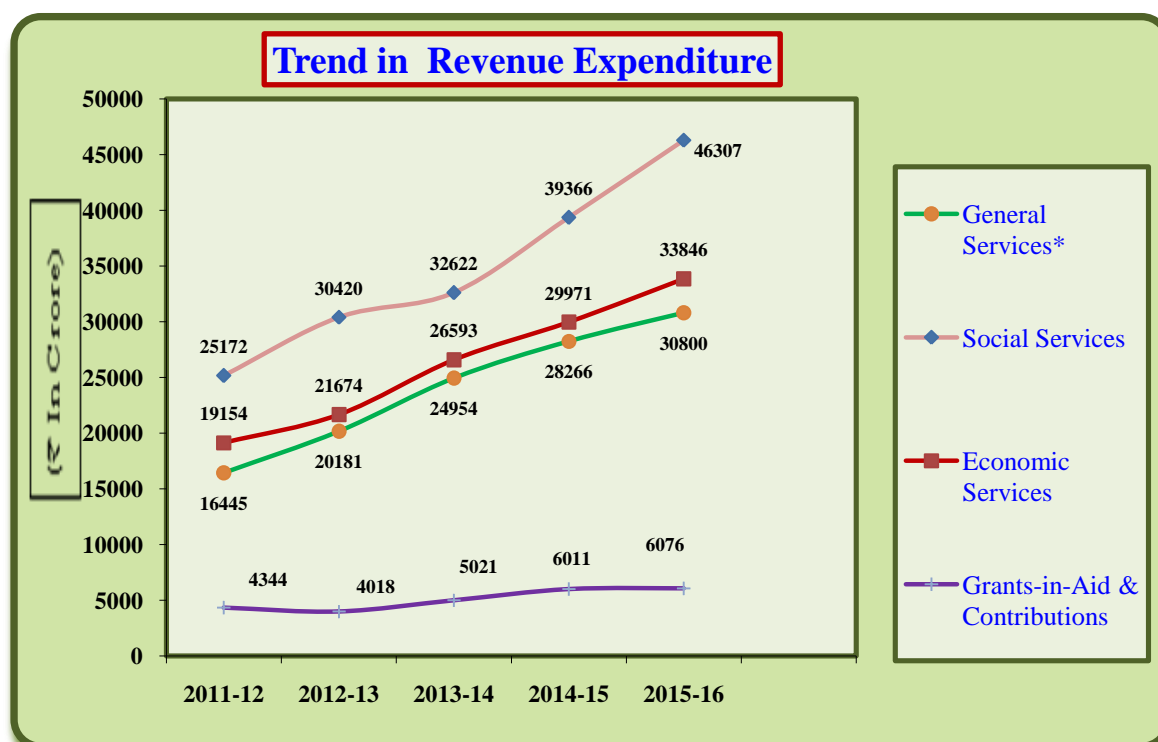
Components of Revenue Expenditure- contd		Amount	Per cent <sup>(*)</sup>
d.	Administrative Services	5,711	4.88
e.	Pension and Miscellaneous General Services	11,367	9.71
<b>B</b>	<b>Social Services [Total of (a) to (e)]</b>	<b>46,307</b>	<b>39.57</b>
<b>C</b>	<b>Economic Services</b>	<b>33,846</b>	<b>28.92</b>
<b>D</b>	<b>D. Grants-in-Aid and Contributions</b>	<b>6,076</b>	<b>5.19</b>
<b>Total Expenditure (A+B+C+D)</b>		<b>117,029</b>	<b>100.00</b>
<sup>(*)</sup> Indicates percentage of Expenditure by Sector & Sub-sector to Total Revenue Expenditure.			
<sup>(&amp;)</sup> Excluding payment of interest (₹597 crore) on Off-budget Borrowings which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.			

### 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
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	520,766	14.65
2013-14	24,954	32,622	26,593	5,021	89,190	601,633	14.82
2014-15	28,266	39,366	29,971	6,011	103,614	685,207	15.12
2015-16	30,800	46,307	33,846	6,076	117,029	735,975	15.90

\*Source for GSDP: Medium Term Fiscal Plan 2016-20



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

### 3.2.3 Expenditure in Major Sub-sectors

The trend in expenditure under Major Sub Sectors, are indicated in the table below.

		(₹ in crore)				
Expenditure by Major Sub-sectors		2011-12	2012-13	2013-14	2014-15	2015-16
1	Education, Sports, Art and Culture	12,240	14,624	16,166	18,063	18,724
2	Agriculture and Allied Activities	5,501	7,417	12,590	10,563	11,149
3	Pensions and Miscellaneous General Services	5,468	7,292	9,217	10,144	11,366
4	Interest Payments and Servicing of Debt	6,604	6,833	7,837	9,804 <sup>#</sup>	12,413*
5	Energy	5,326	7,070	5,996	6,746	9,170
6	Social Welfare and Nutrition	4,559	5,542	5,388	6,597	8,793
7	Administrative Services	3,622	4,456	5,030	5,506	5,711
8	Health and Family Welfare	2,958	3,568	4,093	5,058	5,010
9	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2,940	3,581	3,720	5,038	5,562
10	Rural Development	1,949	2,378	2,283	4,988	5,222
11	Water Supply, Sanitation, Housing and Urban Development	1,873	2,360	2,670	3,944	7,374
12	Transport	1,695	2,024	2,560	3,232	3,552
13	General Economic Services	3,150	1,151	1,337	2,258	1,630
(#)	Including payment of interest (₹399.53 crore) on Off-budget Borrowings which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.					
(*)	Including payment of interest (₹597 crore) on Off-budget Borrowings which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.					

### 3.3 Capital Expenditure

For the year 2015-16, the Expenditure on Capital Account was ₹21,369 crore, which includes disbursement of Loans and Advances (₹656 crore) worked out to 2.90 per cent of GSDP and was more than Budget Estimates (₹21,297 crore) by ₹72 crore. The excess is due to less disbursement of ₹119 crore under Non-Plan and excessive expenditure of ₹191 crore under Plan.

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2015-16 the Government spent ₹21,369 crore on various projects under the following sectors. The percentage of sector-wise expenditure to the Total Capital Expenditure indicated in the table.



(₹ In Crore)

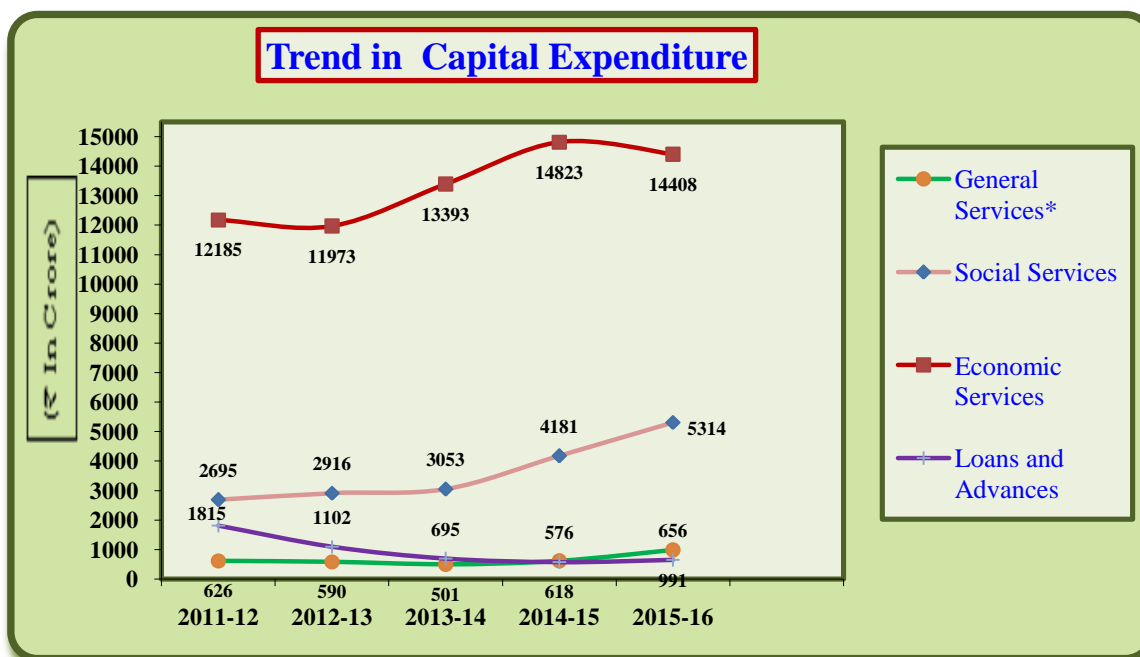
Sl. No.	Sector	Capital	Loan	Total	Per cent
1.	<b>General Services</b> – Police, Land Revenue etc.,	991	...	991	4.64
2.	<b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,	5,314	327	5,641	26.40
3.	<b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	14,408	239	14,647	68.54
4.	<b>Miscellaneous</b>	...	90	90	0.42
<b>Total Capital Expenditure (Outside the Revenue Account)</b>		<b>20,713</b>	<b>656</b>	<b>21,369</b>	<b>100.00</b>

### 3.3.2 Trend in Capital Expenditure

The trends in expenditure on Capital Account for the past four years are indicated in the table below along with graphical presentation.

(₹ In Crore)

Sl. No.	Sector	2011-12	2012-13	2013-14	2014-15	2015-16
1.	General Services	626	590	501	618	991
2.	Social Services	2,695	2,916	3,053	4,181	5,314
3.	Economic Services	12,185	11,973	13,393	14,823	14,408
4.	Loans and Advances	1,815	1,102	695	576	656
<b>Total</b>		<b>17,321</b>	<b>16,581</b>	<b>17,642</b>	<b>20,198</b>	<b>21,369</b>

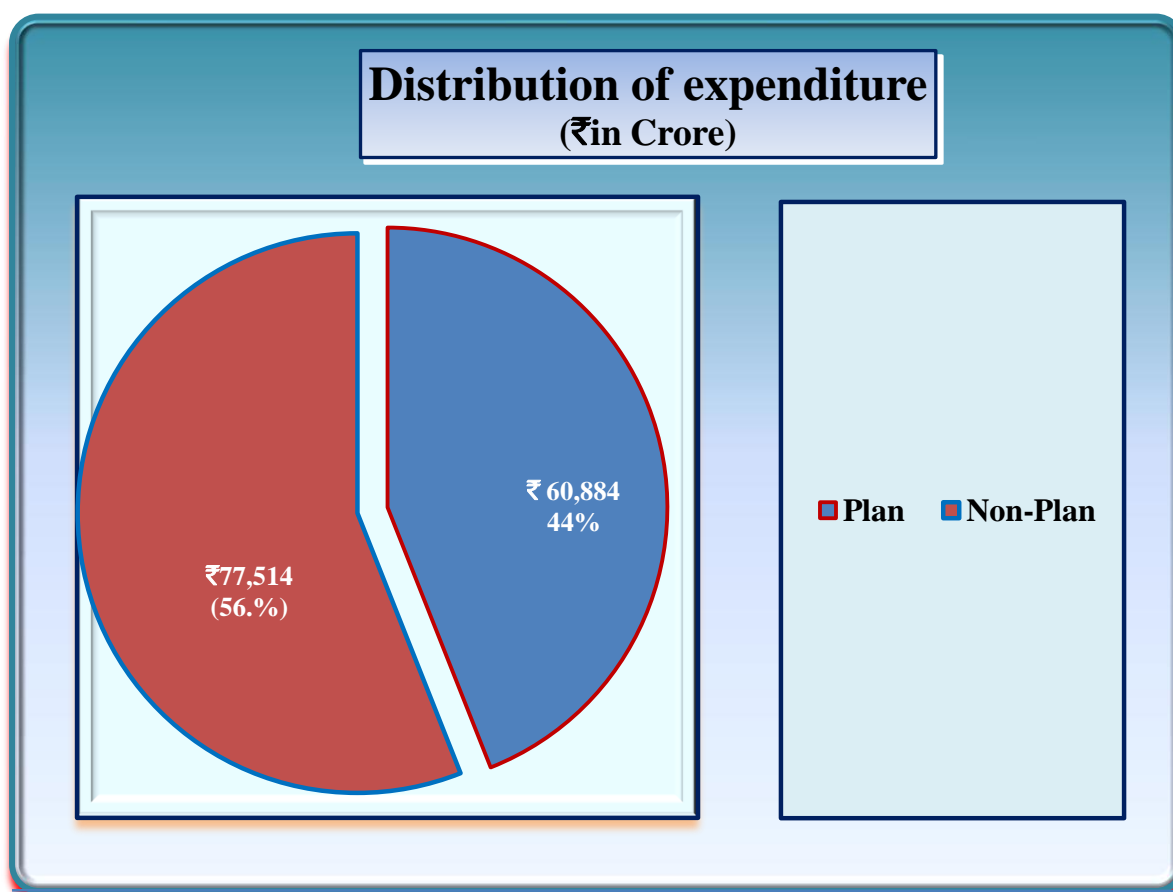


## CHAPTER IV

### PLAN & NON PLAN EXPENDITURE

#### 4.1 Distribution of Expenditure

During 2015-16, an amount of ₹138,398 crore is incurred towards Plan and Non-Plan expenditure which works out to 18.80 *per cent* of the GSDP\*. The following pie diagram represents the percentage of distribution of expenditure to the Total Expenditure.



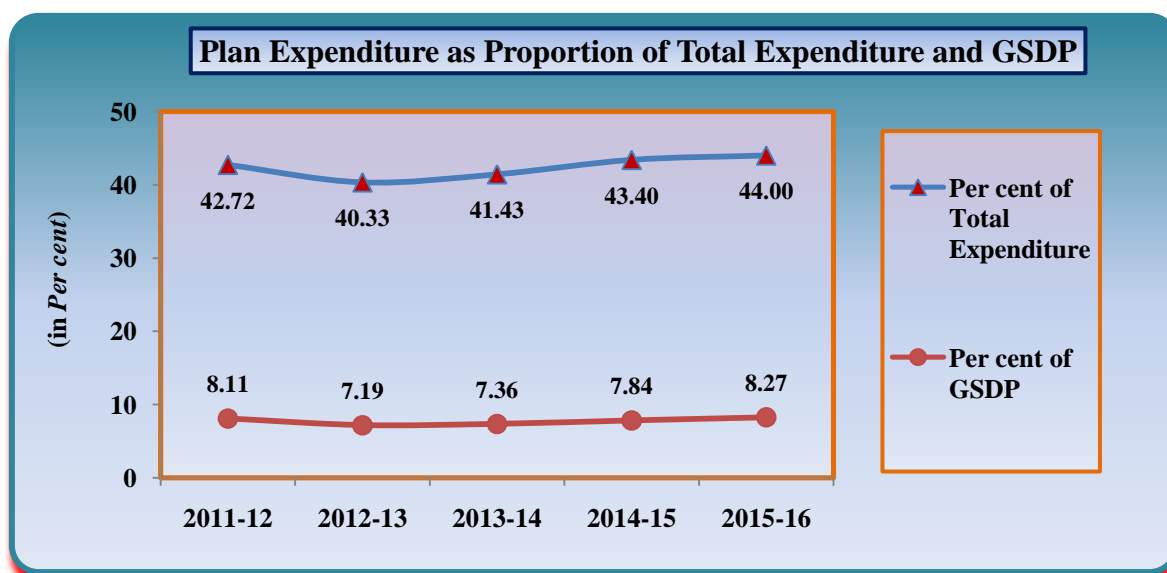
#### 4.2 Plan Expenditure

During 2015-16 the Government has incurred an expenditure of ₹60,884 crore on Plan schemes, which represents 44 *per cent* of total disbursements. This Expenditure comprises of State Plan Schemes ₹60,121 crore (which is inclusive of State share of Centrally Sponsored

Plan Schemes ₹177 crore) and ₹763 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 furnished in the table below.

(₹ In Crore)					
Description	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure	82,436	92,874	106,832	123,812	138,398
Plan Expenditure	35,220	37,453	44,260	53,740	60,884
Plan Expenditure as a <i>per cent</i> to Total Expenditure	42.72	40.33	41.43	43.40	44.00
GSDP*	434,270	520,766	601,633	685,207	735,975
Plan Expenditure as a <i>per cent</i> to GSDP	8.11	7.19	7.36	7.84	8.27

\*Source for GSDP : Medium Term Fiscal Plan 2015-19



#### 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	2011-12	2012-13	2013-14	2014-15	2015-16
Total Capital Expenditure*	17,321	16,581	17,642	20,198	21,369
Capital Expenditure* (Plan)	16,653	16,241	17,290	19,909	20,874
<i>Per cent</i> of Capital Expenditure* (Plan) to Total Capital Expenditure	96.14	97.95	98.00	98.57	97.68

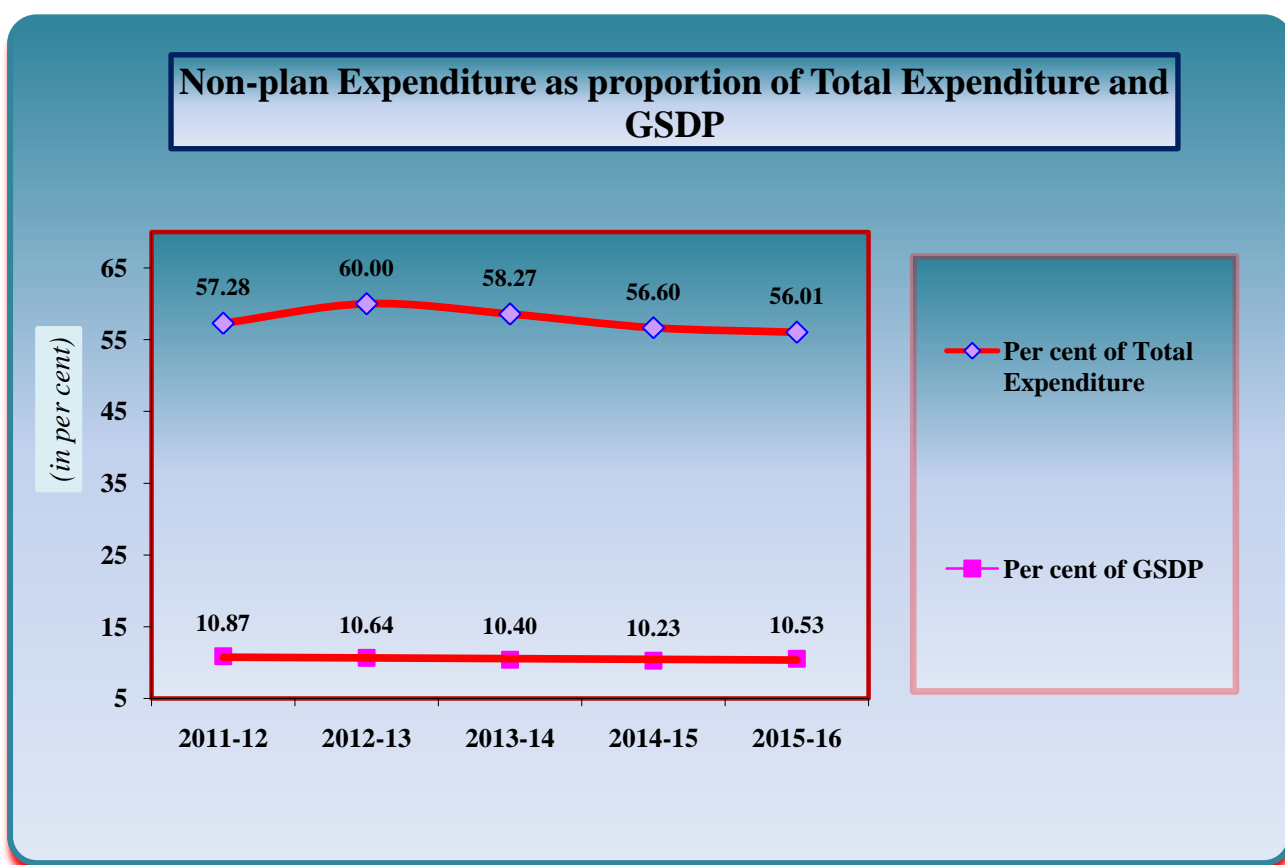
\* Capital Expenditure includes expenditure on Capital Outlays and disbursements of Loans and advances.

### 4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2015-16, representing 56 per cent of total disbursements was ₹77,514 crore, (₹77,019 crore under Revenue and ₹495 crore under Capital). The Graphical presentation of the percentage of Non-Plan Expenditure to the Total Expenditure and to the GSDP is furnished in the table below.

(₹In Crore)					
Description	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure	82,436	92,874	106,832	123,812	138,398
Non-Plan Expenditure	47,216	55,421	62,572	70,072	77,514
Non-Plan Expenditure as a per cent to Total Expenditure	57.28	59.67	58.57	56.60	56.01
GSDP^^	434,270	520,766	601,633	685,207	735,975
Per cent of Non-Plan Expenditure to GSDP	10.87	10.64	10.40	10.23	10.53

^^Source for GSDP : Medium Term Fiscal Plan 2015-19



#### 4.4 Committed Expenditure<sup>(&)</sup>

In addition to the seven components of Committed Expenditure furnished below in the table, Government of Karnataka has considered Salaries paid under District Sector Schemes, Implicit Subsidies and other Administrative Expenses as components of Committed Expenditure, in their Medium Term Fiscal Plan 2016-20. The Trend in growth of components of Committed Expenditure which are identified with specific object head codes in the accounts, over the Revenue Receipts and Revenue Expenditure for the five years is given below.

(₹ In Crore)

Components	2011-12	2012-13	2013-14	2014-15	2015-16
Total Committed Expenditure of which-	51,676	61,106	73,413	81,045	87,178
1) Salary <sup>(A)</sup>	6,068	7,183	8,065	8,901	9,167
2) Interest Payments	6,604	6,833	7,837	9,804 <sup>(B)</sup>	11,343 <sup>(E)</sup>
3) Pension Payments	5,436	7,227	9,152	10,118	11,251
4) Subsidy <sup>(C)</sup>	7,390	10,709	13,323	11,153	13,149
5) Grants-in-Aid <sup>(D)</sup>	4,474	4636	7079	7746	7250
6) Devolution to PRIs and ULBs	19,460	22,542	25,532	31,001	32,771
7) Social Security Pensions	2,244	1,880	2,425	2,322	2,247
Revenue Receipts	69,806	78,176	89,543	104,142	118,817
Revenue Expenditure	65,115	76,293	89,190	103,614	117,029
Percentage of Committed Expenditure to Revenue Receipts	74	78	82	78	73
Percentage of Committed Expenditure to Revenue Expenditure	79	80	82	78	74
<sup>(&amp;)</sup> Exclusive of 'Administrative Expenses' and 'Implicit Subsidy' as defined in the Medium Term Fiscal Policy (MTFP) 2016-20 due to the absence of specific identification in the accounts classification.					
<sup>(A)</sup> Indicates Salary booked under the State Sector and excluding the salary paid to staff employed under Panchayat Raj Institutions.					
<sup>(B)</sup> Includes payment of interest (₹399.53 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.					
<sup>(C)</sup> Subsidy representing only the amount booked under the object head '106-Subsidy', excluding subsidy releases to PRIs & ULBs					
<sup>(D)</sup> Excluding devolutions to PRIs and ULBs which is shown as a separate line item below.					
<sup>(E)</sup> Includes payment of interest (₹597 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.					

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## CHAPTER V

### APPROPRIATION ACCOUNTS

#### 5.1 Summary of Appropriation Accounts

Appropriation Accounts of the Government of Karnataka for the year 2015-16 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 2015-16 are given below.

(₹ In Crore)

| Sl. No. | Nature of expenditure    | Original Grant | Supplementary Grant | Reappropriation /Surrenders |              | Total          | Actual Expenditure | Savings (-) Excess (+) |              |
|---------|--------------------------|----------------|---------------------|-----------------------------|--------------|----------------|--------------------|------------------------|--------------|
|         |                          |                |                     |                             |              |                |                    |                        |              |
| 1       | Revenue Voted            | 100,420        | 13,871              | (-)                         | 1,924        | 112,367        | 107,199            | (-)                    | 5,168        |
|         | Charged                  | 16,657         | 1,241               | (-)                         | 4,034        | 13,864         | 13,031             | (-)                    | 833          |
| 2       | Capital Voted            | 23,152         | 3,357               | (-)                         | 222          | 26,411         | 23,571             | (-)                    | 2,840        |
|         | Charged                  | 414            | ...                 | (-)                         | 26           | 388            | 401                | (+)                    | 13           |
| 3       | Public Debt Charged      | 5,788          | ...                 | (-)                         | 1,678        | 4,110          | 4,110              |                        | ...          |
| 4       | Loans and Advances Voted | 1,533          | 239                 |                             | ...          | 1,648          | 938                | (-)                    | 710          |
|         | <b>Total</b>             | <b>147,964</b> | <b>18,708</b>       | <b>(-)</b>                  | <b>7,884</b> | <b>158,788</b> | <b>149,250</b>     | <b>(-)</b>             | <b>9,538</b> |

##### 5.1.1 Grant wise Details of Saving/Excess

The Appropriation Accounts of Government of Karnataka for 2015-16 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                       | 803.18   | 0.44     | ...     | ...     |
| 02                                | Animal Husbandry and Fisheries                     | 80.20    | 0.01     | 67.83   | ...     |
| 03                                | Finance                                            | 1,215.44 | 3,774.41 | 67.61   | ...     |
| 04                                | Department of Personnel and Administrative Reforms | 90.20    | 16.24    | 6.41    | ...     |
| 05                                | Home and Transport                                 | ...      | 38.34    | 0.17    | 25.19   |
| 06                                | Infrastructure Development                         | 2.80     | ...      | 176.05  | ...     |

(₹ In Crore)

| Saving under the following grants |                                              | Revenue |         | Capital  |         |
|-----------------------------------|----------------------------------------------|---------|---------|----------|---------|
| Grant No. and Name                |                                              | Voted   | Charged | Voted    | Charged |
| 07                                | Rural Development and Panchayat Raj          | 459.41  | 9.30    | 318.24   | ...     |
| 08                                | Forest, Ecology and Environment              | 68.68   | 199.41  | 0.01     | ...     |
| 09                                | Co-operation                                 | 54.18   | ...     | 30.10    | ...     |
| 10                                | Social Welfare                               | 91.69   | ...     | 41.39    | ...     |
| 11                                | Women and Child Development                  | 205.70  | ...     | 11.22    | ...     |
| 12                                | Information, Tourism and Youth Services      | 18.04   | ...     | 64.19    | ...     |
| 13                                | Food and Civil Supplies                      | 81.59   | 0.04    | 7.80     | ...     |
| 14                                | Revenue                                      | 478.41  | ...     | 3.01     | ...     |
| 15                                | Information Technology                       | 8.32    | ...     | ....     | ...     |
| 16                                | Housing                                      | 1.69    | 28.08   | ....     | 0.20    |
| 17                                | Education                                    | 866.04  | ...     | 146.48   | ...     |
| 18                                | Commerce and Industries                      | 183.51  | ...     | 104.27   | ...     |
| 19                                | Urban Development                            | 663.19  | ...     | 85.83    | ...     |
| 20                                | Public Works                                 | 282.67  | 8.93    | 231.37   | 0.39    |
| 21                                | Water Resources                              | 198.62  | 157.98  | 2,231.65 | 0.01    |
| 22                                | Health and Family Welfare Services           | 904.50  | ...     | 39.91    | ...     |
| 23                                | Labour                                       | 126.72  | ...     | 0.02     | ...     |
| 24                                | Energy                                       | 0.50    | ...     | 44.82    | ...     |
| 25                                | Kannada and Culture                          | 20.22   | ...     | 0.88     | ...     |
| 26                                | Planning, Statistics, Science and Technology | 157.00  | ...     | 100.82   | ...     |
| 27                                | Law                                          | 45.28   | 37.61   | ...      | ...     |
| 28                                | Parliamentary Affairs and Legislation        | 28.94   | 0.58    | ...      | ...     |
| 29                                | Debt Servicing                               | 596.41  | ...     | 1,677.70 | ...     |
| Excess under the following grants |                                              |         |         |          |         |
| 01                                | Agriculture and Horticulture                 | ...     | ...     | 7.93     | ...     |
| 05                                | Home and Transport                           | 44.94   | ...     | ...      | ...     |
| 06                                | Infrastructure Development                   | ...     | 0.17    | ...      | 4.95    |
| 19                                | Urban Development                            | ...     | ...     | ...      | 8.05    |

## 5.2 Trend in Savings

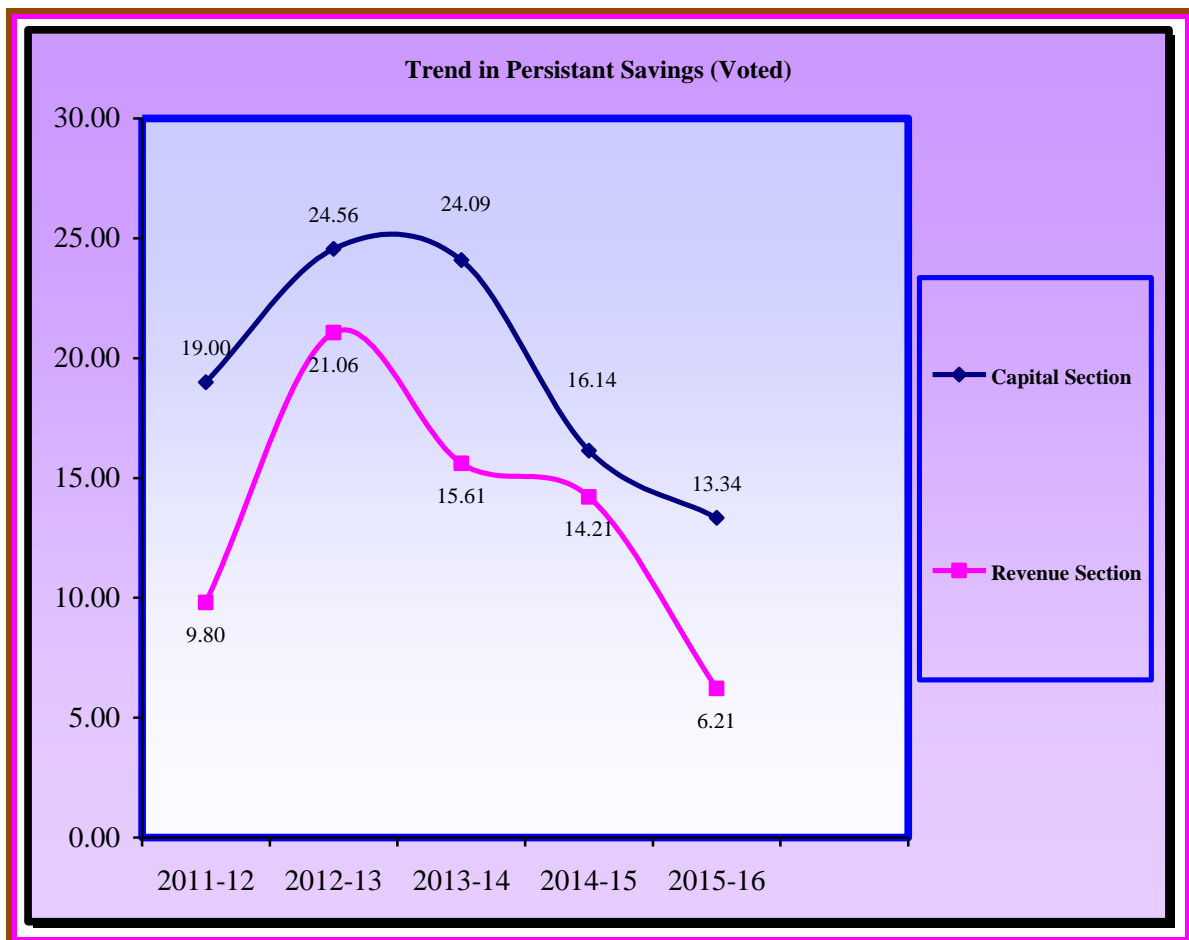
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature excluding the amount surrendered which is also considered as saving.

Trend in saving under voted and *charged* category of Revenue and Capital Section for the preceding five years are given below in the Table 5.2.1 and Table 5.2.2 respectively. Graphical presentation of saving as a *per cent* to Total Provision furnished below the respective tables.

**PERSISTENT SAVINGS (Voted)**  
(Table 5.2.1)

(₹ 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 |
| 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                           |
| 2014-15 | 109,864         | 94,250      | 15,614 | 14.21                           | 25,531          | 21,408      | 4,123  | 16.14                           |
| 2015-16 | 114,291         | 107,199     | 7,092  | 6.21                            | 28,281          | 24,509      | 3772   | 13.34                           |

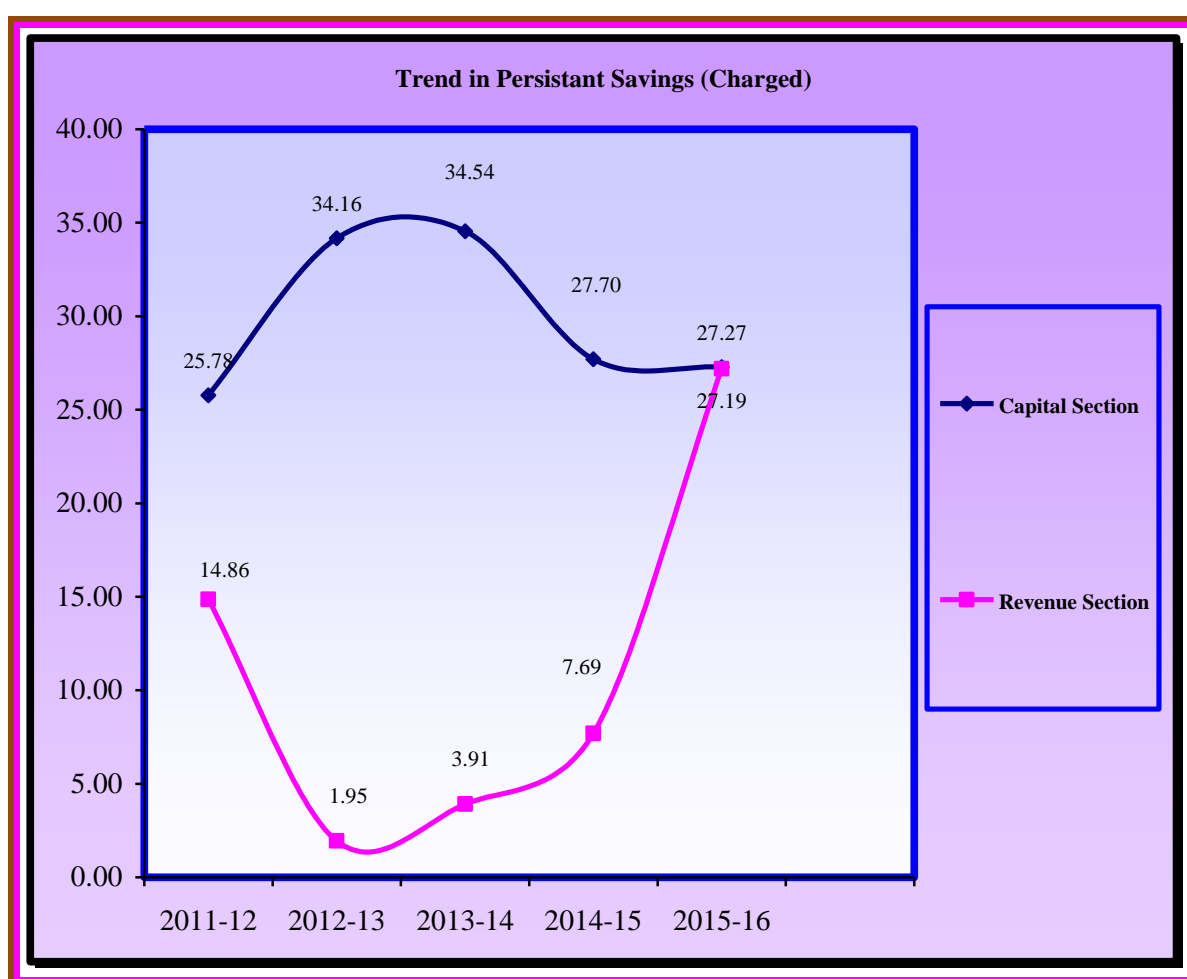




**PERSISTENT SAVINGS (Charged)**  
(Table 5.2.2)

(₹ 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 |
| 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                           |
| 2014-15 | 11,502          | 10,618      | 884    | 7.69                            | 7,040           | 5,090       | 1,950  | 27.70                           |
| 2015-16 | 17,898          | 13,031      | 4,867  | 27.19                           | 6,202           | 4,511       | 1,691  | 27.27                           |



### 5.3 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes/programmes. 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:

## Significant Savings

(In per cent)

| Grant No.              | Revenue Section                                  | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|------------------------|--------------------------------------------------|---------|---------|---------|---------|---------|
| 01                     | Agriculture and Horticulture                     | 34      | 39      | 31      | 26      | 14      |
| 04                     | Department of Personnel & Administrative Reforms | 21      | 28      | 26      | 35      | 16      |
| 20                     | Public Works                                     | 13      | 12      | 11      | 13      | 11      |
| 23                     | Labour                                           | 40      | 29      | 28      | 33      | 13      |
| 26                     | Planning, Statistics, Science and Technology     | 30      | 41      | 40      | 13      | 21      |
| <b>Capital Section</b> |                                                  |         |         |         |         |         |
| 02                     | Animal Husbandry & Veterinary Science            | 27      | 34      | 18      | 22      | 38      |
| 07                     | Rural Development & Panchayat Raj                | 17      | 17      | 51      | 12      | 27      |
| 11                     | Women and Child Welfare                          | 35      | 70      | 19      | 41      | 13      |

### 5.4 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2015-16 additional funds aggregating to ₹18,708 crore have been provided through Supplementary Demand for Grants. Few instances, where the savings in excess of ₹10 crore found unnecessary or excessive are indicated in the table given below.

#### UNNECESSARY SUPPLEMENTARY PROVISION

(₹ In Crore)

| Gr. No. | Head of account      | Original | Supplementary | Actuals  | Saving |
|---------|----------------------|----------|---------------|----------|--------|
| 01      | 2401-00-119-4-06-059 | 88.94    | 50.06         | 86.40    | 52.60  |
| 01      | 2401-00-800-1-53-059 | 44.45    | 4.76          | 38.81    | 10.40  |
| 03      | 2071-01-103-3-01-251 | 6,549.14 | 425.40        | 6,541.26 | 433.28 |
| 03      | 7610-00-201-0-03-393 | ...      | 55.00         | ...      | 55.00  |
| 07      | 2515-00-196-1-05-300 | 132.24   | 4.76          | 74.88    | 62.12  |
| 07      | 2515-00-197-1-10-300 | 346.20   | 9.42          | 161.62   | 194.00 |
| 07      | 4515-00-103-3-00-132 | ...      | 11.42         | ...      | 11.42  |
| 10      | 2225-03-277-2-48-103 | ...      | 25.00         | ...      | 25.00  |
| 14      | 2235-60-102-2-01-251 | 764.52   | 1.50          | 730.21   | 35.81  |
| 18      | 2851-00-102-069-106  | 110.00   | 15.00         | 100.00   | 25.00  |
| 18      | 4860-04-190-3-02-211 | ...      | 39.95         | ...      | 39.95  |
| 18      | 6860-04-190-1-16-394 | 20.00    | 12.78         | ...      | 32.78  |
| 22      | 2210-03-800-0-18-059 | 816.90   | 40.72         | 536.62   | 321.00 |
| 22      | 2210-03-800-0-18-422 | 241.03   | 11.47         | 144.63   | 107.87 |
| 22      | 2210-03-800-0-18-423 | 97.09    | 4.53          | 59.34    | 42.28  |
| 22      | 2210-06-003-0-22-117 | ...      | 185.00        | ...      | 185.00 |

| <b>EXCESSIVE SUPPLEMENTARY PROVISION</b> |                        |                 |                      |                |               |
|------------------------------------------|------------------------|-----------------|----------------------|----------------|---------------|
| <b>Gr. No.</b>                           | <b>Head of account</b> | <b>Original</b> | <b>Supplementary</b> | <b>Actuals</b> | <b>Saving</b> |
| 01                                       | 2401-00-102-0-08-422   | 14.24           | 13.90                | 17.45          | 10.69         |
| 02                                       | 2403-00-101-0-21-051   | 9.86            | 34.75                | 20.69          | 23.92         |
| 07                                       | 2501-01-198-6-01-300   | 78.55           | 114.94               | 137.40         | 56.09         |
| 08                                       | 2406-01-800-0-15-139   | ...             | 100.00               | 78.78          | 21.22         |
| 14                                       | 2075-00-101-1-01-100   | 65.00           | 73.00                | 115.27         | 22.73         |
| 18                                       | 2853-02-102-0-17-059   | ...             | 20.00                | 9.94           | 10.06         |

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## **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 Government assets stood, mainly comprising of cash balance and investments of cash balance (₹27, 118 crore), progressive Capital Expenditure (₹176,753 crore), balance of Loans and Advances (₹13,813 crore), Civil Advances (₹7 crore) and balance outstanding under Remittances (₹537.01 crore) at the end of 31 March 2016.

Government investments in share capital of different classes of entities stood at ₹61,356 crore at the end of 2015-16, mainly comprising of Statutory Corporations, which is inclusive of Regional Rural Banks (₹2,467 crore), Government Companies/Public Sector Undertakings (₹56,229 crore), Joint Stock Companies (₹2,299 crore) and Co-operative Institutions and Local bodies (₹361 crore). Dividend received during the year was ₹69 crore (0.11 *per cent*) on the Total Government Investments. During the year 2015-16, the Government Investments was decreased by ₹371 crore, while dividend income also decreased by ₹5.44 crore. Cash Balance with RBI, which stood at ₹5 crore on 1 April 2015 was decreased to ₹(-)75 crore at the end of March 2016

#### **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 fixed by the State Legislature, from time to time.

In pursuant with the recommendations of the XI Finance Commission, the Government of Karnataka was the first State to enact the Fiscal Responsibility (FRA) Act, 2002. 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 Outstanding debt to the end of 2015-16 to be at 24.91 *per cent* of the estimated GSDP. Further, the Government has amended the Karnataka Fiscal Responsibility (Amendment) Act, 2014 on 28 February 2014, to enlarge the scope of 'Total Liabilities' to include the

borrowings 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, for evaluation of the performance of the prescribed fiscal indicators.

Outstanding balance of Public debt and Outstanding Liabilities under Public Account of the State Government, in comparison with the per cent to GSDP 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
2011-12	434,270	65,315	15.04	37,715	8.68	103,030	23.72
2012-13	520,766	75,052	14.41	41,715	8.01	116,767	22.42
2013-14	601,633	88,522	14.71	46,796	7.78	135,318	22.49
2014-15	685,207	105,585	15.41	52,968	7.73	158,553	23.14
2015-16	735,975	122,547	16.65	53,076	7.21	175,623 <sup>(#)</sup>	23.86

(\*)Source for GSDP 2015-16 Medium Term Fiscal Plan 2016-20.

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

(#)Excluding the amount of off-budget borrowings ₹7,699 crore which is not forming part of Consolidated Fund of the State but to be included under Total Liabilities, for calculation of fiscal indicators. For details, please refer paragraph 1.6 of Chapter I

There is net increase of ₹17,070 crore (10.77 per cent) in Public Debt and Other Liabilities as compared to 2014-15.

For the year 2015-16, the Interest payments on Debt and Other Liabilities stood at ₹11,343 crore which includes payment of interest on off-budget borrowings (₹596.99 crore), Interest on Internal Debt (₹8,222 crore), Interest on Small Savings, Provident Funds (₹1,844 crore), Interest on Loans and Advances from Central Government (₹680 crore) and Interest on Reserve Funds & Other Obligations (₹0.08 crore) and the total interest payments works out to 9.69 per cent of the Revenue Expenditure and 9.55 per cent of the Revenue Receipts of the year 2015-16.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹1,539 crore during 2015-16 over 2014-15.

### 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
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	8797	2,558	1,371	1,187	9,984	784
2014-15	9,984	2,847	1,744	1,103	11,087	866
2015-16	11,087	3,098	2,073	1,025	12,112	952

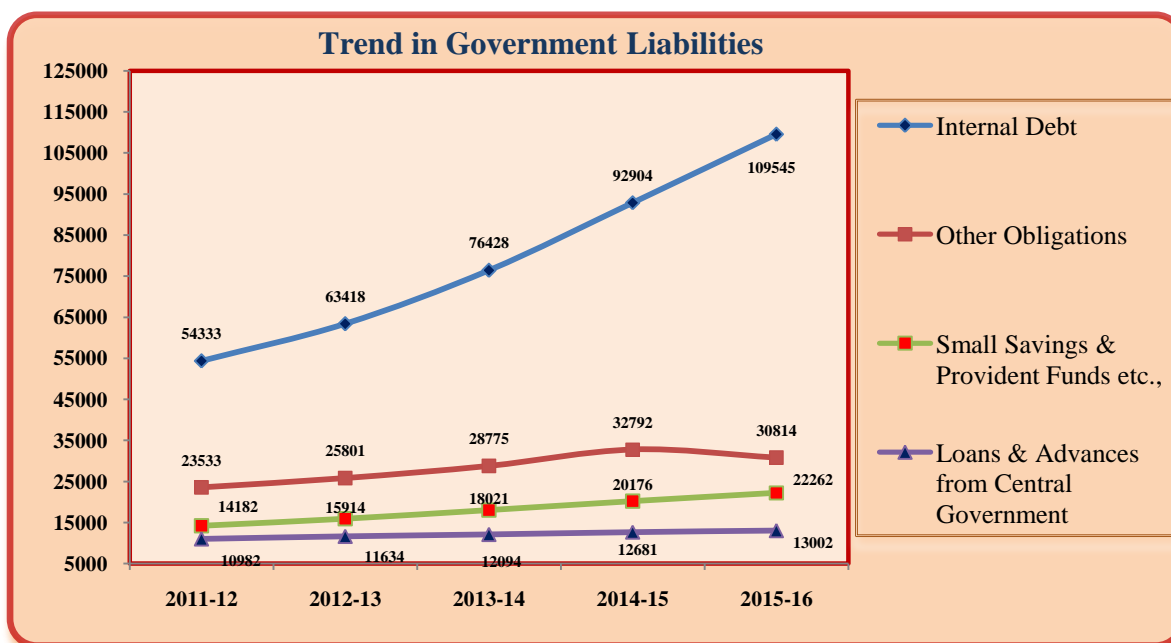
(\*) Includes interest indicated in the last column of the table.

## 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 is also furnished.

(₹ In crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
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
2014-15	92,904	12,681	20,176	32,792	158,553
2015-16	109,545	13,002	22,262	30,814	175,623 <sup>(#)</sup>
(#)	Excluding the amount of off-budget borrowings ₹7,699 crore which is not forming part of Consolidated Fund but to be included as part of Total Liabilities for calculations of fiscal indicators. For details please refer paragraph 1.6 of Chapter I				



Based on the Thirteenth Finance Commission recommendations the State Government received a new set of ceiling related to Outstanding Debt as percentage to GSDP for the years 2011-16 Section (4) of Karnataka Fiscal Responsibility Act, 2002, was amended through KFR (Amendment) Act, 2011 on 17-03-2011 to incorporate the new ceiling for Total Outstanding Liabilities (TOL) at the end of the financial year 2015-16 shall be at 24.91 per cent of the GSDP.

Government of Karnataka has further amended the Karnataka Fiscal Responsibility Act, 2011, on 28<sup>th</sup> February 2014, to re-define the scope of 'Total Liabilities' to include the

borrowings 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.

Details of Off-budget borrowings furnished by the Finance Department are given below in the table.

Opening Balance	Borrowings during the year	Principal repayment during the year	Interest repayment during the year	Closing Balance
(1)	(2)	(3)	(4)	(5)
5,055.92	2,372.00	399.73	595.05	7,698.69
Note: Closing Balance (column 5) worked out by amount in column (1) plus column (2) minus column (3).				

The indebtedness of the Government, including the off-budget borrowings (₹7,699 crore), has increased by ₹24,769 crore for the year 2015-16. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2016 stood at ₹183,322 crore.

After taking the outstanding liabilities on off-budget borrowings ₹7,699 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 24.91 per cent, to the end of 2015-16.

### 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 usage of Contingency Fund for the past 5 years is as under.

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Number of withdrawals from Contingency Fund	15	9	9	2	5
Total withdrawals from Contingency Fund (₹ in crore)	46.61	46.00	56.89	16.95	36.25
Withdrawals from the Contingency Fund as a percentage to Total Budget Provision	0.05	0.04	0.04	0.01	0.02

### 6.3 Guarantees

The limit as 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 Accountant General (A&E), Karnataka. The maximum amount of outstanding guarantee as depicted in Finance Accounts is within the limits prescribed in the Act. The information on outstanding guarantees for the repayment of Loans and payment of interest thereon raised by Statutory Corporations, Government Companies, Local Bodies, Co-operative Societies, etc., as on 31 March 2016 was furnished by the State Government and depicted in the Statement No.20 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 in the table below.

(₹ In crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
2011-12	13,262	6,491	149
2012-13	14,306	6,565	123
2013-14	16,145	7,671	112
2014-15	16,869	10,890	143
2015-16	18,358	13,155	170

### 6.4 Externally Aided Projects

The liability of the State Government for repayment of loans from Externally Aided Projects is given below. Individual Scheme wise details are furnished in the Appendix-IV 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
2014-15	9,362	1,365	493	10,234
2015-16	10,234	1,271	664	10,840

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## CHAPTER VII

### OTHER ITEMS

#### 7.1 Adverse Balances under 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 ₹109,545 crore, which comprises an adverse balance amounting to ₹117.62 crore under 'Loans from National Co-operative Development Corporation'. The balance under 'Loans and Advances from the Central Government' stood at ₹13,002 crore, which comprises an adverse balance amounting to ₹23.66 crore being unadjusted amount of repayment of Central Government Loans outstanding as on 31-03-2010 was later written-off in terms of the recommendations of the Thirteenth Finance Commission. Reconciliation of adverse balances is under examination.

#### 7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2015-16 was ₹13,813 crore. The Loans and Advances are disbursed to various Loanee Groups consisting of Panchayat Raj Institutions, Urban Development Authorities & Municipalities, Housing Boards and Corporations, Government Companies & Corporations, Co-operative Institutions and others. Recovery of Principal aggregating to ₹3,763 crore and interest amounting to ₹2,507 crore, is in arrears as at the end of 31 March 2016 in respect of loans, the detailed accounts of which are maintained by the Accountant General (A&E) Karnataka.

#### 7.3 Financial Assistance to Local Bodies and Others

Grants-in-Aid to Local Bodies etc., has increased by ₹1,275 crore from ₹38,747 crore in 2014-15 to ₹40,022 crore in 2015-16 representing an increase of 3.29 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹32,768 crore) represented 82 *per cent* of total grants given during the year. Details of Grants-in-aid for the past five 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 |
| 2014-15 | 9,601            | 12,709           | 2,678           | 6,010                 | 7,749    | 38,747 |
| 2015-16 | 9,476            | 13,596           | 3,620           | 6,076                 | 7,254    | 40,022 |

\* 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 (GIA) to various beneficiaries may stipulate that the UCs for the amount of Grants-in-Aid have to be forwarded to the Accountant General (A&E). The Accountant General (A&E) will keep a watch over the submission of UCs in respect of such releases only. To the end of 31 March 2016 about 124 Grants-in-Aid bills amounting to ₹488 crore were outstanding for submission of Utilization Certificates.

## 7.4 Cash Balance and Investment of Cash Balance

| (₹ In Crore)                                                    |                       |                           |                                  |
|-----------------------------------------------------------------|-----------------------|---------------------------|----------------------------------|
| Component                                                       | As on<br>1 April 2015 | As on<br>31 March<br>2016 | Net Increase (+)<br>Decrease (-) |
| Cash Balance <sup>(1)</sup>                                     | 5                     | (-) 75                    | (-) 80                           |
| Investments from Cash Balance (GOI Securities & Treasury Bills) | 17,962                | 16,917                    | (+) 1,045                        |
| Other Cash Balances & Investments                               | 5,934                 | 10,276                    | (+) 4,342                        |
| (a) Cash with Departmental Officers & Permanent Advances        | 4                     | 4                         | ...                              |
| (b) Investments of Earmarked Funds                              | 5,930                 | 10,272                    | (+) 4,342                        |
| <b>Total</b>                                                    | <b>23,901</b>         | <b>27,118</b>             | <b>(+) 3,217</b>                 |
| Interest realized                                               | 747                   | 1,028                     | (+) 281                          |
| (1) Cash Balance include Local Remittances & Deposits with RBI  |                       |                           |                                  |

During 2015-16 interest receipt on Cash Balance Investments increased by 37.62 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 Accountant General (Accounts and Entitlements) Karnataka. This exercise is to be conducted by respective Heads of Departments. During 2015-16, only 83 per cent (₹114,524 crore) of the total expenditure of ₹137,742 of the State Government was reconciled. Similarly, out of total receipts of ₹119,170 crore, 98 per cent (₹116,826 crore) was reconciled. Loans and advances, both repayment of Loans and Disbursements, were not reconciled by any of the CCOs concerned.

## 7.6 Submission of Accounts by Treasuries

There are 33 District Treasury Offices (DTO) in the State. During the year 2015-16, out of 153 occasions of delayed submission of monthly accounts, delay of up to 15 days was noticed in on 151 occasions and delay over 15 days and less than one month on two occasions.

## 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 2016 about 7,493 AC bills amounting to ₹221 crore were outstanding for submission of NDC bills.

## 7.8 Commitments on account of Incomplete Works

A total expenditure of ₹13,459 crore was incurred up to the year 2015-16 by the State Government under various construction projects taken up by the Public Works Department, Water Resources Department, and Public Health & Engineering Department. However, the Departments engaged in construction projects have reported commitment of ₹1,548 crore on incomplete works (665 Works) costing over ₹3,029 crore to the end of the financial year 2015-16. The details are as follows.

| Period       | Number of Works | Cost of Works | Progressive Expenditure |
|--------------|-----------------|---------------|-------------------------|
|              |                 | (₹ In Crore)  |                         |
| 2005-2010    | 4               | 25            | 24                      |
| 2010-2015    | 305             | 1,599         | 865                     |
| 2015-2016    | 356             | 1,172         | 359                     |
| <b>TOTAL</b> | <b>665</b>      | <b>2,796</b>  | <b>1,248</b>            |

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