



सत्यमेव जयते

# ACCOUNTS AT A GLANCE 2016-2017



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.



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**Place: Bengaluru  
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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 Accountant General (General and Social Sector Audit), Karnataka and certification by the Comptroller and Auditor General of India.

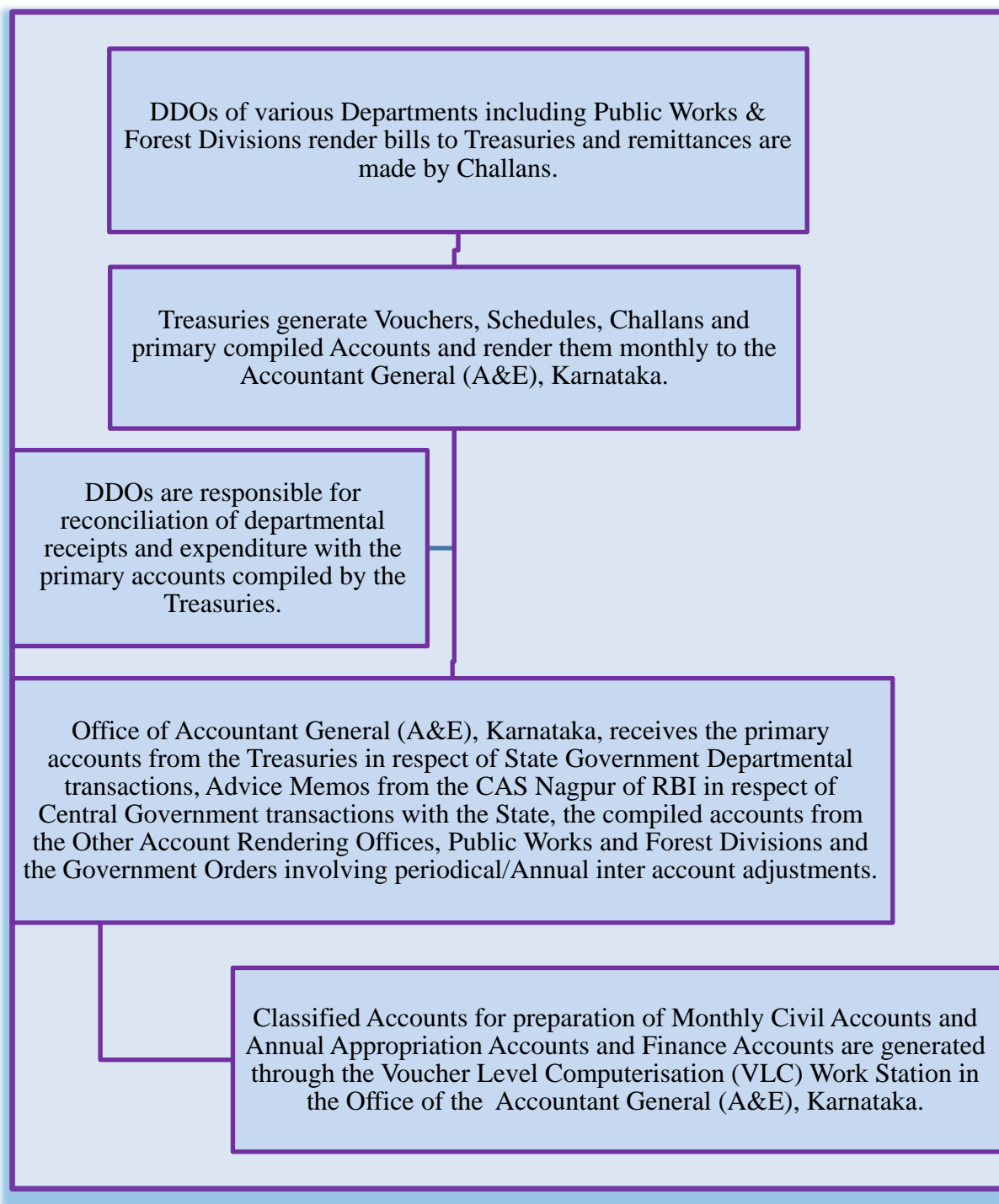
### 1.2 Structure of Accounts

#### 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 2016-17 are given below:

(₹ In crore)

<b>Receipts</b> (Total: ₹1,62,006)	<b>Revenue</b> (Total: ₹1,33,214)	States' own Tax Revenue	82,956
		States' Share of Union taxes & Duties	28,760
		Non-Tax Revenue	5,795
		Grants-in-Aid and Contributions	15,703
	<b>Capital</b> (Total: ₹28,792)	Recovery of Loans and Advances	100
		Other Receipts (Miscellaneous Capital Receipts)	27
		Borrowings and Other Liabilities <sup>(1)</sup>	28,665
<b>Disbursements</b> (Total: ₹1,62,006)	<b>Revenue</b> <sup>(2)</sup>		1,31,921
	<b>Capital</b>		28,151
	<b>Loans and Advances</b>		1,934
(1) Comprises net contribution from (i) 'E-Public Debt' {₹23,736 crore}; (ii) 'Contingency Fund' {nil}; (iii) 'Public Account' {₹5,104 crore} minus 'Net Cash Balance' {₹175 crore}			
(2) Includes ₹2,685 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 2016-17, was approved by the State Legislature through the Appropriation Acts



of 2016-2017. For the year 2016-17, funds were provided for gross expenditure of ₹186,052 crore, including Supplementary Grants of ₹13,955 crore voted by State Legislature. An amount of ₹10,403 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2016-17, show disbursements of ₹173,045 crore against the aggregate Budget Provision of ₹186,052 crore, resulting in a net saving of ₹11,922 crore, which includes an excess (₹1,085 crore) under 5 grants. Actual Recoveries by way of reduction of expenditure amounted to ₹3,619 crore, reflecting a decrease of ₹6,784 crore *vis-à-vis* Budget Estimates (₹10,403 crore). The gross expenditure includes ₹42 crore drawn on Abstract Contingent (AC) Bills against which Non-payment Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2016-17, ₹5,517 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 ₹2,942 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 2016-17, 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 2016-17, the State had a Revenue Surplus of ₹1,293 crore and a Fiscal Deficit of ₹28,665 crore representing 0.12 per cent and 2.57 per cent of the Gross States' Domestic Product (GSDP)<sup>3</sup>. The Fiscal Deficit constituted 17.69 per cent of total expenditure. This deficit was met from net receipts under Public Debt (₹23,736 crore), increase in net accruals under Public Account (₹5,104 crore) and increase in Net Cash Balance [₹175 crore]. Around 71.56 per cent of the Revenue Receipts (₹133,214 crore) was spent on committed expenditure (₹95,326 crore) like Salaries<sup>(4)</sup> (₹9,790 crore), Subsidies<sup>(4&5)</sup> (₹14,388 crore), Grants-in-Aid<sup>(4)</sup> (₹9,115 crore), Interest Payments (₹12,850 crore) {this includes payment of interest (₹817 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹11,295 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹35,384 crore) and Social Security Pension (₹2,503 crore).

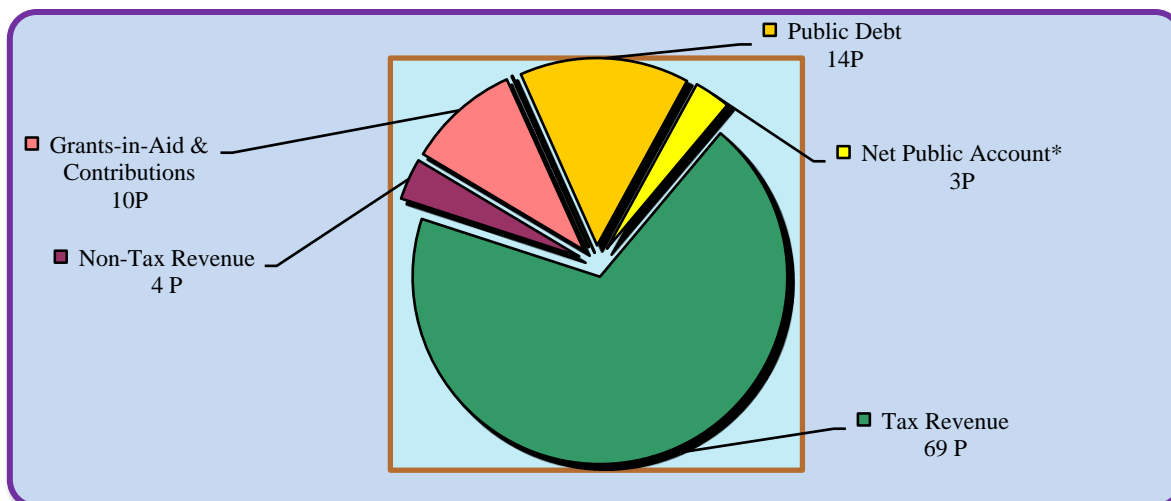
#### Sources and Application of Funds

(₹ In crore)

		Particulars	AMOUNT
<b>SOURCES</b>		Opening Cash Balance as on 01.04.2016	(-) 75
		Revenue Receipts	133,214
		Miscellaneous Capital Receipts and Recovery of Loans & Advances	127
		Public Debt Receipts	31,156
		Receipt under Small Savings, Provident Funds & Others	5,805
		Reserve & Sinking Funds	7,545
		Deposits Received	47,614
		Civil Advances Repaid	...
		Suspense Account	379,968
		Remittances	20
		Contingency Fund	...
		<b>Total</b>	<b>605,374</b>
<b>APPLICATION</b>		Revenue Expenditure	131,921
		Capital Expenditure	28,151
		Loans disbursed	1,934
		Repayment of Public Debt	7,420
		Disbursement under Small Savings, Provident Fund & Others	3,148
		Reserve & Sinking Funds	1,533
		Deposits Repaid	44,572
		Suspense Account	386,537
		Remittances	58
		Contingency Fund	...
		Closing Cash Balance as on 31.03.2017	100
	<b>Total</b>	<b>605,374</b>	
(3)	GSDP 2016-17: ₹1,117,334 crore {Source: Medium Term Fiscal Plan 2017-21}.		
(4)	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.		
(5)	Subsidy includes Expenditure booked under Object Head '106 Subsidies' only.		

### 1.4.3 Sources of Receipt

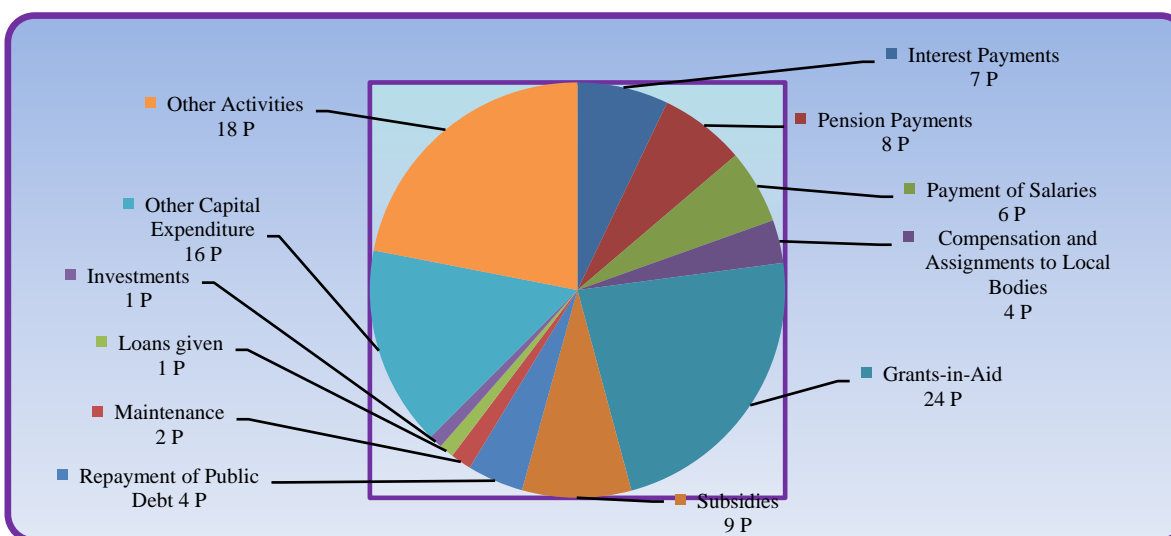
Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Net Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government 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 (₹27 crore) and Recovery of Loans and Advances (₹100 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 2016-17	Actual		Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP (*)
		(`in crore)				
01.	Tax Revenue	110,844 (@)	111,716 (&)		100.78	10.00
02.	Non-Tax Revenue	6,220	5,795		93.17	0.52
03.	Grants-in-aid & Contributions	13,694	15,703		114.67	1.41
<b>04.</b>	<b>Revenue Receipts (1+2+3)</b>	<b>130,758</b>	<b>133,214</b>		<b>101.88</b>	<b>11.92</b>
05.	Recovery of Loans & Advances	87	100		114.94	0.01
06.	Other Receipts - Miscellaneous Capital Receipts	75	27		36.00	0.00
07.	Borrowings and Other Liabilities	25,657 (#)	28,665 (\$)		111.72	2.57
<b>08.</b>	<b>Capital Receipts (5+6+7)</b>	<b>25,819</b>	<b>28,792</b>		<b>111.53</b>	<b>2.58</b>
<b>09.</b>	<b>Total Receipts (4+8)</b>	<b>156,577</b>	<b>162,006</b>		<b>103.46</b>	<b>14.50</b>
<b>10.</b>	<b>Non-Plan Expenditure (NPE)11+13</b>	<b>84,883</b>	<b>84,430</b>		<b>99.47</b>	<b>7.56</b>
11.	NPE on Revenue Account	84,336	83,959		99.55	7.51
12.	NPE on Interest Payments out of 11	12,672	12,033 (^)		94.96	1.08
13.	NPE on Capital Account	547	471		86.11	0.04
<b>14.</b>	<b>Plan Expenditure (PE) (15+16)</b>	<b>71,694</b>	<b>77,576</b>		<b>108.20</b>	<b>6.94</b>
15.	PE on Revenue Account	45,900	47,962		104.49	4.29
16.	PE on Capital Account	25,794	29,614		114.81	2.65
<b>17.</b>	<b>Total Expenditure {(10+14) = (18+19)}</b>	<b>156,577</b>	<b>162,006</b>		<b>103.46</b>	<b>14.50</b>
18.	Revenue Expenditure (11+15)	130,236	131,921		101.29	11.81
19.	Capital Expenditure (13+16)	26,341 (a)	30,085 (b)		114.21	2.69
<b>20.</b>	<b>Revenue Surplus (4-18)</b>	<b>522</b>	<b>1,293</b>		<b>247.70</b>	<b>0.12</b>
<b>21.</b>	<b>Fiscal Deficit {(17) - (4+5+6) = 7}</b>	<b>25,657</b>	<b>28,665</b>		<b>111.72</b>	<b>2.57</b>
(*)	GSDP at Current Prices for 2016-17: ₹1,117,334 crore {Source: Medium Term Fiscal Plan 2017-21}					
(@)	Includes State share of Union Taxes & Duties of ₹26,979 crore.					
(&)	Includes State share of Union Taxes & Duties of ₹28,760 crore.					
(#)	Comprises net contribution from (i) 'E Public Debt' {₹24,195 crore} (ii) 'Public Account' {₹1,285 crore} minus (iii) 'Net Cash Balance' {(-)₹177 crore}.					
(\$)	Comprises net contribution from (i) 'E Public Debt' {₹23,736 crore} (ii) 'Contingency Fund' {nil} and (iii) 'Public Account' {₹5,104 crore} minus 'Net Cash Balance' ₹175 crore.					
(a)	Comprises provision on 'Capital Outlay' {₹25,716 crore} and 'F Loans and Advances' {₹625 crore}					
(b)	Comprises expenditure incurred on 'Capital Outlay' {₹28,151 crore} and 'F Loans and Advances' {₹1,934 crore}.					
(^)	Excludes payment of interest (₹817 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 2016-17, Government had a Revenue Surplus of ₹1,293.04 crore.
2.	<b>Fiscal Deficit</b>	Reduce the Fiscal deficit to not more than 3 <i>per cent</i> of estimated GSDP by 31 March 2006.	Fiscal Deficit for 2016-17 stood at ₹28,664.97 crore constitutes 2.57 <i>per cent</i> of GSDP <sup>(6)</sup> .
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 2017.	Outstanding Liabilities (₹221,318.91 crore) <sup>(7)</sup> as on 31 March 2017 works out to 19.81 <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 ₹13,153.98 crore at the beginning of 2016-17 constituted 12.63 <i>per cent</i> of the TRR (₹104,142.15 crore) for the second preceding year 2014-15.
(6)	GSDP ₹1,117,334 crore as intimated by Ministry of Finance, Government of India. {Source: MTFP 2017-21 of Government of Karnataka }		
(7)	Outstanding Liabilities worked out with the amount of off budget borrowings (₹10,248.28 crore) furnished by the Government of Karnataka, together with those appearing (₹211,070.63 crore) under Consolidated Fund and Public Account of the State, in terms of KFR (Amendment) Act, 2014.		

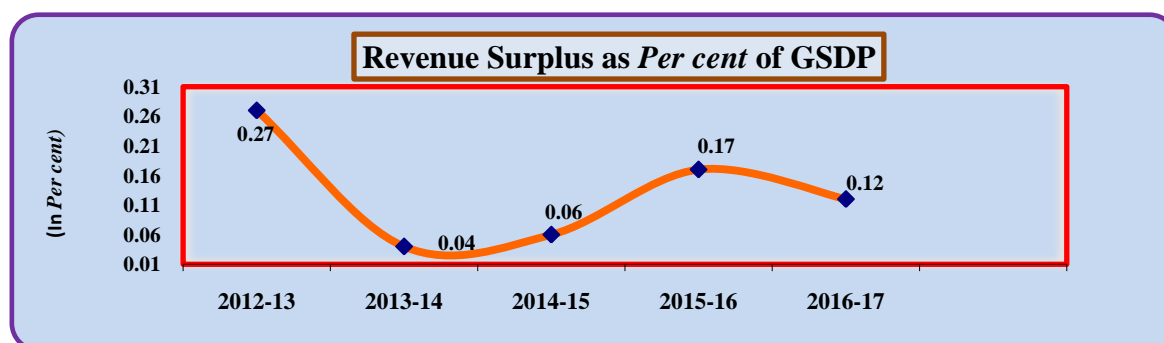
### 1.6.1 Trend in Revenue Surplus

Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. The trend in Revenue Surplus for the period 2012-13 to 2016-17 is given in Table below:

(₹In crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Surplus	1,883	353	528	1,788	1,293
GSDP (*)	691,700	817,886	921,788	1,027,068	1,117,334
Revenue Surplus as <i>per cent</i> to GSDP	0.27	0.04	0.06	0.17	0.12

(\*) Source for GSDP: Medium Term Fiscal Plan 2017-21



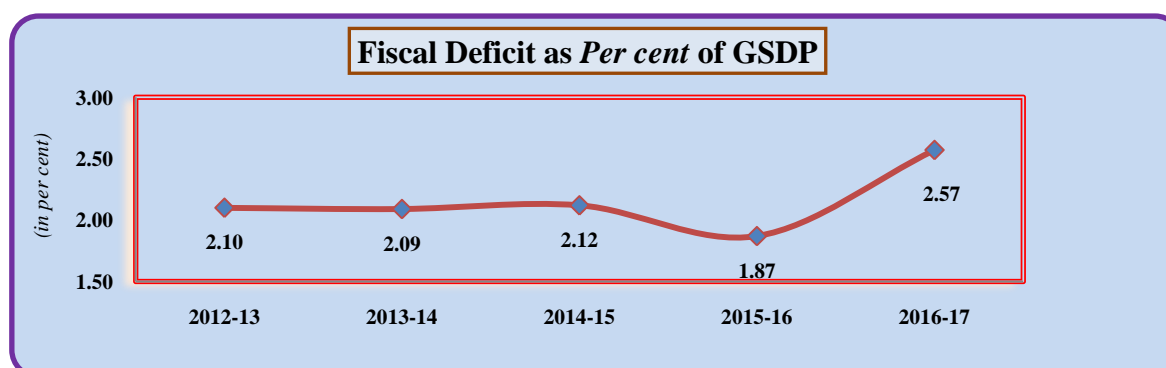
### 1.6.2 Trend in Fiscal Deficit

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 2012-13 to 2016-17 is given in Table below:

(₹ In crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal Deficit	14,507	17,092	19,576	19,169	28,665
GSDP (*)	691,700	817,886	921,788	1,027,068	1,117,334
Fiscal Deficit as <i>per cent</i> to GSDP	2.10	2.09	2.12	1.87	2.57

(\*) Source for GSDP: Medium Term Fiscal Plan 2017-21



### 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	Disburse-ments	Deficit (-) Surplus (+)	Receipts	Disburse-ments	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
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
2016-17	133,214	131,921	(+) 1,293	27	28,151	(-) 28,124	...	(-) 26,831	(-) 185,264

(#) 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 has generally spent the amount of borrowings of the current year (₹31,156 crore) on Capital Expenditure (₹30,085 crore) inclusive of disbursement of Loans and Advances.

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## CHAPTER II

### RECEIPTS

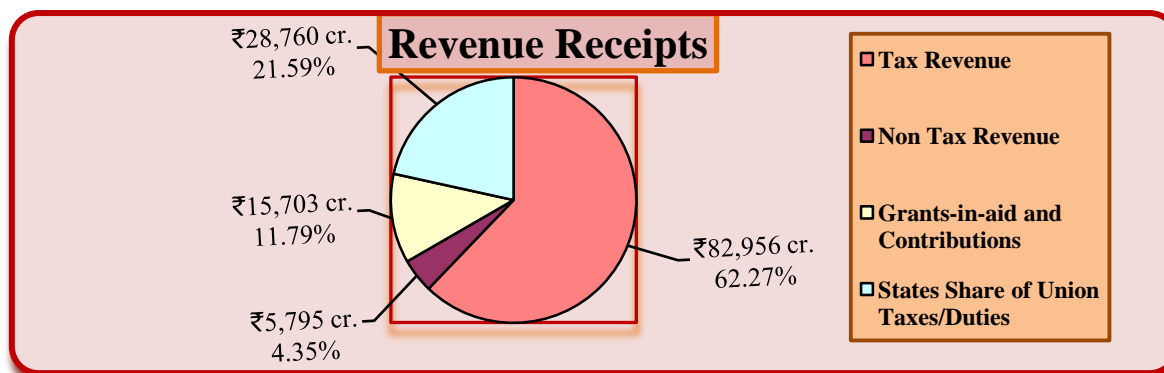
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2016-17 were ₹133,214 crore comprising of Tax Revenue (₹111,716 crore) which includes ₹28,760 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹5,795 crore), Grant-in-Aid & Contributions from Government of India (₹15,703 crore). Capital Receipts (₹28,792 crore) comprising of Recovery of Loans and Advances (₹100 crore), Miscellaneous Capital Receipts (₹27 crore) and Borrowings & Other Liabilities (₹28,665 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E Public Debt' {₹23,736 crore}; (ii) 'Contingency Fund' (nil) and (iii) 'Public Account' {₹5,104 crore} minus net 'Cash Balance' {₹175 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>111,716</b> | <b>84</b>                    |
| Taxes on Income and Expenditure                                                                                                                     | 16,515         | 12                           |
| Taxes on Property and Capital Transactions                                                                                                          | 8,036          | 6                            |
| Taxes on Commodities and Services                                                                                                                   | 87,165         | 66                           |
| <b>B. Non-Tax Revenue</b>                                                                                                                           | <b>5,795</b>   | <b>4</b>                     |
| Interest Receipts, Dividends and Profits                                                                                                            | 1,282          | 1                            |
| General Services                                                                                                                                    | 729            | 1                            |
| Social Services                                                                                                                                     | 486            | ...                          |
| Economic Services                                                                                                                                   | 3,298          | 2                            |
| <b>C. Grants-in-aid and Contributions</b>                                                                                                           | <b>15,703</b>  | <b>12</b>                    |
| <b>TOTAL-REVENUE RECEIPTS</b>                                                                                                                       | <b>133,214</b> | <b>100</b>                   |
| (*) includes ₹28,760 crore (21.59 per cent of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government |                |                              |

Total Tax Revenue ₹111,716 crore and Non-Tax Revenue of ₹5,795 crore formed 10.00 per cent and 0.52 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                                                        | 46,105    | 4.13              |
| State Excise                                                                     | 16,484    | 1.48              |
| Stamps and Registration Fees                                                     | 7,806     | 0.70              |
| Corporation Tax                                                                  | 9,211     | 0.82              |
| Taxes on Vehicles                                                                | 5,594     | 0.50              |
| Taxes on Income Other than Corporation Tax                                       | 6,402     | 0.57              |
| Taxes on Goods and Passengers                                                    | 3,306     | 0.30              |
| Customs                                                                          | 3,962     | 0.35              |
| Union Excise Duties                                                              | 4,525     | 0.41              |
| Service Tax                                                                      | 4,639     | 0.42              |
| Other Taxes and Duties on Commodities and Services                               | 1,099     | 0.10              |
| Taxes on Duties on Electricity                                                   | 1,452     | 0.13              |
| * GSDP for 2016-17: ₹1,117,334 crore. {Source: Medium Term Fiscal Plan 2017-21}. |           |                   |

Net Tax Receipts during the year was more than Budget Estimates by ₹873 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 |
|----------------------------------------------------------|--------|----------------------------------------------------------|--------|
| Stamps and Registration Fees                             | 1294   | Union Excise Duties                                      | 1,156  |
| Taxes on Sales, Trade                                    | 399    | Corporation Tax                                          | 749    |
| Customs                                                  | 254    | Taxes on Vehicles                                        | 434    |
| Taxes on Income other than Corporation tax               | 156    | Taxes on Goods and Passengers                            | 342    |
| Other Taxes and Duties on Commodities and Services       | 151    | Service Tax                                              | 264    |
| Other Taxes on Income and Expenditure                    | 29     | Taxes and Duties on Electricity                          | 256    |
| Land Revenue                                             | 27     | Taxes on Wealth                                          | 21     |
| State Excise                                             | 26     |                                                          |        |
| Taxes on Agriculture                                     | 11     |                                                          |        |

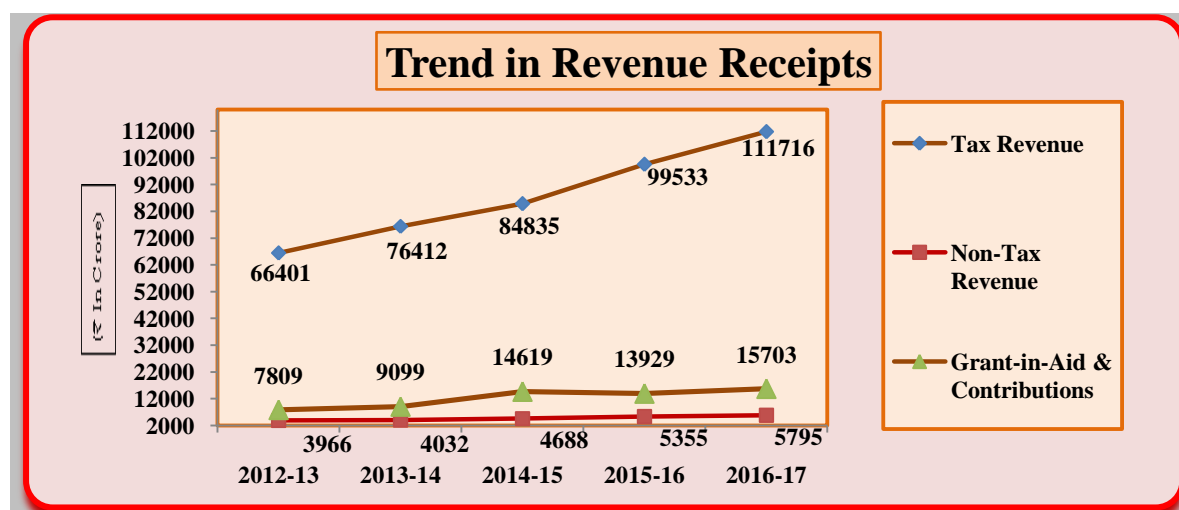
### 2.3 Trend in Revenue Receipts

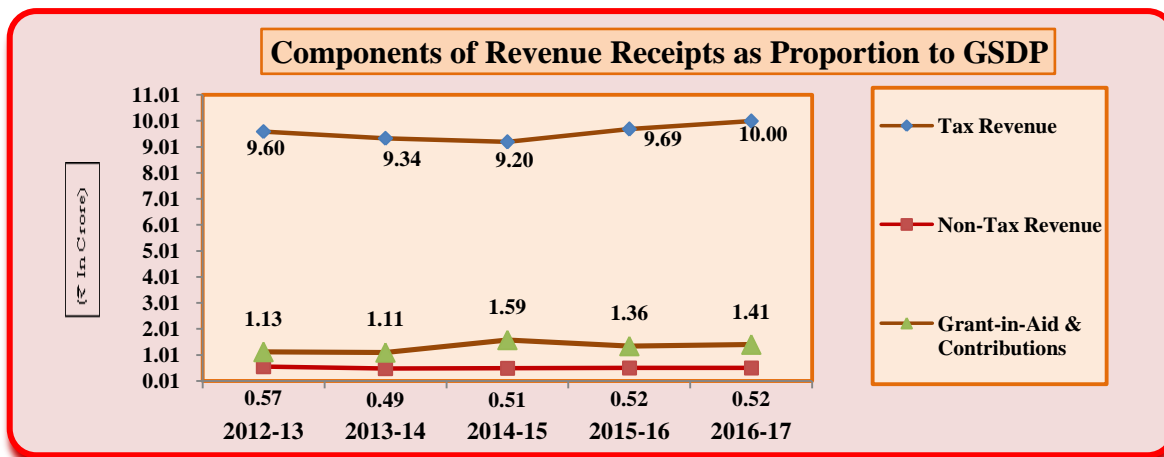
Trend in components of Revenue Receipts for the previous five years and as a *per cent* of total receipts to GSDP are furnished in the table below along with graphical presentation.

(₹ 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 |
|---------|-------------|-----------------|---------------------------------|------------------------|-----------|--------------------------------------------|
| 2012-13 | 66,401      | 3,966           | 7,809                           | 78,176                 | 691,700   | 11.30                                      |
| 2013-14 | 76,412      | 4,032           | 9,099                           | 89,543                 | 817,886   | 10.95                                      |
| 2014-15 | 84,835      | 4,688           | 14,619                          | 104,142                | 921,788   | 11.30                                      |
| 2015-16 | 99,533      | 5,355           | 13,929                          | 118,817                | 1,027,068 | 11.57                                      |
| 2016-17 | 111,716     | 5,795           | 15,703                          | 133,214                | 1,117,334 | 11.92                                      |

\*Source for GSDP : Medium Term Fiscal Plan 2017-21



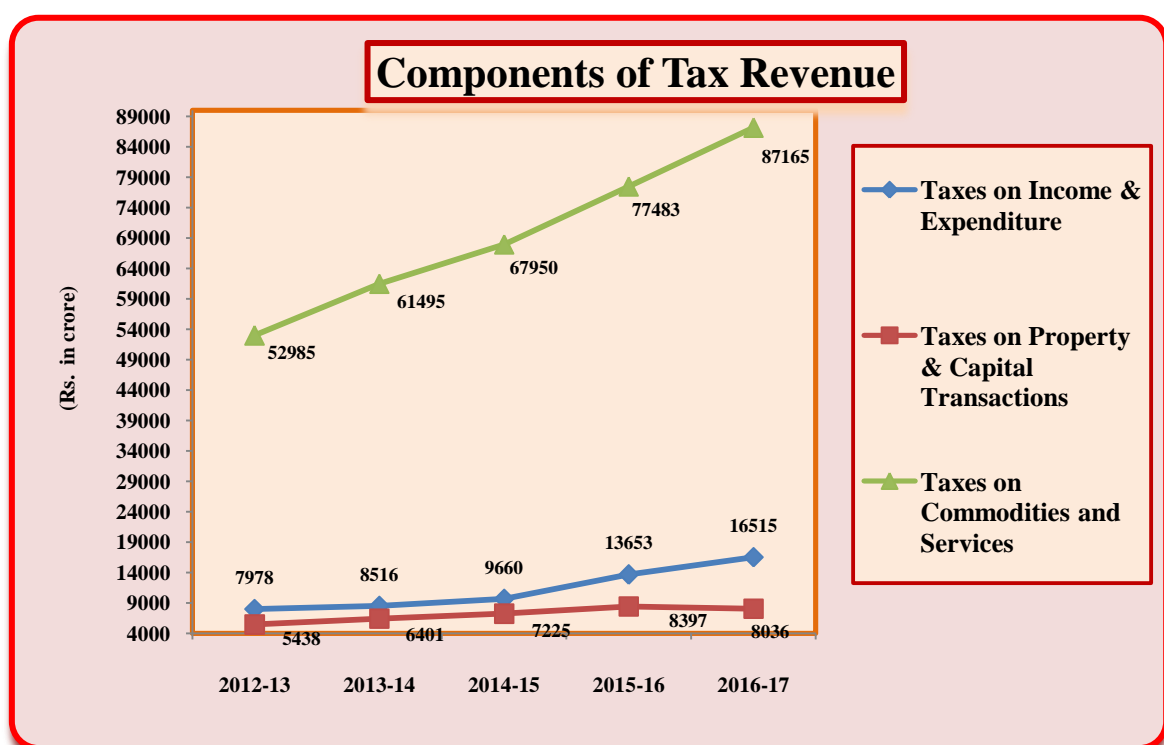


### 2.3.1 Components of Tax Revenue

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

(₹In crore)

| Tax Revenue                                | 2012-13       | 2013-14       | 2014-15       | 2015-16       | 2016-17        |
|--------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| Taxes on Income and Expenditure            | 7,978         | 8,516         | 9,660         | 13,653        | 16,515         |
| Taxes on Property and Capital Transactions | 5,438         | 6,401         | 7,225         | 8,397         | 8,036          |
| Taxes on Commodities and Services          | 52,985        | 61,495        | 67,950        | 77,483        | 87,165         |
| <b>Total Tax Revenue</b>                   | <b>66,401</b> | <b>76,412</b> | <b>84,835</b> | <b>99,533</b> | <b>111,716</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                    |                         |
| 2012-13 | 66,401      | 12,647                              | 53,754                  | 691,700   | 1.83                                | 7.77                    |
| 2013-14 | 76,412      | 13,808                              | 62,604                  | 817,886   | 1.69                                | 7.65                    |
| 2014-15 | 84,835      | 14,654                              | 70,181                  | 921,788   | 1.59                                | 7.61                    |
| 2015-16 | 99,533      | 23,983                              | 75,550                  | 1,027,068 | 2.33                                | 7.36                    |
| 2016-17 | 111,716     | 28,760                              | 82,956                  | 1,117,334 | 2.57                                | 7.42                    |

\*Source for GSDP : Medium Term Fiscal Plan 2017-21

## 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) |         |         |         |         |
|--------------------------------------|--------------|---------|---------|---------|---------|
|                                      | 2012-13      | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Gross Revenue Collection             | 5,494        | 6,441   | 7,221   | 8,423   | 8,093   |
| Cost of Collection <sup>(A)</sup>    | 312          | 362     | 360     | 420     | 440     |
| Percentage of Cost of Tax Collection | 5.68         | 5.62    | 4.99    | 4.99    | 5.44    |

(\*) 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) |         |         |         |         |
|--------------------------------------|--------------|---------|---------|---------|---------|
|                                      | 2012-13      | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Revenue Collection                   | 49,054       | 56,787  | 63,497  | 67,753  | 75,983  |
| Cost of Collection <sup>(A)</sup>    | 454          | 1,457   | 1,697   | 488     | 411     |
| Percentage of Cost of Tax Collection | 0.93         | 2.57    | 2.67    | 0.72    | 0.54    |

(\*) 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                                             | 2012-13       | 2013-14       | 2014-15       | 2015-16       | 2016-17        |
|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| Corporation Tax                                                    | 4,543         | 4,644         | 5,117         | 7,548         | 9,211          |
| Taxes on Income other than Corporation Tax                         | 2,720         | 3,058         | 3,654         | 5,252         | 6,402          |
| Taxes on Wealth                                                    | 8             | 13            | 14            | 2             | 21             |
| Customs                                                            | 2,102         | 2,253         | 2,370         | 3,830         | 3,962          |
| Union Excise Duties                                                | 1,428         | 1,591         | 1,338         | 3,182         | 4,525          |
| Service Tax                                                        | 1,847         | 2,250         | 2,161         | 4,153         | 4,639          |
| Other Taxes and Duties on Commodities and Services                 | ...           | ...           | ...           | 16            | ...            |
| <b>State Share of Union Taxes &amp; Duties</b>                     | <b>12,647</b> | <b>13,808</b> | <b>14,654</b> | <b>23,983</b> | <b>28,760</b>  |
| <b>Total Tax Revenue</b>                                           | <b>66,401</b> | <b>76,412</b> | <b>84,835</b> | <b>99,533</b> | <b>111,716</b> |
| <b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b> | <b>19.05</b>  | <b>18.07</b>  | <b>17.27</b>  | <b>24.10</b>  | <b>25.74</b>   |

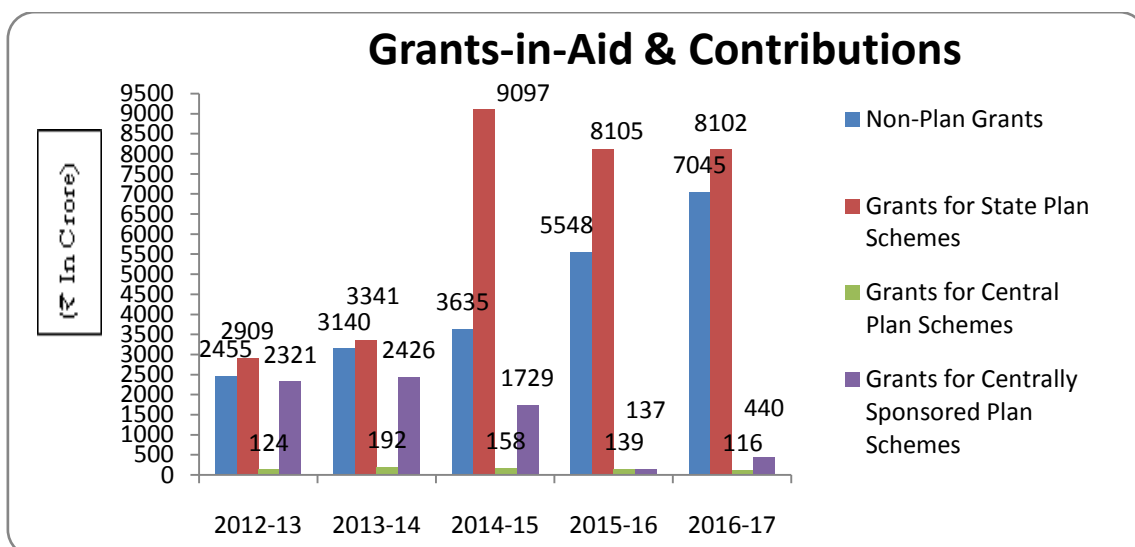
\* Involved amounts less than one crore and negative figures {(-) ₹0.01 crore under the head 0045-901} indicates cost of collection is more than the receipts under the head, as per the sanction orders advised by the Ministry of Finance, Government of India.

## 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 | 2012-13      | 2013-14      | 2014-15       | 2015-16       | 2016-17       |
|---------------------------------------------|--------------|--------------|---------------|---------------|---------------|
| Non-Plan Grants                             | 2,455        | 3,140        | 3,635         | 5,548         | 7,045         |
| Grants for State Plan Schemes               | 2,909        | 3,341        | 9,097         | 8,105         | 8,102         |
| Grants for Central Plan Schemes             | 124          | 192          | 158           | 139           | 116           |
| Grants for Centrally Sponsored Schemes      | 2,321        | 2,426        | 1,729         | 137           | 440           |
| <b>Total</b>                                | <b>7,809</b> | <b>9,099</b> | <b>14,619</b> | <b>13,929</b> | <b>15,703</b> |



The share of Non-Plan Grants in total Grants-in-Aid and Contributions increased from 39.83 per cent in 2015-16 to 44.86 per cent in 2016-17, while the share of Grants for State Plan Schemes decreased from 58.19 per cent in 2015-16 to 51.60 per cent in 2016-17, due to restructuring and release of funds for plan schemes by the Central Government, through the State Budget. As against a Budget Estimate of ₹766 crore of Union Share in Central Plan Schemes/Centrally Sponsored Schemes, the State Government has actually received ₹556 crore of Grants-in-Aid, which was about 72.58 per cent of Budget Estimate.

## 2.8 Public Debt

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

| Description                                    | (₹In crore)   |               |               |               |               |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                | 2012-13       | 2013-14       | 2014-15       | 2015-16       | 2016-17       |
| Internal Debt of the State Government          | 12,116        | 16,132        | 20,510        | 19,801        | 29,238        |
| Loans and Advances from the Central Government | 1,349         | 1,155         | 1,365         | 1,271         | 1,918         |
| <b>Total Public Debt</b>                       | <b>13,465</b> | <b>17,287</b> | <b>21,875</b> | <b>21,072</b> | <b>31,156</b> |

During the year 2016-17, the State Government has obtained 'Market Loans' amounting to ₹28,007 crore, comprising of 12 loans redeemable in the year 2026-27.

Against the total receipts of ₹31,156 crore received during 2016-17, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹29,238 crore) and 'Loans and Advances from the Central Government' (₹1,918 crore), the expenditure on Capital Account was ₹30,085 crore excluding repayment of Public Debt of ₹7,420 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 Minorities
<b>Economic Services</b>	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

#### 3.2 Revenue Expenditure

Revenue Expenditure of ₹131,921 crore for 2016-17 is more than Budget Estimates (₹130,236 crore) by ₹1,685 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

	(₹ In crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Budget Estimates	80,530	97,391	110,757	115,449	130,236
Actuals	76,293	89,190	103,614	117,029	131,921
Gap	4,237	8,201	7,143	(-) 1,580	(-) 1,685
Gap over BE in <i>per cent</i>	5	8	6	1	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>31,265</b>	<b>23.71</b>
a.	Organs of State	1,021	0.77
b.	Fiscal Services [Total of (i) to (iv)]	1,001	0.77
(i)	Collection of Taxes on Income and Expenditure	6	0.01
(ii)	Collection of Taxes on Property and Capital Transactions	456	0.35
(iii)	Collection of Taxes on Commodities and Services	531	0.40
(iv)	Other Fiscal Services	8	0.01
c.	Interest Payment and Servicing of Debt <sup>(*)</sup>	12,033	9.12

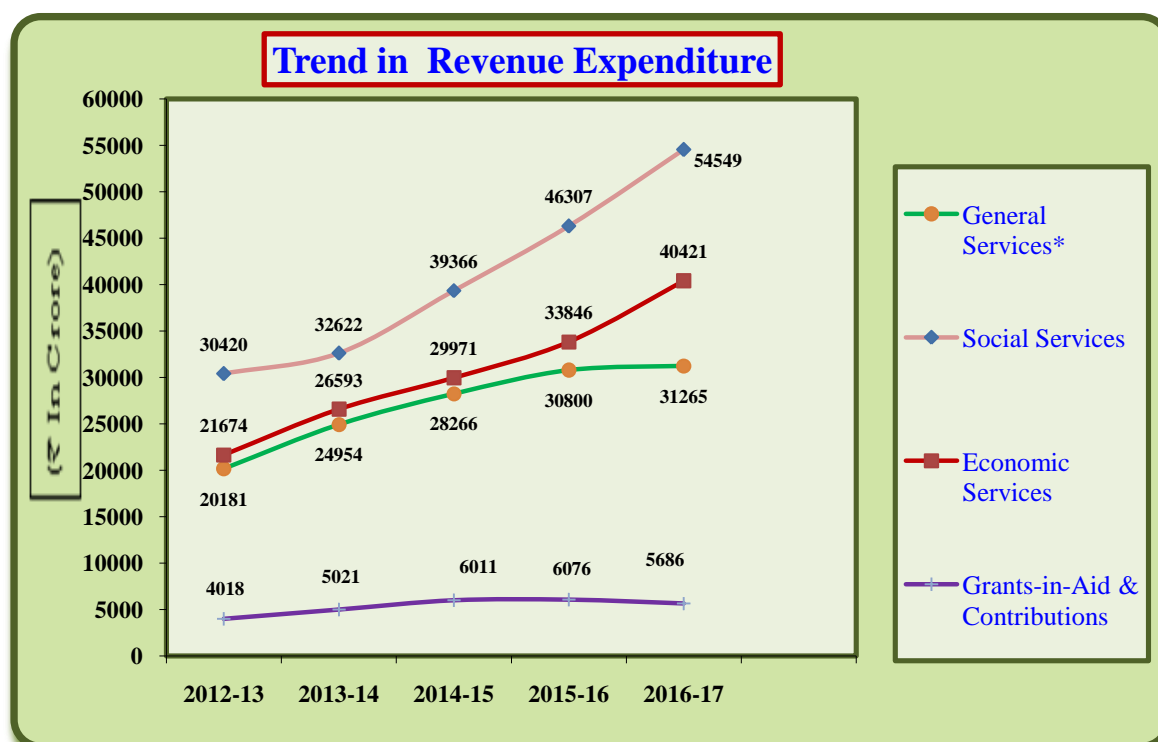
Components of Revenue Expenditure- contd		Amount	Per cent <sup>(*)</sup>
d.	Administrative Services	5,816	4.41
e.	Pension and Miscellaneous General Services	11,394	8.64
<b>B</b>	<b>Social Services [Total of (a) to (e)]</b>	<b>54,549</b>	<b>41.35</b>
<b>C</b>	<b>Economic Services</b>	<b>40,421</b>	<b>30.64</b>
<b>D</b>	<b>D. Grants-in-Aid and Contributions</b>	<b>5,686</b>	<b>4.31</b>
<b>Total Expenditure (A+B+C+D)</b>		<b>131,921</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 (₹817 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
2012-13	20,181	30,420	21,674	4,018	76,293	691,700	11.03
2013-14	24,954	32,622	26,593	5,021	89,190	817,886	10.90
2014-15	28,266	39,366	29,971	6,011	103,614	921,788	11.24
2015-16	30,800	46,307	33,846	6,076	117,029	1,027,068	11.39
2016-17	31,265	54,549	40,421	5,686	131,921	1,117,334	11.81

\*Source for GSDP: Medium Term Fiscal Plan 2017-21



(\*) 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		2012-13	2013-14	2014-15	2015-16	2016-17
1	Education, Sports, Art and Culture	14,624	16,166	18,063	18,724	20,084
2	Agriculture and Allied Activities	7,417	12,590	10,563	11,149	11,976
3	Pensions and Miscellaneous General Services	7,292	9,217	10,144	11,366	11,394
4	Interest Payments and Servicing of Debt	6,833	7,837	9,804 <sup>#</sup>	12,413 <sup>*</sup>	12,850 <sup>\$</sup>
5	Energy	7,070	5,996	6,746	9,170	9,237
6	Social Welfare and Nutrition	5,542	5,388	6,597	8,793	10,209
7	Administrative Services	4,456	5,030	5,506	5,711	5,816
8	Health and Family Welfare	3,568	4,093	5,058	5,010	6,139
9	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	3,581	3,720	5,038	5,562	6,780
10	Rural Development	2,378	2,283	4,988	5,222	5,547
11	Water Supply, Sanitation, Housing and Urban Development	2,360	2,670	3,944	7,374	10,489
12	Transport	2,024	2,560	3,232	3,552	4,844
13	General Economic Services	1,151	1,337	2,258	1,630	5,379
(#)	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'.					
(\$)	Including payment of interest (₹817 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 2016-17, the Expenditure on Capital Account was ₹30,085 crore, which includes disbursement of Loans and Advances (₹1,934 crore) worked out to 2.69 per cent of GSDP and was more than Budget Estimates (₹26,341 crore) by ₹3,744 crore. The excess is due to less disbursement of ₹76 crore under Non-Plan and excessive expenditure of ₹3,820 crore under Plan.

### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2016-17, the Government spent ₹30,085 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)

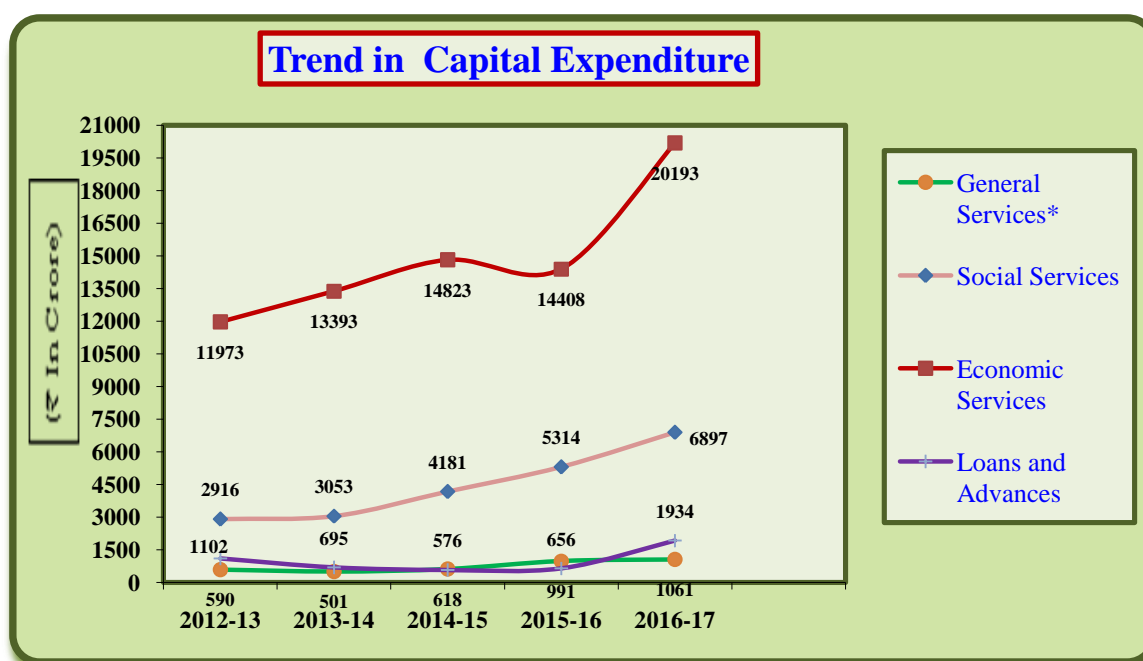
Sl. No.	Sector	Capital	Loan	Total	Per cent
1.	<b>General Services</b> – Police, Land Revenue etc.,	1,061	...	1,061	3.53
2.	<b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,	6,897	1,673	8,570	28.49
3.	<b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	20,193	255	20,448	67.97
4.	<b>Miscellaneous</b>	...	6	6	0.01
<b>Total Capital Expenditure (Outside the Revenue Account)</b>		<b>28,151</b>	<b>1,934</b>	<b>30,085</b>	<b>100</b>

### 3.3.2 Trend in Capital Expenditure

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

(₹ In crore)

Sl. No.	Sector	2012-13	2013-14	2014-15	2015-16	2016-17
1.	General Services	590	501	618	991	1,061
2.	Social Services	2,916	3,053	4,181	5,314	6,897
3.	Economic Services	11,973	13,393	14,823	14,408	20,193
4.	Loans and Advances	1,102	695	576	656	1,934
<b>Total</b>		<b>16,581</b>	<b>17,642</b>	<b>20,198</b>	<b>21,369</b>	<b>30,085</b>



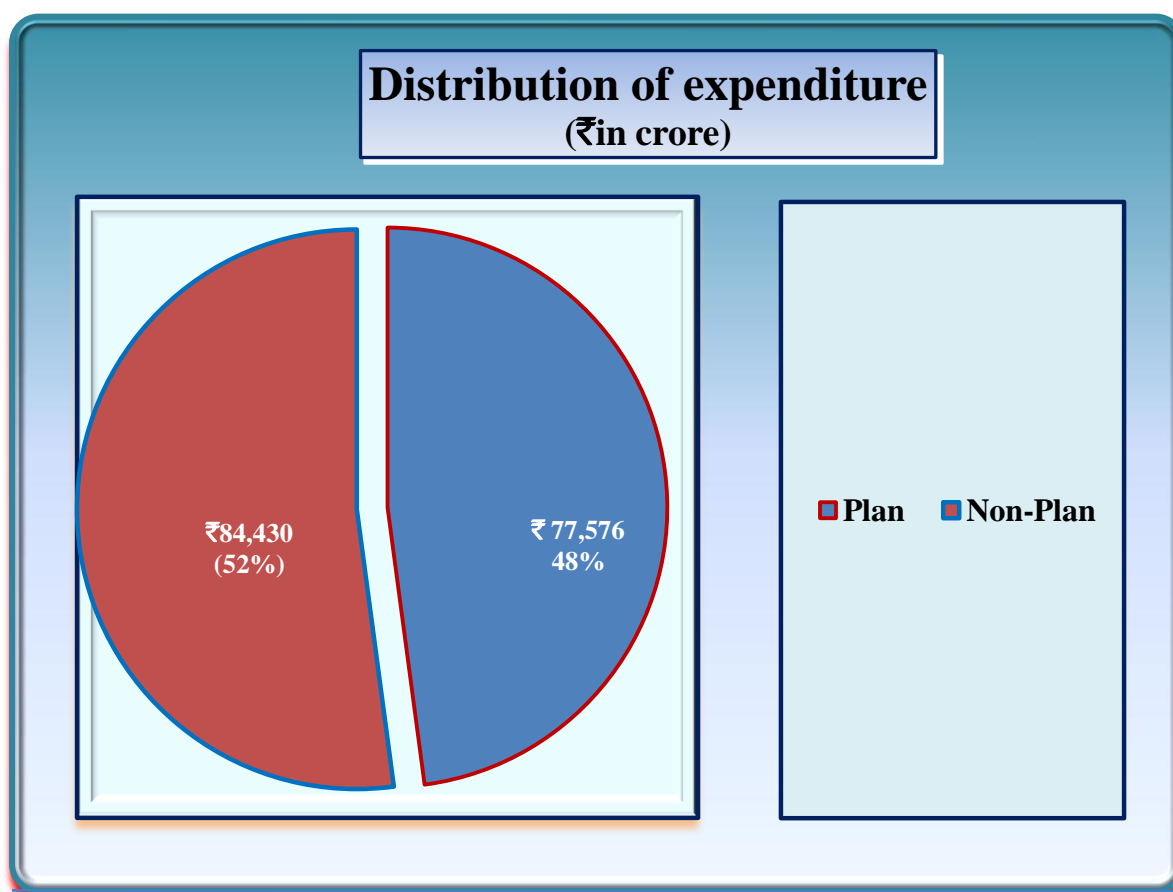
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## CHAPTER IV

### PLAN & NON PLAN EXPENDITURE

#### 4.1 Distribution of Expenditure

During 2016-17, an amount of ₹162,006 crore is incurred towards Plan and Non-Plan expenditure which works out to 14.50 *per cent* of the GSDP. The following pie diagram represents the percentage of distribution of expenditure to the Total Expenditure.



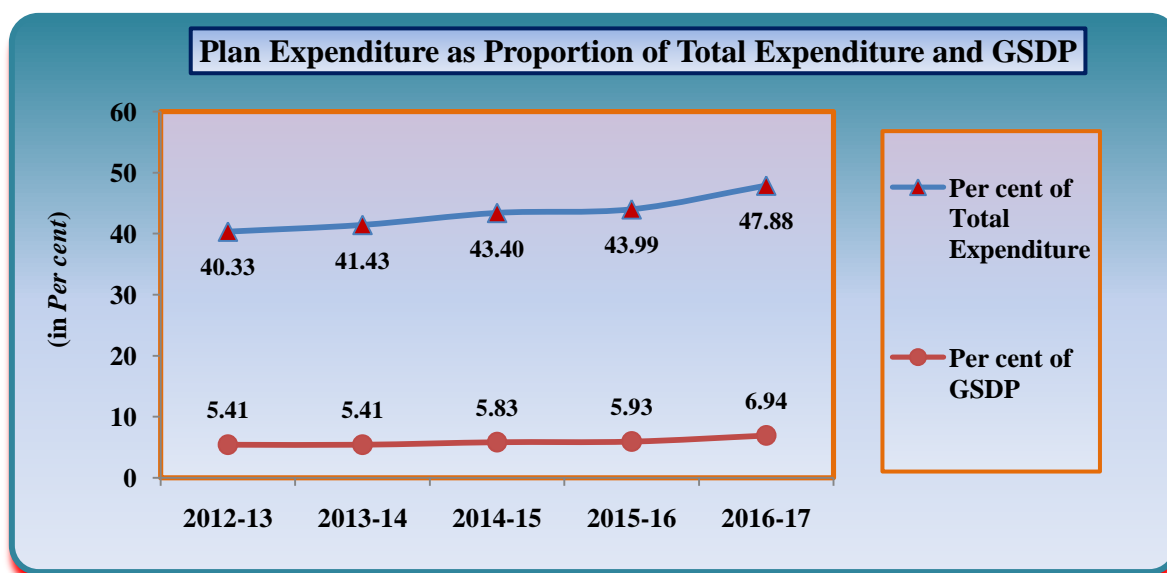
#### 4.2 Plan Expenditure

During 2016-17 the Government has incurred an expenditure of ₹77,576 crore on Plan schemes, which represents 48 *per cent* of total disbursements. This Expenditure comprises of State Plan Schemes ₹76,178 crore (which is inclusive of State share of Centrally Sponsored

Plan Schemes ₹2,725 crore) and ₹1,398 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                                                | 2012-13 | 2013-14 | 2014-15 | 2015-16   | 2016-17   |
| Total Expenditure                                          | 92,874  | 106,832 | 123,812 | 138,398   | 162,006   |
| Plan Expenditure                                           | 37,453  | 44,260  | 53,740  | 60,884    | 77,576    |
| Plan Expenditure as a <i>per cent</i> to Total Expenditure | 40.33   | 41.43   | 43.40   | 44.00     | 47.88     |
| GSDP*                                                      | 691,700 | 817,886 | 921,788 | 1,027,068 | 1,117,334 |
| Plan Expenditure as a <i>per cent</i> to GSDP              | 5.41    | 5.41    | 5.83    | 5.93      | 6.94      |

\*Source for GSDP : Medium Term Fiscal Plan 2017-21



#### 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                                                                 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Total Capital Expenditure*                                                  | 16,581  | 17,642  | 20,198  | 21,369  | 30,085  |
| Capital Expenditure* (Plan)                                                 | 16,241  | 17,290  | 19,909  | 20,874  | 29,614  |
| <i>Per cent</i> of Capital Expenditure* (Plan) to Total Capital Expenditure | 97.95   | 98.00   | 98.57   | 97.68   | 98.43   |

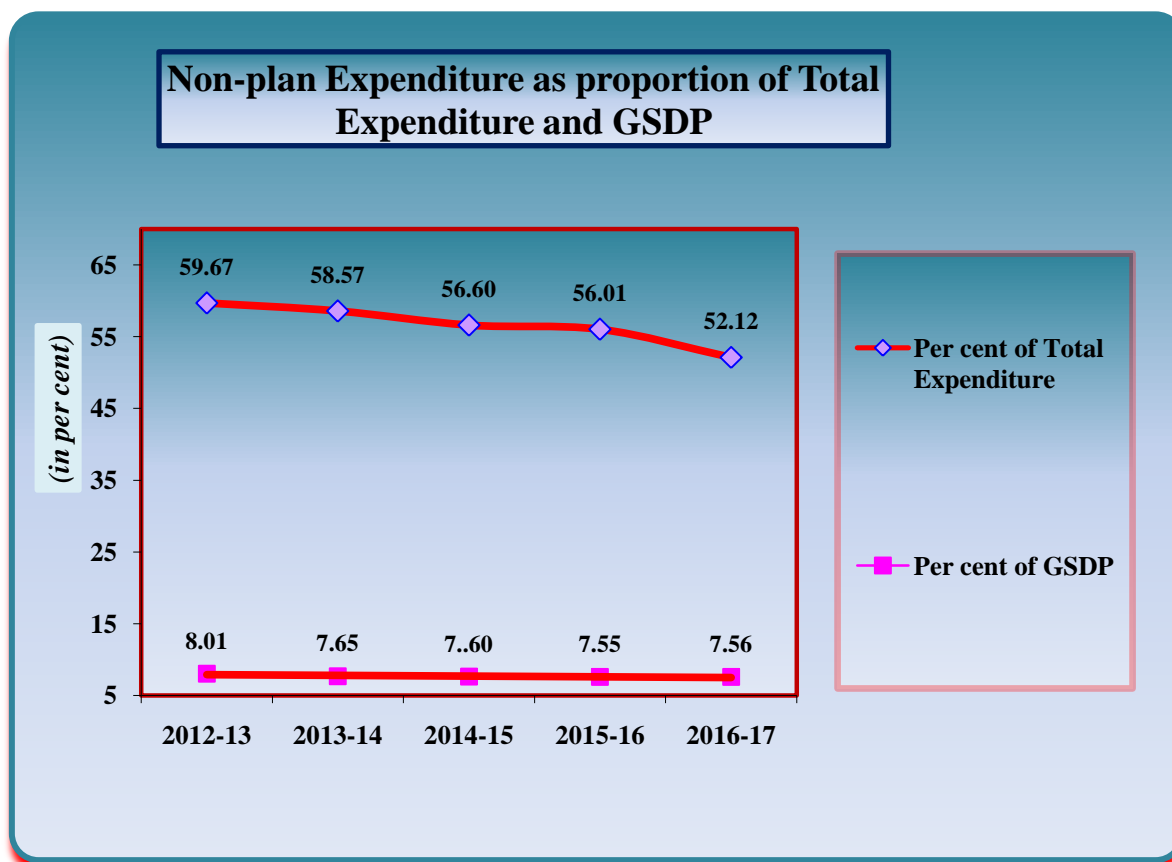
\* Capital Expenditure includes expenditure on Capital Outlays and disbursements of Loans and advances.

### 4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2016-17, representing 52 per cent of total disbursements was ₹84,430 crore, (₹83,959 crore under Revenue and ₹471 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                                             | 2012-13 | 2013-14 | 2014-15 | 2015-16   | 2016-17   |
| Total Expenditure                                       | 92,874  | 106,832 | 123,812 | 138,398   | 162,006   |
| Non-Plan Expenditure                                    | 55,421  | 62,572  | 70,072  | 77,514    | 84,430    |
| Non-Plan Expenditure as a per cent to Total Expenditure | 59.67   | 58.57   | 56.60   | 56.01     | 52.12     |
| GSDP^^                                                  | 691,700 | 817,886 | 921,788 | 1,027,068 | 1,117,334 |
| Per cent of Non-Plan Expenditure to GSDP                | 8.01    | 7.65    | 7.60    | 7.55      | 7.56      |

^^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 2017-21. 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 preceding five years is given below.

(₹ In crore)

| Components                                                                                                                                                                                                                | 2012-13 | 2013-14 | 2014-15              | 2015-16               | 2016-17               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------------|-----------------------|-----------------------|
| Total Committed Expenditure of which -                                                                                                                                                                                    | 61,106  | 73,413  | 81,045               | 87,178                | 95,326                |
| 1) Salary <sup>(A)</sup>                                                                                                                                                                                                  | 7,183   | 8,065   | 8,901                | 9,167                 | 9,790                 |
| 2) Interest Payments                                                                                                                                                                                                      | 6,833   | 7,837   | 9,804 <sup>(B)</sup> | 11,343 <sup>(E)</sup> | 12,850 <sup>(F)</sup> |
| 3) Pension Payments                                                                                                                                                                                                       | 7,227   | 9,152   | 10,118               | 11,251                | 11,295                |
| 4) Subsidy <sup>(C)</sup>                                                                                                                                                                                                 | 10,709  | 13,323  | 11,153               | 13,149                | 14,388                |
| 5) Grants-in-Aid <sup>(D)</sup>                                                                                                                                                                                           | 4,636   | 7,079   | 7,746                | 7,250                 | 9,115                 |
| 6) Devolution to PRIs and ULBs                                                                                                                                                                                            | 22,542  | 25,532  | 31,001               | 32,771                | 35,384                |
| 7) Social Security Pensions                                                                                                                                                                                               | 1,880   | 2,425   | 2,322                | 2,247                 | 2,503                 |
| Revenue Receipts                                                                                                                                                                                                          | 78,176  | 89,543  | 104,142              | 118,817               | 133,214               |
| Revenue Expenditure                                                                                                                                                                                                       | 76,293  | 89,190  | 103,614              | 117,029               | 131,921               |
| Percentage of Committed Expenditure to Revenue Receipts                                                                                                                                                                   | 78      | 82      | 78                   | 73                    | 72                    |
| Percentage of Committed Expenditure to Revenue Expenditure                                                                                                                                                                | 80      | 82      | 78                   | 74                    | 72                    |
| <sup>(&amp;)</sup> Exclusive of 'Administrative Expenses' and 'Implicit Subsidy' as defined in the Medium Term Fiscal Policy (MTFP) 2017-21 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'.    |         |         |                      |                       |                       |
| <sup>(F)</sup> Includes payment of interest (₹817 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 2016-17 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 2016-17 are given below.

(₹ In crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Reappropriation /Surrenders	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted	119,836	9,311	(-) 1,471	127,676	122,027	(-) 5,649
	Charged	14,594	130	(-) 179	14,545	13,327	(-) 1,218
2	Capital Voted	28,734	3,562	(-) 833	31,463	27,887	(-) 3,576
	Charged	466	5	(-) 14	457	450	(-) 7
3	Public Debt Charged	6842	417	...	7,259	7,420	(+) 161
4	Loans and Advances Voted	1,625	530	(-) 7	2,148	1,934	(-) 214
	<b>Total</b>	<b>172,097</b>	<b>13,955</b>	<b>(-) 2,504</b>	<b>183,548</b>	<b>173,045</b>	<b>(-) 10,503</b>

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

The Appropriation Accounts of Government of Karnataka for 2016-17 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	653.97	0.04	...	...
02	Animal Husbandry and Fisheries	50.04	0.01	14.04	...
03	Finance	30,28.48	0.30	37.97	...
04	Department of Personnel and Administrative Reforms	143.15	23.05	6.97	...
05	Home and Transport	13.16	0.37	...	...
06	Infrastructure Development	11.98	...	5.12	...
07	Rural Development and Panchayat Raj	3,03.88	...	8,42.92	...
08	Forest, Ecology and Environment	32.09	1,46.34	0.57	...

(₹ In crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
09	Co-operation	32.61	...	48.42	...
10	Social Welfare	172.51	0.11	239.19	2.48
11	Women and Child Development	186.52	...	49.91	...
12	Information, Tourism and Youth Services	34.15	...	93.28	...
13	Food and Civil Supplies	170.53	0.02	0.01	...
14	Revenue	...	...	13.74	4.46
15	Information Technology	0.80	...	...	...
16	Housing	259.51	0.67	...	...
17	Education	867.32	...	107.70	...
18	Commerce and Industries	37.43	...	54.42	...
19	Urban Development	673.14	0.12	1,338.68	0.39
20	Public Works	...	10.74	532.90	14.08
21	Water Resources	119.16	31.98	1,252.97	...
22	Health and Family Welfare Services	605.01	...	28.90	...
23	Labour	111.37	...	24.59	...
24	Energy	3.13	...	41.12	...
25	Kannada and Culture	35.62	...	2.34	...
26	Planning, Statistics, Science and Technology	169.66	...	125.66	...
27	Law	72.89	...	...	...
28	Parliamentary Affairs and Legislation	24.82	0.71	...	...
29	Debt Servicing	...	1,182.51	...	...
<b>Excess under the following grants</b>					
01	Agriculture	...	...	176.75	...
05	Home and Transport	...	...	55.37	...
14	Revenue	632.06	...	...	...
20	Public Works	59.81	...	...	...
29	Debt Servicing	...	...	...	161.42

## 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.

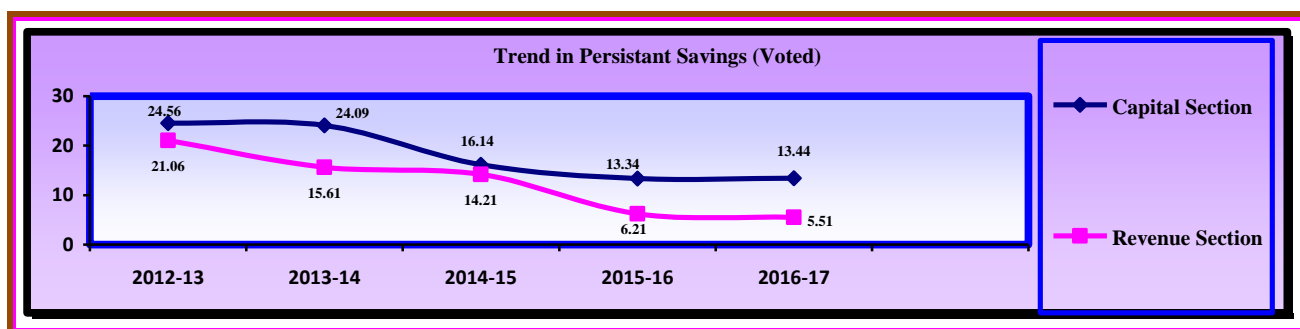


Trend in saving under voted and *charged* category of Revenue and Capital Section for the preceding five years are given below in the Table 5.2.1 and Table 5.2.2 respectively. Graphical presentation of saving as a *per cent* to Total Provision furnished below the respective tables.

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

(₹ In crore)

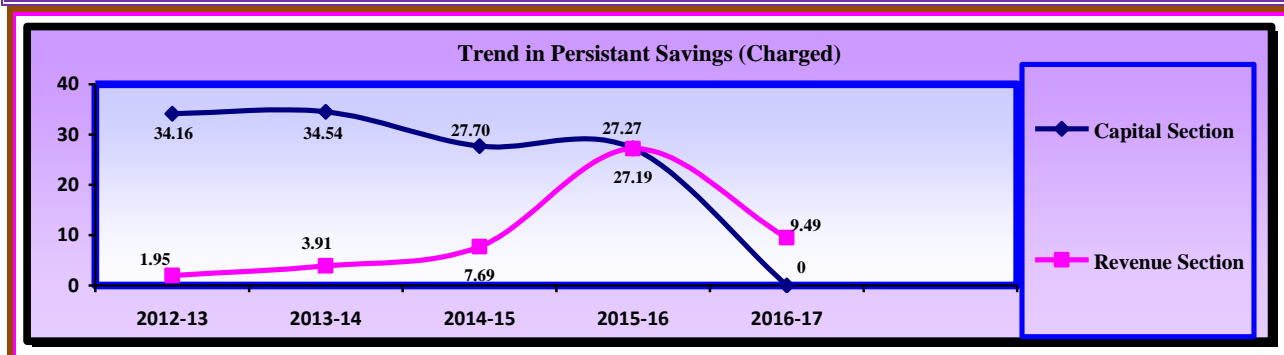
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2012-13	88,265	69,672	18,593	21.06	23,339	17,608	5,731	24.56
2013-14	97,254	82,071	15,183	15.61	25,071	19,031	6,040	24.09
2014-15	109,864	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	3,772	13.34
2016-17	129,147	122,027	7,120	5.51	34,451	29,821	4,630	13.44



**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
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
2016-17	14,724	13,327	1,397	9.49	...	...	...	...



### 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:

(In *per cent*)

Grant No.	Revenue Section	2012-13	2013-14	2014-15	2015-16	2016-17
01	Agriculture and Horticulture	39	31	26	14	10
04	Department of Personnel & Administrative Reforms	28	26	35	16	22
23	Labour	29	28	33	13	12
26	Planning, Statistics, Science and Technology	41	40	13	21	21
<b>Capital Section</b>						
02	Animal Husbandry & Veterinary Science	34	18	22	38	8
07	Rural Development & Panchayat Raj	17	51	12	27	40
11	Women and Child Welfare	70	19	41	13	26

### 5.4 Supplementary Provision of Funds

Under Article 205 of the Constitution of India, during 2016-17 additional funds aggregating to ₹13,955 crore have been provided through Supplementary Demand for Grants. Few instances, where the Supplementary found unnecessary or excessive are indicated in the table given below.

#### UNNECESSARY SUPPLEMENTARY PROVISION

(₹ In crore)

Gr. No.	Head of account	Original	Supplementary	Actual Expenditure	Saving
01	2401-00-102-0-08-106	123.25	15.48	119.70	19.03
01	2401-00-108-2-30-059	212.85	11.02	...	223.87
01	2401-00-119-4-06-059	93.57	15.32	85.46	23.43
03	2054-00-095-0-01-125	46.00	3.86	9.98	39.88
03	3475-00-800-0-02-104	...	67.19	...	67.19
05	2055-00-115-0-00-125	68.59	50.02	64.99	53.62
06	5465-01-190-1-05-211	50.00	50.00	14.69	85.31
07	2515-00-198-6-11-300	1,388.62	0.44	1,368.21	20.85
13	3456-00-103-0-01-106	...	16.84	...	16.84
14	2245-80-102-0-01-059	490.00	1,303.13	0.16	1,792.97
14	2245-80-102-0-03-059	10.00	11.25	0.27	20.98

Gr. No.	Head of account	Original	Supplementary	Actual Expenditure	Saving
14	2506-00-101-5-10-125	...	24.60	...	24.60
16	2216-80-198-6-02-300	1,147.00	75.00	962.99	259.01
17	2202-03-103-2-01-051	124.79	4.00	117.45	11.34
19	6215-01-190-2-86-395	342.30	80.75	306.57	116.48
20	3054-80-797-0-02-261	120.00	51.85	...	171.85
20	5054-04-337-0-01-422	621.85	103.01	537.28	187.58
20	5054-04-337-0-01-423	365.64	48.76	341.81	72.59
21	4702-00-101-3-01-139	373.73	6.50	314.91	65.32
22	2210-03-800-0-18-059	984.53	49.85	490.67	543.71
22	2210-80-800-0-27-059	94.48	13.60	84.46	23.62
24	6801-00-205-1-80-394	76.06	20.14	55.08	41.12
<b>EXCESSIVE SUPPLEMENTARY PROVISION</b>					
Gr. No.	Head of account	Original	Supplementary	Actual Expenditure	Saving
01	2401-00-108-1-15-059	20.49	39.51	31.35	28.65
01	2401-00-108-1-15-106	171.09	95.38	237.86	28.61
07	2215-01-102-9-08-132	1,304.80	891.04	2181.40	14.44
07	2505-60-196-6-04-300	1,510.00	525.00	2,017.26	17.74
09	5475-00-102-2-01-436	12.42	223.09	198.66	36.85
10	2225-01-190-2-09-106	15.00	25.00	15.00	25.00
14	2235-60-102-1-04-059	2.50	32.08	20.93	13.65
14	4515-00-103-1-01-100	0.20	16.44	3.17	13.47
17	4202-01-202-1-05-436	78.11	40.00	94.89	23.22
18	4860-04-190-1-00-211	6.44	25.00	6.44	25.00
19	3604-00-191-6-51-059	7.70	89.70	62.18	35.22
20	5054-03-337-0-86-172	278.32	385.71	564.99	99.04
20	5054-04-337-0-02-436	289.92	50.00	314.80	25.12
22	2210-01-110-1-21-147	9.07	39.09	16.42	31.74

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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 (₹34,354 crore), progressive Capital Expenditure (₹204,880 crore), balance of Loans and Advances (₹15,647 crore), Civil Advances (₹7 crore) and balance outstanding under Remittances (₹575.39 crore) at the end of 31 March 2017

Government investments in share capital of different classes of entities stood at ₹63,115 crore at the end of 2016-17, mainly comprising of Statutory Corporations, which is inclusive of Regional Rural Banks (₹2,541 crore) and Government Companies/Public Sector Undertakings (₹57,674 crore), Joint Stock Companies (₹2,524 crore) and Co-operative Institutions and Local bodies (₹376 crore). Dividend received during the year was ₹83 crore (0.13 per cent) on the Total Government Investments. During the year 2016-17, the Government Investments was increased by ₹1,759 crore, while dividend income increased by ₹13 crore.

Cash Balance with RBI, which stood at (-) ₹75 crore on 1 April 2016 increased to ₹100 crore at the end of March 2017.

#### 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 2016-17 to be at 25 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 <sup>^</sup> | Per cent to GSDP | Total Liabilities <sup>^</sup> | Per cent to GSDP |
|---------|-----------|-------------|------------------|-----------------------------|------------------|--------------------------------|------------------|
| 2012-13 | 691,700   | 75,052      | 10.85            | 41,715                      | 6.03             | 116,767                        | 16.88            |
| 2013-14 | 817,886   | 88,522      | 10.82            | 46,796                      | 5.72             | 135,318                        | 16.54            |
| 2014-15 | 921,788   | 105,585     | 11.45            | 52,968                      | 5.75             | 158,553                        | 17.20            |
| 2015-16 | 1,027,068 | 122,547     | 11.93            | 53,076                      | 5.17             | 175,623                        | 17.10            |
| 2016-17 | 1,117,334 | 146,283     | 13.09            | 64,788                      | 5.80             | 211,071 <sup>(#)</sup>         | 18.89            |

(\*) Source for GSDP 2016-17 Medium Term Fiscal Plan 2017-21.

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

(<sup>#</sup>) Excluding the amount of off-budget borrowings ₹10,248 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 more details, please refer paragraph 1.6 of Chapter I

There is net increase of ₹35,448 crore (20.18 per cent) in Public Debt and Other Liabilities as compared to 2015-16.

For the year 2016-17, the Interest payments on Debt and Other Liabilities stood at ₹12,850 crore which includes payment of interest on off-budget borrowings (₹817 crore), Interest on Internal Debt (₹9,468 crore), Interest on Small Savings, Provident Funds (₹1,904 crore), Interest on Loans and Advances from Central Government (₹659 crore) and Interest on Reserve Funds & Other Obligations (₹2.16 crore) and the total interest payments works out to 9.74 per cent of the Revenue Expenditure and 9.65 per cent of the Revenue Receipts of the year 2016-17.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹1,507 crore during 2016-17 over 2015-16

### 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 |
|---------|-----------------|--------------|----------|----------------------------|-----------------|----------------------------|
| 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                        |
| 2016-17 | 12,112          | 3,275        | 1,852    | 1,423                      | 13,535          | 988                        |

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

### 6.2.2 Trend in Government Liabilities

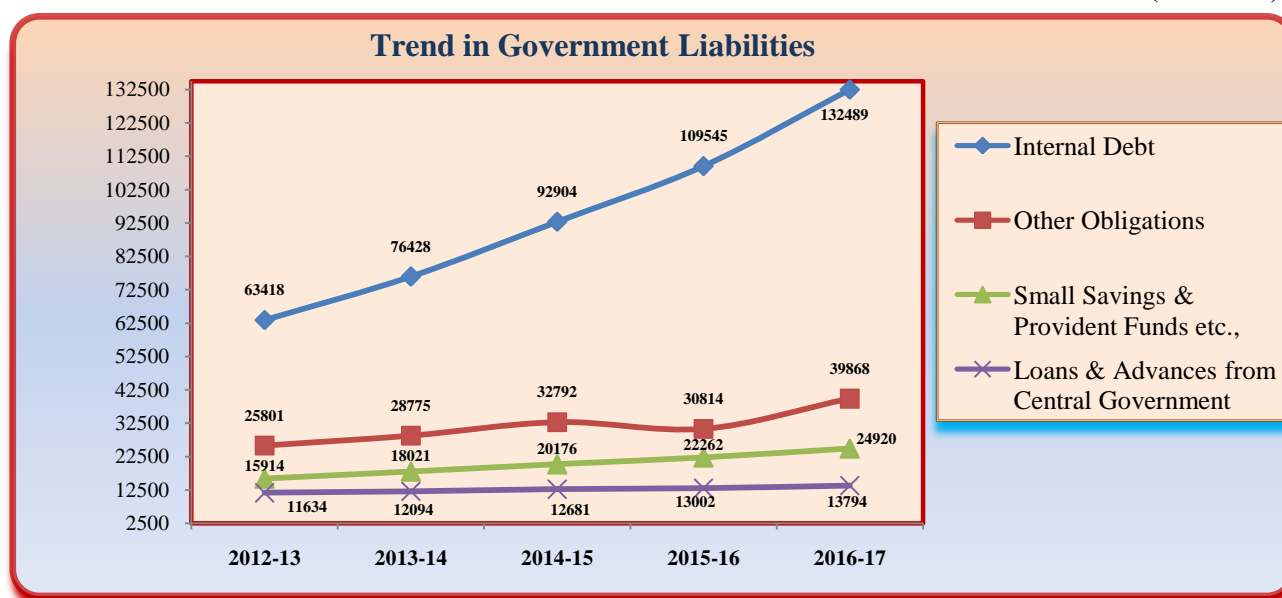
The following table indicates the trends in liabilities of State Government during the past five years. The graphical representation of trends in Government liabilities is also furnished.

(₹ In crore)

| Year    | Internal debt of the State | Loans & Advances from Central Government | Small Savings and Provident Funds | Other Obligations | Total Liabilities      |
|---------|----------------------------|------------------------------------------|-----------------------------------|-------------------|------------------------|
| 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                |
| 2016-17 | 132,489                    | 13,794                                   | 24,920                            | 39,868            | 211,071 <sup>(#)</sup> |

(#) Excluding the amount of off-budget borrowings ₹10,248 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

(₹ In crore)



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.

(₹ In crore)

| Opening Balance | Borrowings during the year | Principal repayment during the year | Interest repayment during the year | Closing Balance |
|-----------------|----------------------------|-------------------------------------|------------------------------------|-----------------|
| (1)             | (2)                        | (3)                                 | (4)                                | (5)             |
| 7,698.69        | 3,005.16                   | 455.57                              | 807.74                             | 10,248.28       |

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 (₹10,248 crore), has increased by ₹45,696 crore for the year 2016-17. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2017 stood at ₹221,319 crore.

After taking the outstanding liabilities on off-budget borrowings ₹10,248 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 19.81 *per cent*, to the end of 2016-17.

### 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                                                                     | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Number of withdrawals from Contingency Fund                                     | 9       | 9       | 2       | 5       | 2       |
| Total withdrawals from Contingency Fund (₹ in crore)                            | 46.00   | 56.89   | 16.95   | 36.25   | 7.64    |
| Withdrawals from the Contingency Fund as a percentage to Total Budget Provision | 0.04    | 0.04    | 0.01    | 0.02    | 0.01    |

### 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 2017 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 |
| 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      |
| 2016-17                | 21,115                                     | 15,227                            | 165      |

#### 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 |
|---------|-----------------|-----------------|---------------|-----------------|
| 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           | 10,841          |
| 2016-17 | 10,841          | 1,917           | 839           | 11,919          |

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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 ₹132,489 crore, which comprises an adverse balance amounting to ₹123.33 crore under 'Loans from National Co-operative Development Corporation'. The balance under 'Loans and Advances from the Central Government' stood at ₹13,794 crore, which comprises an adverse balance amounting to ₹23.66 crore being unadjusted amount of repayment of Central Government Loans outstanding as on 31 March 2010 was later written-off in terms of the recommendations of the XIII 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 2016-17 was ₹15,647 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 ₹4,069 crore and interest amounting to ₹2,904 crore, is in arrears as at the end of 31 March 2017 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 ₹4,477 crore from ₹40,022 crore in 2015-16 to ₹44,499 crore in 2016-17 representing an increase of 11.19 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹35,379 crore) represented 80 *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
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
2016-17	10,387	15,032	4,274	5,686	9,120	44,499

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

### 7.3.1 Submission of Utilisation 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 2017 about 173 Grants-in-Aid bills amounting to ₹724 crore were outstanding for submission of Utilisation Certificates. The pendency was mainly under 'Medical and Public Health' (₹657.27 crore), 'Urban Development' (₹26.09 crore), 'Other General Economic Services' (₹16.33 crore) and 'Information and Publicity' (₹10.44 crore).

### 7.4 Cash Balance and Investment of Cash Balance

(₹ In crore)

Component	As on 1 April 2016	As on 31 March 2017	Net Increase (+) Decrease (-)
<b>Cash Balance <sup>(1)</sup></b>	<b>(-) 75</b>	<b>100</b>	<b>(+) 175</b>
<b>Investments from Cash Balance (GOI Securities &amp; Treasury Bills)</b>	<b>16,917</b>	<b>23,977</b>	<b>(+) 7,060</b>
<b>Other Cash Balances &amp; Investments</b>	<b>10,276</b>	<b>10,276</b>	<b>...</b>
(a) Cash with Departmental Officers & Permanent Advances	4	4	...
(b) Investments of Earmarked Funds	10,272	10,272	...
<b>Total</b>	<b>27,118</b>	<b>34,353</b>	<b>(+) 7,235</b>
Interest realized	1,028	1,054	(+) 26
(1) Cash Balance include Local Remittances & Deposits with RBI			

During 2016-17 interest receipt on Cash Balance Investments increased by 2.53 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 2016-17, only 81 per cent (₹130,035 crore) of the total expenditure of ₹160,071 crore of the State Government was

reconciled. Similarly, out of total receipts of ₹132,901 crore, 99.75 per cent (₹133,241 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 2016-17, out of 257 occasions of delayed submission of monthly accounts, delay of up to 15 days was noticed in on 251 occasions and delay over 15 days and less than one month on seven occasions.

## **7.7 Abstract Contingent (AC) Bills and Non-payment 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 finally settled through submission of Non-payment Detailed Contingent (NDC) bills through treasury to the Accountant General (A&E) before the 15<sup>th</sup> of the month following the month to which the bill relates. As per the Government Order September 2004, the NDC bills are to be routed through treasuries and shall be enforced by the treasury by non honouring further AC bills till the unadjusted AC Bills are cleared by submission of NDC Bills. Prolonged non-submission of NDC bills renders the expenditure under AC bills opaque. To the end of 31 March 2017 about 3,272 AC bills amounting to ₹84.81 crore were outstanding for submission of NDC bills. The pendency was mainly under 'Police' (₹32.19 crore), 'Forestry and Wild Life' (₹9.25 crore), 'Elections' (₹6.85 crore) and 'Other General Economic Services' (₹4.63 crore).

## **7.8 Commitments on account of Incomplete Works**

A total expenditure of ₹138,793 crore was incurred up to the year 2016-17 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 ₹1,294 crore on

incomplete works (1514 Works) costing over ₹ 3,106 crore to the end of the financial year 2016-17. The details are as follows.

Period	Number of Works	Cost of Works	Progressive Expenditure
		(₹ In Crore)	
2005-2010	18	39	45
2010-2015	393	1837	1184
2015-2016	1103	1230	583
<b>TOTAL</b>	<b>1514</b>	<b>3106</b>	<b>1812</b>

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