

सत्यमेव जयते

# ACCOUNTS AT A GLANCE 2019-20



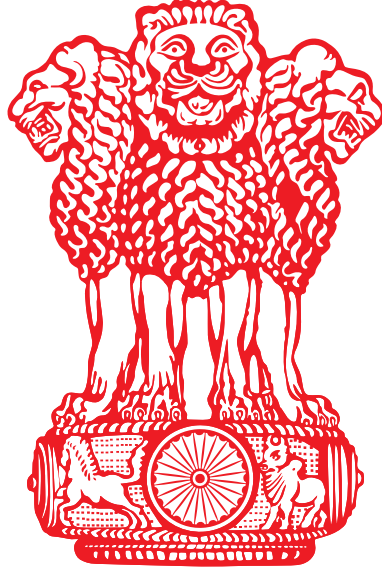
लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



GOVERNMENT OF KARNATAKA





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## ***PREFACE***

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

Finance Accounts are Summary Statements of Accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise Gross Expenditures against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

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

A combined reading of the Finance Accounts and Appropriation Accounts, State Finance Audit Report 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 with the Tables and graphs.

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



(R. Naresh)

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

**Place: Bengaluru**

**Date: 15.02.2021**



## *Our Vision, Mission and Core Values*

**VISION:** We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.  
*(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)*

**MISSION:** Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders, the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes.  
*(Our mission enunciates our current role and describes what we are doing today.)*

**CORE VALUES:**  
*(Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.)*

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach



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# CHAPTER - I

## OVERVIEW

### 1.1 Introduction

The Principal Accountant General (Accounts and Entitlement) Karnataka compiles the accounts of Receipts and Disbursements of 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 Principal 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 (Audit - I), Karnataka and certification by the Comptroller and Auditor General of India.

### 1.2 Structure of Government Accounts

#### 1.2.1 Parts of Government Accounts

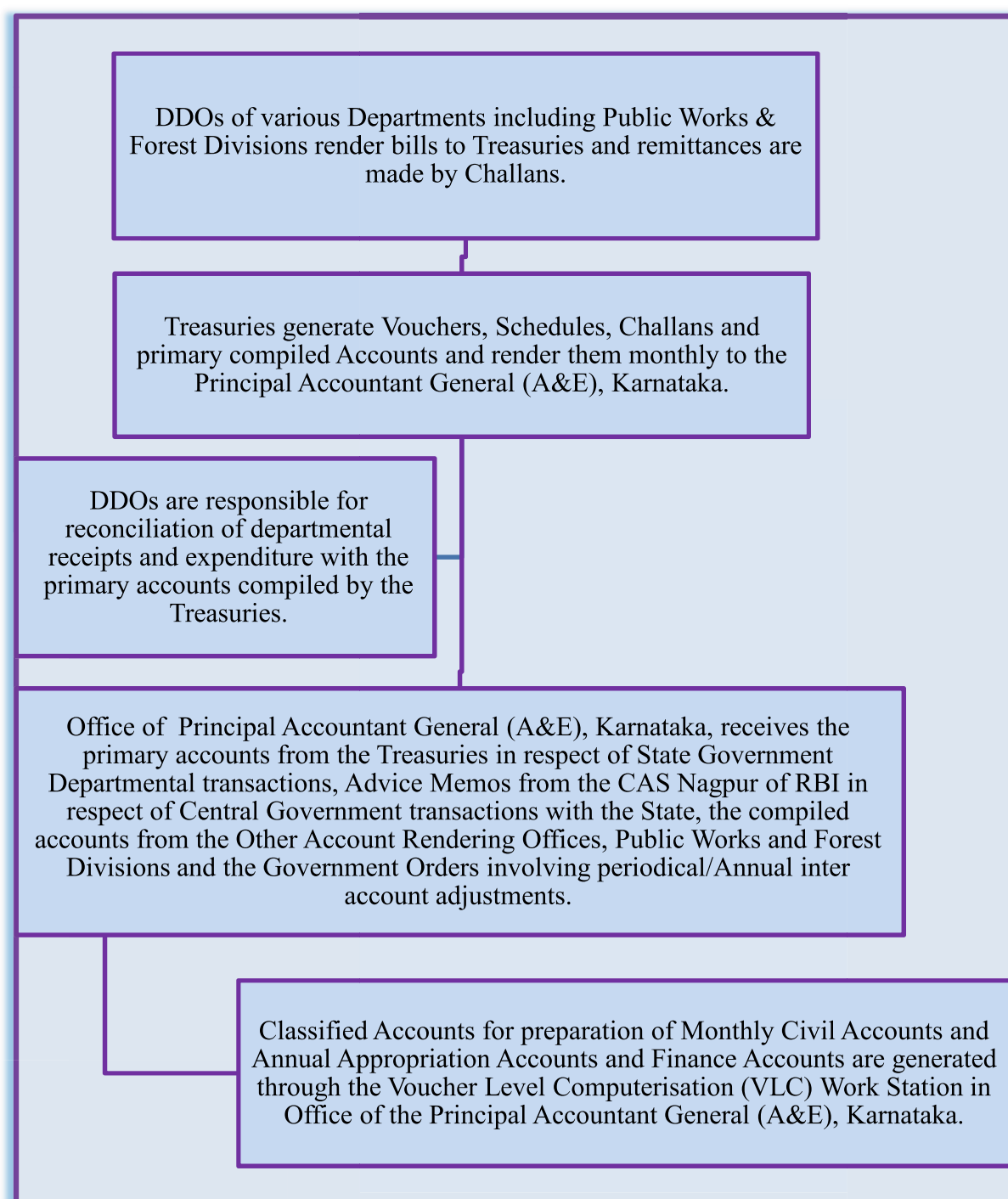
*The Accounts of the Government are kept in three parts:*

<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>	<p>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.</p> <p>The corpus of this fund for the Government of Karnataka is ₹80 crore.</p>
<b>Part III PUBLIC ACCOUNT</b>	All public moneys received other than those credited to the Consolidated Fund are accounted under the Public Account. In respect of such receipts the Government acts as a Trustee. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances' and

‘Suspense’ in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

### 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 2019-20 are given below:

Receipts and Disbursement in the year 2019-20				(₹ in crore)
Receipts	Total Receipts			213,856
	Revenue	Tax Revenue		133,282
		Non-Tax Revenue		7,681
		Grants-in-Aid		34,480
		Revenue Receipts		175,443
	Capital	Recoveries of Loans and Advances		202
		Borrowings and Other Liabilities <sup>(1)</sup>		38,166
		Other Receipts (Misc. Capital Receipts)		45
		Capital Receipts		38,413
Disbursements	Total Disbursements			213,856
	Revenue <sup>(2)</sup>			174,257
	Capital			35,530
	Loans and Advances			4,069
(1) Comprises net contribution from (i) ‘E–Public Debt’ {₹40,279 crore}; (ii)’Contingency Fund’ {Nil}; (iii) ‘Public Account’ {(–) ₹1444 crore}; minus ‘Net Cash Balance’ ₹669 crore				
(2) Includes ₹2,725 crore Grants-in-Aid for creation of Capital Assets released to Urban Local Bodies (ULB) (Please see Statement No.10 in Volume – 1 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 2019-20, was approved by the State Legislature through the Appropriation Acts of 2019-20. For the year 2019-20 funds were provided for gross expenditure of ₹263,805 crore, including Supplementary Grants of ₹23,059 crore voted by State Legislature. An amount of ₹10,325 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2019-20 show disbursements of ₹233,978 crore against the aggregate Budget Provision of ₹263,805 crore, resulting in a net saving of ₹29,827 crore. Actual Recoveries by way of reduction of expenditure amounted to ₹9,942 crore, reflecting a decrease of ₹383 crore vis-à-vis Budget Estimates (₹10,325 crore). The gross expenditure includes ₹42 crore drawn on Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2019-20, ₹6,558 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 ₹4,422 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 2019-20, the Government of Karnataka has availed special Ways and Means Advances in the month of July 2019 to the extent of ₹310.49 crore which has since been repaid.

#### 1.4.2 Fund Flow Statement

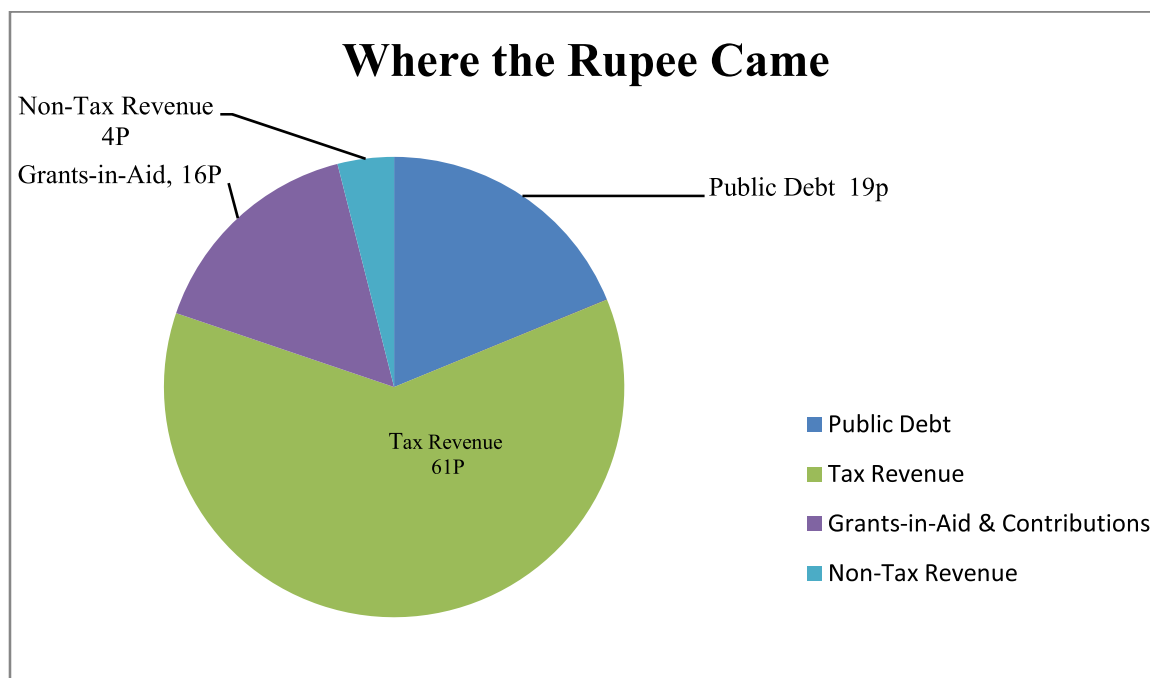
During the year 2019-20, the State had a Revenue Surplus of ₹1,185 crore and a Fiscal Deficit of ₹38,166 crore representing 0.07 *per cent* and 2.25 *per cent* of the Gross States' Domestic Product (GSDP)<sup>3</sup>. The Fiscal Deficit constituted 17.85 *per cent* of total Expenditure. This deficit was met from net receipts under Public Debt (₹40,279 crore), increase in net accruals under Public Account ((-) ₹1,444 crore) and increase in Net Cash Balance [₹669 crore]. Around 82 *per cent* of the Revenue Receipts (₹175,443 crore) was spent on committed expenditure (₹143,610 crore) like Salaries<sup>(4)</sup> ₹31,522 crore), Subsidies <sup>(4&5)</sup> (₹17,534 crore), Grants-in-Aid<sup>(5)</sup> (₹19,023 crore), Interest Payments (₹19,903 crore) {this includes payment of interest (₹1,384 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹18,404 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹27,514 crore), Social Security Pension (₹7,243 crore) and Administrative Expenses (₹2,467 crore).

#### Sources and Application of Funds

		(₹ in crore)
SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2019	990
	Revenue Receipts	175,443
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	247
	Public Debt Receipts	50,459
	Receipt under Small Savings, Provident Funds & Others	8,330
	Reserve & Sinking Funds	9,126
	Deposits Received	60,643
	Civil Advances Repaid	...
	Suspense Account	391,589
	Remittances	46
	Contingency Fund	...
	<b>TOTAL</b>	<b>696,873</b>
APPLICATION	Revenue Expenditure	174,257
	Capital Expenditure	35,530
	Loans disbursed	4,069
	Repayment of Public Debt	10,180
	Disbursement under Small Savings, Provident Fund & Others	4,175
	Reserve & Sinking Funds	7,693
	Deposits Repaid	57,469
	Contingency Fund	...
	Suspense Account	401,448
	Remittances	393
	Closing Cash Balance as on 31.03.2020	1,659
	<b>TOTAL</b>	<b>696,873</b>
(3) GSDP 2019-20: ₹1,699,115 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India}.		
(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

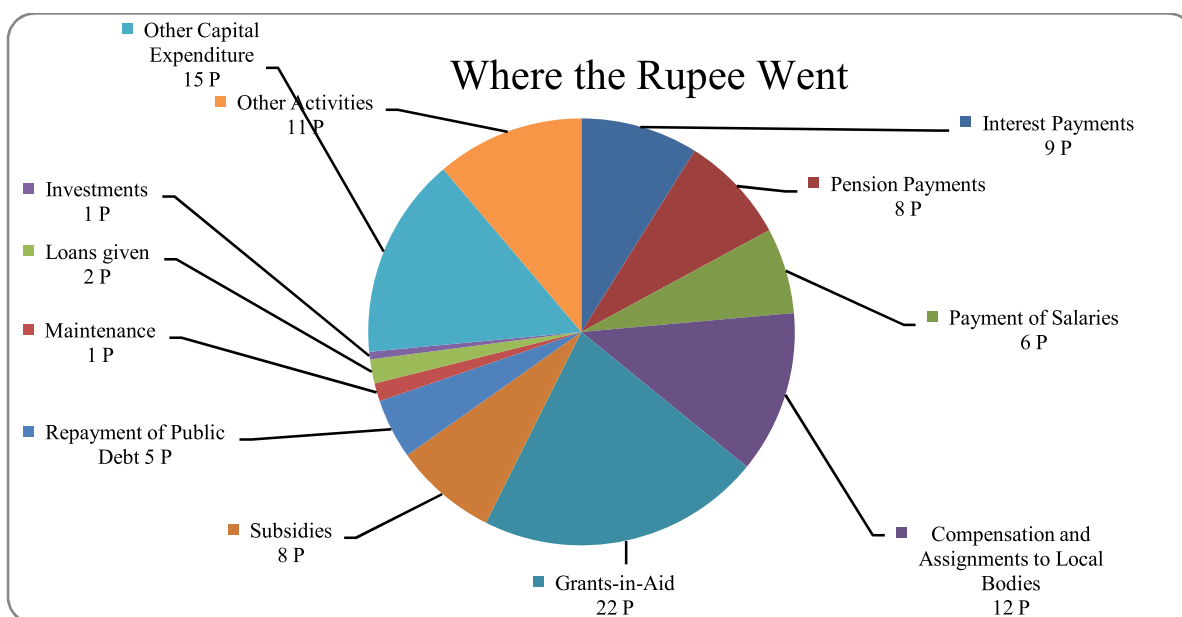
Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government 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 ₹45 crore and 'Public Account' (-) ₹1,444 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 Financial Highlights of year 2019-20

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2019-20.

Sl. No.	Particulars	Budget Estimates 2019-20	Actual	Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP <sup>(*)</sup>
		(₹in crore)			
01	Tax Revenue	158,799 (@)	133,282 (&)	83.93	7.84
02	Non-Tax Revenue	8,056	7,681	95.35	0.45
03	Grants-in-aid & Contributions	15,008	34,480	229.74	2.03
04	Revenue Receipts (1+2+3)	181,863	175,443	96.47	10.33
05	Recovery of Loans & Advances	195	202	103.59	0.01
06	Miscellaneous Capital Receipts	80	45	56.25	0.00
07	Borrowings and Other Liabilities	42,050 (#)	38,166 (\$)	90.76	2.25
08	Capital Receipts (5+6+7)	42,325	38,413	91.35	2.26
09	Total Receipts (4+8)	224,188	213,856	95.39	12.59
10	Revenue Expenditure	181,605	174,257	95.95	10.26
11	Expenditure on Interest Payments	19,060	18,519	97.16	1.09
12	Capital Expenditure (10+12)	42,583 (a)	39,599 (b)	93.00	2.33
13	Total Expenditure	224,188	213,856	95.39	12.59
14	Revenue Surplus	258	1185	459.30	0.07
15	Fiscal Deficit {13-(4+5+6)=7}	42,050	38,166 (^)	90.76	2.25
(*) GSDP at Current Prices for 2019-20: ₹1,699,115 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India }					
(@) Includes State Share of Union Taxes & Duties of ₹39,807 crore					
(&) Includes State Share of Union Taxes & Duties of ₹30,919 crore					
(#) Comprises net contribution from (i) ‘E–Public Debt’ {₹38,636 crore}, (ii) ‘Public Account’ {₹2,901 crore} minus (iii) ‘Net Cash Balance’ ₹513 crore}					
(\$) Comprises net contribution from (i) ‘E–Public Debt’ {₹40,279 crore}, (ii) ‘Contingency Fund’{nil} (iii) ‘Public Account’ {(-) ₹1,444 crore} minus (iv) ‘Net Cash Balance’ (-) ₹669 crore}					
(a) Comprises provision on ‘Capital Outlay’ {₹40,080 crore} and ‘F Loans and Advances’ {₹2,503 crore}					
(b) Comprises Expenditure incurred on ‘Capital Outlay’ {₹35,530 crore} and ‘F Loans and Advances’ {₹4,069 crore}					
(^) Excludes payment of interest (₹1,384 crore) on ‘Offset 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.

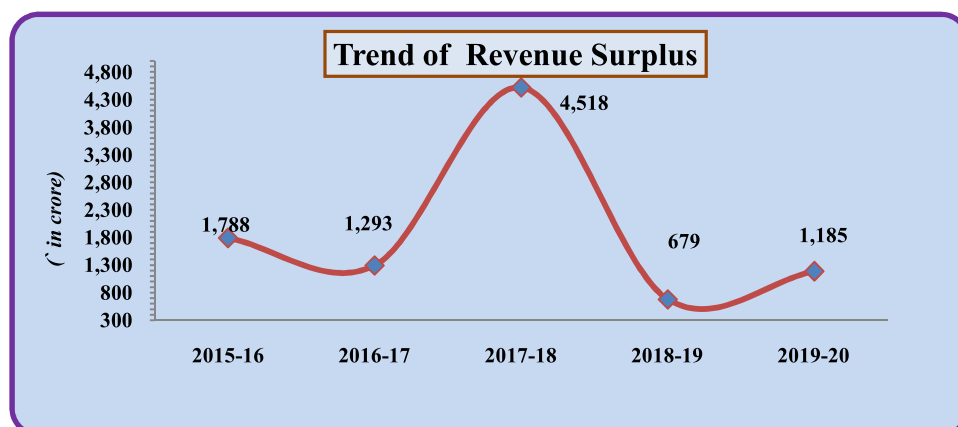
Sl. No.	Particulars	Target for 2019-20	Compliance by State
1.	<b>Revenue Surplus</b>	Revenue Surplus to be maintained.	Government of Karnataka has maintained the Revenue Surplus of ₹1,185.39 crore for the year 2019-20
2.	<b>Fiscal Deficit</b>	Not more than 3 <i>per cent</i> of GSDP <sup>(1)</sup> during 2019-20, subject to the fiscal limits fixed by the Government of India from time to time.	Fiscal Deficit of the Government of Karnataka stood at ₹38,165.62 crore and constituted 2.25 <i>per cent</i> of GSDP.
3	<b>Outstanding Liabilities</b>	Not to exceed 25 <i>per cent</i> of GSDP <sup>(1)</sup> for the year 2019-20	Outstanding Liabilities (₹337,520.22 crore) <sup>(7)</sup> as on 31 March 2020 works out to 19.86 <i>per cent</i> of GSDP.

Sl. No.	Particulars	Target for 2018-19	Compliance by State
4	<b>Guarantees</b>	Outstanding guarantees on 1 April of any year shall not exceed 80 per cent of Total Revenue Receipts (TRR) of the second preceding year	Outstanding Guarantees stood at ₹24,327 crore at the beginning of 2019-20 constituted 16.55 <i>per cent</i> of the TRR (₹147,000.00) crore for the second preceding year 2017-18.
Note 6	GSDP 2019-20: ₹1,699,115 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India}.		
Note 7	Outstanding Liabilities worked out with the amount of off budget borrowings (₹18,102.82 crore) furnished by the Government of Karnataka, together with those appearing (₹319,417 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 2015-16 to 2019-20 is given in Table and graphs below:

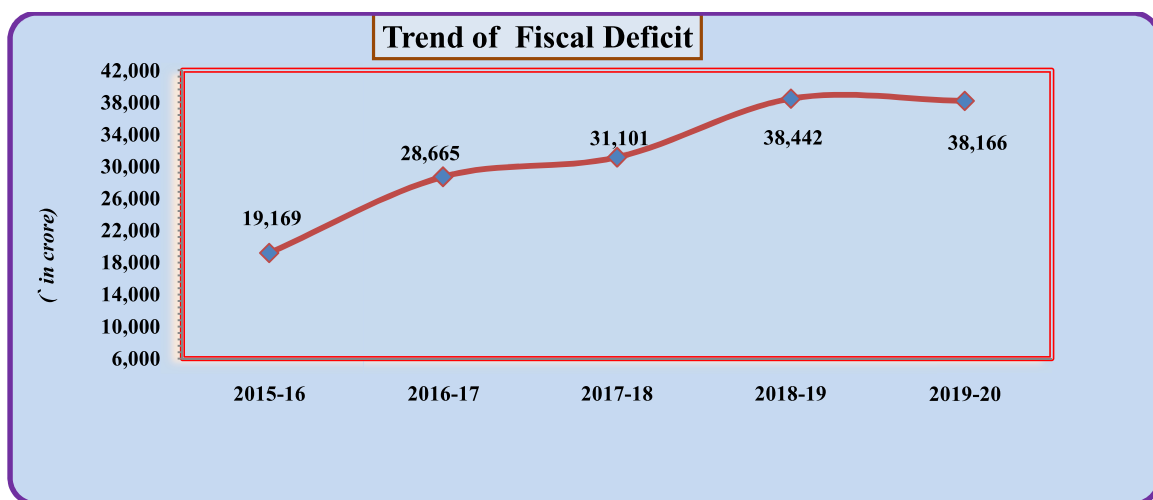
	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Surplus	1,788	1,293	4,518	679	1,185
GSDP (*)	1,045,168	1,209,136	1,357,579	1,544,399	1,699,115
Revenue Surplus as <i>per cent</i> to GSDP	0.17	0.11	0.33	0.04	0.07
(*) GSDP at Current Prices for 2019-20: ₹1,699,115 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India}					



### 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 2015-16 to 2019-20 is given in Table and graphs below:

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Fiscal Deficit	19,169	28,665	31,101	38,442	38,166
GSDP (*)	1,045,168	1,209,136	1,357,579	1,544,399	1,699,115
Fiscal Deficit as <i>per cent</i> to GSDP	1.83	2.37	2.29	2.49	2.25
(*) GSDP at Current Prices for 2019-20: ₹1,699,115 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India}					



### 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.

Year	Revenue Heads			Capital Heads			Other Heads (#)	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
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
2017-18	147,000	142,482	(+) 4,518	4	30,667	(-) 30,663	...	(-) 26,145	(-) 211,409
2018-19	164,979	164,300	(+) 679	(-) 6	34,659	(-) 34,665	...	(-) 33,986	(-) 245,395
2019-20	175,443	174,257	(+) 1,185	45	35,530	(-) 35,485	...	(-) 34,300	(-) 279,695
(#) Miscellaneous Government Account.									

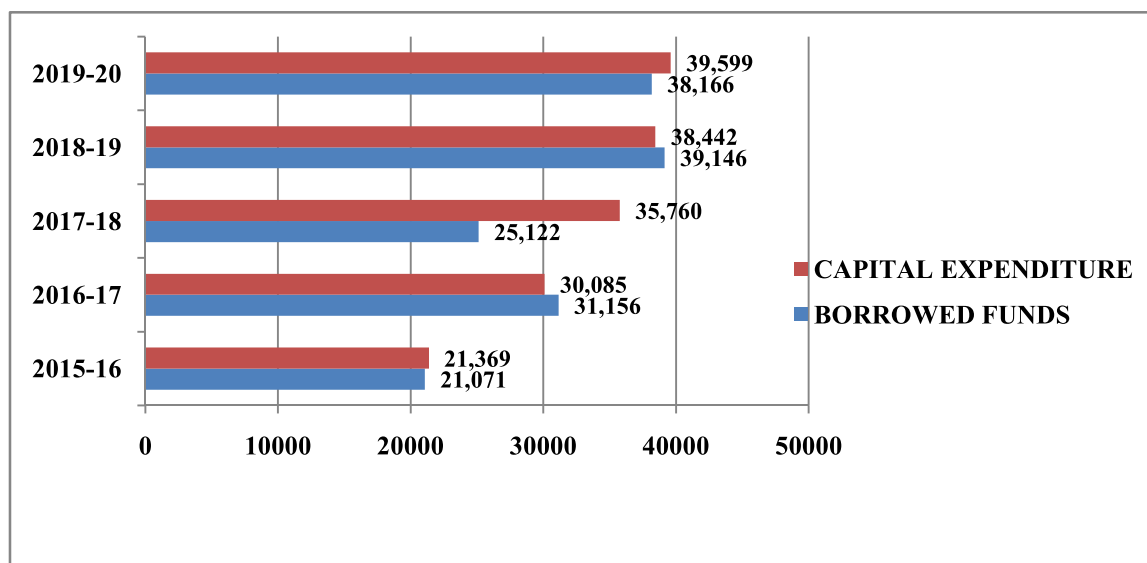


#### 1.6.4 Proportion of Borrowed Funds spent on Capital Expenditure

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 (₹38,166 crore) on Capital Expenditure (₹39,599 crore), which is inclusive of disbursement of Loans and Advances.

#### BORROWED FUNDS AND CAPITAL EXPENDITURE

(₹ in crore)



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## CHAPTER II

### RECEIPTS

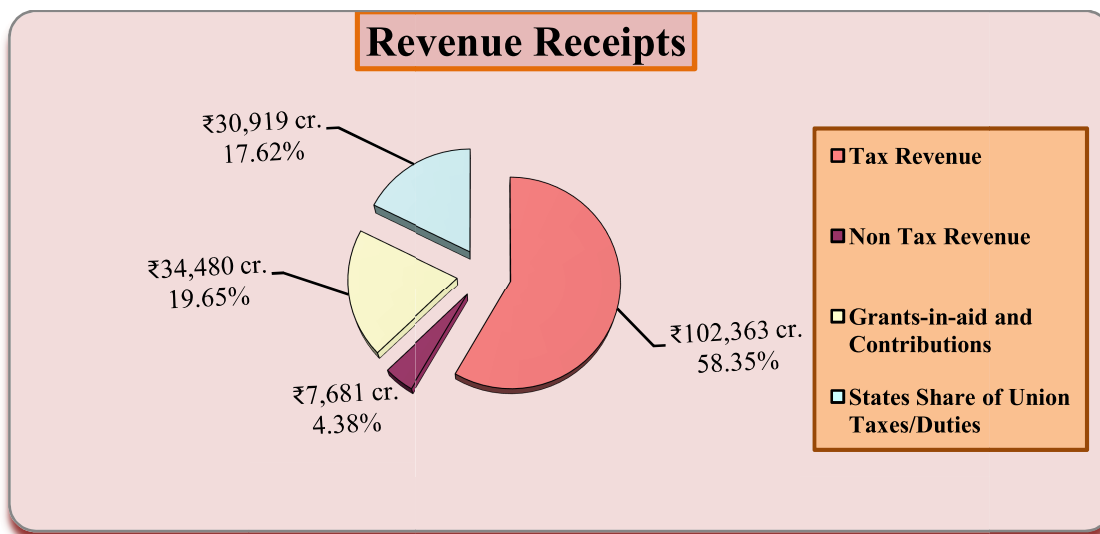
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2019-20 were ₹175,443 crore comprising of Tax Revenue (₹133,282 crore) which includes ₹30,919 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹7,681 crore), Grants-in-Aid & Contributions from Government of India (₹34,480 crore). Capital Receipts (₹38,413 crore) comprising of Recovery of Loans and Advances (₹202 crore), Miscellaneous Capital Receipts (₹45 crore) and Borrowings & Other Liabilities (₹38,166 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E – Public Debt' {₹40,279 crore}; (ii) 'Contingency Fund' (Nil) (iii) 'Public Account' {(-) ₹1,444 crore} minus net 'Cash Balance' {(-) ₹669 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 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.

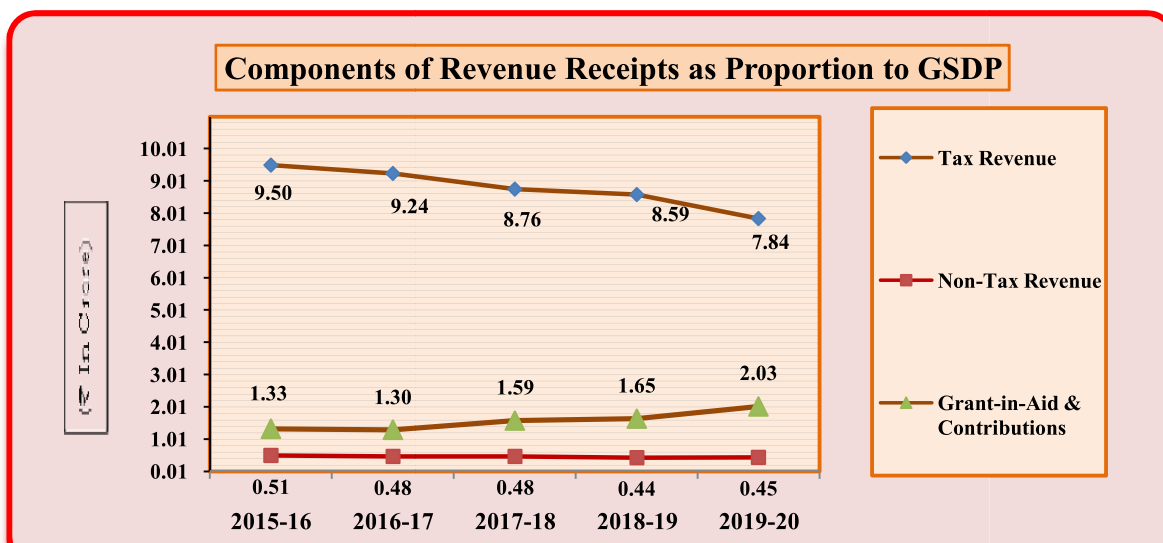


### 2.2.1 Components of Revenue Receipts

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

COMPONENTS	(₹ in crore)	<i>Per cent to Revenue Receipts</i>
<b>A. Tax Revenue <sup>(*)</sup></b>	<b>133,282</b>	<b>76</b>
Taxes on Income and Expenditure	19,944	11
Taxes on Property and Capital Transactions	11,512	7
Taxes on Commodities and Services including GST	101,826	58
<b>B. Non-Tax Revenue</b>	<b>7,681</b>	<b>4</b>
Interest Receipts, Dividends and Profits	949	1
General Services	1,145	...
Social Services	984	...
Economic Services	4,603	3
<b>C. Grants-in-aid and Contributions</b>	<b>34,480</b>	<b>20</b>
<b>TOTAL-REVENUE RECEIPTS</b>	<b>175,443</b>	<b>100</b>
(*) includes ₹30,919 crore (17.62 <i>per cent</i> of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government		

Total Tax Revenue ₹133,282 crore and Non-Tax Revenue of ₹7,681 crore formed 7.84 *per cent* and 0.45 *per cent* respectively of the GSDP\*.



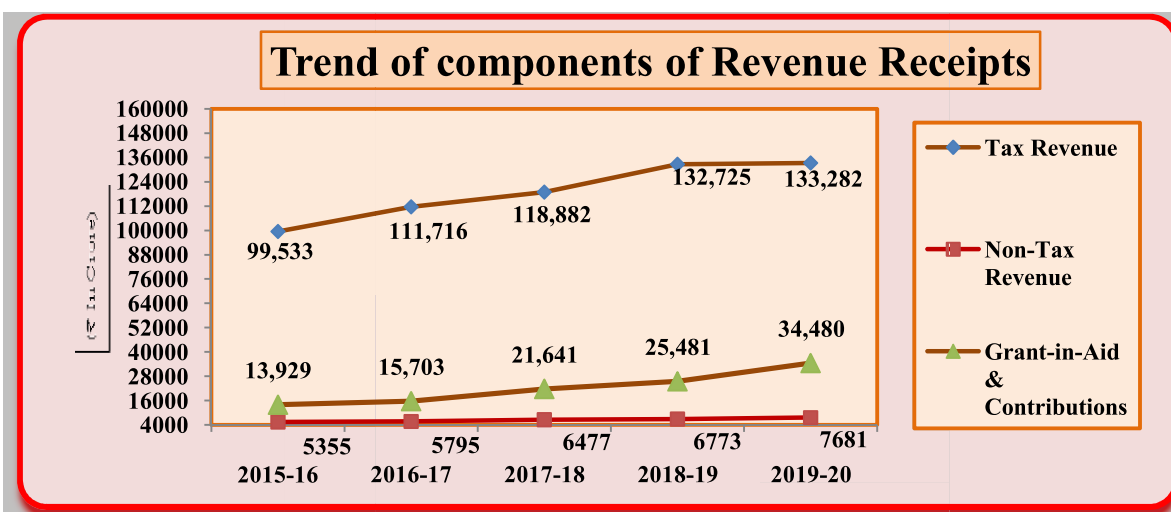
### 2.2.2 Trend of Revenue Receipts

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 <sup>(*)</sup>	Per cent of Total Revenue Receipts to GSDP
2015-16	99,533	5,355	13,929	118,817	1,045,168	11.37
2016-17	111,716	5,795	15,703	133,214	1,209,136	11.02
2017-18	118,882	6,477	21,641	147,000	1,357,579	10.83
2018-19	132,725	6,773	25,481	164,979	1,544,399	10.68
2019-20	133,282	7,681	34,480	175,443	1,699,115	10.33

(\*) Source for GSDP : Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India



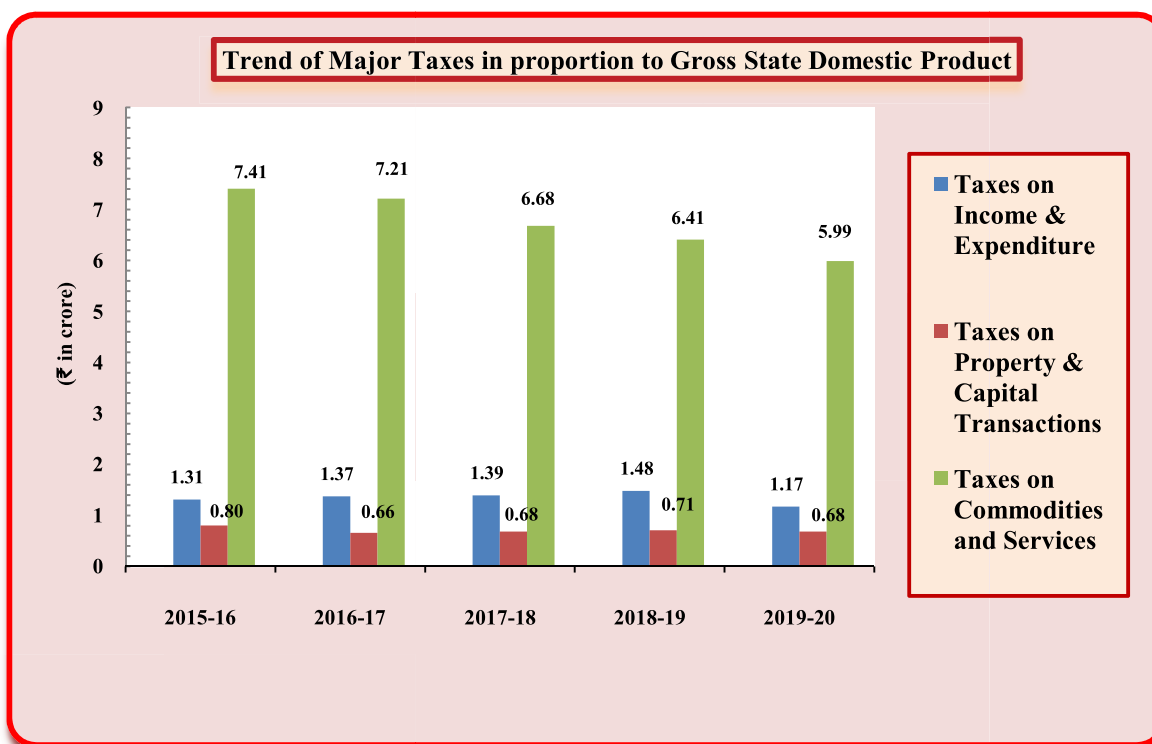
### 2.3 Trend of Collection of Tax Revenue

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

(₹ in crore)

Sector-wise Tax Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
Taxes on Income and Expenditure	13,653	16,515	18,909	22,796	19,944
Taxes on Property and Capital Transactions	8,397	8,036	9,219	10,924	11,512
Taxes on Commodities and Services including GST	77,483	87,165	90,754	99,005	101,826
<b>Total Tax Revenue</b>	<b>99,533</b>	<b>111,716</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>

Trend of Major Taxes in proportion to Gross State Domestic Product



### 2.3.1 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	
2015-16	99,533	23,983	75,550	1,045,168	2.29	7.23
2016-17	111,716	28,760	82,956	1,209,136	2.38	6.86
2017-18	118,882	31,752	87,130	1,357,579	2.34	6.42
2018-19	132,725	35,895	96,830	1,544,399	2.32	6.27
2019-20	133,282	30,919	1,02,363	1,699,115	1.82	6.02
(*) Source for GSDP :Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India						

### 2.4 Efficiency of Tax Collection

#### A. Taxes on Property and Capital Transactions<sup>(\*)</sup>

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

	(₹ in crore)				
Description	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Revenue Collection	8,423	8,093	8,947	10,288	11,609
Cost of Collection <sup>(A)</sup>	420	440	353	533	584
Percentage of Cost of Tax Collection	4.99	5.44	3.95	5.18	5.03
(*) Taxes on Property and Capital Transactions excluding 'Taxes on Wealth' which is not a part of States' Own Tax Revenue.					
(A) Comprising Expenditure booked under the minor heads '001-Direction and Administration and 101-Collection Charges'					

#### B. Taxes on Commodities and Services<sup>(\*)</sup>

	(₹ in crore)				
Description	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Collection	67,753	75,983	55,086	84,838	48,488
Cost of Collection <sup>(A)</sup>	488	411	204	668	721
Percentage of Cost of Tax Collection	0.72	0.54	0.37	0.79	1.49
(*) Taxes on Commodities and Services excluding 'Customs, Union Excise Duties, Service Tax'					
(A) Comprising Expenditure booked under the minor heads '001-Direction and Administration & 101-Collection Charges'					

### 2.4.1 Trend in State's own Tax collection over the past five years

(₹ in crore)

Head of Account	2015-16	2016-17	2017-18	2018-19	2019-20
Taxes on Sales, Trade etc	40,449	46,105	25,093	14,003	16,424
State Goods and Service Tax	...	...	24,182	41,956	42,147
State Excise	15,333	16,484	17,949	19,944	21,584
Stamps and Registration Fees	8,215	7,806	9,024	10,775	11,308
Corporation Tax	7,548	9,211	9,721	12,482	10,542
Taxes on Vehicles	5,002	5,594	6,209	6,568	6,763
Taxes on Income Other than Corporation Tax	5,252	6,402	8,209	9,192	8,261
Taxes on Goods and Passengers	3,125	3,306	1,279	28	65
Customs	3,830	3,962	3,204	2,544	1,960
Union Excise Duties	3,182	4,525	3,349	1,691	1,363
Service Tax	4,154	4,639	3,617	332	
Other Taxes and Duties on Commodities and Services	1,224	1,099	736	21	34
Taxes on Duties on Electricity	1,170	1,452	1,485	2,334	2,693
Integrated Goods and Services Tax	...	...	3,205	707	...
Central Goods and Services Tax	...	...	448	8,859	8,774

Net Tax Receipts during the year was less than Budget Estimates by ₹8,268 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
Central Goods and Service Tax	3,273	Taxes on Sales, Trade, etc.,	1,275
Taxes on Income other than Corporation tax	2,570	State Excise	634
Corporation Tax	2,349	Other Taxes on Income and Expenditure	240
State Goods and Service Tax	601	Taxes on Goods and Passengers	65
Customs	541		
Stamps and Registration Fees	520		
Taxes on Vehicles	337		
Union Excise Duties	173		
Taxes and Duties on Electricity	110		
Land Revenue	33		

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

(₹ in crore)					
Major Head Description	2015-16	2016-17	2017-18	2018-19	2019-20
Corporation Tax	7,548	9,211	9,721	12,482	10,542
Taxes on Income other than Corporation Tax	5,252	6,402	8,209	9,192	8,261
Taxes on Wealth	2	21	...	5	...
Customs	3,830	3,962	3,204	2,544	1,960
Union Excise Duties	3,182	4,525	3,349	1,691	1,363
Service Tax	4,153	4,639	3,617	332	...
Central Goods and Service Tax	...	...	448	8,859	8,774
Other Taxes and duties on Commodities and services	...	...	...	18	19
Integrated Goods and Service Tax	...	...	3,205	707	...
<b>State Share of Union Taxes &amp; Duties</b>	<b>23,983</b>	<b>28,760</b>	<b>31,752</b>	<b>35,895</b>	<b>30,919</b>
<b>Total Tax Revenue</b>	<b>99,533</b>	<b>111,716</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>
<b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b>	<b>24.10</b>	<b>25.74</b>	<b>26.71</b>	<b>27.04</b>	<b>23.20</b>

#### 2.5 Public Debt

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

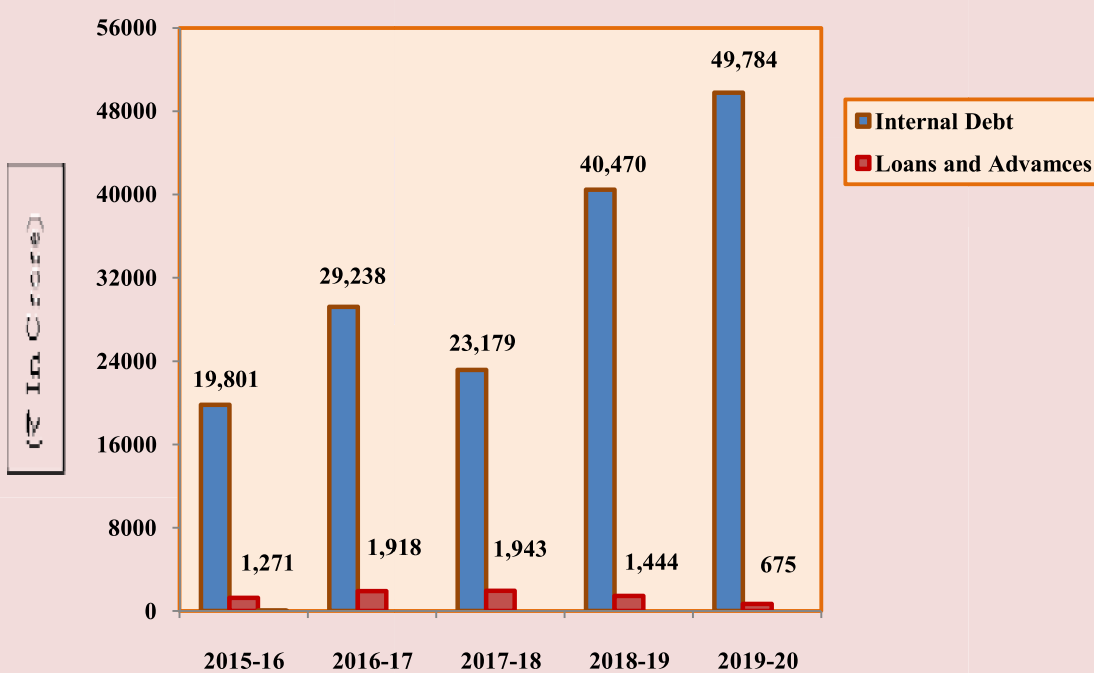
(₹ in crore)					
Description	2015-16	2016-17	2017-18	2018-19	2019-20
Internal Debt of the State Government	19,801	29,238	23,179	40,470	49,784
Loans and Advances from the Central Government	1,271	1,918	1,943	1,444	675
<b>Total Public Debt</b>	<b>21,072</b>	<b>31,156</b>	<b>25,122</b>	<b>41,914</b>	<b>50,459</b>

During the year 2019-20, the State Government has obtained 'Market Loans' amounting to ₹48,500 crore, comprising of 47 loans redeemable in the year 2033-34.

Against the total receipts of ₹50,459 crore received during 2019-20, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹49,784 crore) and 'Loans and Advances from the Central Government' (₹675 crore), the expenditure on Capital Account was ₹39,599 crore excluding repayment of Public Debt of ₹10,180 crore.



### Trend of receipts under Public Debt



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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.

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

|                          |                                                                                                                                                              |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 ₹174,257 crore for 2019-20 is less than Budget Estimates (₹181,605 crore) by ₹7,348 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

|                                | (₹ in crore) |         |           |           |         |
|--------------------------------|--------------|---------|-----------|-----------|---------|
|                                | 2015-16      | 2016-17 | 2017-18   | 2018-19   | 2019-20 |
| Budget Estimates               | 115,449      | 130,236 | 144,755   | 166,290   | 181,605 |
| Actuals                        | 117,029      | 131,921 | 142,482   | 164,300   | 174,257 |
| Gap                            | 1,580        | 1,685   | (-) 2,273 | (-) 1,990 | 7,348   |
| Gap over BE in <i>per cent</i> | 1            | 1       | (-) 2     | (-) 1     | 4       |

The position of committed and uncommitted revenue expenditure over the last five years is given below:

(₹ in crore)

| COMPONENT                                                                | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Total revenue expenditure                                                | 117,028 | 131,921 | 142,482 | 164,300 | 174,258 |
| Committed revenue expenditure                                            | 96,638  | 105,052 | 110,483 | 138,841 | 147,542 |
| Percentage of committed revenue expenditure to total revenue expenditure | 83      | 80      | 78      | 85      | 85      |
| Uncommitted revenue expenditure                                          | 29,309  | 26,869  | 31,999  | 25,459  | 26,715  |

It may be seen that the uncommitted Revenue Expenditure available for implementation of various schemes as decreased by 9% from ₹29,309 crore in 2015-16 to ₹26,715 crore in 2019-20. The total revenue expenditure increased by ₹117,028 crore in 2015-16 to ₹174,258 crore in 2019-20 and committed revenue expenditure increased by 49% over the same period.

### 3.2.1 Sectoral Distribution of Revenue Expenditure

Distribution of Revenue Expenditure, between the Sectors are given in the table below.

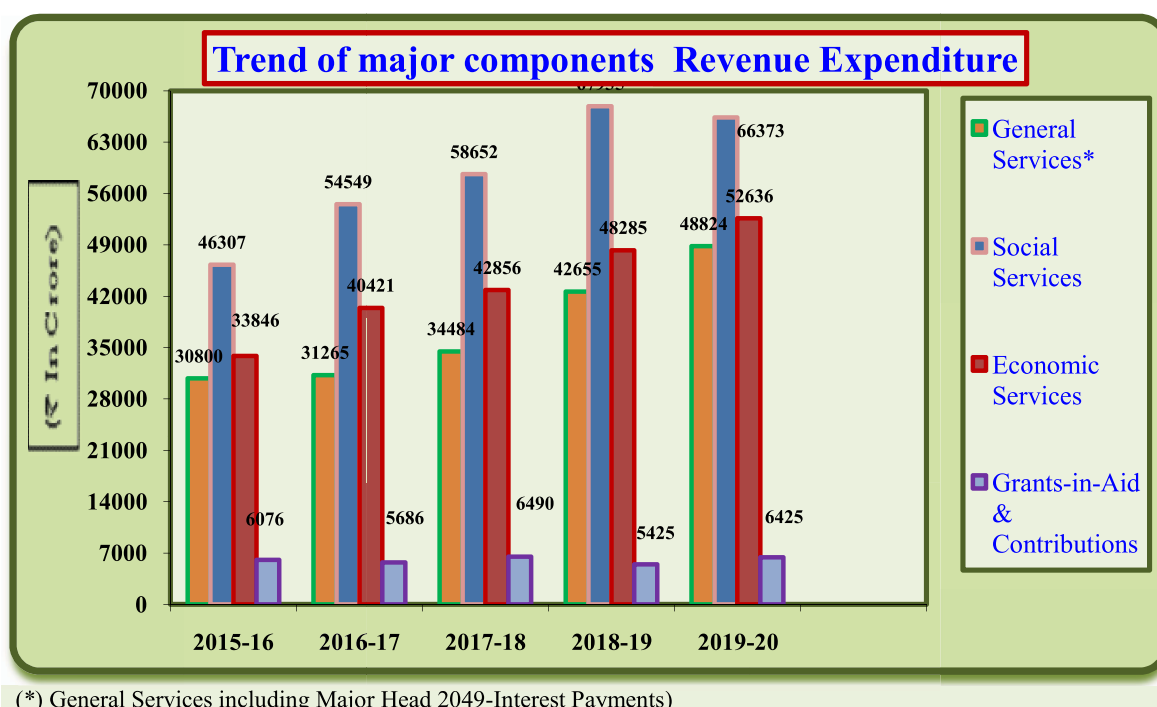
(₹ in crore)

| Components of Revenue Expenditure                                           |                                        | Amount         | Per cent <sup>(*)</sup> |
|-----------------------------------------------------------------------------|----------------------------------------|----------------|-------------------------|
| <b>A</b>                                                                    | <b>General Services</b>                | 48,824         | 28.02                   |
| <b>B</b>                                                                    | <b>Social Services</b>                 | 66,373         | 38.09                   |
| <b>C</b>                                                                    | <b>Economic Services</b>               | 52,636         | 30.20                   |
| <b>D</b>                                                                    | <b>Grants-in-Aid and Contributions</b> | 6,425          | 3.69                    |
| <b>Total Expenditure (A+B+C+D)</b>                                          |                                        | <b>174,257</b> | <b>100.00</b>           |
| *Indicates percentage of Expenditure by Sector to Total Revenue Expenditure |                                        |                |                         |

### 3.2.2 Trend in major components 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 |
|-----------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|---------------------------------|---------------------------|-----------|-----------------------------------------------|
| 2015-16                                                                                       | 30,800           | 46,307          | 33,846            | 6,076                           | 117,029                   | 1,045,168 | 11.20                                         |
| 2016-17                                                                                       | 31,265           | 54,549          | 40,421            | 5,686                           | 131,921                   | 1,209,136 | 10.91                                         |
| 2017-18                                                                                       | 34,484           | 58,652          | 42,856            | 6,490                           | 142,482                   | 1,357,579 | 10.50                                         |
| 2018-19                                                                                       | 42,655           | 67,935          | 48,285            | 5,425                           | 164,300                   | 1,544,399 | 10.64                                         |
| 2019-20                                                                                       | 48,824           | 66,373          | 52,636            | 6,425                           | 174,257                   | 1,699,115 | 10.26                                         |
| *Source for GSDP: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India. |                  |                 |                   |                                 |                           |           |                                               |



### 3.2.3. Expenditure in Major Sub-Sectors

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

|                                  |                                                                                      | (₹ in crore) |         |         |         |         |
|----------------------------------|--------------------------------------------------------------------------------------|--------------|---------|---------|---------|---------|
| Expenditure by Major Sub-sectors |                                                                                      | 2015-16      | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| 1                                | Education, Sports, Art and Culture                                                   | 18,724       | 20,084  | 21,307  | 23,424  | 26,518  |
| 2                                | Agriculture and Allied Activities                                                    | 11,149       | 11,976  | 14,521  | 20,305  | 21,669  |
| 3                                | Pensions and Miscellaneous General Services                                          | 11,366       | 11,394  | 11,817  | 15,227  | 18,527  |
| 4                                | Interest Payments and Servicing of Debt                                              | 12,413       | 12,850  | 13,930  | 16,123  | 18,869  |
| 5                                | Energy                                                                               | 9,170        | 9,237   | 9,403   | 10,061  | 12,264  |
| 6                                | Social Welfare and Nutrition                                                         | 8,793        | 10,209  | 8,789   | 18,186  | 16,328  |
| 7                                | Administrative Services                                                              | 5,711        | 5,816   | 6,417   | 7,574   | 8,011   |
| 8                                | Health and Family Welfare                                                            | 5,010        | 6,139   | 6,985   | 8,369   | 8,339   |
| 9                                | Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities | 5,562        | 6,780   | 8,546   | 8,488   | 7,167   |
| 10                               | Rural Development                                                                    | 5,222        | 5,547   | 5,209   | 7,001   | 7,277   |
| 11                               | Water Supply, Sanitation, Housing and Urban Development                              | 7,374        | 10,489  | 11,712  | 8,611   | 7,133   |
| 12                               | Transport                                                                            | 3,552        | 4,844   | 4,970   | 3,695   | 3,567   |
| 13                               | General Economic Services                                                            | 1,630        | 5,379   | 5,051   | 3,286   | 3,991   |

### 3.3 Capital Expenditure

For the year 2019-20, the Expenditure on Capital Account was ₹39,599 crore, which includes disbursement of Loans and Advances (₹4,069 crore) worked out to 2.33 *per cent* of GSDP and was less than Budget Estimates (₹40,080 crore) by ₹4,551 crore.

(₹ in crore)

| Sl. No. |                                          | 2015-16   | 2016-17   | 2017-18   | 2018-19   | 2019-20   |
|---------|------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1.      | Budget (B.E.)                            | 20,564    | 25,716    | 32,033    | 35,246    | 40,080    |
| 2.      | Actual Expenditure (#)                   | 20,713    | 28,151    | 30,667    | 34,659    | 35,530    |
| 3.      | Percentage of Actual Expenditure to B.E. | 101%      | 109%      | 96%       | 98%       | 89%       |
| 4.      | Yearly growth in Capital Expenditure     | 6%        | 36%       | 9%        | 13%       | 3%        |
| 5.      | GSDP                                     | 1,045,168 | 1,209,136 | 1,357,579 | 1,544,399 | 1,699,115 |
| 6.      | Yearly growth in GSDP                    | 14%       | 16%       | 12%       | 14%       | 10%       |

# Does not include expenditure on Loans and Advances

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2019-20, the Government spent ₹39,599 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)

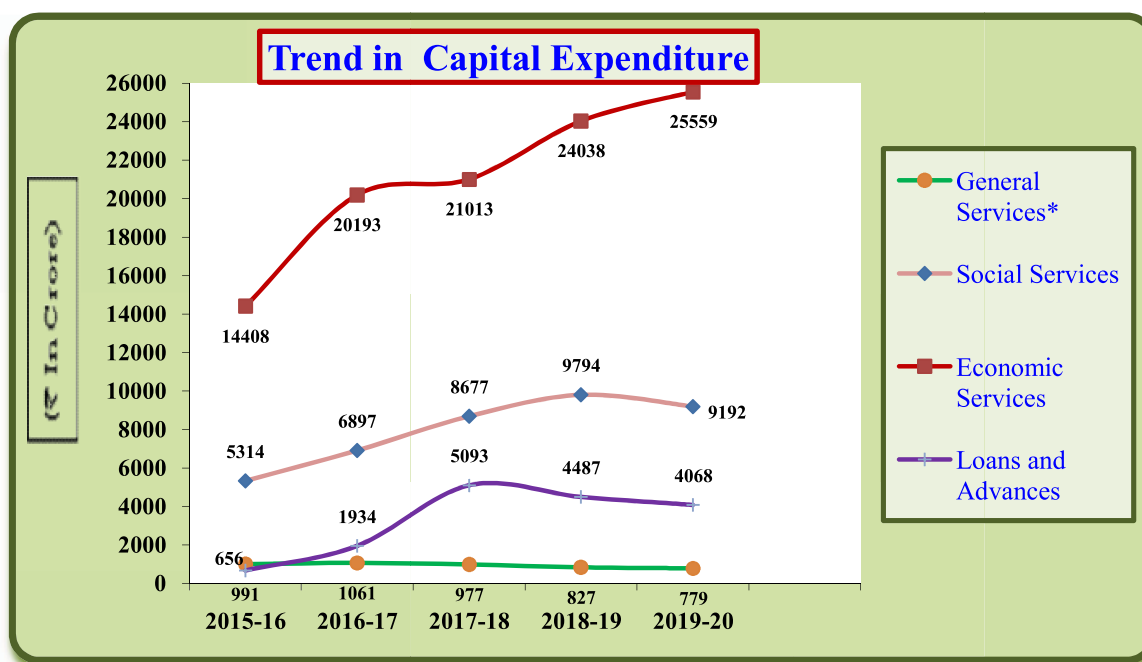
| Sl. No.                                                        | Sector                                                                                                                   | Capital       | Loan         | Total         | Per cent      |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------|---------------|
| 1.                                                             | <b>General Services</b> – Police, Land Revenue etc.,                                                                     | 779           | ...          | 779           | 1.97          |
| 2.                                                             | <b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,                        | 9,192         | 1,061        | 10,253        | 25.89         |
| 3.                                                             | <b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc., | 25,559        | 3,002        | 28,561        | 72.12         |
| 4.                                                             | <b>Miscellaneous</b>                                                                                                     | ...           | 6            | 6             | 0.02          |
| <b>Total Capital Expenditure (Outside the Revenue Account)</b> |                                                                                                                          | <b>35,530</b> | <b>4,069</b> | <b>39,599</b> | <b>100.00</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             | 2015-16       | 2016-17       | 2017-18       | 2018-19       | 2019-20       |
|--------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| 1            | General Services   | 991           | 1,061         | 977           | 827           | 779           |
| 2            | Social Services    | 5,314         | 6,897         | 8,677         | 9,794         | 9,192         |
| 3            | Economic Services  | 14,408        | 20,193        | 21,013        | 24,038        | 25,559        |
| 4            | Loans and Advances | 656           | 1,934         | 5,093         | 4,487         | 4,069         |
| <b>Total</b> |                    | <b>21,369</b> | <b>30,085</b> | <b>35,760</b> | <b>39,146</b> | <b>39,599</b> |



### 3.3.3 Sectoral Distribution of Capital and Revenue Expenditure

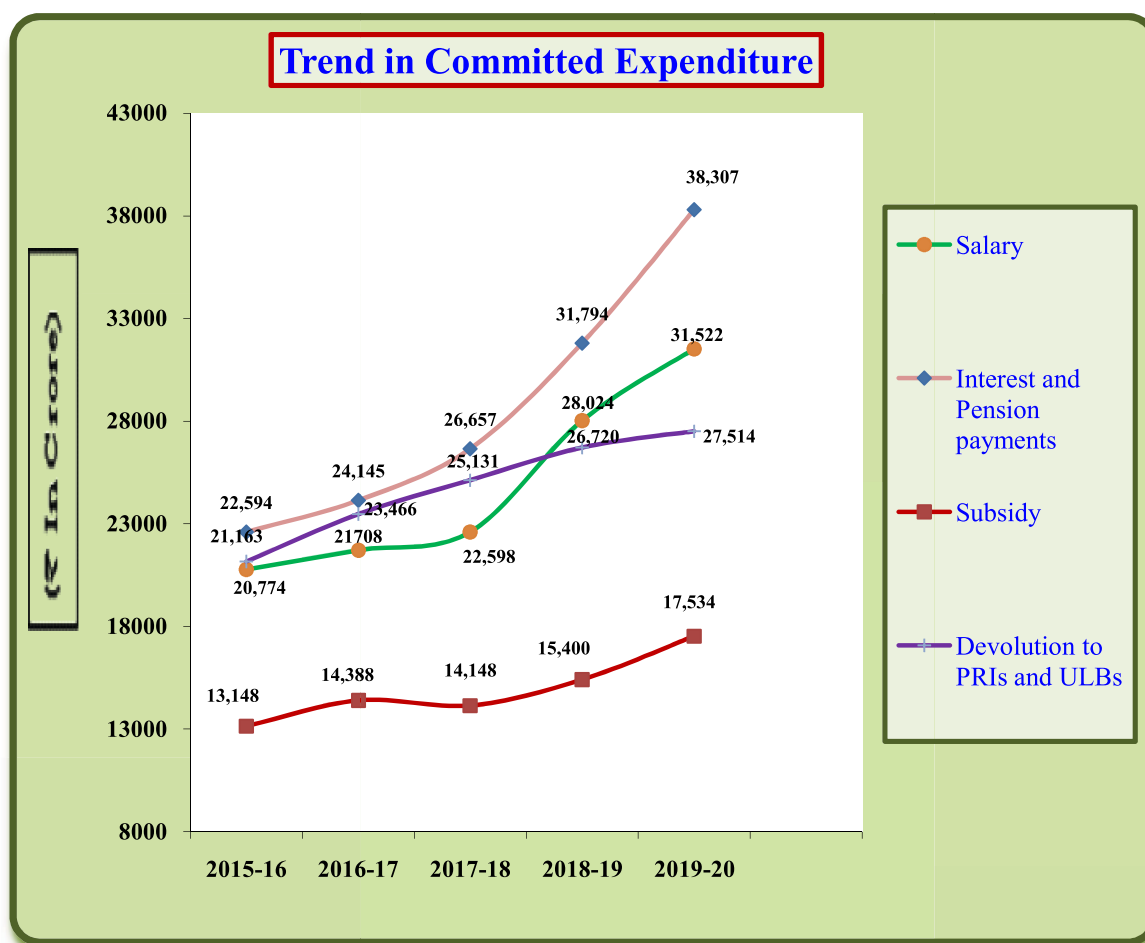
The Comparative Sectoral Distribution of Capital & Revenue Expenditure over the past 5 years is given below

(₹ in crore)

| Sl. No. | Sector            |              | 2015-16       | 2016-17       | 2017-18       | 2018-19       | 2019-20       |
|---------|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 1       | General Services  | Capital      | 991           | 1,061         | 977           | 827           | 779           |
|         |                   | Revenue      | 30,800        | 31,265        | 34,484        | 42,655        | 48,824        |
|         |                   | <b>Total</b> | <b>31,791</b> | <b>32,326</b> | <b>35,461</b> | <b>43,482</b> | <b>49,603</b> |
| 2       | Social Services   | Capital      | 5,314         | 6,897         | 8,677         | 9,794         | 9,192         |
|         |                   | Revenue      | 46,307        | 54,549        | 58,652        | 67,935        | 66,373        |
|         |                   | <b>Total</b> | <b>51,621</b> | <b>61,446</b> | <b>67,329</b> | <b>77,729</b> | <b>75,565</b> |
| 3       | Economic Services | Capital      | 14,408        | 20,193        | 21,013        | 24,038        | 25,559        |
|         |                   | Revenue      | 33,846        | 40,421        | 42,856        | 48,285        | 52,636        |
|         |                   | <b>Total</b> | <b>48,254</b> | <b>60,614</b> | <b>63,869</b> | <b>72,323</b> | <b>78,195</b> |

### 3.4 Committed Expenditure

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 2020-24. 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.



The Trend of Committed Expenditure in comparison to Revenue Expenditure and Revenue Receipts over the past five years is given below:

(₹ in crore)

| Components                                 | 2015-16               | 2016-17               | 2017-18               | 2018-19               | 2019-20               |
|--------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Committed Expenditure of which-      | 92,725                | 101,338               | 107,165               | 135,064               | 143,610               |
| (1) Salary <sup>(A)</sup>                  | 20,774                | 21,708                | 22,958                | 28,024                | 31,522                |
| (2) Interest Payments                      | 11,343 <sup>(B)</sup> | 12,850 <sup>(D)</sup> | 14,973 <sup>(E)</sup> | 16,614 <sup>(F)</sup> | 19,903 <sup>(G)</sup> |
| (3) Pension Payments                       | 11,251                | 11,295                | 11,684                | 15,109                | 18,404                |
| (4) Social Security Pensions               | 2,247                 | 2,503                 | 4,055                 | 5,460                 | 7,243                 |
| (5) Subsidy <sup>(C)</sup>                 | 13,149                | 14,387                | 14,148                | 15,400                | 17,534                |
| (6) Grants-in-Aid and Financial Assistance | 10,840                | 13,163                | 11,812                | 24,888                | 19,023                |
| (7) Administrative Expenses                | 1,958                 | 1,966                 | 2,404                 | 2,136                 | 2,467                 |
| (8) Devolution to Local Bodies             | 21,163                | 23,466                | 25,131                | 26,720                | 27,514                |
| (9) Daily Wages                            | ...                   | ...                   | 110                   | 138                   | ...                   |
| (10) Contract/Outsource                    | ...                   | ...                   | 457                   | 576                   | ...                   |

(₹ in crore)

| Components                                                                                                                                                                                                    | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Revenue Receipts                                                                                                                                                                                              | 118,817 | 133,214 | 147,000 | 164,979 | 175,443 |
| Revenue Expenditure                                                                                                                                                                                           | 117,028 | 131,921 | 142,482 | 164,300 | 174,258 |
| Percentage of Committed Expenditure to Revenue Receipts                                                                                                                                                       | 78      | 76      | 73      | 82      | 82      |
| Percentage of Committed Expenditure to Revenue Expenditure                                                                                                                                                    | 79      | 77      | 75      | 82      | 82      |
| (A) Indicates Salary booked under the State Sector and excluding the salary paid to staff employed under Panchayat Raj Institutions.                                                                          |         |         |         |         |         |
| (B) 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'.   |         |         |         |         |         |
| (C) Subsidy representing only the amount booked under the object head '106-Subsidy', excluding subsidy releases to PRIs & ULBs                                                                                |         |         |         |         |         |
| (D) 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'.   |         |         |         |         |         |
| (E) Includes payment of interest (₹1,043 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |         |         |         |         |         |
| (F) Includes payment of interest (₹1,262 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |         |         |         |         |         |
| (G) Includes payment of interest (₹1,384 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 IV

### APPROPRIATION ACCOUNTS

#### 4.1 Summary of Appropriation Accounts

Appropriation Accounts of the Government of Karnataka for the year 2019-20 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 2019-20 are given below.

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Reappropriation /Surrenders	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted	162,465	15,628	(-) 10,135	167,958	160,084	(-) 7,874
	Charged	22,185	403	(-) 1,654	20,934	20,679	(-) 255
2	Capital Voted	40,035	4,184	(-) 2,602	41,617	36,375	(-) 5,242
	Charged	1,199	...	...	1,199	1,195	(-) 4
3	Public Debt Charged	9,964	311	(-) 94	10,181	10,181	(+) 0
4	Loans and Advances Voted	4,898	2,532	...	7,430	5,464	(-) 1,966
	<b>Total</b>	<b>240,746</b>	<b>23,058</b>	<b>(-) 14,485</b>	<b>249,319</b>	<b>233,978</b>	<b>(-) 15,341</b>

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

The Appropriation Accounts of Government of Karnataka for 2019-20 indicate Grant-wise saving and excess as given below:

(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No.	Name	Voted	Charged	Voted	Charged
1	Agriculture and Horticulture	1,178.55	...	428.59	...
2	Animal Husbandry and Fisheries	169.38	...	18.26	...
3	Finance	6,323.26	6.67	19.32	...
4	Department of Personnel and Administrative Reforms	104.29	56.52	6.12	...
5	Home and Transport	576.26	0.02	101.24	...
6	Infrastructure Development	0.15	...	41.56	...
7	Rural Development and Panchayat Raj	1,472.01	...	1,223.40	...
8	Forest, Ecology and Environment	86.43	19.81	50.35	...

(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
9	Co-operation	1,299.72	...	3.08	...
10	Social Welfare	1,151.07	...	250.53	...
11	Women and Child Development	710.54	...	14.58	...
12	Information, Tourism and Youth Services	42.50	...	126.37	...
13	Food and Civil Supplies	92.80	...	...	...
14	Revenue	403.06	...	75.46	4.04
15	Information Technology	66.57	...	...	...
16	Housing	467.63	...	...	0.03
17	Education	625.00	...	123.40	...
18	Commerce and Industries	239.65	...	416.18	...
19	Urban Development	940.19	675.91	3,380.77	...
20	Public Works	596.68	27.81	1,388.49	...
21	Water Resources	290.53	181.00	1,110.85	0.37
22	Health and Family Welfare Services	756.00	...	250.37	...
23	Labour and Skill Development	222.91	...	53.62	...
24	Energy	5.99	...	...	...
25	Kannada and Culture	28.54	...	80.27	...
26	Planning, Statistics, Science and Technology	83.33	...	647.98	...
27	Law	61.67	46.17	...	...
28	Parliamentary Affairs and Legislation	14.46	0.95	...	...
29	Debt Servicing	...	894.12	...	93.06
	Total	18,009.17	1,908.98	9,810.79	97.44

## 4.2 Trend in Savings

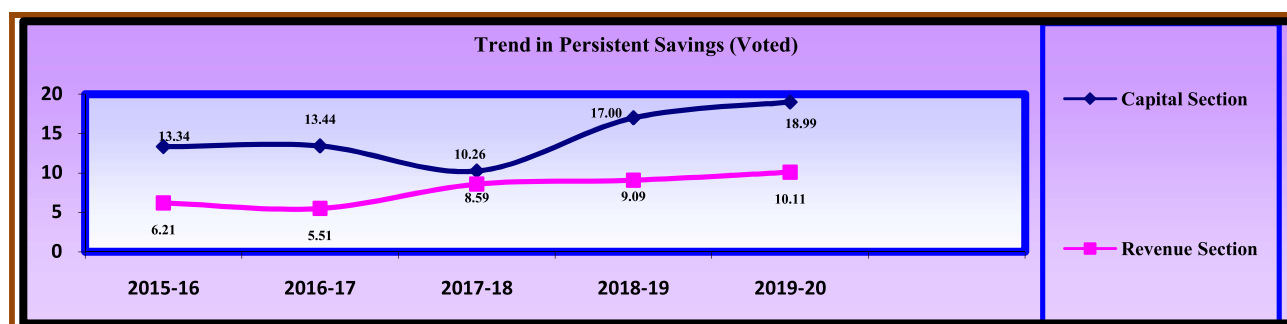
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature excluding the amount 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 4.2.1 and Table 4.2.2 respectively. Graphical presentation of saving as a *per cent* to Total Provision furnished below the respective tables.

## Persistent Savings (Voted)

(₹ in crore)

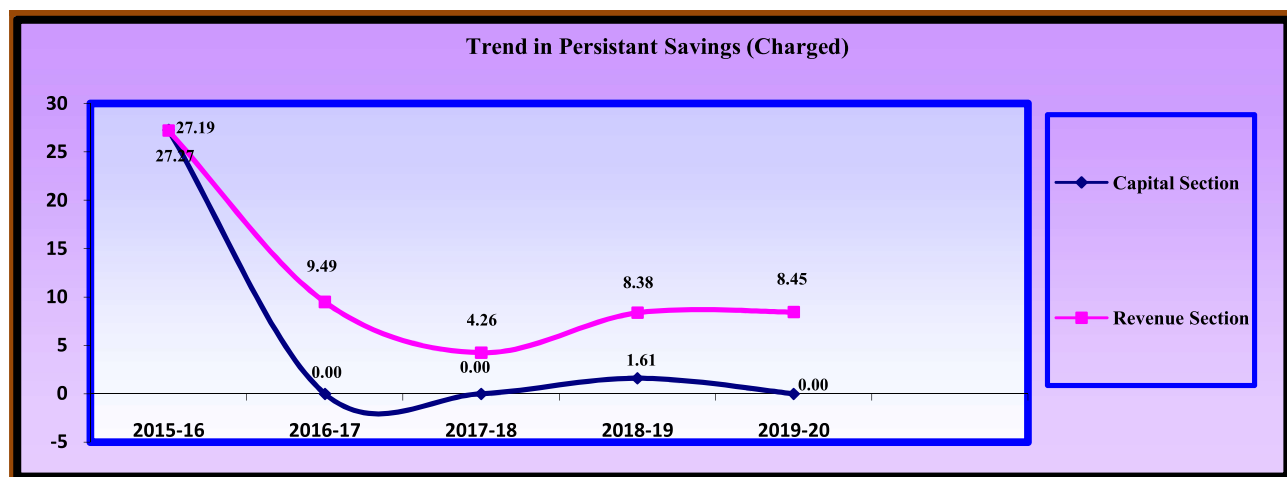
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2015-16	114,291	107,199	7,092	6.21	28,281	24,509	3,772	13.34
2016-17	129,147	122,027	7,120	5.51	34,451	29,821	4,630	13.44
2017-18	141,869	129,684	12,185	8.59	42,523	38,161	4,362	10.26
2018-19	163,872	148,976	14,896	9.09	49,234	40,865	8,369	17.00
2019-20	178,093	160,084	18,009	10.11	51,649	41,839	9,810	18.99



## Persistent Savings (Charged)

(₹ in crore)

Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
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	...	...	...	...
2017-18	16,328	15,632	696	4.26	...	...	...	...
2018-19	19,927	18,257	1,670	8.38	12,640	12,436	204	1.61
2019-20	22,588	20,679	1,909	8.45	11,474	...	...	...



### 4.3 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, equal 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	2015-16	2016-17	2017-18	2018-19	2019-20
04	Departmental of Personnel and Administrative Reforms	16	22	14	13	10
21	Water Resources	20	12	16	12	27
23	Labour and Skill Development	13	12	36	24	16
<b>Capital Section</b>						
03	Finance	46	33	30	30	15
11	Women and Child Development	13	26	11	44	15
12	Information, Tourism and Youth Services	21	24	35	42	27
26	Planning, Statistics, Science and Technology	10	12	12	10	34

### 4.4 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2019-20 additional funds aggregating to ₹115,013 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	Expenditure	Saving
04	2052-00-090-27	810.00	594.00	...	1,404.00
04	3451-00-090-2	11,754.00	1,100.00	6,608.89	6,245.11
05	2055-00-001-07	7,565.00	7,423.00	...	14,988.00
07	2215-01-102-9	90,000.00	21,933.18	90,000.00	21,933.18
08	2406-02-110-02	5,748.00	2.00	4,430.61	1,319.39
08	2406-04-103-1	10,075.00	6.00	8,157.41	1,923.59
10	2225-01-800-22	123.00	2,326.00	...	2,449.00
10	2225-03-190-04	20,000.00	327.50	14,327.50	6,000.00
10	2225-03-001-05	24,838.79	600.00	11,964.54	13,474.25
10	2225-03-277-2	128,214.00	1,140.00	112,203.39	17,150.61
14	2053-00-093-01	1,579.00	2,459.00	...	4,038.00

### Unnecessary Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Expenditure	Saving
14	2053-00-093-1	9,513.00	420.10	8,745.97	1,187.13
14	2250-00-103-5	13,360.00	1,000.00	12,619.70	1,740.30
14	4059-80-051-52	2,000.00	1,000.00	994.50	2,005.50
15	3451-00-090-2	13,170.71	203.00	7,401.49	5,972.22
17	2058-00-103-01	10,545.00	239.00	9,243.79	1,540.21
17	4202-02-104-1	25,860.00	1,000.00	24,157.93	2,702.07
19	4217-60-800-01	4,400.00	3,500.00	4,400.00	3,500.00
19	2217-05-800-14	...	1,500.00	...	1500.00
19	2217-05-191-1	99,241.00	800.00	86,448.73	13,592.27
20	2059-80-800-07	635.00	1,696.00	...	2,331.00
21	4701-73-800-01	12,080	3,662.00	3,749.99	11,992.01
21	2701-80-001-21	317.00	786.00	...	1,103.00
22	4210-01-110-1	42,729.65	500.00	28,419.69	14,809.96
22	2210-01-800-07	1,675.00	3,864.00	...	5,539.00
22	4210-03-105-1	51,522.35	359.00	44,023.56	7,857.79
26	4515-00-800-0-04	2,211.00	2,775.00	2,211.00	2,775.00
27	2014-00-102-02	15,696.00	3,224.10	15,350.84	3,569.26
27	2014-00-102-14	1,164.00	2,074.10	...	3,238.00
29	2048-00-101-4	35,000.00	35,000.00	35,000.00	35,000.00

### Excessive Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Actuals	Saving
01	2401-00-800-1	52,794.00	183,161.16	201,830.64	34,124.52
02	4403-00-101-11	2,306.00	3,000.00	4,729.50	576.50
03	7610-00-202-02	300.00	360.00	360.00	300.00
04	4059-60-051-02	100.00	850.00	500.00	450.00
05	2055-00-116-03	418.43	27,888.00	482.72	27,823.71
07	5054-03-337-75	125,000.00	180,000.00	225,240.10	79,759.90
08	2406-01-013-01	200.00	500.00	570.25	129.75
08	2406-01-102-2	1,476.00	304.40	1,581.90	198.50
10	4225-02-794-01	14,223.00	4,896.00	15,563.25	3,555.75
11	2235-02-102-40	1,001.00	2,450.58	2,302.04	1,149.54
11	2235-02-102-43	1.00	12,971.15	6,575.69	6,396.46

### Excessive Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Actuals	Saving
11	2235-02-102-13	200.00	905.98	962.99	142.99
14	2245-05-101-07	30,200.00	30,300.00	50,700.00	9,800.00
18	2853-02-001-01	4,283.00	1,202.77	4,591.70	894.07
20	5054-03-337-18	50,000.00	25,000.00	50,562.89	24,437.11
21	2711-02-103-01	60.00	530.00	489.00	101.00
21	4702-00-800-8	5,000.00	6,000.00	9,820.62	1,179.38
23	2501-01-198-6	15,000.00	18,158.67	25,071.46	8,087.21
25	2250-00-800-2	1,095.00	1,041.40	1,680.00	456.40
26	4515-00-800-03	2,654.00	1,500.00	3,115.50	1,038.50

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## CHAPTER V

### ASSETS AND LIABILITIES

#### 5.1 Assets

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, mainly comprising of cash balance and investments of cash balance stood at ₹34,463 crore, progressive Capital Expenditure ₹305,798 crore, balance of Loans and Advances ₹28,847 crore, Civil Advances ₹7 crore and balance outstanding under Remittances ₹1,038 crore at the end of 31 March 2020. The details of Assets and Liabilities of Government of Karnataka are exhibited in the Statement No.1 of the Finance Accounts **Volume-I**.

Government investments in share capital of different classes of entities stood at ₹67,817 crore at the end of 2019-20, mainly comprising of Statutory Corporations, which is inclusive of Regional Rural Banks (₹2,785 crore), Government Companies/Public Sector Undertakings (₹60,319 crore), Joint Stock Companies (₹4,137 crore) and Co-operative Institutions and Local bodies (₹576 crore). Dividend received during the year was ₹54 crore (0.08 *per cent*) on the Total Government Investments. During the year 2019-20, the Government Investments was increased by ₹1,299 crore, while dividend income Increased by ₹15 crore.

Cash Balance with RBI, which stood at ₹990 crore on 1 April 2019 increased to ₹1,659 crore at the end of March 2020.

#### 5.2 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 2018-19 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

served 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
2015-16	1,045,168	122,547	11.73	53,076	5.08	175,623	16.80
2016-17	1,209,136	146,283	12.10	64,788	5.36	211,071	17.46
2017-18	1,357,579	163,135	12.02	69,923	5.15	233,058	17.17
2018-19	1,544,399	193,967	12.56	76,409	4.95	270,376	17.51
2019-20	1,699,115	234,245	13.79	85,172	5.01	319,417 <sup>(#)</sup>	18.80
(*) Source for GSDP : Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India.							
(^) 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 ₹18,103 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 ₹49,041 crore (18.14 *per cent*) in Public Debt and Other Liabilities as compared to 2018-19.

For the year 2019-20, the Interest payments on Debt and Other Liabilities stood at ₹19,903 crore which includes payment of interest on off-budget borrowings (₹1,384 crore), Interest on Internal Debt (₹15,044 crore excluding Interest on Management of State Debt), Interest on Small Savings, Provident Funds (₹2,747 crore), Interest on Loans and Advances from Central Government (₹684 crore) and Interest on Reserve Funds & Other Obligations (₹0.08 crore) and the total interest payments works out to 11.42 *per cent* of the Revenue Expenditure and 11.34 *per cent* of the Revenue Receipts of the year 2019-20.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹3,218 crore during 2019-20 over 2018-19.

### 5.2.1 State Provident Funds

The following table shows the details of State Provident Fund for the last five years:

(₹ in crore)

Year	Opening Balance	Receipts (*)	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
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
2017-18	13,535	3,507	2,006	1,501	15,036	1,055
2018-19	15,036	3,894	2,221	1,673	16,709	1,164
2019-20	16,709	4,396	2,626	1,770	18,479	1,392
(*) Includes interest indicated in the last column of the table.						



### 5.2.2 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.

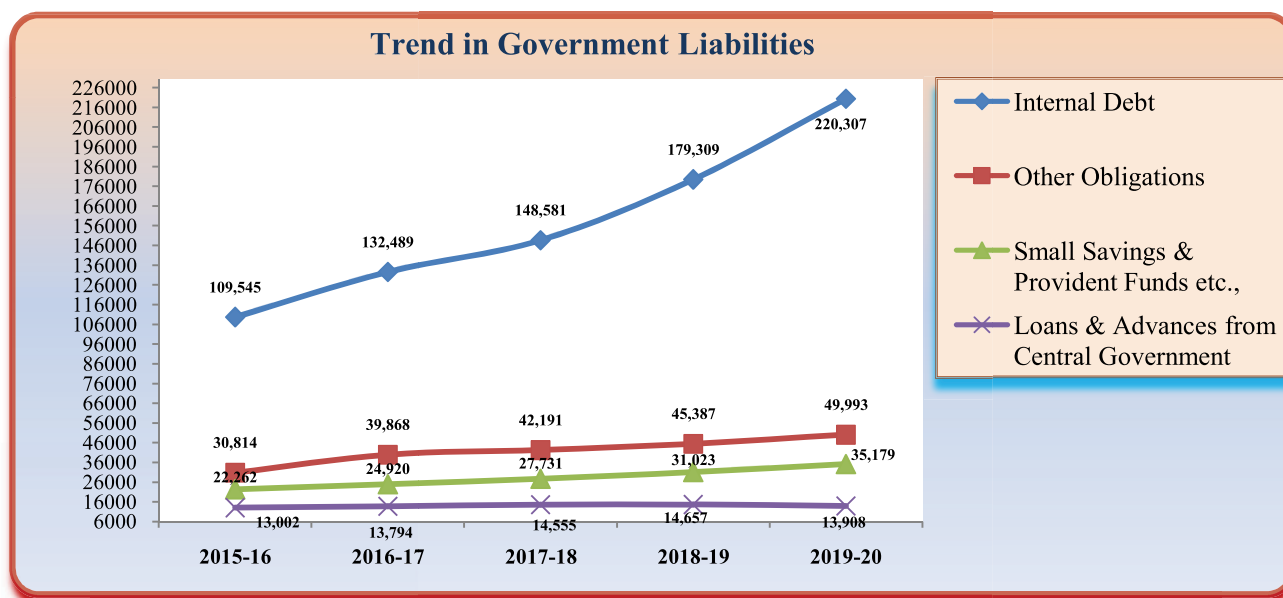
(₹ in crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
2015-16	109,545	13,002	22,262	30,814	175,623
2016-17	132,489	13,794	24,920	39,868	211,071
2017-18	148,581	14,555	27,731	42,191	233,058
2018-19	179,309	14,657	31,023	45,387	270,376 <sup>(#)</sup>
2019-20	220,337	13,908	35,179	49,993	319,417 <sup>(\$)</sup>

(#) Excluding the amount of off-budget borrowings ₹14,862 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

(\$)

Excluding the amount of off-budget borrowings ₹18,103 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



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)
14,862	4,435	1,194	1,384	18,103

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 (₹18,103 crore), has increased by ₹52,282 crore for the year 2019-20. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2020 stood at ₹3,37,520 crore.

After taking into account the outstanding liabilities on off-budget borrowings ₹18,103 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 19.86 *per cent*, to the end of 2019-20.

### 5.2.3 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	2015-16	2016-17	2017-18	2018-19	2019-20
Number of withdrawals from Contingency Fund	5	2	...	4	3
Total withdrawals from Contingency Fund (₹ in crore)	36.25	7.64	...	119.65	20.10
Withdrawals from the Contingency Fund as a <i>percentage</i> to Total Budget Provision	0.02	0.01	...	...	0.01

## 5.3 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 Principal 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 2020 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 2020	
		Principal	Interest
2015-16	18,358	13,155	170
2016-17	21,115	15,227	165
2017-18	24,025	18,266	149
2018-19	30,719	23,913	178
2019-20	35,694	26,679	151

#### 5.4 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
2015-16	10,234	1,271	664	10,841
2016-17	10,841	1,917	839	11,919
2017-18	11,919	1,968	895	12,992
2018-19	12,992	1,455	1,054	13,393
2019-20	13,393	675	1,137	12,931

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## CHAPTER VI

### OTHER ITEMS

#### 6.1 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 ₹220,337 crore, which comprises an adverse balance amounting to ₹133.57 crore under 'Loans from National Co-operative Development Corporation'. The balance under 'Loans and Advances from the Central Government' stood at ₹13,908 crore, which comprises an adverse balance amounting to ₹1.33 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 XIII Finance Commission. Reconciliation of adverse balances is under examination.

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

Total Loans and Advances made by the State Government at the end of 2019-20 was ₹28,847 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 ₹5,440 crore and interest amounting to ₹4,548 crore, is in arrears as at the end of 31 March 2020 in respect of loans, the detailed accounts of which are maintained by the Principal Accountant General (A&E) Karnataka.

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

Grants-in-Aid to Local Bodies etc., has increased by ₹4,000 crore from ₹50,603 crore in 2018-19 to ₹54,603 crore in 2019-20 representing an increase of 8 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹44,458 crore) represented 81 *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 <sup>(*)</sup> | Total  |
| 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 |
| 2017-18                                                                                                                         | 9,811            | 15,705           | 5,533           | 6,490                 | 9,557                 | 47,096 |
| 2018-19                                                                                                                         | 11,750           | 19,222           | 4,925           | 5,425                 | 9,281                 | 50,603 |
| 2019-20                                                                                                                         | 12,104           | 21,127           | 4,802           | 6,425                 | 10,145                | 54,603 |
| (*) Others include Public Sector Undertakings, Autonomous Bodies, and Co-operative Institutions & Non Government Organisations. |                  |                  |                 |                       |                       |        |

### 6.3.1 Status of Outstanding Utilization Certificates

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 Principal Accountant General (A&E). The Principal Accountant General (A&E) will keep a watch over the submission of UCs in respect of such releases only. At the end of 31 March 2020 about 51 Grants-in-Aid bills amounting to ₹182 crore were outstanding for submission of Utilisation Certificates. The pendency was mainly under 'Medical and Public Health' (₹118 crore) and 'Urban Development Dept' constituting (₹56 crore) constituting 96 percent.

### 6.4 Cash Balance and Investment of Cash Balance

| (₹ in crore)                                                       |                          |                           |                                  |
|--------------------------------------------------------------------|--------------------------|---------------------------|----------------------------------|
| Component                                                          | As on<br>1 April<br>2019 | As on<br>31 March<br>2020 | Net Increase (+)<br>Decrease (-) |
| Cash Balance <sup>(1)</sup>                                        | 990                      | 1,659                     | (+) 669                          |
| Investments from Cash Balance<br>(GOI Securities & Treasury Bills) | 5,139                    | 13,634                    | (-) 8,495                        |
| Other Cash Balances & Investments                                  | 15,875                   | 19,170                    | (+) 3,295                        |
| (a) Cash with Departmental Officers<br>& Permanent Advances        | 4                        | 4                         | ...                              |
| (b) Investments of Earmarked Funds                                 | 15,871                   | 19,166                    | (+) 3,295                        |
| <b>Total</b>                                                       | <b>22,004</b>            | <b>34,463</b>             | <b>(-) 12,459</b>                |
| Interest realised                                                  | 936                      | 535                       | (-) 401                          |
| (1) Cash Balance include Local Remittances & Deposits with RBI.    |                          |                           |                                  |

During 2019-20 interest receipt on Cash Balance Investments decreased by 42.84 *per cent* in comparison with the previous year.

### 6.5 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the Departments and the figures appearing in the accounts compiled by the Principal Accountant General (Accounts and Entitlements) Karnataka. This exercise is to be conducted by respective Heads of Departments. During 2019-20, only 85.37 *per cent* (₹179,098 crore) of the total expenditure of ₹209,787 of the State Government was reconciled. Similarly, out of total receipts of ₹175,488 crore, 98.37 *per cent* (₹173,688 crore) was reconciled. Loans and advances, both repayment of Loans and Disbursements, were not reconciled by any of the CCOs concerned.

## 6.6 Submission of Accounts by Treasuries

There are 34 District Treasury Offices (DTO) in the State. During the year 2019-20, out of 210 occasions of delayed submission of monthly accounts, delay of up to 15 days was noticed in on 209 occasions and delay over 15 days and less than one month on 1 occasion.

## 6.7 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 finally settled through submission of Non-payment Detailed Contingent (NDC) bills through treasury to the Principal 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. At the end of 31 March 2020 about 1,959 AC bills amounting to ₹98.68 crore were outstanding for submission of NDC bills. The pendency was mainly under 'Police' (₹31.12 crore) and 'Elections' (₹43.39 crore).

## 6.8 Commitments on account of Incomplete Works

A total expenditure of ₹202,738 crore was incurred up to the year 2019-20 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 ₹439 crore on incomplete works (1,060 Works) costing over ₹207 crore to the end of the financial year 2019-20. The details are as follows.

| (₹ in crore) |                 |               |                         |
|--------------|-----------------|---------------|-------------------------|
| Period       | Number of Works | Cost of Works | Progressive Expenditure |
| 2010-2015    | 38              | 276           | 177                     |
| 2015-2019    | 4,780           | 4,357         | 2,207                   |
| <b>TOTAL</b> | <b>4,818</b>    | <b>4,633</b>  | <b>2,384</b>            |

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## **CHAPTER VII**

### **FINANCIAL REPORTING**

#### **7.1 Efficiency on Budget Preparation**

Article 202 of the Constitution of India empowers the State Government for preparation of statement of estimated receipts and expenditure of the State, for each financial year, which has to be laid before both the houses of Legislature.

This Statement also known as Annual Financial Statement or Budget, provide descriptions about projections or estimation of Revenue and Expenditure for a particular fiscal year, followed by detailed estimate of Receipts and Statement of Demand for Grants followed by detailed estimate of Expenditure. Budget papers of a given year provide information normally for three years. viz., Budget Estimate for the ensuing year, budget estimate and revised estimate of previous year and accounts or actual (figures) of second preceding year.

A comparative and critical analysis of proposed budgeted Receipts and Expenditure of a particular year's budget with their final outcome facilitates a meaningful understanding of performance of government. Variations do occur owing to overestimation or underestimation of revenue and expenditure. The extent of variation between the budget estimates of Revenue and Expenditure and actual Revenue and Expenditure are influenced by several factors like political decisions, economic & social conditions, system of budgetary control.

Huge variation between the budget estimates and actuals is not desirable, as such variation would result in distortions of fiscal indicators. Accuracy in revenue estimates is desired for facilitating a realistic choice of expenditure policy for smooth implementation of expenditure schemes. Accuracy of budget estimation helps in formulation of economic policy and attainment of efficient fiscal indicators. Thus, without sound budgetary forecasts, a satisfactory integration between formulation and execution of economic goals cannot be easily achieved.

A comparison of budget estimates for the year 2019-20 with the Actual Accounts has revealed variations as detailed below:

The budget estimates envisaged revenue receipts of ₹1,81,863 crore against which the actual realisation was ₹175,443 crore, an decrease of ₹6,420 crore (about 3.53% of the estimated Revenue Receipts).



1) Details of variation between the Estimated Revenue Receipts and Actuals are furnished in the Explanatory Notes to Statement No.14 of Finance Accounts Volume II.

Revenue expenditure was estimated at ₹181,605 crore against which the actual expenditure was ₹174,257 crore, a decrease of ₹7,348 crore (about 4.05 per cent of the Estimated Revenue Expenditure).

2. Details of variation between the Estimated Revenue Receipts and Actuals are furnished in the Explanatory Notes at Statement No.15 of Finance Accounts Volume II.

## 7.2 Grants-in-Aid

According to Indian Government Accounting Standards (IGAS)-2, Grants-in-aid are payments, transfer of funds, in cash or in kind in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

Grants-in-aid are given by the Union Government to State Governments and by the State Governments to the Local Bodies discharging functions of State government under the Constitution. This is based on the system of governance in India, which follows three-tier pattern with the Union Government at the apex, the States in the middle and the Local Bodies (LBs) consisting of Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs) at the grass root level. Grants-in-aid released by the Union Government to the State Governments are paid out of the Consolidated Fund of India as per Articles 275 and 282 of the Constitution.

The State Government, while sanctioning Grants-in-aid (GIA) to various bodies, may stipulate that the Utilisation Certificates (UCs) for the grants released are to be forwarded to the Principal Accountant General (A&E), who will watch submission of UC's against such grants. Utilisation Certificates outstanding beyond the specified period (18 months) indicates absence of assurance on utilisation of grants for intended purposes. The status of outstanding UCs is shown in the table below:

(₹ in crore)		
Year*	Number of UCs awaited	Amount
Up to 2017-18	27	52.34
2018-19	03	14.85
2019-20	21	115.30
<b>Total</b>	<b>51</b>	<b>182.49</b>
* The year mentioned above relates to "Due Year", i.e., after 18 months of actual drawal.		
Major defaulting departments, which have not submitted UCs are Medical & Public Health (₹118.10 crore) and Urban Development Department (₹55.91 Crore), constituting 64.72 per cent and 30.64 per cent of the balance (₹182.49 crore).		



### 7.3 Status of Suspense Balance

Transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons are classified under suspense. These heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts.

The Finance Accounts reflect the net balances under different Suspense and Remittance Heads of Account. The outstanding balances under the Major Head of account ‘8658 – Suspense Accounts’ and ‘8782 – Cash Remittances and adjustment between officers rendering accounts to the same Accounts Officer’ are worked out by aggregating the outstanding debit and credit balances separately.

The position of net balances under some of the significant Suspense and Remittance items to the end of last three years is indicated below.

#### Annexure – B Details of Suspense and Remittance balances [Para 3 (x) of Notes to Accounts]

Details of Minor Head		2017-18		2018-19		2019-20	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1	8658-00-101 Pay and Accounts Office Suspense	189.66	0.25	288.08	16.93	270.30	10.86
	<b>Net</b>	<b>Dr. 189.41</b>		<b>Dr. 271.15</b>		<b>Dr.259.44</b>	
2	8658-00-102-Suspense Account (Civil)	17.37	175.77	17.76	296.45	18.14	414.95
	<b>Net</b>	<b>Cr. 158.40</b>		<b>Cr. 278.69</b>		<b>Cr. 396.81</b>	
3	8658-00-110- Reserve Bank of India Suspense- Central Accounts Office	44.53	1,51.18	91.41	183.28	17.59	154.67
	<b>Net</b>	<b>Cr. 106.65</b>		<b>Cr. 91.87</b>		<b>Cr. 137.08</b>	
4	8782-00-102-1 Public Works Remittances into treasury	81.72	...	82.61	...	82.61	...
	<b>Net</b>	<b>Dr. 81.72</b>		<b>Dr. 82.61</b>		<b>Dr. 82.61</b>	
5	8782-00-102-2 Public Works Cheques	2.53	30.52	2.53	29.78	2.53	11.11
	<b>Net</b>	<b>Cr. 27.99</b>		<b>Cr. 27.25</b>		<b>Cr. 8.58</b>	

		(₹ in crore)					
Details of Minor Head		2017-18		2018-19		2019-20	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
6	8782-00-103-1 Forest Remittances into treasury	12.13	...	12.13	...	12.13	...
	<b>Net</b>	<b>Dr. 12.13</b>		<b>Dr. 12.13</b>		<b>Dr. 12.13</b>	
7	8782-00-103-2 Forest Cheques	0.83	...	0.83	...	0.83	...
	<b>Net</b>	<b>Dr. 0.83</b>		<b>Dr. 0.83</b>		<b>Dr. 0.83</b>	

#### 7.4 New Pension Scheme

State Government employees recruited on or after 1 April 2006 are covered under the New Pension System (NPS), a defined contribution pension system, the recovery for which commenced from 1 April 2010. Under this Scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance, which is matched by an equivalent amount paid by the State Government. The contributions under this scheme are transferred to the designated Fund manager for investment through the National Securities Depository Limited (NSDL)/ Trustee Bank.

As per the records of Principal Accountant General (A&E), State Government had contributed ₹1,187.21 crore (Major Head 2071-01-117 being employer contribution) towards NPS during the year 2019-20. The actual amount transferred from the Fund to NSDL/Trustee bank (Employees' and Employer's contribution) was ₹1,897.57 crore (Head of account 8342-00-117-0-01 and 02 – regular and backlog).

In terms of instructions contained at Para F (iii) of the G.O dated 19 May 2017, NPS Cell has to carry out reconciliation of the schedules and challans received from the treasuries for the month and match the totals with the figures booked by Principal Accountant General (A&E) on a monthly basis and differences, if any, have to be reconciled. However, till date the NPS Cell has not carried out the reconciliation of the balances reflected under NPS account.

During 2019-20, ₹1.80 crore has been paid from Consolidated Fund as 'New Contributory Pension Schemes – Extension of Benefit to the cases of Persons/Families who retired/died while in Service (2071-01-104-2-07) and are covered under New Defined Pension Scheme.

The employees' contribution, as intimated by the NPS Cell of the State Government is to the tune of ₹4037.73 crore (Regular + Backlog Contribution). The figures received from NPS Cell represent the amount actually matched and booked by NSDL whereas the figures as per records of the Principal Accountant General (A&E) represent the actual contribution/transfers made during 2019-20.

## 7.5 Personal Deposit Accounts

As per Article 286A of Karnataka Financial Code (KFC), 1958, Personal Deposit (PD) accounts are created in favour of Drawing and Disbursing Officers to make payments through cheques instead of presenting bills at the treasury. Amounts are transferred to PD accounts by debiting functional heads under the Consolidated Fund of the State with a contra credit to the Public Account against the respective Deposit head classifications.

Unspent balances under these PD accounts created by debit to the Consolidated Fund should be closed at the end of the financial year by minus debit of the balance to the relevant service head under the Consolidated Fund through book adjustment as reduction of expenditure. However, such adjustments had not been carried out at the end of the financial year.

Details of the PD accounts are indicated below:

(₹ in crore)

PD accounts existing at the beginning of the year		PD accounts opened during the year		Transactions during the year (Amount)		PD accounts existing at the close of the year	
Number	Amount	Number	Amount	Credit	Debit	Number	Amount
73	Cr.4,085.14	3	43.49	6,557.67	6,221.25	76	Cr.4,421.56

The Administrators of PD accounts are required under Article 286 of the KFC to reconcile the cash book balances with reference to the monthly extract of their account as appearing in the treasury records on the fifth of the succeeding month. Information on reconciliation of figures by the Administrators of the Accounts with the treasuries is not available.

As per Article 286A of Karnataka Financial Code, if a PD account is not operated upon for a considerable period, the same should be closed in consultation with the officer, on whose favour the PD account had been opened. Out of 76 PD accounts, 23 are inoperative (13 PD accounts with a credit balance of ₹4.13 crore and 08 PD accounts with a debit balance of ₹1.13 crore and 02 PD accounts with Nil balance), as at the end of 31 March 2020.

Further 53 PD accounts are operative (32 PD accounts with a credit balance of ₹10,318.58 crore and 11 PD accounts with a debit balance of ₹5,900.02 crore and 10 PD accounts with Nil balance) as on 31<sup>st</sup> March 2020.

Analysis of the transactions showed that ₹336.43 crore was remaining unspent in the PD accounts out of the total amount transferred to 15 PD accounts during 2019-20. The closing balance included an amount of ₹2,741.52 crore lying unspent for a period of three years or more.

## 7.6 Investments

Information on Government investments appearing in **Statement 8** of the Finance Accounts Volume I is based on the accounts and sanctions received by the Principal Accountant General (A&E), Karnataka. Government has invested ₹67,816.71 crore to the end of 2019-20 in 146 entities. Against ₹67,816.71 crore invested in these entities as on 31 March 2020, only ₹53.64 crore was received towards dividend (0.08 *per cent* of invested amount) from 30 entities and 116 entities did not pay any dividend to the State Government. The investment figures have not been reconciled with the records of the concerned entities. These figures require confirmation by the concerned Department of the Government of Karnataka and the entity in which investments was made.

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