



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

# ACCOUNTS AT A GLANCE 2023-24



GOVERNMENT OF KARNATAKA





SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थं सचनिति  
Dedicated to Truth in Public Interest

# ACCOUNTS AT A GLANCE 2023-24



**GOVERNMENT OF KARNATAKA**



## ***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 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 this publication.



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

**Place: Bengaluru**  
**Date: 12.12.2024**



## *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:**

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

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





**TABLE OF CONTENTS**

		<b>Page No.</b>
<b>Chapter I</b>	<b>Overview</b>	
<b>1.1</b>	<b>Introduction</b>	1
<b>1.2</b>	<b>Structure of Government Accounts</b>	1
1.2.1	Parts of Government Accounts	1
1.2.2	Compilation of Accounts	2
<b>1.3</b>	<b>Finance Accounts and Appropriation Accounts</b>	3
1.3.1	Finance Accounts	3
1.3.2	Appropriation Accounts	4
<b>1.4</b>	<b>Sources and Application of Funds</b>	4
1.4.1	Ways and Means Advances	5
1.4.2	Fund Flow Statement	5
1.4.3	Sources of Receipt	6
1.4.4	Destination of Expenditure	6
<b>1.5</b>	<b>Financial Highlights of year 2023-24</b>	7
<b>1.6</b>	<b>Definition of Deficits and Surplus</b>	7
1.6.1	Trend in Revenue Surplus/Revenue Deficit	8
1.6.2	Trend in Fiscal Deficit	9
1.6.3	Government Accounts	10
1.6.4	Proportion of Borrowed Funds Spent on Capital Expenditure	10
<b>Chapter II</b>	<b>Receipts</b>	
<b>2.1</b>	<b>Introduction</b>	11
<b>2.2</b>	<b>Revenue Receipts</b>	11
2.2.1	Components of Revenue Receipts	12
2.2.2	Trend of Revenue Receipts	13
<b>2.3</b>	<b>Trend of Collection of Tax Revenue</b>	14
2.3.1	Performance of Tax Revenue Collection	15
<b>2.4</b>	<b>Efficiency of Tax Collection</b>	15
2.4.1	Trend in State's own Tax collection over the past five years	16
2.4.2	Trend of State's Share of Union Taxes & Duties	17
<b>2.5</b>	<b>Public Debt</b>	17
<b>Chapter III</b>	<b>Expenditure</b>	
<b>3.1</b>	<b>Introduction</b>	19
<b>3.2</b>	<b>Revenue Expenditure</b>	19
3.2.1	Sectoral Distribution of Revenue Expenditure	20
3.2.2	Trend in major components of Revenue Expenditure	20
3.2.3	Expenditure in Major Sub-Sectors	21
<b>3.3</b>	<b>Capital Expenditure</b>	22
3.3.1	Sectoral Distribution of Capital Expenditure	22

**TABLE OF CONTENTS**

		<b>Page No.</b>
3.3.2	Trend in Capital Expenditure	22
3.3.3	Sectoral Distribution of Revenue and Capital Expenditure	23
<b>3.4</b>	<b>Committed Expenditure</b>	24
<b>Chapter IV</b>	<b>Appropriation Accounts</b>	
<b>4.1</b>	<b>Summary of Appropriation Accounts</b>	26
4.1.1	Grant wise Details of Savings/Excess	26
<b>4.2</b>	<b>Trend in Savings</b>	28
<b>4.3</b>	<b>Significant Savings</b>	29
<b>Chapter V</b>	<b>Assets And Liabilities</b>	
<b>5.1</b>	<b>Assets</b>	31
<b>5.2</b>	<b>Debt and Liabilities</b>	31
5.2.1	State Provident Funds	32
5.2.2	Trend in Government Liabilities	33
5.2.3	Contingency Fund	34
<b>5.3</b>	<b>Guarantees</b>	34
<b>5.4</b>	<b>Externally Aided Projects</b>	35
<b>Chapter VI</b>	<b>Other Items</b>	
<b>6.1</b>	<b>Adverse Balances under Public Debt</b>	36
<b>6.2</b>	<b>Loans and Advances by the State Government</b>	36
<b>6.3</b>	<b>Financial Assistance to Local Bodies and Others</b>	36
6.3.1	Status of Outstanding Utilization Certificates	37
<b>6.4</b>	<b>Cash Balance and Investment of Cash Balance</b>	37
<b>6.5</b>	<b>Reconciliation of Accounts</b>	37
<b>6.6</b>	<b>Abstract Contingent (AC) Bills and Non Payable Detailed Contingent (NDC) Bills</b>	38
<b>6.7</b>	<b>Commitments on account of Incomplete Works</b>	38
<b>Chapter VII</b>	<b>Financial Reporting</b>	
<b>7.1</b>	<b>Efficiency on Budget Preparation</b>	39
<b>7.2</b>	<b>Grants-in-Aid</b>	40
<b>7.3</b>	<b>Status of Suspense Balance</b>	41
<b>7.4</b>	<b>New Pension Scheme</b>	41
<b>7.5</b>	<b>Personal Deposit Accounts</b>	42
<b>7.6</b>	<b>Investments</b>	43

# CHAPTER – I

## OVERVIEW

### 1.1 Introduction

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

### 1.2 Structure of Government Accounts

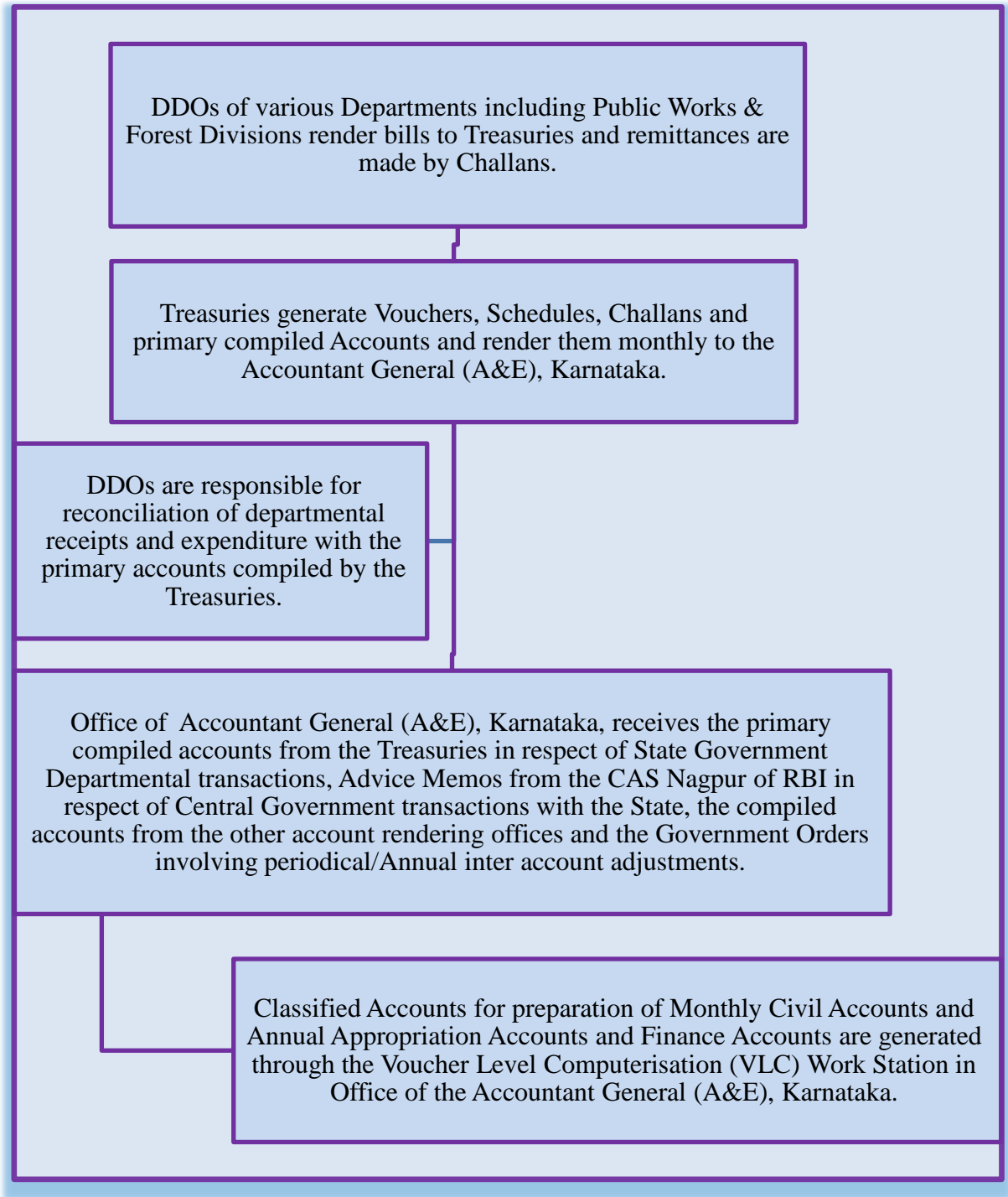
#### 1.2.1 Parts of Government Accounts

*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>	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. The corpus of this fund for the Government of Karnataka is ₹500 crore.
<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 a report 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 Finance 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 2023-24 are given below:

(₹ in crore)			
<b>Receipts and Disbursement in the year 2023-24</b>			
<b>Receipts</b>	<b>Total Receipts</b>		<b>299,207</b>
	Revenue	Tax Revenue	204,698
		Non-Tax Revenue	13,117
		Grants-in-Aid	15,528
		<b>Revenue Receipts</b>	<b>233,343</b>
	Capital	Recoveries of Loans and Advances	306
		Borrowings and Other Liabilities <sup>(1)</sup>	65,522
		Other Receipts (Misc. Capital Receipts)	36
<b>Capital Receipts</b>		<b>65,864</b>	
<b>Disbursements</b>	<b>Total Disbursements</b>		<b>299,207</b>
	Revenue <sup>(2)</sup>		242,614
	Capital		52,120
	Loans and Advances		4,473
(1) Comprises net contribution from (i) ‘E–Public Debt’ {₹67,827 crore}; (ii) ‘Contingency Fund’ {Nil}; (iii) ‘Public Account’ {(-) ₹394 crore}; (iv) ‘Net Cash Balance’ { (-) ₹1911 crore}			
(2) Includes ₹1,272 crore Grants-in-Aid for creation of Capital Assets.(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 27 '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 2023-24, was approved by the State Legislature through the Appropriation Acts of 2023-24. For the year 2023-24 funds were provided for gross expenditure of ₹348,941 crore, including Supplementary Grants of ₹7,621 crore voted by State Legislature. An amount of ₹14,056 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2023-24 show disbursements of ₹329,678 crore against the aggregate Budget Provision of ₹348,941 crore, resulting in a net saving of ₹19,263 crore. Actual Recoveries by way of reduction of expenditure amounted to ₹8,018 crore, reflecting a decrease of ₹6,038 crore vis-à-vis Budget Estimates (₹14,056 crore). The gross expenditure includes ₹46 crore drawn on 934 Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2023-24, ₹11,055 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 ₹32,835 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 2023-24, the Government of Karnataka has not availed any Ways and Means Advances.

#### 1.4.2 Fund Flow Statement

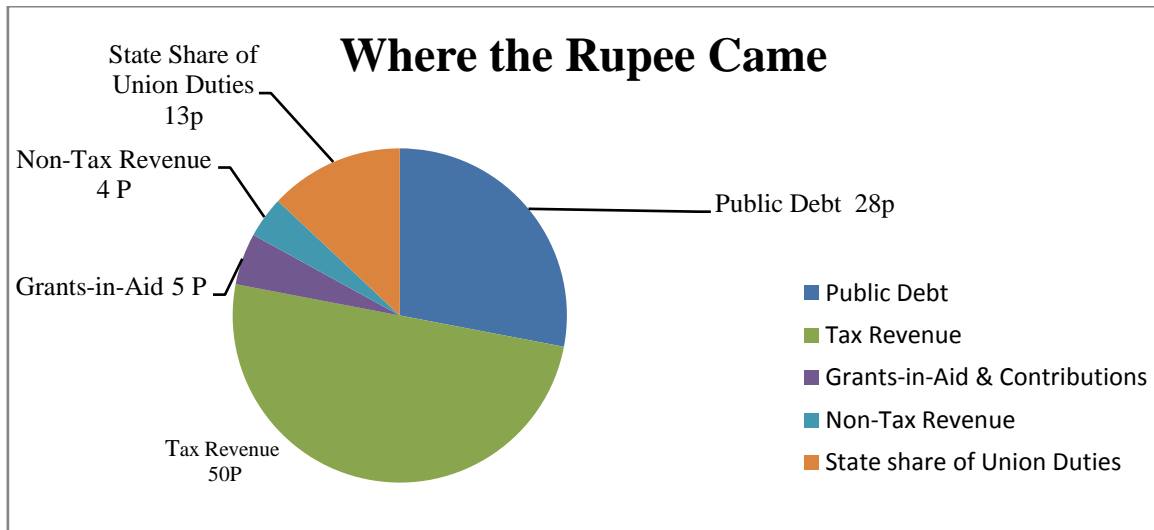
During the year 2023-24, the State had a Revenue Deficit of ₹9,271 crore and a Fiscal Deficit of ₹65,522 crore representing 0.36 per cent and 2.55 per cent of the Gross States' Domestic Product (GSDP)<sup>(3)</sup> respectively. The Fiscal Deficit constituted 21.90 per cent of total Expenditure. This deficit was met from net receipts under Public Debt. Around 89 per cent of the Revenue Receipts (₹233,343 crore) was spent on committed expenditure (₹206,680 crore)<sup>(6)</sup> like Salaries<sup>(4)</sup> (₹42,758 crore), Subsidies<sup>(4&5)</sup> (₹32,390 crore), Grants-in-Aid and Financial Assistance (₹27,200 crore), Interest Payments (₹31,872 crore) {this includes payment of interest (₹1,046 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹24,859 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹31,777 crore), Social Security Pensions (₹10,442 crore), Administrative Expenses (₹4,051 crore) and Daily Wages / Contract / Outsource (₹1,331 crore).

#### Sources and Application of Funds

		(₹ in crore)
SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2023	2,788
	Revenue Receipts	233,343
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	342
	Public Debt Receipts	90,280
	Receipt under Small Savings, Provident Funds & Others	9,861
	Reserve Funds	9,676
	Deposits Received	79,961
	Civil Advances Repaid	...
	Suspense Account and Miscellaneous	1,053,885
	Remittances	...
	Contingency Fund	...
	<b>TOTAL</b>	<b>1,480,136</b>
APPLICATION	Revenue Expenditure	242,614
	Capital Expenditure	52,120
	Loans disbursed	4,473
	Repayment of Public Debt	22,453
	Disbursement under Small Savings, Provident Fund & Others	6,307
	Reserve & Sinking Funds	4,536
	Deposits Repaid	72,488
	Contingency Fund	...
	Suspense Account and Miscellaneous	1,070,502
	Remittances	(-) 56
	Closing Cash Balance as on 31.03.2024	4,699
	<b>TOTAL</b>	<b>1,480,136</b>
(3) GSDP at Current Prices for 2023-24: ₹2,567,340 crore {Source: Ministry of Finance, Dept of Expenditure 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.		
(6) Refer paragraph 3.4 for details of Committed Expenditure		

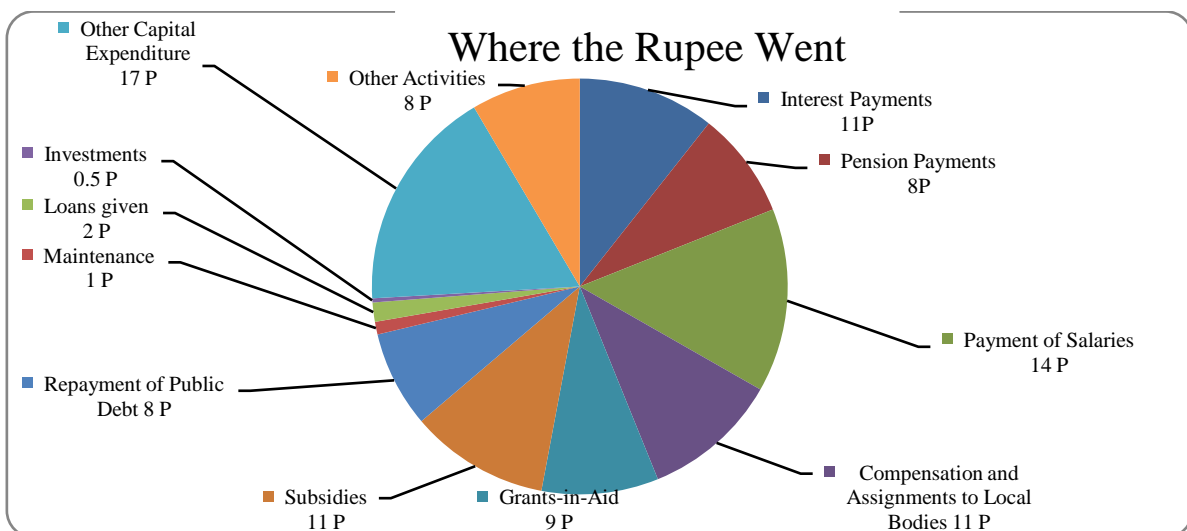
### 1.4.3 Sources of Receipt

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.



### 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 2023-24

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2023-24.

Sl. No.	Particulars	Budget Estimates 2023-24	Actual	Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP <sup>(*)</sup>
		(₹ in crore)			
01	Tax Revenue	212,905 (@)	204,698 (&)	96.15	7.98
02	Non-Tax Revenue	12,500	13,117	104.94	0.51
03	Grants-in-aid & Contributions	13,005	15,528	119.40	0.60
<b>04</b>	<b>Revenue Receipts (1+2+3)</b>	<b>238,410</b>	<b>233,343</b>	<b>97.87</b>	<b>9.09</b>
05	Recovery of Loans & Advances	228	306	134.21	0.01
06	Miscellaneous Capital Receipts	22	36	163.63	...
07	Borrowings and Other Liabilities	66,646 (#)	65,522 (\$)	98.31	2.55
08	Contingency Fund	5	...	...	...
<b>09</b>	<b>Capital Receipts (5+6+7+8)</b>	<b>66,901</b>	<b>65,864</b>	<b>98.45</b>	<b>2.57</b>
<b>10</b>	<b>Total Receipts (4+9)</b>	<b>305,311</b>	<b>299,207</b>	<b>98.00</b>	<b>11.65</b>
11	Revenue Expenditure	250,932	242,614	96.68	9.45
12	Expenditure on Interest Payments	34,027	30,826	90.59	1.20
13	Capital Expenditure	54,374 (a)	56,593 (b)	104.08	2.20
14	Contingency Fund	5	...	...	...
<b>15</b>	<b>Total Expenditure (11+13+14)</b>	<b>305,311</b>	<b>299,207</b>	<b>98.00</b>	<b>11.65</b>
<b>16</b>	<b>Revenue Deficit</b>	<b>12,523</b>	<b>9,271</b>	<b>74.03</b>	<b>0.36</b>
<b>17</b>	<b>Fiscal Deficit {15-(4+5+6)=(7+8+14)}</b>	<b>66,646</b>	<b>65,522 (^)</b>	<b>98.31</b>	<b>2.55</b>
(*) GSDP at Current Prices for 2023-24: ₹2,567,340 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India.					
(@) Includes State Share of Union Taxes & Duties of ₹37,252 crore.					
(&) Includes State Share of Union Taxes & Duties of ₹41,193 crore.					
#) Comprises net contribution from (i) 'E-Public Debt' {₹63,377 crore}, (ii) 'Public Account' {(-) ₹668 crore} (iii) 'Net Cash Balance' {(-) ₹3937 crore}.					
(\$) Comprises net contribution from (i) 'E-Public Debt' {₹67,827 crore}, (ii) 'Contingency Fund' {nil} (iii) 'Public Account' {(-) ₹394 crore} minus (iv) 'Net Cash Balance' {(-) ₹1,911 crore}.					
(a) Comprises provision on 'Capital Outlay' (₹50,989 crore) and 'F Loans and Advances' (₹3,385 crore).					
(b) Comprises Expenditure incurred on 'Capital Outlay' (₹52,120 crore) and 'F Loans and Advances' (₹4,473 crore).					
(^) Excludes payment of interest ₹1,046 crore on 'Off budget borrowings' which spread across various functional Major Heads below the relevant Sub-Sectors under 'General Services', 'Social Services' and 'Economic Services'.					

## 1.6 Definition of Deficits and Surplus

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

Deficit Indicators, Revenue Augmentation and Expenditure Management are major yardsticks for judging the fiscal performance of the Government.

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

The KFRA was amended in the year 2022 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.

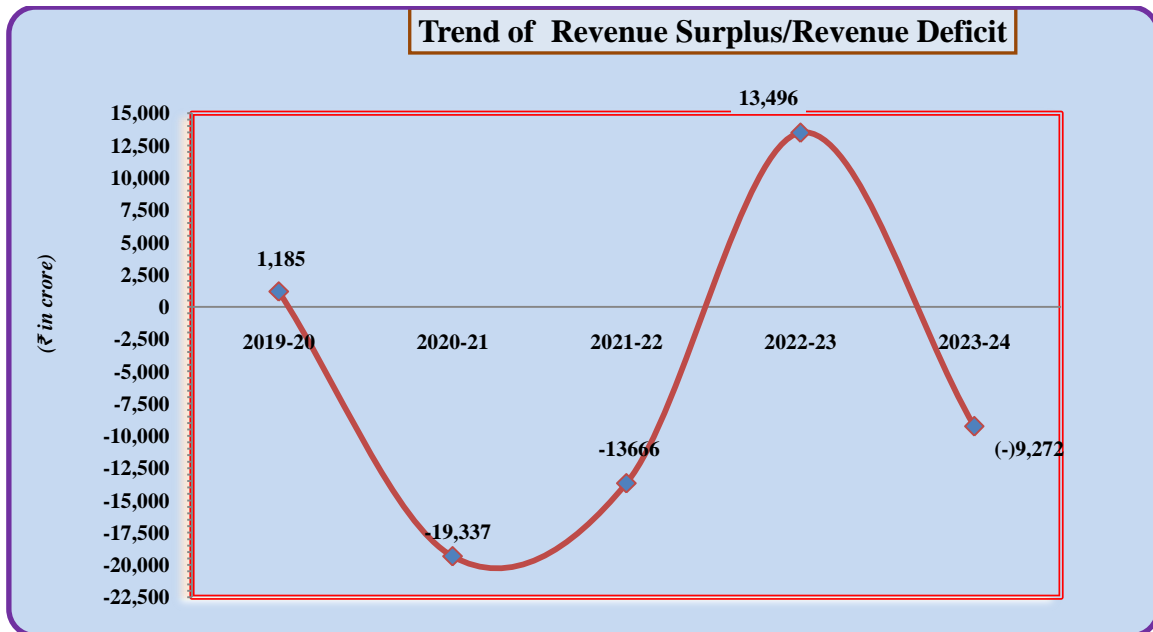
The particulars of the key fiscal and debt norms to be followed and the compliance by the State are given below, in the table.

Sl. No.	Particulars	Target for 2023-24	Compliance by State
1.	<b>Revenue Surplus/ Deficit</b>	Revenue Surplus to be maintained. As per the Karnataka Fiscal Responsibility (Amendment) Act, 2022	The Government of Karnataka has a Revenue Deficit of ₹9,271 crore in 2023-24 (0.36 per cent of GSDP)
2.	<b>Fiscal Deficit</b>	Fiscal deficit shall not exceed 3.5 per cent of the estimated GSDP during the period 2023-24 as per the Karnataka Fiscal Responsibility (Amendment) Act, 2022.	The Fiscal Deficit of ₹65,522 crore as per the accounts was 2.55 per cent of GSDP for 2023-24
3.	<b>Outstanding Liabilities</b>	Outstanding liabilities expressed as percentage of GSDP not to exceed 25 per cent of GSDP during 2023-24.	The Outstanding liabilities of ₹633,530 crore for 2023-24 was 24.68 per cent of GSDP for 2023-24)

### 1.6.1 Trend in Revenue Surplus / Revenue Deficit

Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. The trend in Revenue Surplus for the period 2019-20 and 2022-23 and Revenue Deficit in 2020-21, 2021-22 and 2023-24 is given in Table and graphs below:

Particulars	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Surplus/Revenue Deficit	1,185	(-) 19,337	(-) 13,666	13,496	(-) 9271
GSDP (*)	1,615,827	1,641,460	1,978,094	2,269,995	2,567,340
Revenue Surplus/Revenue Deficit as per cent to GSDP	0.07	1.18	0.69	0.59	0.36
(*) GSDP at Current Prices for 2023-24: ₹2,567,340 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India}					

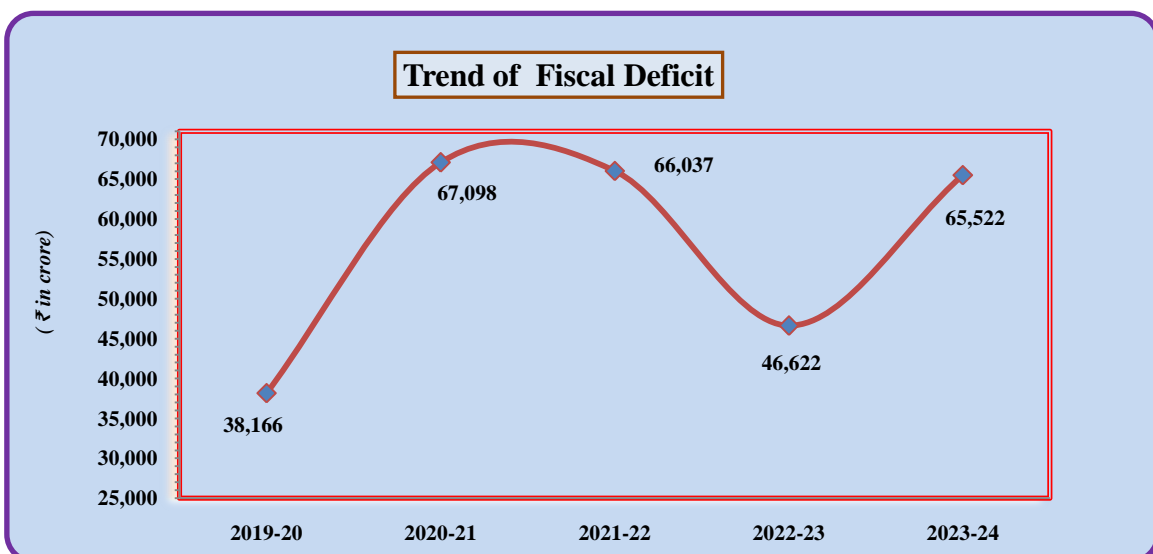


### 1.6.2 Trend in Fiscal Deficit

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 2019-20 to 2023-24 is given in Table and graphs below:

Particulars	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Fiscal Deficit	38,166	67,098	66,037	46,622	65,522
GSDP (*)	1,615,827	1,641,460	1,978,094	2,269,995	2,567,340
Fiscal Deficit as <i>per cent</i> to GSDP	2.36	4.09	3.34	2.05	2.55

(\*) GSDP at Current Prices for 2023-24: ₹2,567,340 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 offsetting against total receipts (Revenue and non-debt Capital receipts) of the year and the surplus/deficit thereof is transferred to a separate ledger called 'Government Account'. In addition, net effect of prior period adjustments, Miscellaneous Government Accounts etc., is also transferred to the ledger 'Government Account'.

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

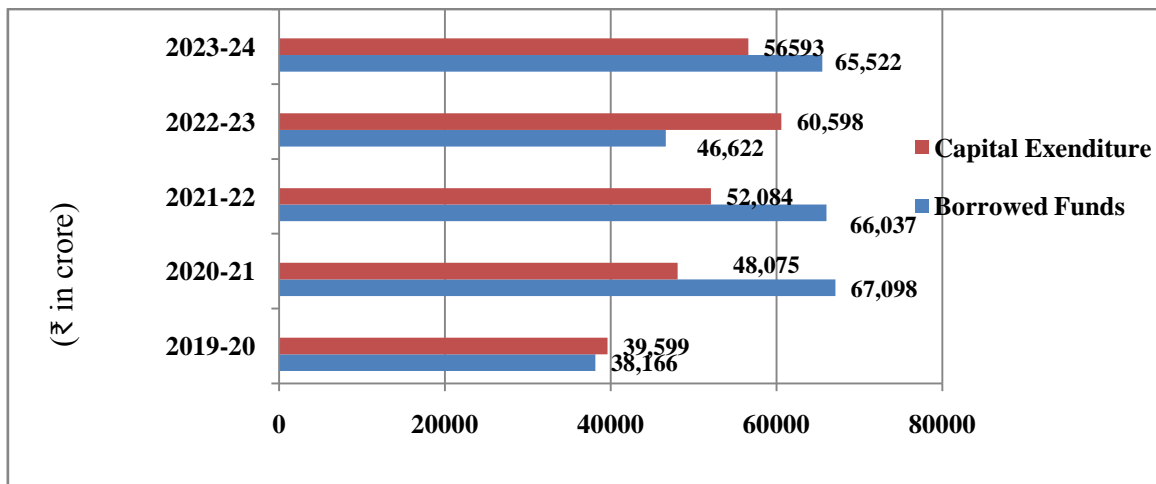
(₹ in crore)

Year	Revenue Heads			Capital Heads			Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)		
2019-20	175,443	174,257	(+) 1,185	45	35,530	(-) 35,485	(-) 34,300	(-) 279,695
2020-21	156,717	176,054	(-) 19,337	45	45,406	(-) 45,361	(-) 64,698	(-) 344,393
2021-22	195,762	209,428	(-) 13,666	6	47,874	(-) 47,868	(-) 61,534	(-) 405,927
2022-23	229,080	215,584	(+) 13,496	2	57,348	(-) 57,346	(-) 43,850	(-) 449,777
2023-24	233,343	242,614	(-) 9,271	36	52,120	(-) 52,084	(-) 61,355	(-) 511,332

### 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, during 2023-24 has spent ₹56,593 crore towards Capital Expenditure out of the amount of borrowings of the current year (₹65,522 crore), which is inclusive of disbursement of Loans and Advances.

#### BORROWED FUNDS AND CAPITAL EXPENDITURE



~ ~ ~

## CHAPTER II

### RECEIPTS

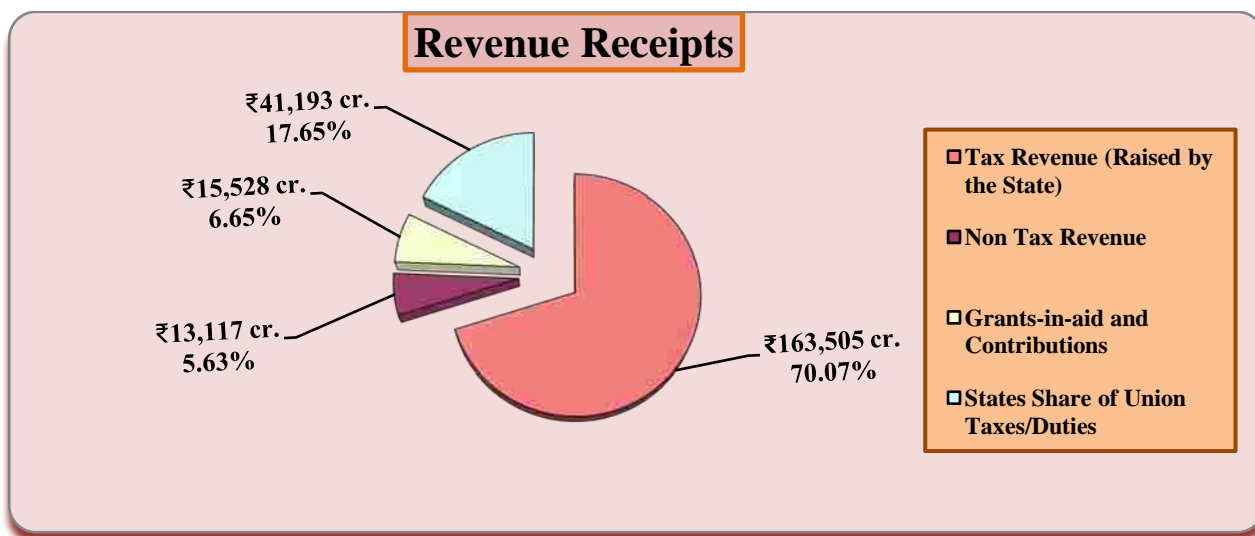
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2023-24 were ₹ 233,343 crore comprising of Tax Revenue (₹204,698 crore) which includes ₹41,193 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹13,117 crore), Grants-in-Aid & Contributions from Government of India (₹ 15,528 crore). Capital Receipts (₹65,864 crore) comprising of Recovery of Loans and Advances (₹306 crore), Miscellaneous Capital Receipts (₹36 crore) and Borrowings & Other Liabilities (₹65,522 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E – Public Debt' {₹67,827 crore}; (ii) 'Contingency Fund' (Nil) (iii) 'Public Account' {(-) ₹394 crore} (iv) net 'Cash Balance' {(-) ₹1,911 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.



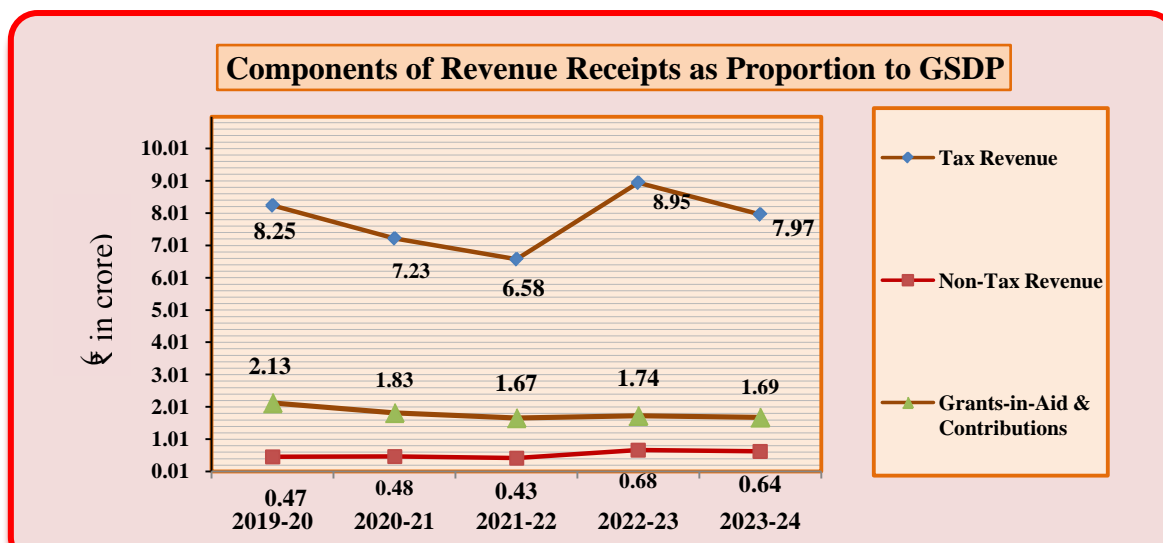
### 2.2.1 Components of Revenue Receipts

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</b> (*)	<b>204,698</b>	<b>88</b>
Taxes on Income and Expenditure	27,984	12
Taxes on Property and Capital Transactions	21,007	9
Taxes on Commodities and Services including GST	155,707	67
<b>B. Non-Tax Revenue</b>	<b>13,117</b>	<b>6</b>
Interest Receipts, Dividends and Profits	1,796	1
General Services	1,972	1
Social Services	853	0
Economic Services	8,496	4
<b>C. Grants-in-Aid and Contributions</b>	<b>15,528</b>	<b>6</b>
<b>TOTAL-REVENUE RECEIPTS</b>	<b>233,343</b>	<b>100</b>

(\*) includes ₹41,193 crore (17.65 *per cent* of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government.

Total Tax Revenue ₹ 204,698 crore and Non-Tax Revenue of ₹13,117 crore formed 7.97 *per cent* and 0.51 *per cent* respectively of the GSDP.



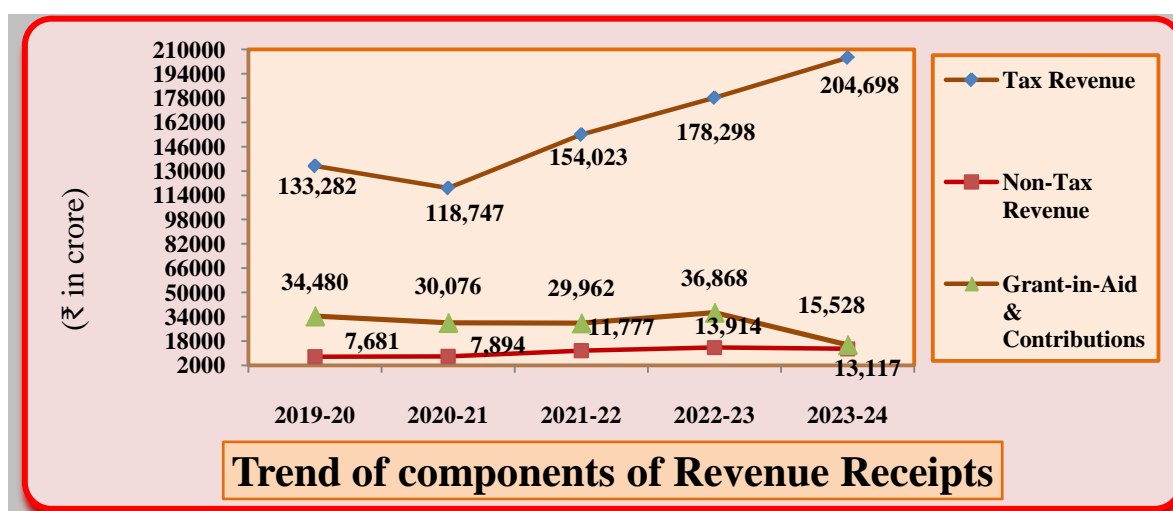
### 2.2.2 Trend of Revenue Receipts

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
2019-20	133,282	7,681	34,480	175,443	1,615,827	10.86
2020-21	118,747	7,894	30,076	156,717	1,641,460	9.55
2021-22	154,023	11,777	29,962	195,762	1,978,094	9.90
2022-23	178,298	13,914	36,868	229,080	2,269,995	10.09
2023-24	204,698	13,117	15,528	233,343	2,567,340	9.09

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

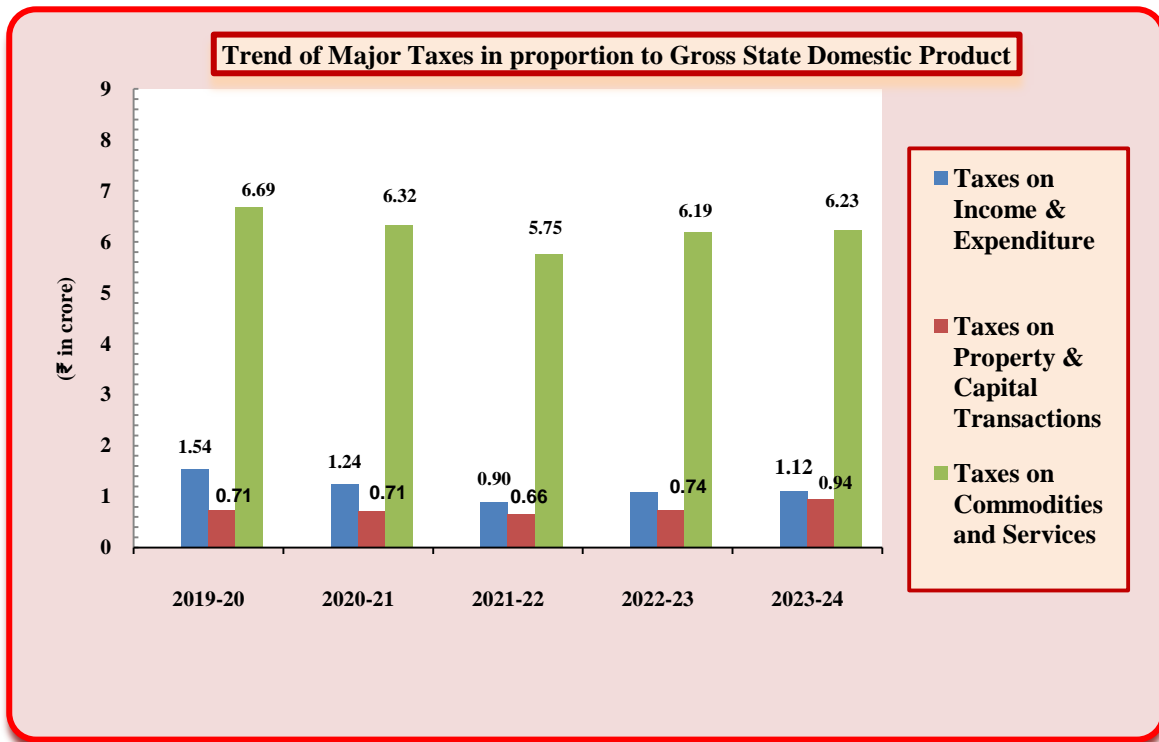


### 2.3 Trend of Collection of Tax Revenue

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	2019-20	2020-21	2021-22	2022-23	2023-24
Taxes on Income and Expenditure	19,944	14,621	20,717	24,408	27,984
Taxes on Property and Capital Transactions	11,512	10,760	14,204	18,090	21,007
Taxes on Commodities and Services including GST	101,826	93,366	119,102	135,800	155,707
<b>Total Tax Revenue</b>	<b>133,282</b>	<b>118,747</b>	<b>154,023</b>	<b>178,298</b>	<b>204,698</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	
2019-20	133,282	30,919	102,363	1,615,827	1.91	6.34
2020-21	118,747	21,694	97,053	1,641,460	1.32	5.91
2021-22	154,023	33,284	120,739	1,978,094	1.68	6.10
2022-23	178,298	34,596	143,702	2,269,995	1.52	6.33
2023-24	204,698	41,192	163,505	2,567,340	1.60	6.37

(\*) 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:

Description	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Revenue Collection	11,609	10,908	14,426	18,135	21,007
Cost of Collection <sup>(A)</sup>	584	458	481	503	587
Percentage of Cost of Tax Collection	5.03	4.20	3.33	2.78	2.79

(\*) 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>

Description	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Collection	48,488	26,982	56,432	63,040	72,164
Cost of Collection <sup>(A)</sup>	721	237	233	580	367
Percentage of Cost of Tax Collection	1.49	0.88	0.41	0.92	0.32

(\*) 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	2019-20	2020-21	2021-22	2022-23	2023-24
Taxes on Sales, Trade etc	16,424	16,028	19,274	19,082	20,811
State Goods and Service Tax	42,147	37,711	49,929	61,403	71,041
State Excise	21,584	23,332	26,378	29,920	34,629
Stamps & Registration Fees	11,308	10,576	14,020	17,726	20,147
Taxes on Vehicles	6,763	5,607	6,915	10,611	11,287
Taxes on Income Other than Corporation Tax	8,261	6,838	9,624	11,336	14,279
Taxes on Goods and Passengers	65	16	18	3	(-) 5
Other Taxes and Duties on Commodities and Services	34	21	65	41	71
Taxes on Duties on Electricity	2,693	2,434	2,724	3,052	3,323
Land Revenue	203	184	181	364	860
Other Taxes on Income and Expenditure	1,140	1,127	1,269	1,498	1,341

Revenue receipts of ₹233,343 crore collected during the year was less than the budget estimates of ₹238,410 crore by ₹5,067 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
State Goods and Service Tax	5,109	Taxes on Income other than Corporation tax	2,679
Stamps and Registration Fees	4,853	Taxes and Duties on Electricity	1274
Other Taxes on Income and Expenditure	59	Central Goods and Service Tax	455
State Excise	1,371	Corporation Tax	441
Taxes on Sales, Trade, etc.,	289	Customs	262
Taxes on Vehicles	213	Union Excise Duties	51
		Land Revenue	756

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

(₹ in crore)

Major Head Description	2019-20	2020-21	2021-22	2022-23	2023-24
Corporation Tax	10,542	6,656	9,823	11,575	12,364
Taxes on Income other than Corporation Tax	8,261	6,838	9,624	11,336	14,279
Taxes on Wealth	...	...	3	...	...
Customs	1,960	1,110	2,574	1,361	1,444
Union Excise Duties	1,363	714	1,539	427	546
Service Tax	...	119	528	54	8
Central Goods and Service Tax	8,774	6,236	9,158	9,786	12,501
Other Taxes and duties on Commodities and services	19	21	34	57	51
<b>State Share of Union Taxes &amp; Duties</b>	<b>30,919</b>	<b>21,694</b>	<b>33,283</b>	<b>34,596</b>	<b>41,193</b>
<b>Total Tax Revenue</b>	<b>133,282</b>	<b>118,747</b>	<b>154,023</b>	<b>178,298</b>	<b>204,698</b>
<b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b>	<b>23.20</b>	<b>18.27</b>	<b>21.61</b>	<b>19.40</b>	<b>20.12</b>

#### 2.5 Public Debt

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

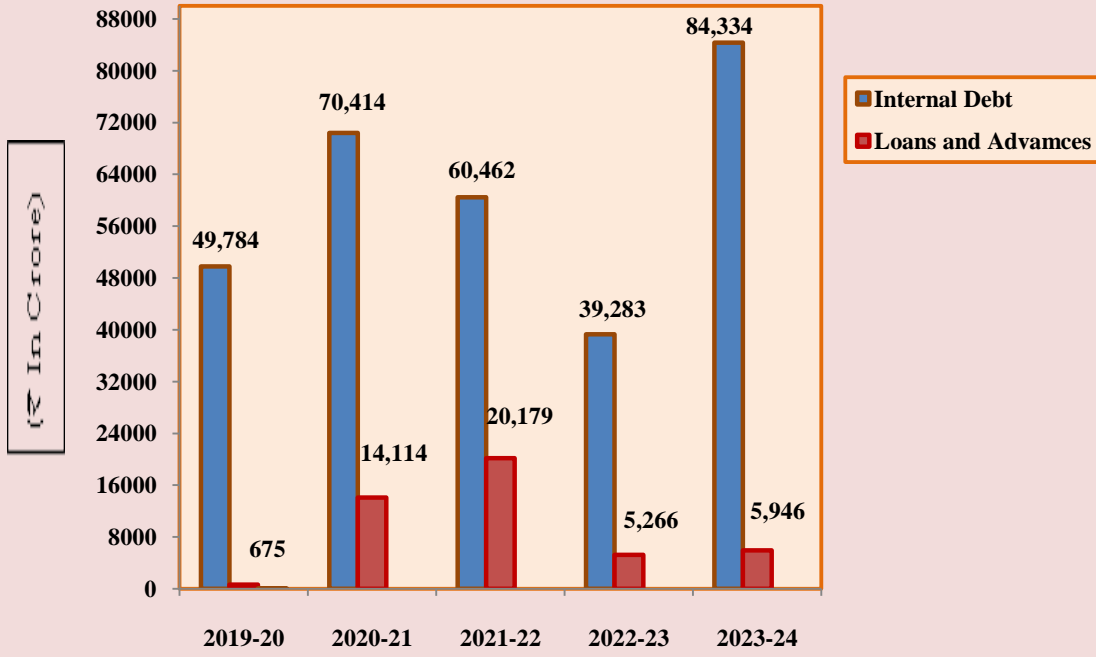
(₹ in crore)

Description	2019-20	2020-21	2021-22	2022-23	2023-24
Internal Debt of the State Government	49,784	70,414	60,462	39,283	84,334
Loans and Advances from the Central Government	675	14,114	20,179	5,266	5,946
<b>Total Public Debt</b>	<b>50,459</b>	<b>84,528</b>	<b>80,641</b>	<b>44,549</b>	<b>90,280</b>

During the year 2023-24, the State Government has obtained 'Market Loans' amounting to ₹81,000 crore, comprising of 38 loans.

Against the total receipts of ₹90,280 crore received during 2023-24, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹84,334 crore) and 'Loans and Advances from the Central Government (₹5,946 crore), the expenditure on Capital Account was ₹52,120 crore and Disbursements of Loans and Advances (₹4,473 crore) excluding repayment of Public Debt of ₹22,453 crore.

### Trend of receipts under Public Debt



~ ~ ~

## 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 ₹242,614 crore for 2023-24 is less than Budget Estimates (₹250,932 crore) by ₹8,318 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

Components	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Budget Estimates	181,605	179,777	187,405	204,587	250,932
Actuals	174,257	176,054	209,428	215,584	242,614
Gap	(-) 7,348	(-) 3,723	22,023	10,997	8,318
Gap over BE in <i>per cent</i>	4	2	12	5	3

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

(₹ in crore)

Component	2019-20	2020-21	2021-22	2022-23	2023-24
Total revenue expenditure <sup>(*)</sup>	174,258	176,054	209,428	215,584	242,614
Committed revenue expenditure	147,542	147,896	167,354	175,286	206,680
Percentage of committed revenue expenditure to total revenue expenditure	85	84	80	81	85
Uncommitted revenue expenditure <sup>(#)</sup>	26,716	28,158	42,074	40,297	35,934
(*) Committed Revenue Expenditure includes Salaries, Interest Payments, Pension Payments, Social Security Pensions, Subsidies, Grants-in Aid, Administrative Expenses, Devolution to Local Bodies, Daily Wages / Contract / Outsource.					
(#) Uncommitted Revenue Expenditure includes other expenses those not mentioned above.					

It may be seen that the uncommitted Revenue Expenditure available for implementation of various schemes as increased by 34 per cent from ₹26,716 crore in 2019-20 to ₹35,934 crore in 2023-24. The total revenue expenditure increased from ₹174,258 crore in 2019-20 to ₹242,614 crore in 2023-24 and committed revenue expenditure increased by 39 per cent 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.

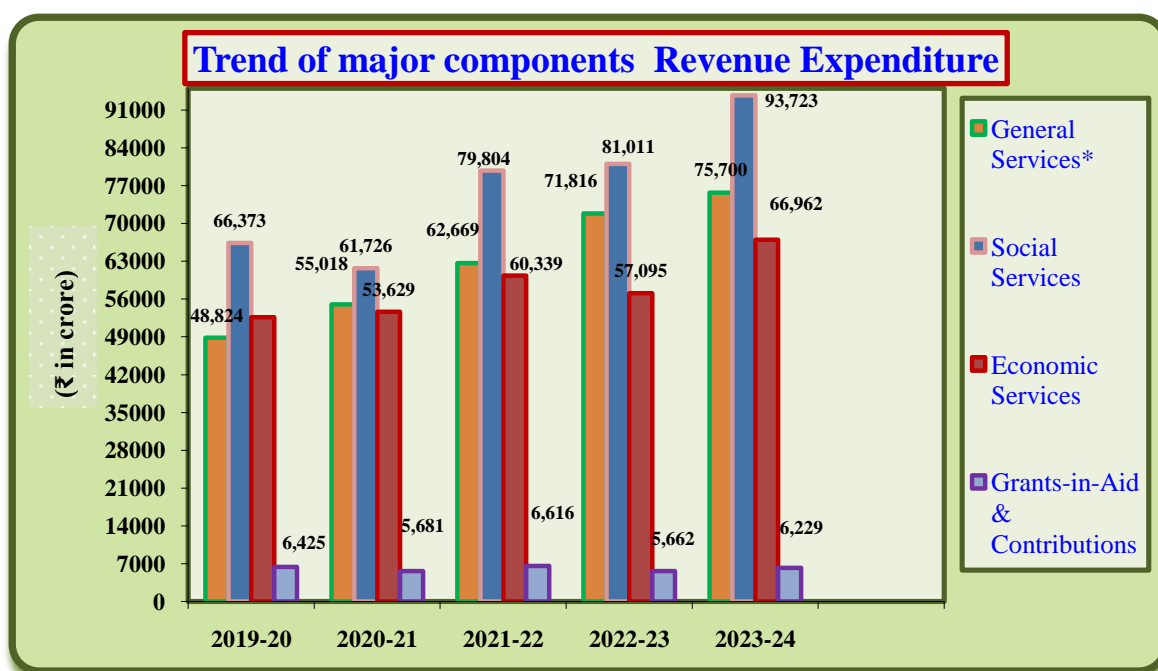
(₹ in crore)

Components of Revenue Expenditure		Amount	Per cent <sup>(*)</sup>
<b>A</b>	<b>General Services</b>	75,700	31.20
<b>B</b>	<b>Social Services</b>	93,723	38.63
<b>C</b>	<b>Economic Services</b>	66,962	27.60
<b>D</b>	<b>Grants-in-Aid and Contributions</b>	6,229	2.57
<b>Total Expenditure (A+B+C+D)</b>		<b>242,614</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
2019-20	48,824	66,373	52,636	6,425	174,258	1,615,827	10.78
2020-21	55,018	61,726	53,629	5,681	176,054	1,64,1460	10.73
2021-22	62,669	79,804	60,339	6,616	209,428	1,978,094	10.58
2022-23	71,816	81,011	57,095	5,662	215,584	2,269,996	9.50
2023-24	75,700	93,723	66,962	6,229	242,614	2,567,340	9.45
(*) Source for GSDP: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India.							



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

### 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		2019-20	2020-21	2021-22	2022-23	2023-24
1.	Education, Sports, Art and Culture	26,518	24,316	29,140	31,263	32,725
2.	Agriculture and Allied Activities	21,669	16,687	19,918	16,214	18,269
3.	Pensions and Miscellaneous General Services	18,527	19,065	20,793	24,483	25,197
4.	Interest Payments and Servicing of Debt	18,869	23,620	28,764	31,427	32,826
5.	Energy	12,264	14,277	17,445	14,103	23,795
6.	Social Welfare and Nutrition	16,328	14,504	17,717	15,893	33,908
7.	Administrative Services	8,011	8,496	9,388	11,086	11,782
8.	Health and Family Welfare	8,339	9,768	12,770	11,309	12,238
9.	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	7,167	6,293	7,574	8,515	8,851
10.	Rural Development	7,277	9,144	8,121	11,234	9,760
11.	Water Supply, Sanitation, Housing and Urban Development	7,133	5,788	11,207	12,503	4,723
12.	Transport	3,567	4,545	4,605	6,347	6,362
13.	General Economic Services	3,991	4,839	6,326	5,474	5,345

### 3.3 Capital Expenditure

For the year 2023-24, the Expenditure on Capital Account was ₹52,120 crore worked out to 2.03 per cent of GSDP and was more than Budget Estimates (₹50,989 crore) by ₹1,131 crore.

(₹ in crore)

Sl. No.	Components	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Budget (B.E.)	40,080	43,059	41,358	43,573	50,989
2.	Actual Expenditure <sup>(#)</sup>	35,530	45,406	47,874	57,348	52,120
3.	Percentage of Actual Expenditure to B.E	89	105	116	76	102
4.	Yearly Growth in Capital Expenditure (in per cent)	3	28	5	20	(-) 9
5.	GSDP	1,615,827	1,641,460	1,978,094	2,269,995	2,567,340
6.	Yearly Growth in GSDP (in per cent)	8.91	1.59	20.50	14.76	13.10
(#)	Does not include expenditure on Loans and Advances					

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2023-24, the Government spent ₹56,593 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.,	2,972	...	2,972	5.25
2.	<b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,	12,026	3,078	15,104	26.69
3.	<b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	37,122	1,380	38,502	68.03
4.	<b>Miscellaneous</b>	...	15	15	0.03
<b>Total Capital Expenditure (Outside the Revenue Account)</b>		<b>52,120</b>	<b>4,473</b>	<b>56,593</b>	<b>100.00</b>

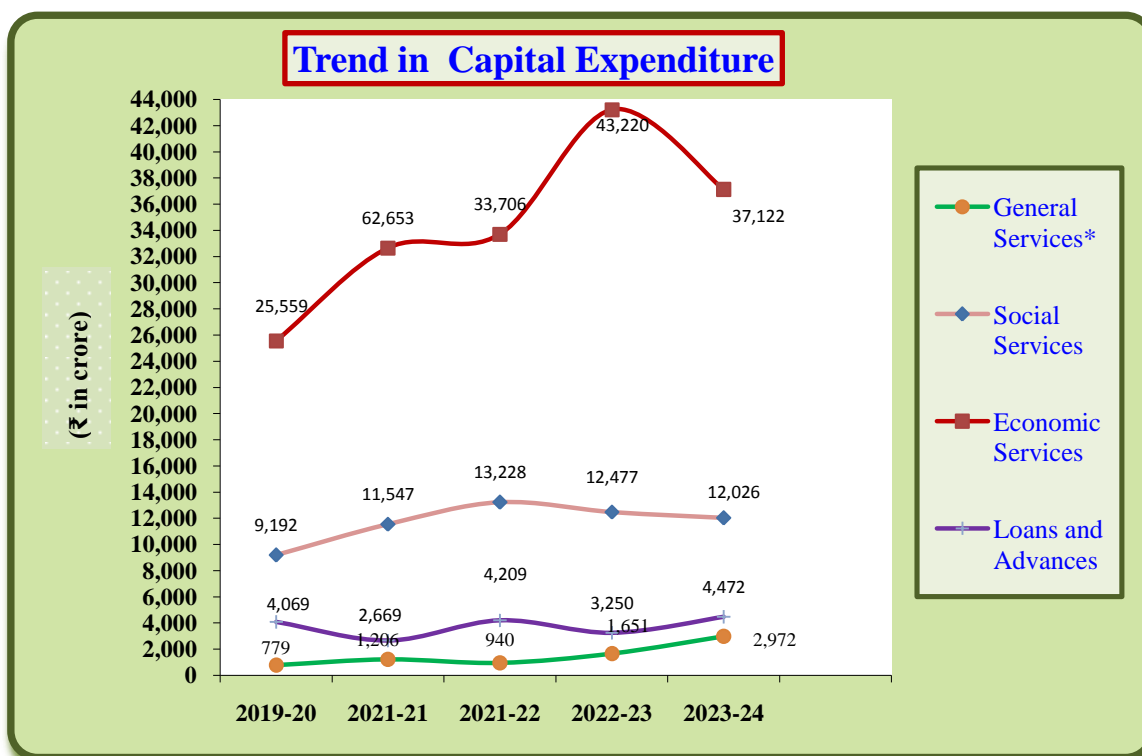
#### 3.3.2 Trend in Capital Expenditure

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	2019-20	2020-21	2021-22	2022-23	2023-24
1.	General Services	779	1,206	940	1,651	2,972
2.	Social Services	9,192	11,547	13,228	12,477	12,026
3.	Economic Services	25,559	32,653	33,706	43,220	37,122
4.	Loans and Advances	4,069	2,669	4,209	3,250	4,473
<b>Total</b>		<b>39,599</b>	<b>48,075</b>	<b>52,083</b>	<b>60,598</b>	<b>56,593</b>





### 3.3.3 Sectoral Distribution of Capital and Revenue Expenditure

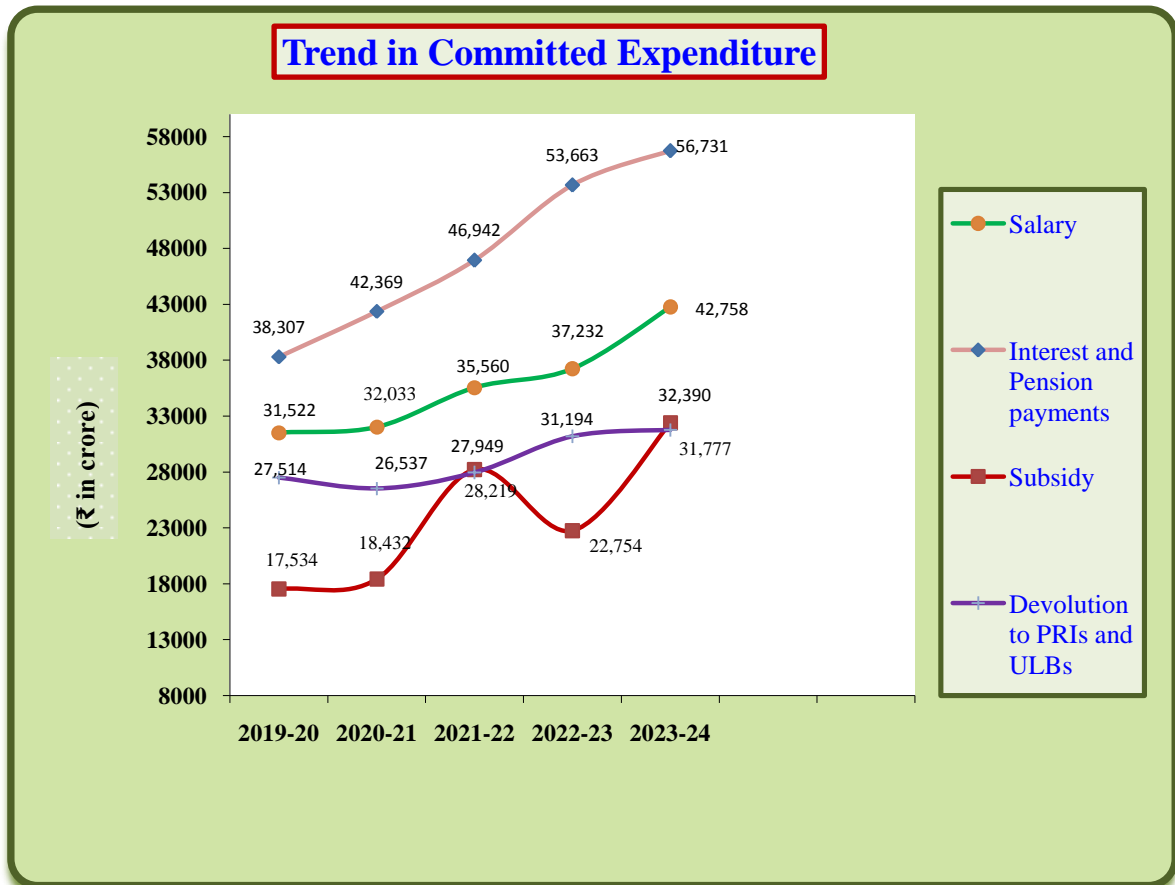
The Comparative Sectoral Distribution of Capital & Revenue Expenditure (excluding Grants-in-Aid) over the past 5 years is given below

(₹ in crore)

Sl. No.	Sector		2019-20	2020-21	2021-22	2022-23	2023-24
1.	General Services	Capital	779	1,206	940	1,651	2,972
		Revenue	48,824	55,018	62,669	71,816	75,700
		<b>Total</b>	<b>49,603</b>	<b>56,224</b>	<b>63,609</b>	<b>73,467</b>	<b>78,672</b>
2.	Social Services	Capital	9,192	11,547	13,228	12,477	12,026
		Revenue	66,373	61,726	79,804	81,011	93,723
		<b>Total</b>	<b>75,565</b>	<b>73,273</b>	<b>93,032</b>	<b>93,488</b>	<b>105,749</b>
3.	Economic Services	Capital	25,559	32,653	33,706	43,220	37,122
		Revenue	52,636	53,629	60,339	57,095	66,962
		<b>Total</b>	<b>78,195</b>	<b>86,282</b>	<b>94,045</b>	<b>100,315</b>	<b>104,084</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 2021-25. 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	2019-20	2020-21	2021-22	2022-23	2023-24
Total Committed Expenditure of which-	143,610	147,896	167,354	175,286	206,680
1. Salary <sup>(A)</sup>	31,522	32,033	35,560	37,232	42,758
2. Interest Payments	19,903	23,433	26,276	29,643	31,872 <sup>(B)</sup>
3. Pension Payments	18,404	18,936	20,666	24,020	24,859
4. Social Security Pensions	7,243	7,603	7,908	9,544	10,442
5. Subsidy	17,534	18,432	28,219	22,754	32,390
6. Grants-in-Aid and Financial Assistance	19,023	18,312	16,916	15,865	27,200
7. Administrative Expenses	2,467	2,610	2,530	3,710	4,051
8. Devolution to Local Bodies	27,514	26,537	27,949	31,194	31,777
9. Daily Wages/Contract/Outsource	...	...	1,330	1,324	1,331
Revenue Receipts	175,443	156,717	195,762	229,080	233,343
Revenue Expenditure	174,258	176,054	209,428	215,584	242,614
Percentage of Committed Expenditure to Revenue Receipts	82	94	85	77	89
Percentage of Committed Expenditure to Revenue Expenditure	82	84	80	81	85
(A) Indicates Salary booked under the State Sector and including the salary paid to staff employed under Panchayat Raj Institutions.					
(B) Includes payment of interest (₹1,046 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'.					

~ ~ ~

## CHAPTER IV

### APPROPRIATION ACCOUNTS

#### 4.1 Summary of Appropriation Accounts

Appropriation Accounts of the Government of Karnataka for the year 2023-24 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 2023-24 are given below.

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Reappropriation /Surrenders	Total	Actual Expenditure	Savings(-) Excess(+)
1	Revenue Voted	223,772	6,284	(-) 14,023	216,033	215,969	(-) 64
	Charged	37,696	17	(-) 3,258	34,455	34,406	(-) 49
2	Capital Voted	49,188	1,021	(-) 1,934	48,275	48,543	(+) 268
	Charged	3,839	1	(-) 2	3,838	3,835	(-) 3
3	Public Debt Charged	22,441	...	...	22,441	22,453	(+) 12
4	Loans and Advances Voted	4,385	298	(-) 199	4,484	4,473	(-) 11
	<b>Total</b>	<b>341,321</b>	<b>7,621</b>	<b>(-) 19,416</b>	<b>329,526</b>	<b>329,679</b>	<b>(+) 153</b>

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

The Appropriation Accounts of Government of Karnataka for 2023-24 indicate Grant-wise saving and excess as given below:

(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name	Voted	Charged	Voted	Charged	
1 Agriculture and Horticulture	...	...	11.22	...	...
2 Animal Husbandry and Fisheries	218.19	...	6.30	...	...
3 Finance	...	1.02	367.54	...	...
4 Department of Personnel and Administrative Reforms	173.27	31.03	2.81	...	0.01
5 Home and Transport	979.72	...	49.03	...	...
6 Infrastructure Development	...	...	...	...	...
7 Rural Development and PanchayatRaj	1,234.65	...	69.19	...	...
8 Forest, Ecology and Environment	119.86	5.76	0.40	...	...

(₹ in crore)

Grant No. and Name		Voted	Charged	Voted	Charged
9	Co-operation	424.67	...	...	
10	Social Welfare	504.55	...	88.75	...
11	Women and Child Development	1,325.30	...	51.28	...
12	Information, Tourism and Youth Services	38.57	...	87.81	...
13	Food and Civil Supplies	2,958.72	...	0.01	...
14	Revenue	788.47	...	8.01	0.01
15	Information Technology	23.07	...	...	...
17	Education	2,433.03	...	197.51	...
18	Commerce and Industries	109.54	...	...	...
19	Housing and Urban Development	2,767.54	...	809.33	0.01
20	Public Works	...	...	83.90	1.87
21	Water Resources	8.82	...	...	...
22	Health and Family Welfare	1,898.14	...	370.50	...
23	Labour and Skill Development	144.04	8.84	2.21	...
24	Energy	...	...	...	...
25	Kannada and Culture	16.83	...	5.31	...
26	Planning, Statistics, Science and Technology	34.69	...	9.50	...
27	Law	355.51	50.61	0.09	2.17
28	Parliamentary Affairs and Legislation	22.92	4.68	2.04	0.03
29	Debt Servicing	...	3,205.19	...	...

(₹ in crore)

Excess under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
1	Agriculture and Horticulture	147.91	...	...	...
3	Finance	575.89	...	...	...
6	Infrastructure Development	12.73	...	32.59	...
18	Commerce and Industries	...	...	87.66	...
20	Public Works	128.13	...	...	...
21	Water Resources	...	...	226.52	...
24	Energy	1,627.93	...	...	...
29	Debt Servicing	...	...	...	12.11

## 4.2 Trend in Savings

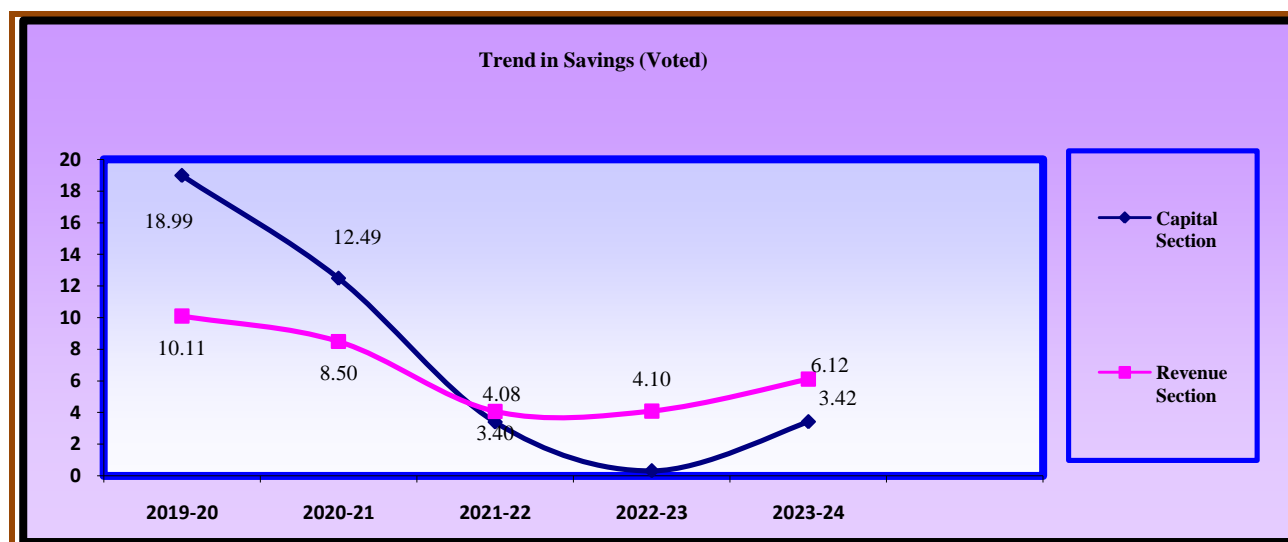
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving is worked out with reference to the amounts authorized with the Original Budget and Supplementary Provision passed by the Legislature.

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

**Table - Savings (Voted)**

(₹ in crore)

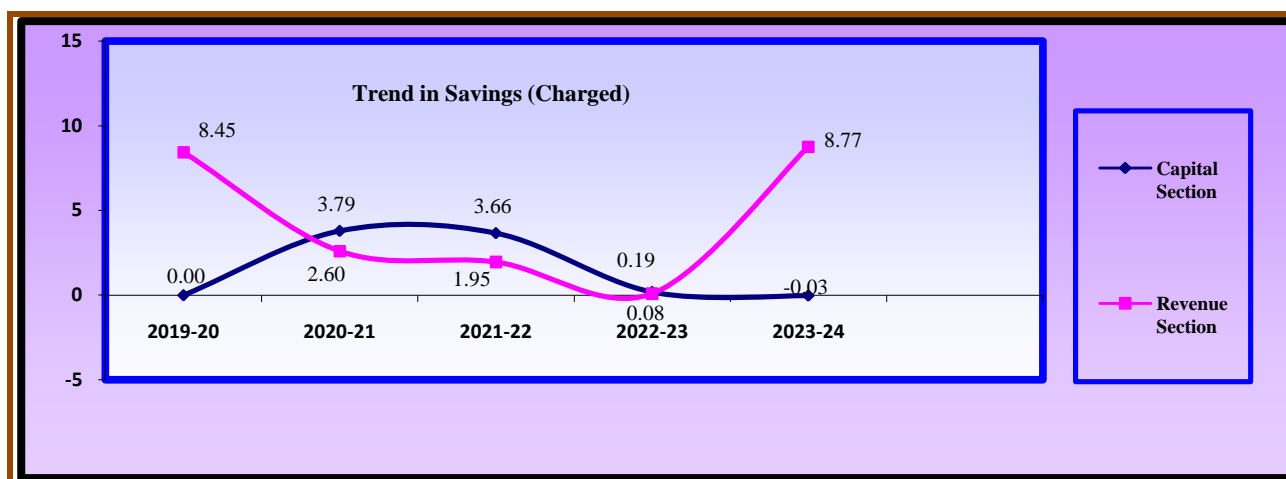
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2019-20	178,093	160,084	18,009	10.11	51,649	41,839	9,810	18.99
2020-21	169,040	154,670	14,370	8.50	55,716	48,756	6,960	12.49
2021-22	190,251	182,498	7,753	4.08	53,566	51,747	1,819	3.40
2022-23	195,101	187,101	8,000	4.10	57,986	57,799	187	0.32
2023-24	230,056	215,969	14,087	6.12	54,892	53,016	1,876	3.42



**Table - Savings (Charged)**

(₹ in crore)

Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving/ excess	Per cent of saving/excess to provision
2019-20	22,588	20,679	1,909	8.45	...	...	...	...
2020-21	26,130	25,478	652	2.50	14,336	13,792	544	3.79
2021-22	31,127	30,517	610	1.96	18,241	17,574	667	3.66
2022-23	33,103	33,078	25	0.08	19,383	19,347	36	0.19
2023-24	37,713	34,406	3,307	8.77	26,280	26,288	+8	-0.03



#### 4.3 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2023-24 additional funds aggregating to ₹40,793 crore have been provided through Supplementary Demand for Grants. Few instances, where the Supplementary provision was found unnecessary or excessive are indicated in the table given below.

#### Unnecessary Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Total	Expenditure	Saving
01	2402-00-103-06	100.00	25.00	125.00	100.00	25.00
02	2405-00-101-58	35.25	29.92	65.17	23.49	41.68
02	2405-00-101-59	23.50	18.19	41.69	15.67	26.02
04	2051-00-102-02	59.46	1.05	60.51	46.06	14.45
05	2062-00-103-03	103.00	4.90	107.90	93.69	14.21

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Total	Expenditure	Saving
10	2225-01-197-6	280.00	3.73	283.73	244.73	39.00
11	2235-02-102-53	378.11	120.19	498.30	301.90	196.40
11	2235-02-103-68	107.32	7.89	115.21	103.43	11.78
12	3452-80-102-01	50.06	8.00	58.06	43.66	14.40
14	2245-05-101-10	58.13	26.96	85.09	...	85.09
14	2245-08-101-01	232.53	26.96	259.49	...	259.49
17	2202-03-103-1	0.02	18.24	18.26	...	18.26
17	4202-01-202-1	100.00	6.01	106.01	90.46	15.55
17	4202-02-104-1	130.00	14.73	144.73	105.13	39.60
22	2210-01-200-05	60.00	6.89	66.89	...	66.89
22	2210-01-200-06	40.00	6.12	46.12	...	46.12
22	4210-01-200-02	...	43.27	43.27	...	43.27

### Excessive Supplementary Provision

(₹ in crore)

Sl. No.	Gr. No.	Head of account	Original	Supplementary	Total	Expenditure	Saving
1	01	2401-00-102-27	...	100.00	100.00	49.9	50.01
2	03	2052-00-092-18	...	3.73	3.73	2.09	1.64
3	04	2015-00-108-01	11.00	30.00	41.00	35.33	5.67
4	04	4070-00-800-10	5.00	9.10	14.10	12.30	1.80
5	08	2406-01-101-2	52.09	10.00	62.09	55.34	6.79
6	08	2406-04-103-1	270.00	64.01	334.01	288.51	45.50
7	11	2235-02-102-52	428.21	190.28	618.49	452.85	165.64
8	14	2245-80-102-01	930.14	880.67	1,810.81	1,584.40	226.41
9	17	2202-01-053-02	97.40	20.00	117.40	99.26	18.14
10	18	2851-00-103-03	90.00	80.00	170.00	152.97	17.03
11	27	2014-00-105-01	1,590.11	360.81	1,950.92	1,670.37	280.55

~ ~ ~



## 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 ₹107,264 crore, progressive Capital Expenditure ₹508,558 crore, balance of Loans and Advances ₹42,268 crore, Civil Advances ₹7 crore and balance outstanding under Remittances ₹992 crore at the end of 31 March 2024. 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 ₹73,487 crore at the end of 2023-24, mainly comprising of Statutory Corporations (₹4,328 crore), Regional Rural Banks (₹21 crore), Government Companies / Public Sector Undertakings (₹62,441 crore), Joint Stock Companies (₹6,280 crore) and Co-operative Institutions and Local bodies (₹417 crore). Dividend received during the year was ₹291 crore (0.4 *per cent*) on the Total Government Investments. During the year 2023-24, the Government Investments was increased by ₹687 crore, while dividend income decreased by ₹134 crore.

Cash Balance with RBI which stood at ₹2,788 crore on 1 April 2023 increased to ₹4,699 crore at the end of March 2024.

#### 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 (March 2022), the State laid down the Fiscal targets to ensure – outstanding debt to the end of 2023-24 not to exceed 25 *per cent* of GSDP.

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
2019-20	1,615,827	234,245	14.50	85,172	5.27	319,417	19.77
2020-21	1,641,460	307,758	18.75	89,748	5.47	397,506	24.22
2021-22	1,978,094	374,427	18.93	99,146	5.01	473,574	23.94
2022-23	2,269,995	403,033	17.75	133,024	5.86	536,057	23.61
2023-24	2,567,340	470,860	18.34	149,192	5.81	620,052 <sup>#</sup>	24.15

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

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

(<sup>#</sup>) Excluding the amount of off-budget borrowings ₹13,478 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 ₹83,995 crore (15.67 *per cent*) in Public Debt and Other Liabilities as compared to 2022-23.

For the year 2023-24, the Interest payments on Debt and Other Liabilities stood at ₹31,872 crore which includes payment of interest on off-budget borrowings (₹1,046 crore), Interest on Internal Debt (₹26,306 crore), Interest on Small Savings, Provident Funds (₹3,550 crore), Interest on Loans and Advances from Central Government (₹845 crore) and Interest on Reserve Funds & Other Obligations (₹28 crore) and the total interest payments works out to 13.14 *per cent* of the Revenue Expenditure and 13.66 *per cent* of the Revenue Receipts of the year 2023-24.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹2,229 crore during 2023-24 over 2022-23.

### 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 <sup>(*)</sup>	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2019-20	16,709	4,396	2,626	1,770	18,479	1,392
2020-21	18,479	4,376	2,915	1,461	19,940	1,309
2021-22	19,940	4,513	3,328	1,185	21,125	1,184
2022-23	21,125	4,651	3,550	1,101	22,226	1,101
2023-24	22,226	4,892	3,672	1,220	23,447	1,535

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

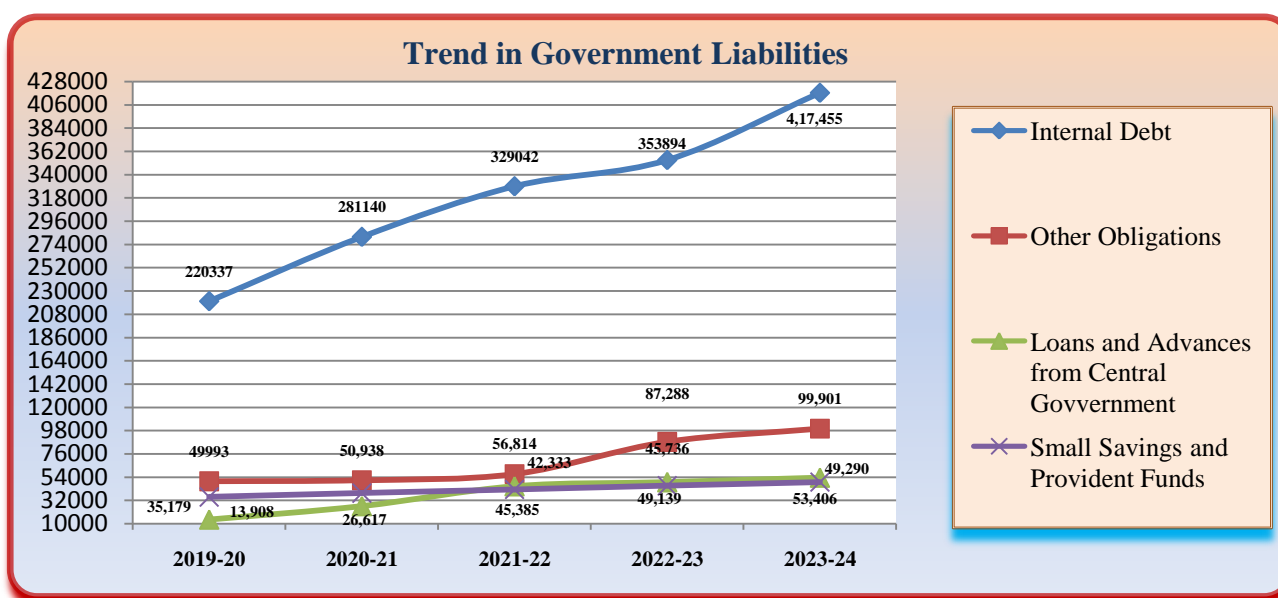
### 5.2.2 Trend in Government Liabilities

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
2019-20	220,337	13,908	35,179	49,993	319,417
2020-21	281,140	26,617	38,811	50,938	397,506
2021-22	329,042	45,385	42,333	56,814	473,574
2022-23	353,894	49,139	45,736	87,288	536,057
2023-24	417,455	53,406	49,290	99,901	620,052 <sup>(#)</sup>

(#) Excluding the amount of off-budget borrowings ₹13,478 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 of this publication.



Government of Karnataka has further amended the Karnataka Fiscal Responsibility Act, 2022, during March 2022, 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 for the year 2023-24 furnished by the Finance Department are given below in the table.

(₹ in crore)

Opening Balance (01.04.2023)	Borrowings during the year	Principal repayment during the year	Interest repayment during the year	Closing Balance (31.03.2024)
(1)	(2)	(3)	(4)	(5)
17,306	...	3,828	1,046	13,478

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 (₹13,478 crore), has increased by ₹80,167 crore for the year 2023-24. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2024 stood at ₹633,530 crore.

After taking into account the outstanding liabilities on off-budget borrowings ₹13,478 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 24.68 *per cent*, to the end of 2023-24.

### 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	2019-20	2020-21	2021-22	2022-23	2023-24
Number of withdrawals from Contingency Fund	3	...	2	3	3
Total withdrawals from Contingency Fund (₹ in crore)	20.10	...	114.00	123.00	291.00
Withdrawals from the Contingency Fund as a <i>percentage</i> to Total Budget Provision	0.01	...	0.04	0.04	0.10

## 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 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 2024 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 2024	
		Principal	Interest
2019-20	35,694	26,679	151
2020-21	45,104	32,506	226
2021-22	49,467	33,095	98
2022-23	70,095	38,262	95
2023-24	78,147	44,162	85

#### 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
2019-20	13,393	675	1,137	12,931
2020-21	12,931	1,402	1,121	13,212
2021-22	13,212	1,624	1,125	13,711
2022-23	13,711	1,867	1,221	14,357
2023-24	14,357	2,067	1,372	15,052

~ ~ ~

## 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 ₹417,455 crore, which comprises an adverse balance amounting to ₹199.34 crore under 'Loans from National Co-operative Development Corporation' (₹133.57 crore), 'Loans from Life Insurance Corporation of India' (₹55.45 crore) and 'Loans from General Insurance Corporation of India' (₹10.32 crore). The balance under 'Loans and Advances from the Central Government' stood at ₹53,406 crore.

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

Total Loans and Advances made by the State Government at the end of 2023-24 was ₹42,268 crore. The Loans and Advances are disbursed to various Loatee 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 ₹11,735 crore and interest amounting to ₹8,058 crore, is in arrears as at the end of 31 March 2024 in respect of loans, the detailed accounts of which are maintained by the Accountant General (A&E) Karnataka.

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

Grants-in-Aid to Local Bodies *etc.*, has increased by ₹3,331 crore from ₹62,708 crore in 2022-23 to ₹66,039 crore in 2023-24 representing an increase by 5.31 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies and others (₹54,127 crore) represented 82 *per cent* of total grants given during the year. Details of Grants-in-aid for the past five years are as under.

(₹ in crore)

Year	Zilla Panchayats	Taluk Panchayats	Gram Panchayats	ULBs & Municipalities	Others <sup>(*)</sup>	Total
2019-20	12,104	21,127	4,802	6,425	10,145	54,603
2020-21	11,812	21,309	4,983	5,681	9,986	53,771
2021-22	12,943	23,097	3,789	6,616	11,137	57,582
2022-23	14,800	23,821	6,318	5,662	12,107	62,708
2023-24	14,698	28,148	5,046	6,229	11,917	66,039

(\*) Others include Public Sector Undertakings, Autonomous Bodies, and Co-operative Institutions, Non Government Organizations, Co-operative Societies and Institutions, Statutory Bodies and Developmental Authorities.

### 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 Accountant General (A&E). The 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 2024 about 92 Grants-in-Aid bills amounting to ₹119 crore were outstanding for submission of Utilization Certificates.

### 6.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2023	As on 31 March 2024	Net Increase (+) Decrease (-)
Cash Balance <sup>(1)</sup>	2,788	4,699	(+) 1,911
Investments from Cash Balance (GOI Securities & Treasury Bills)	47,920	67,143	(+) 19,223
Other Cash Balances & Investments	33,234	35,422	(+) 2,188
(a) Cash with Departmental Officers and permanent advances	6	6	(-) 0
(b) Investments and earmarked funds	33,228	35,416	(+) 2,188
<b>Total</b>	<b>83,942</b>	<b>1,07,264</b>	<b>(+) 23,322</b>
Interest realised	1,139	793	(-) 346

(1) Cash Balance include Local Remittances & Deposits with RBI.

During 2023-24 interest receipt on Cash Balance and Investments decreased by 30 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 Accountant General (A&E) Karnataka. This exercise is to be conducted by respective Heads of Departments. During the year 2023-24, Revenue Receipts amounting to ₹233,103.03 crore (99.90 per cent of total receipts of ₹233,342.93 crore) and Revenue Expenditure amounting to ₹2,40,400.16 crore (99.09 per cent of total revenue expenditure of ₹2,42,614.45 crore) and Capital Expenditure amounting to ₹40,839.72 crore (78.36 per cent of total expenditure of ₹52,120.07 crore) were reconciled by the State Government.

## 6.6 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 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 2024 about 934 AC bills amounting to ₹46 crore were outstanding for submission of NDC bills.

## 6.7 Commitments on account of Incomplete Works

A total expenditure of ₹331,447 crore was incurred up to the year 2023-24 by the State Government under various construction projects taken up by the Public Works Department, Water Resources Department, and Public Health & Engineering Department. However, the Departments engaged in construction projects have reported commitment of ₹1,856 crore on incomplete works (5356 Works) costing over ₹954 crore to the end of the financial year 2023-24. The work-wise details of incomplete works are as follows.

(₹ in crore)

Period	Number of Works	Cost of Works	Progressive Expenditure
2005-2010	15	17	18
2010-2015	123	189	182
2015-2020	1,351	1,806	1341
2020-2024	7,007	8,764	3,895
<b>TOTAL</b>	<b>8,496</b>	<b>10,776</b>	<b>5,436</b>

~~~



#### 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 2023-24 with the Actual Accounts has revealed variations as detailed below:

The budget estimates envisaged revenue receipts of ₹238,410 crore against which the actual realisation was ₹233,343 crore, decrease of ₹5,067 crore (about 2.13 *per cent* of the estimated Revenue Receipts).

Revenue expenditure was estimated at ₹250,933 crore against which the actual expenditure was ₹242,614 crore, decrease of ₹8,319 crore (about 3.32 per cent of the Estimated Revenue Expenditure).

## 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 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 2022-23 | 23                    | 23.35         |
| 2023-24       | 69                    | 95.29         |
| <b>Total</b>  | <b>92</b>             | <b>118.64</b> |

### **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 under various heads was ₹785.00 crore (Credit), ₹991.78 crore (debit) and ₹0.02 crore (debit) under heads 8658, 8782 and 8793 respectively as on 31 March 2024.

Non-clearance of balances outstanding under these heads affects the accuracy of receipts / expenditure figures and balances under different heads of accounts of the State Government.

### **7.4 National Pension System:**

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 and 14 percent of basic pay and dearness allowance is contributed by the State Government and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL / Trustee Bank).

During the year 2023-24, as per the information received from NPS Cell, total contribution to the NPS which was accounted in the Public Account under Major Head 8342-00-117 Defined Contribution Pension Scheme was ₹3,592.06 crore (Employees' contribution ₹1,527.14 crore and Government's contribution ₹2,064.46 crore) and ₹0.46 crore interest on contribution employee backlog). However, as per the Finance Accounts, the Government transferred ₹3,585.47 crore (Employees' Share ₹1,520.57 crore and Government's Share ₹2,064.46 crore ₹0.44 crore interest on contribution employee backlog) to the NSDL. The detailed information on government contribution is available in Statement No.15 of the Finance Accounts under Major Head 2071. The Transfer of employees contribution to the NSDL was less by ₹6.58 crore.

Of the total amount transferred / deposited in the Public Account in the financial year 2023-24, ₹15.25 crore remained in the Public Account and was not transferred to the NSDL.

## 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    | Number                                | Amount  | Number                                        | Amount    |
| 85                                                | 29,509.54 | 6                                  | 11,055.28 | NA                                    | 7730.13 | 91                                            | 32,834.69 |

The PD accounts are maintained Head of Account wise by the Accountant General (A&E), Karnataka. As per Treasury, there are 91 Administrators with a closing balance amounting to ₹32,834.69 crore as on 31 March 2024 including one PD account in the name of the Managing Director, Karnataka Mining Environment Restoration Corporation (KMERC). During the year 2022-23, PD account of KMERC was opened (June 2022) based on the Hon'ble Supreme Court Order (April 2022) directing the State Government to issue specific orders for operationalization of bank accounts for channelizing the receipts and expenditure to KMERC. KMERC funds on maturity of fixed deposits held in banks were transferred to PD account for making further investments in Treasury Bills (TBs). Based on the instructions of Finance Department (June 2023), interest earned on investments in TBs were initially accounted under Major Head – 0049 and thereafter, transferred to PD account of KMERC.

## 7.6 Investments

Information on Government investments appearing in **Statement No. 8** of the Finance Accounts Volume I is based on the accounts and sanctions received by the Accountant General (A&E), Karnataka. Government has invested ₹73,487 crore to the end of 2023-24 in 159 entities. Against ₹73,487 crore invested in these entities as on 31 March 2024, only ₹291 crore was received towards dividend (0.39 *per cent* of invested amount) from 128 entities and 31 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.

~~~

**© COMPTROLLER AND  
AUDITOR GENERAL OF INDIA  
2024  
[www.cag.gov.in](http://www.cag.gov.in)**

**<https://cag.gov.in/ae/karnataka/en>**

