

सत्यमेव जयते

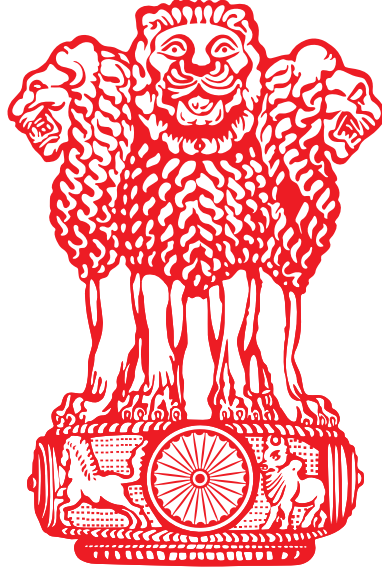
# ACCOUNTS AT A GLANCE 2020 - 21



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



GOVERNMENT OF KARNATAKA



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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 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: 22 November 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

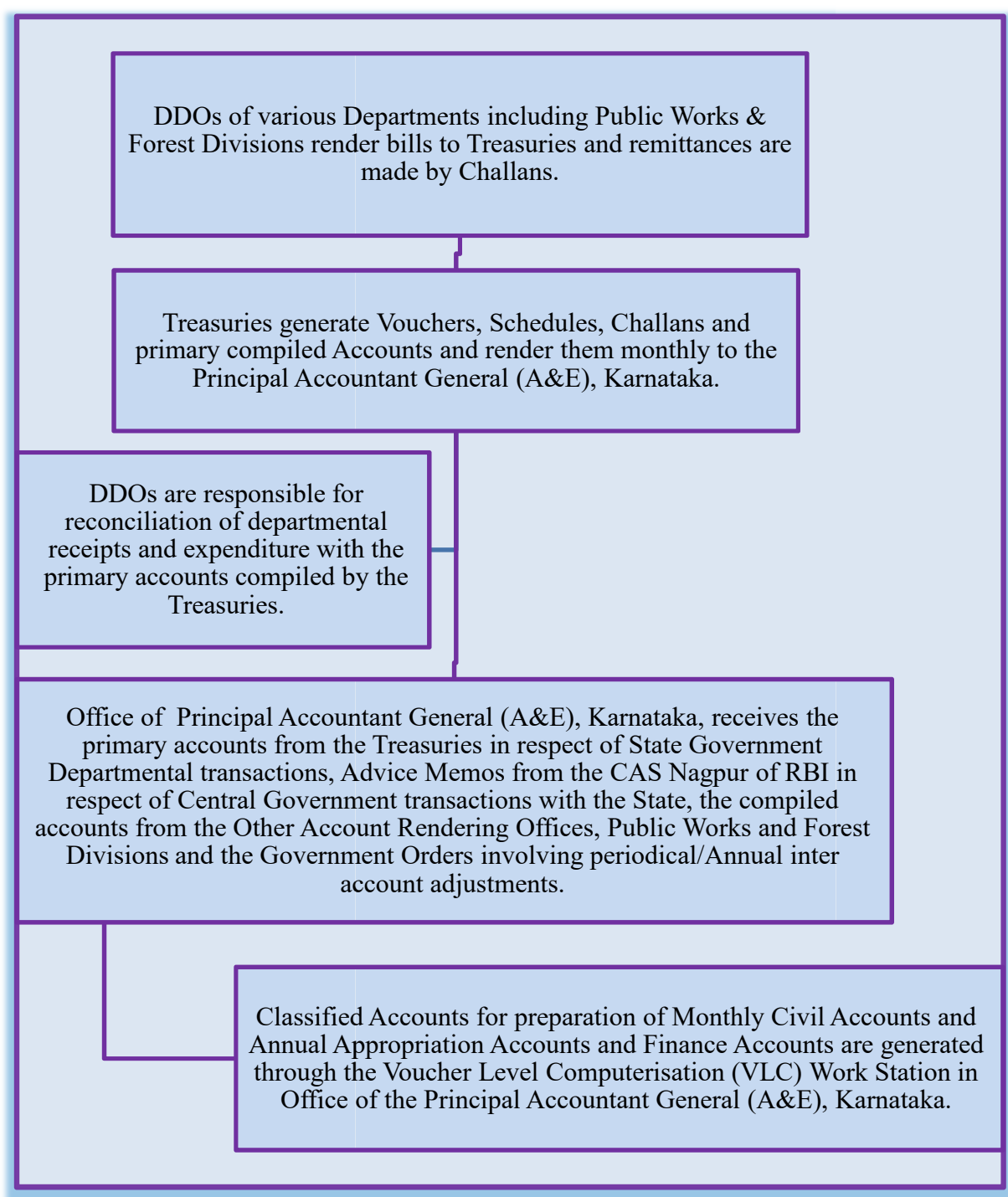
*The Accounts of the Government are kept in three parts:*

<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>	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 ₹80 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 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 2020-21 are given below:

(₹ in crore)			
Receipts and Disbursement in the year 2020-21			
Receipts	Total Receipts		224,130
	Revenue	Tax Revenue	118,747
		Non-Tax Revenue	7,894
		Grants-in-Aid	30,076
		Revenue Receipts	156,717
	Capital	Recoveries of Loans and Advances	270
		Borrowings and Other Liabilities <sup>(1)</sup>	67,098
		Other Receipts (Misc. Capital Receipts)	45
		Capital Receipts	67,413
Disbursements	Total Disbursements		224,130
	Revenue <sup>(2)</sup>		176,054
	Capital		45,407
	Loans and Advances		2,669
(1) Comprises net contribution from (i) ‘E–Public Debt’ {₹73,512 crore}; (ii)‘Contingency Fund’ {Nil}; (iii) ‘Public Account’ {(–) ₹6,490 crore}; (iv)‘Net Cash Balance’ {₹76 crore}			
(2) Includes ₹1,863 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 2020-21, was approved by the State Legislature through the Appropriation Acts of 2020-21. For the year 2020-21 funds were provided for gross expenditure of ₹265,221 crore, including Supplementary Grants of ₹20,487 crore voted by State Legislature. An amount of ₹6,976 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2020-21 show disbursements of ₹242,694 crore against the aggregate Budget Provision of ₹265,221 crore, resulting in a net saving of ₹22,110 crore. Actual Recoveries by way of reduction of expenditure amounted to ₹7,550 crore, reflecting a increase of ₹574 crore vis-à-vis Budget Estimates (₹6,976 crore). The gross expenditure includes ₹126 crore drawn on Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2020-21, ₹4,711 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 ₹3,989 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 2020-21, the Government of Karnataka has not availed any Ways and Means Advances from the Reserve Bank of India as the minimum balance was being maintained during the entire year.

#### 1.4.2 Fund Flow Statement

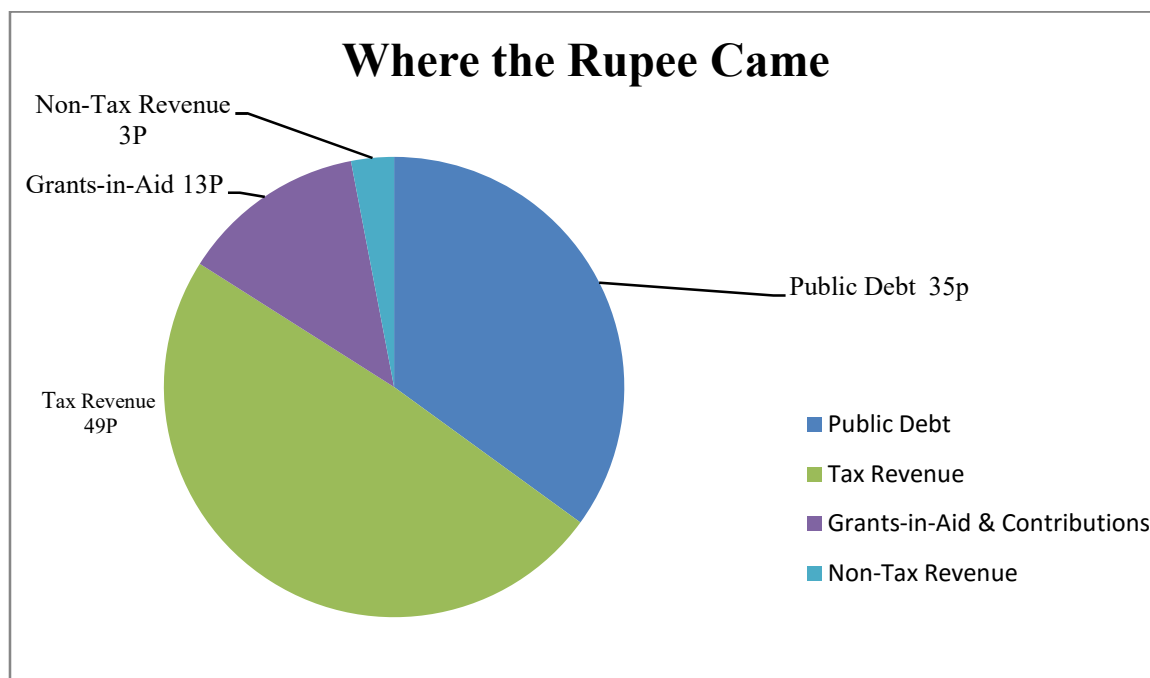
During the year 2020-21, the State had a Revenue Deficit of ₹19,337 crore and a Fiscal Deficit of ₹67,098 crore representing 1.07 *per cent* and 3.72 *per cent* of the Gross States' Domestic Product (GSDP)<sup>(3)</sup> respectively. The Fiscal Deficit constituted 29.94 *per cent* of total Expenditure. This deficit was met from net receipts under Public Debt (₹73,512 crore), decrease in net accruals under Public Account [(-) ₹6,490 crore] and decrease in Net Cash Balance [₹76 crore]. Around 94 *per cent* of the Revenue Receipts (₹156,717 crore) was spent on committed expenditure (₹147,896 crore) like Salaries<sup>(4)</sup> (₹14,783 crore), Subsidies <sup>(4&5)</sup> (₹18,432 crore), Grants-in-Aid<sup>(5)</sup> (₹18,312 crore), Interest Payments (₹23,433 crore) {this includes payment of interest (₹1,512 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹18,936 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹26,537 crore), Social Security Pension (₹7,603 crore) and Administrative Expenses (₹2,610 crore).

#### Sources and Application of Funds

		(₹ in crore)
SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2020	1,659
	Revenue Receipts	156,717
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	315
	Public Debt Receipts	84,528
	Receipt under Small Savings, Provident Funds & Others	8,472
	Reserve & Sinking Funds	8,314
	Deposits Received	63,575
	Civil Advances Repaid	...
	Suspense Account and Miscellaneous	680,560
	Remittances	(-) 2
	Contingency Fund	...
	<b>TOTAL</b>	<b>1,004,138</b>
APPLICATION	Revenue Expenditure	176,054
	Capital Expenditure	45,406
	Loans disbursed	2,669
	Repayment of Public Debt	11,016
	Disbursement under Small Savings, Provident Fund & Others	4,841
	Reserve & Sinking Funds	6,685
	Deposits Repaid	64,260
	Contingency Fund	...
	Suspense Account and Miscellaneous	691,591
	Remittances	33
	Closing Cash Balance as on 31.03.2021	1,583
	<b>TOTAL</b>	<b>1,004,138</b>
(3) GSDP 2020-21: ₹1,803,609 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

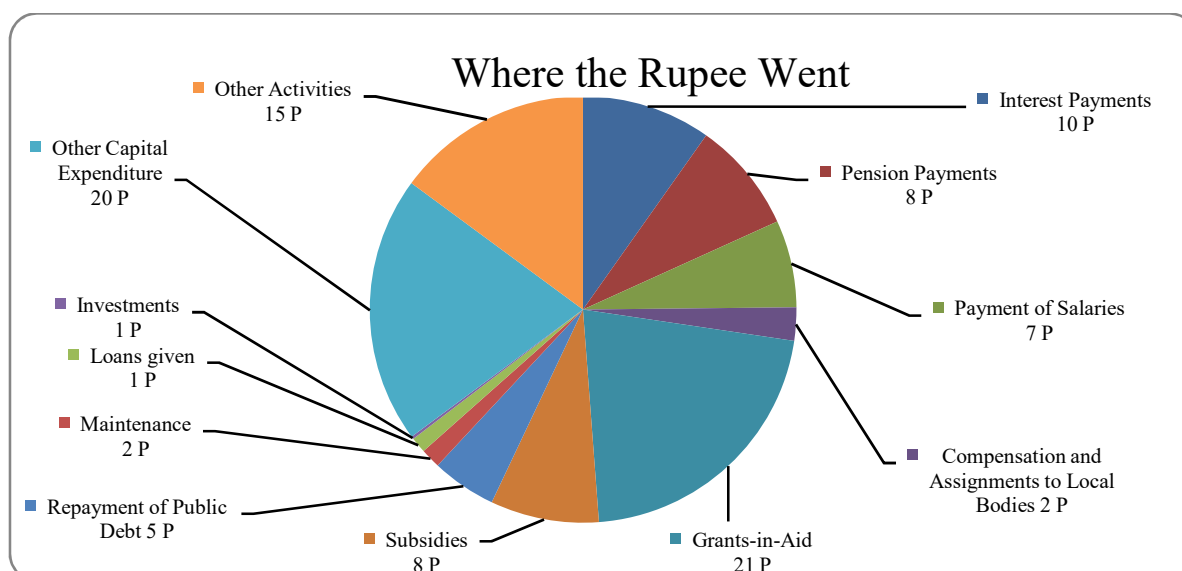
Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government 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' (-) ₹6,490 crore representing less than one paise, hence not shown in the pie diagram

### 1.4.4 Destination of Expenditure

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



### 1.5 Financial Highlights of year 2020-21

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2020-21.

Sl. No.	Particulars	Budget Estimates 2020-21	Actual	Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP <sup>(*)</sup>
		(₹ in crore)			
01	Tax Revenue	156,698 (@)	118,747 (&)	75.78	6.58
02	Non-Tax Revenue	7,767	7,894	101.64	0.44
03	Grants-in-aid & Contributions	15,455	30,076	194.60	1.67
04	Revenue Receipts (1+2+3)	179,920	156,717	87.10	8.69
05	Recovery of Loans & Advances	257	270	105.06	0.01
06	Miscellaneous Capital Receipts	40	45	112.50	0.00
07	Borrowings and Other Liabilities	46,072 (#)	67,098 (\$)	145.64	3.72
08	Capital Receipts (5+6+7)	46,369	67,413	145.38	3.74
09	Total Receipts (4+8)	226,289	224,130	99.05	12.43
10	Revenue Expenditure	179,777	176,054	97.93	9.76
11	Expenditure on Interest Payments	22,216	21,921	98.67	1.22
12	Capital Expenditure	46,512 (a)	48,075 (b)	103.36	2.67
13	Total Expenditure (10+12)	226,289	224,130	99.05	12.43
14	Revenue Surplus	143	...	...	...
14	Revenue Deficit	...	19,337	...	...
15	Fiscal Deficit {13-(4+5+6)=7}	46,072	67,098 (^)	145.64	3.72
(*) GSDP at Current Prices for 2020-21: ₹1,803,609 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India}					
(@) Includes State Share of Union Taxes & Duties of ₹28,591 crore					
(&) Includes State Share of Union Taxes & Duties of ₹21,694 crore					
#) Comprises net contribution from (i) ‘E–Public Debt’ {₹41,312 crore}, (ii) ‘Public Account’ {₹4,534 crore} (iii) ‘Net Cash Balance’ {₹226 crore}					
(\$) Comprises net contribution from (i) ‘E–Public Debt’ {₹73,512 crore}, (ii) ‘Contingency Fund’{nil} (iii) ‘Public Account’ {(-) ₹6,490 crore} minus (iv) ‘Net Cash Balance’ ₹76 crore}					
(a) Comprises provision on ‘Capital Outlay’ {₹43,059 crore} and ‘F Loans and Advances’ {₹3,452 crore}					
(b) Comprises Expenditure incurred on ‘Capital Outlay’ {₹45,406 crore} and ‘F Loans and Advances’ {₹2,669 crore}					
(^) Excludes payment of interest (₹1,512 crore) on ‘Off budget borrowings’ which spread across various functional Major Heads below the relevant Sub-Sectors under ‘General Services’, ‘Social Services’ and ‘Economic Services’.					

## 1.6 Definition of Deficits and Surplus

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

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

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

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

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

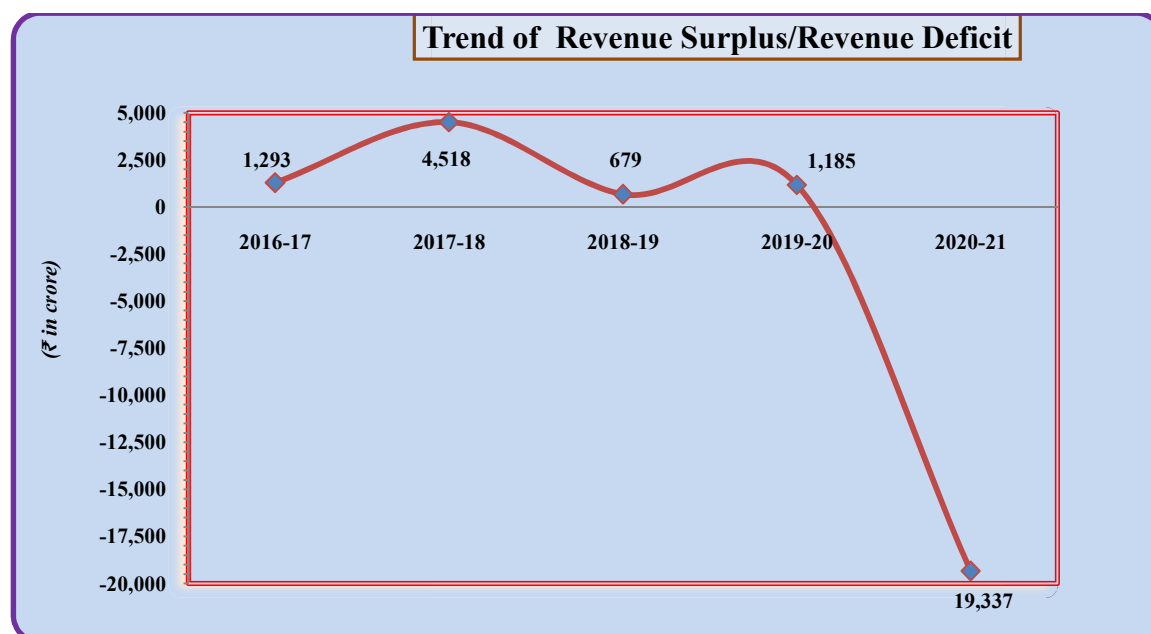
Sl. No.	Particulars	Target for 2020-21	Compliance by State
1.	<b>Revenue Surplus</b>	Revenue Surplus to be maintained. As per the Karnataka Fiscal Responsibility (Amendment) Act, 2020, the State Revenue Deficit may arise due to reduction of receipts, as a result of covid pandemic.	The Government of Karnataka has a Revenue Deficit of ₹19,337.50 crore in 2020-21 (1.07 <i>per cent</i> of GSDP)
2.	<b>Fiscal Deficit</b>	Fiscal deficit shall not exceed 5 <i>per cent</i> of the estimated GSDP <sup>(6)</sup> during the period 2020-21 as per the Karnataka Fiscal Responsibility (Amendment) Act, 2020.	The Fiscal Deficit of ₹67,097.62 crore as per the accounts was 3.72 <i>per cent</i> of GSDP for 2020-21
3.	<b>Outstanding Liabilities</b>	Outstanding debt expressed as percentage of GSDP shall be less than 25 <i>per cent</i> of GSDP during 2020-21.	The Outstanding debt of ₹415,926.95 crore for 2020-21 was 23.06 <i>per cent</i> of GSDP.

Sl. No.	Particulars	Target for 2020-21	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 ₹26,675.67 crore at the beginning of 2020-21 constituted 17.02 <i>per cent</i> of the TRR (₹156,717.00) crore for the second preceding year 2018-19.
Note 6 GSDP 2020-21: ₹1,803,609 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 (₹18,421.37 crore) furnished by the Government of Karnataka, together with those appearing (₹397,505.58 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 Deficit

Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. The trend in Revenue Surplus for the period 2016-17 to 2019-20 and revenue deficit in 2020-21 is given in Table and graphs below:

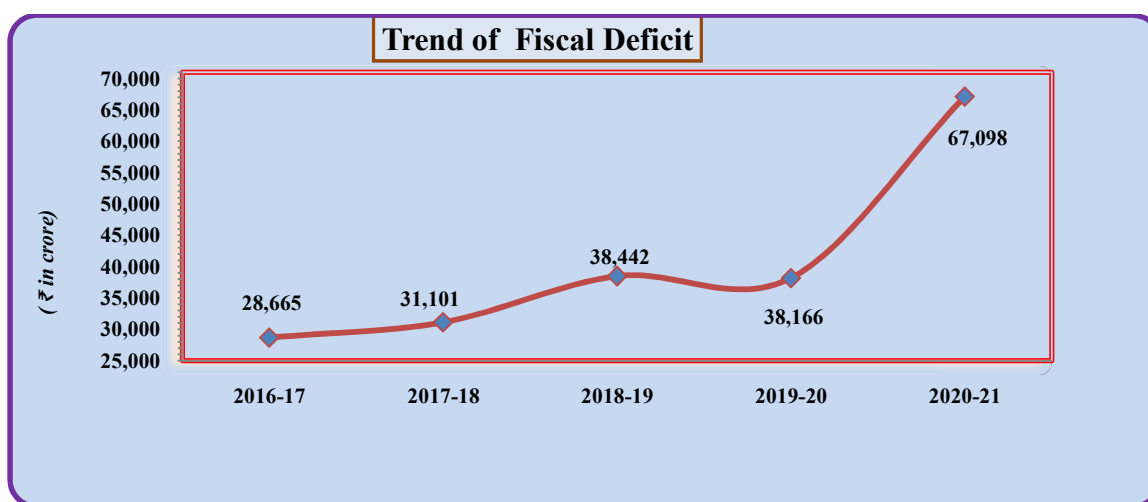
(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Surplus/Revenue Deficit	1,293	4,518	679	1,185	(-) 19,337
GSDP (*)	1,207,608	1,336,914	1,490,624	1,628,928	1,803,609
Revenue Surplus as <i>per cent</i> to GSDP	0.11	0.34	0.05	0.07	(-)1.07
(*) GSDP at Current Prices for 2020-21: ₹1,803,609 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 2016-17 to 2020-21 is given in Table and graphs below:

(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Fiscal Deficit	28,665	31,101	38,442	38,166	67,098
GSDP (*)	1,207,608	1,336,914	1,490,624	1,628,928	1,803,609
Fiscal Deficit as <i>per cent</i> to GSDP	2.37	2.33	2.58	2.34	3.72
(*) GSDP at Current Prices for 2020-21: ₹1,803,609 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.

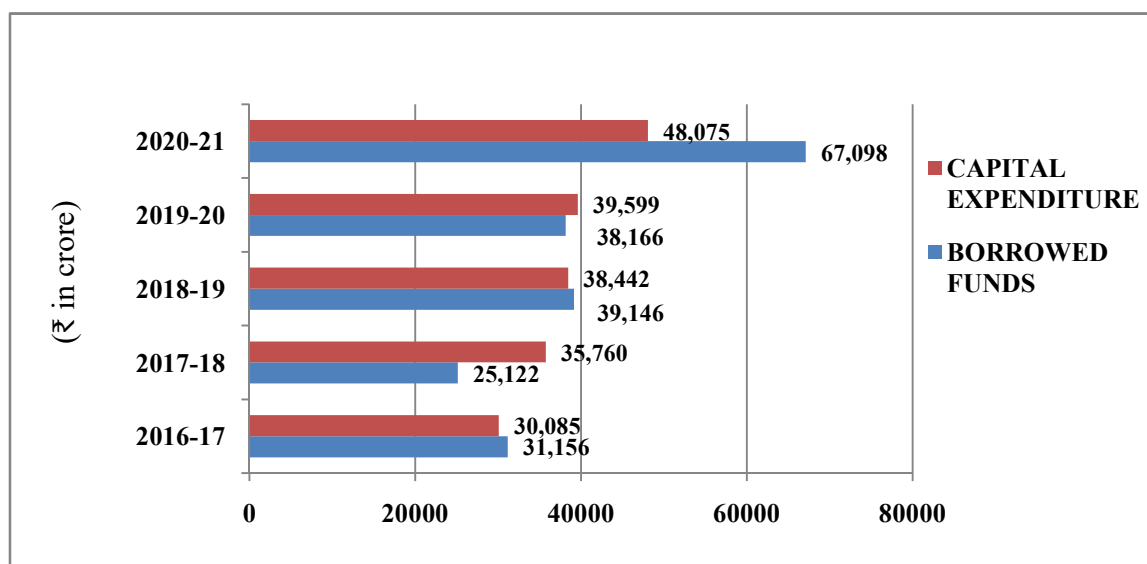
(₹ in crore)

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 (+)		
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
2020-21	156,717	176,054	(-) 19,337	45	45,406	(-) 45,361	...	(-) 64,698	(-) 344,393
(#) 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, during 2020-21 the State Government has spent ₹48,075 crore towards Capital Expenditure out of the amount of borrowings of the current year (₹67,098 crore), which is inclusive of disbursement of Loans and Advances.

#### BORROWED FUNDS AND CAPITAL EXPENDITURE





## CHAPTER II

### RECEIPTS

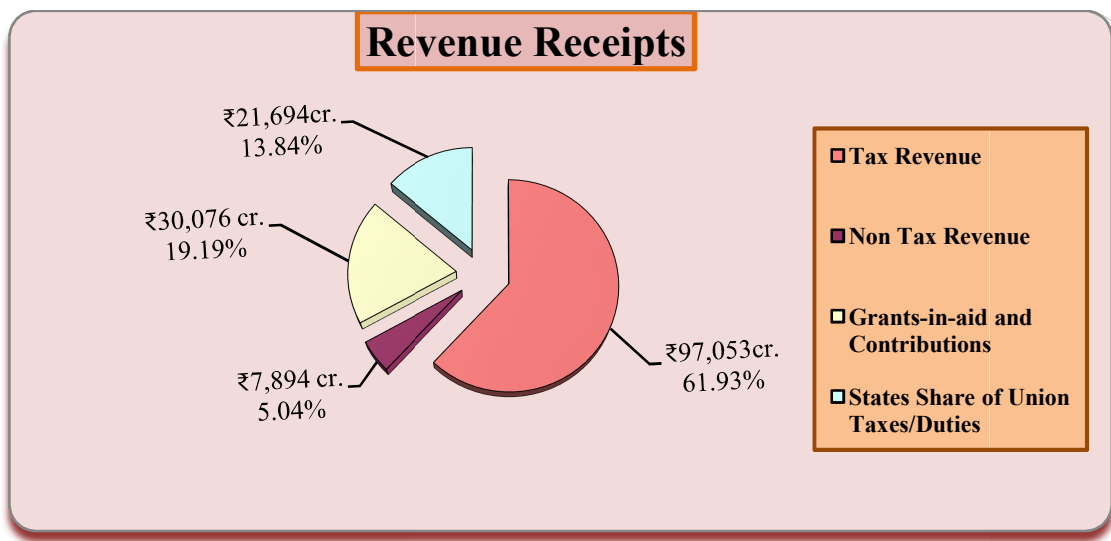
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2020-21 were ₹156,717 crore comprising of Tax Revenue (₹97,053 crore) which includes ₹21,694 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹7,894 crore), Grants-in-Aid & Contributions from Government of India (₹30,076 crore). Capital Receipts (₹67,413 crore) comprising of Recovery of Loans and Advances (₹270 crore), Miscellaneous Capital Receipts (₹45 crore) and Borrowings & Other Liabilities (₹67,098 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E – Public Debt' {₹73,512 crore}; (ii) 'Contingency Fund' (Nil) (iii) 'Public Account' {(-) ₹6,490 crore} (iv) net 'Cash Balance' {₹76 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.

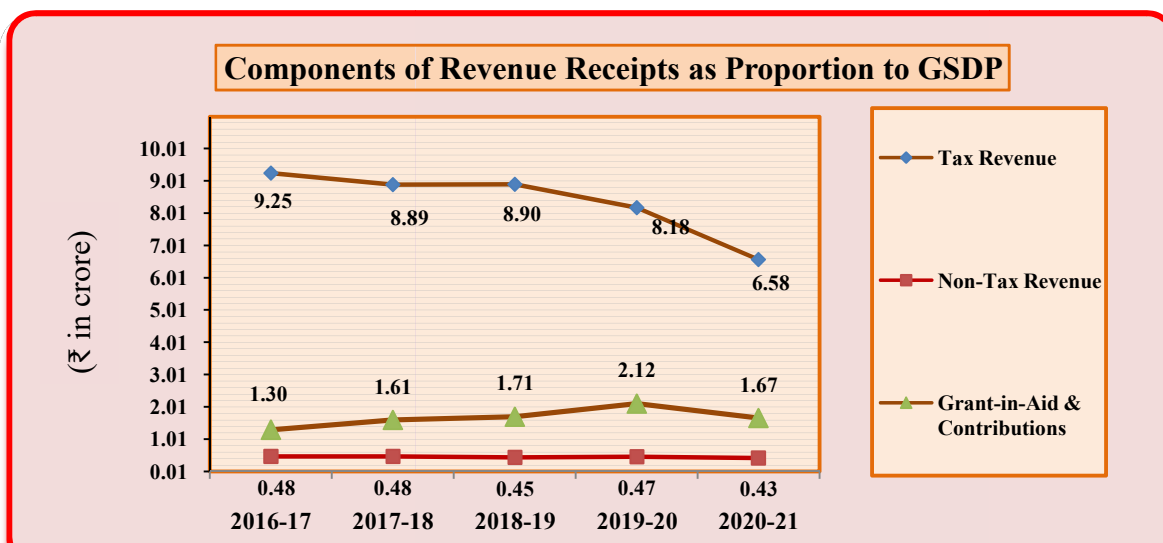


### 2.2.1 Components of Revenue Receipts

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>118,747</b>	<b>76</b>
Taxes on Income and Expenditure	14,621	9
Taxes on Property and Capital Transactions	10,760	7
Taxes on Commodities and Services including GST	93,366	60
<b>B. Non-Tax Revenue</b>	<b>7,894</b>	<b>5</b>
Interest Receipts, Dividends and Profits	1,000	1
General Services	1,309	1
Social Services	804	...
Economic Services	4,781	3
<b>C. Grants-in-aid and Contributions</b>	<b>30,076</b>	<b>19</b>
<b>TOTAL-REVENUE RECEIPTS</b>	<b>156,717</b>	<b>100</b>
(*) includes ₹21,694 crore (13.84 <i>per cent</i> of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government		

Total Tax Revenue ₹156,717 crore and Non-Tax Revenue of ₹7,894 crore formed 8.68 *per cent* and 0.44 *per cent* respectively of the GSDP.



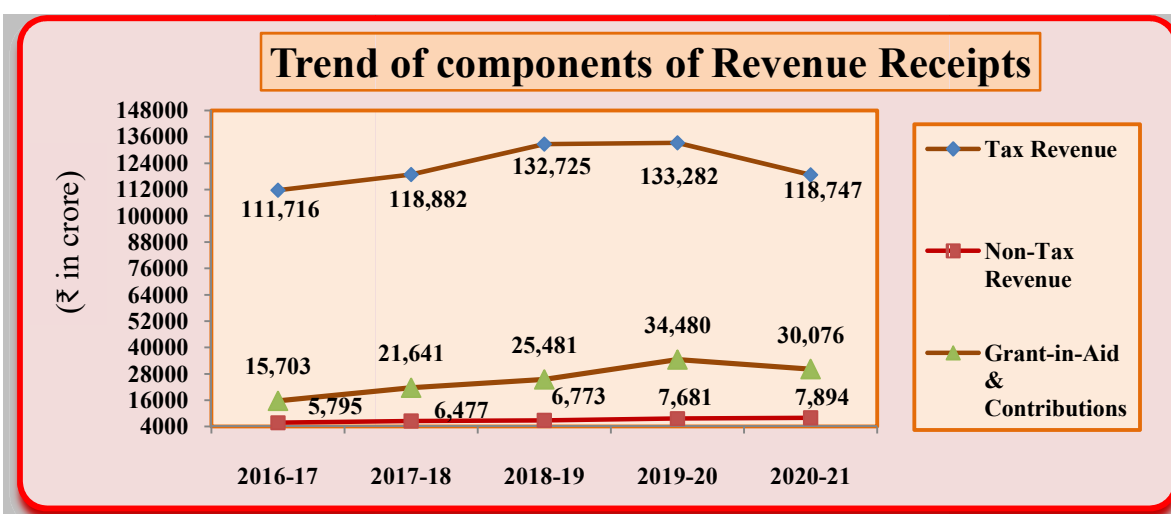
### 2.2.2 Trend of Revenue Receipts

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
2016-17	111,716	5,795	15,703	133,214	1,207,608	11.03
2017-18	118,882	6,477	21,641	147,000	1,336,914	11.00
2018-19	132,725	6,773	25,481	164,979	1,490,624	11.07
2019-20	133,282	7,681	34,480	175,443	1,628,928	10.77
2020-21	118,747	7,894	30,076	156,717	1,803,609	8.69

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



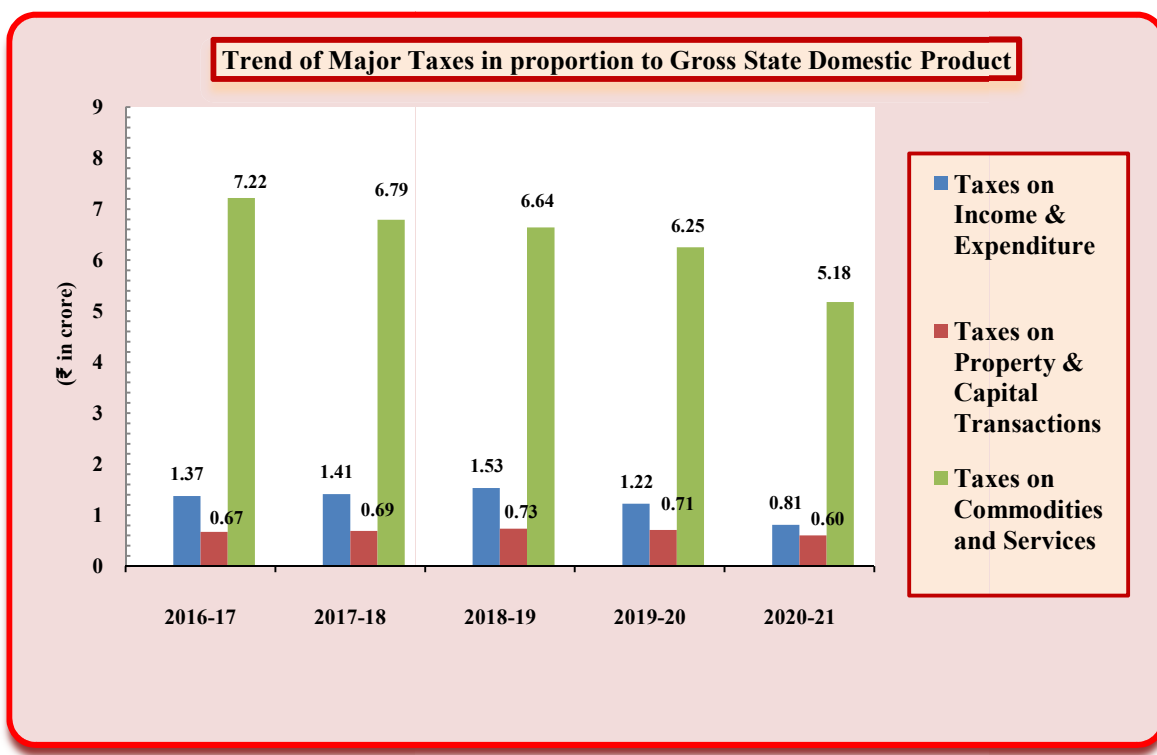
### 2.3 Trend of Collection of Tax Revenue

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	2016-17	2017-18	2018-19	2019-20	2020-21
Taxes on Income and Expenditure	16,515	18,909	22,796	19,944	14,621
Taxes on Property and Capital Transactions	8,036	9,219	10,924	11,512	10,760
Taxes on Commodities and Services including GST	87,165	90,754	99,005	101,826	93,366
<b>Total Tax Revenue</b>	<b>111,716</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>	<b>118,747</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	
2016-17	111,716	28,760	82,956	1,207,608	2.38	6.87
2017-18	118,882	31,752	87,130	1,336,914	2.37	6.52
2018-19	132,725	35,895	96,830	1,490,624	2.40	6.49
2019-20	133,282	30,919	102,363	1,628,928	1.90	6.28
2020-21	118,747	21,694	97,053	1,803,609	1.20	5.38

(\*) 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	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Revenue Collection	8,093	8,947	10,288	11,609	10,908
Cost of Collection <sup>(A)</sup>	440	353	533	584	458
Percentage of Cost of Tax Collection	5.44	3.95	5.18	5.03	4.20

(\*) 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	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Collection	75,983	55,086	84,838	48,488	26,982
Cost of Collection <sup>(A)</sup>	411	204	668	721	237
Percentage of Cost of Tax Collection	0.54	0.37	0.79	1.49	0.88

(\*) 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	2016-17	2017-18	2018-19	2019-20	2020-21
Taxes on Sales, Trade etc	46,105	25,093	14,003	16,424	16,028
State Goods and Service Tax	...	24,182	41,956	42,147	37,711
State Excise	16,484	17,949	19,944	21,584	23,332
Stamps and Registration Fees	7,806	9,024	10,775	11,308	10,576
Corporation Tax	9,211	9,721	12,482	10,542	6,656
Taxes on Vehicles	5,594	6,209	6,568	6,763	5,607
Taxes on Income Other than Corporation Tax	6,402	8,209	9,192	8,261	6,838
Taxes on Goods and Passengers	3,306	1,279	28	65	16
Customs	3,962	3,204	2,544	1,960	1,110
Union Excise Duties	4,525	3,349	1,691	1,363	714
Service Tax	4,639	3,617	332	...	119
Other Taxes and Duties on Commodities and Services	1,099	736	21	34	21
Taxes on Duties on Electricity	1,452	1,485	2,334	2,693	2,434
Integrated Goods and Services Tax	...	3,205	707	...	...
Central Goods and Services Tax	...	448	8,859	8,774	6,236

Net Tax Receipts during the year was less than Budget Estimates by ₹23,203 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	9,608	State Excise	632
Central Goods and Service Tax	2,418	Service Tax	104
Corporation Tax	2,139	Taxes on Goods and Passengers	16
Stamps and Registration Fees	2,079	Other Taxes and Duties on Commodities and Services	28
Taxes on Sales, Trade, etc.,	1,755		
Taxes on Vehicles	1,508		
Taxes on Income other than Corporation tax	1,339		
Customs	675		
Taxes and Duties on Electricity	483		
Union Excise Duties	452		
Other Taxes on Income and Expenditure	98		
Land Revenue	62		

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

(₹ in crore)					
Major Head Description	2016-17	2017-18	2018-19	2019-20	2020-21
Corporation Tax	9,211	9,721	12,482	10,542	6,656
Taxes on Income other than Corporation Tax	6,402	8,209	9,192	8,261	6,838
Taxes on Wealth	21	...	5	...	...
Customs	3,962	3,204	2,544	1,960	1,110
Union Excise Duties	4,525	3,349	1,691	1,363	714
Service Tax	4,639	3,617	332	...	119
Central Goods and Service Tax	...	448	8,859	8,774	6,236
Other Taxes and duties on Commodities and services	...	...	18	19	21
Integrated Goods and Service Tax	...	3,205	707	...	...
<b>State Share of Union Taxes &amp; Duties</b>	<b>28,760</b>	<b>31,752</b>	<b>35,895</b>	<b>30,919</b>	<b>21,694</b>
<b>Total Tax Revenue</b>	<b>111,716</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>	<b>118,747</b>
<b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b>	<b>25.74</b>	<b>26.71</b>	<b>27.04</b>	<b>23.20</b>	<b>18.27</b>

## 2.5 Public Debt

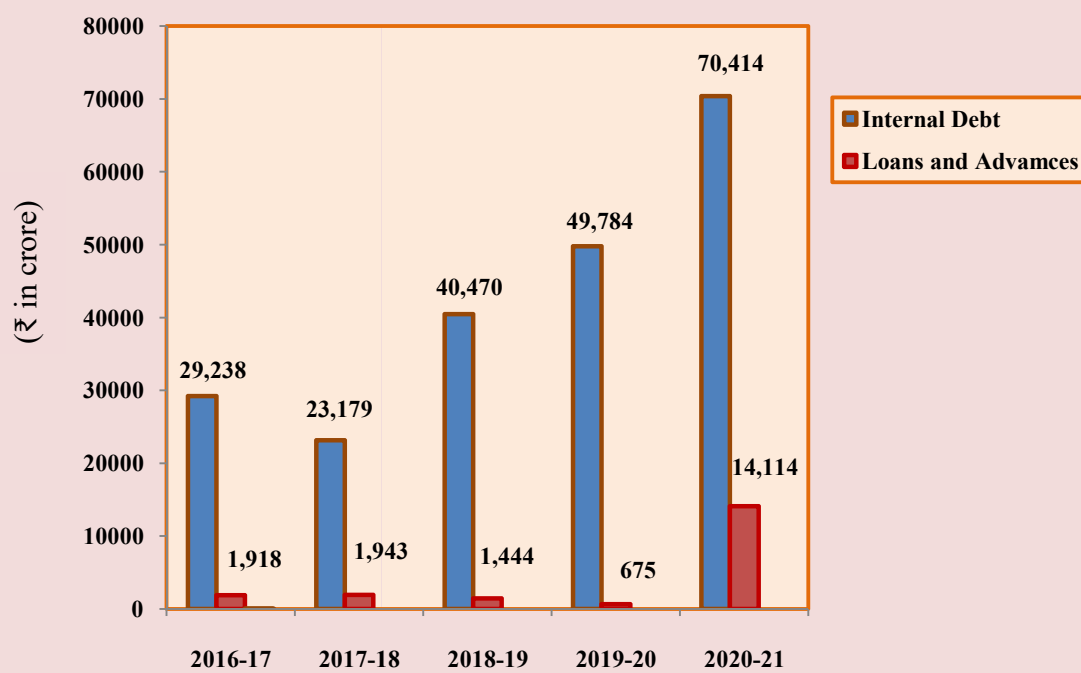
Trend of receipts under Public Debt over the past five years are indicated below:

(₹ in crore)					
Description	2016-17	2017-18	2018-19	2019-20	2020-21
Internal Debt of the State Government	29,238	23,179	40,470	49,784	70,414
Loans and Advances from the Central Government	1,918	1,943	1,444	675	14,114
<b>Total Public Debt</b>	<b>31,156</b>	<b>25,122</b>	<b>41,914</b>	<b>50,459</b>	<b>84,528</b>

During the year 2020-21, the State Government has obtained 'Market Loans' amounting to ₹69,000 crore, comprising of 68 loans.

Against the total receipts of ₹84,528 crore received during 2020-21, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹70,414 crore) and 'Loans and Advances from the Central Government' (₹14,114 crore), the expenditure on Capital Account was ₹48,075 crore excluding repayment of Public Debt of ₹11,016 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 ₹176,054 crore for 2020-21 is less than Budget Estimates (₹179,777 crore) by ₹3,723 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

| (₹ in crore)                   |         |           |           |         |         |
|--------------------------------|---------|-----------|-----------|---------|---------|
| Components                     | 2016-17 | 2017-18   | 2018-19   | 2019-20 | 2020-21 |
| Budget Estimates               | 130,236 | 144,755   | 166,290   | 181,605 | 179,777 |
| Actuals                        | 131,921 | 142,482   | 164,300   | 174,257 | 176,054 |
| Gap                            | 1,685   | (-) 2,273 | (-) 1,990 | 7,348   | 3,723   |
| Gap over BE in <i>per cent</i> | 1       | (-) 2     | (-) 1     | 4       | 2       |

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

(₹ in crore)

| Component                                                                | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Total revenue expenditure                                                | 131,921 | 142,482 | 164,300 | 174,258 | 176,054 |
| Committed revenue expenditure                                            | 105,052 | 110,483 | 138,841 | 147,542 | 147,896 |
| Percentage of committed revenue expenditure to total revenue expenditure | 80      | 78      | 85      | 85      | 84      |
| Uncommitted revenue expenditure                                          | 26,869  | 31,999  | 25,459  | 26,716  | 28,158  |

It may be seen that the uncommitted Revenue Expenditure available for implementation of various schemes as increased by 5% from ₹26,869 crore in 2016-17 to ₹28,158 crore in 2020-21. The total revenue expenditure increased from ₹131,921 crore in 2016-17 to ₹176,054 crore in 2020-21 and committed revenue expenditure increased by 41% 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.

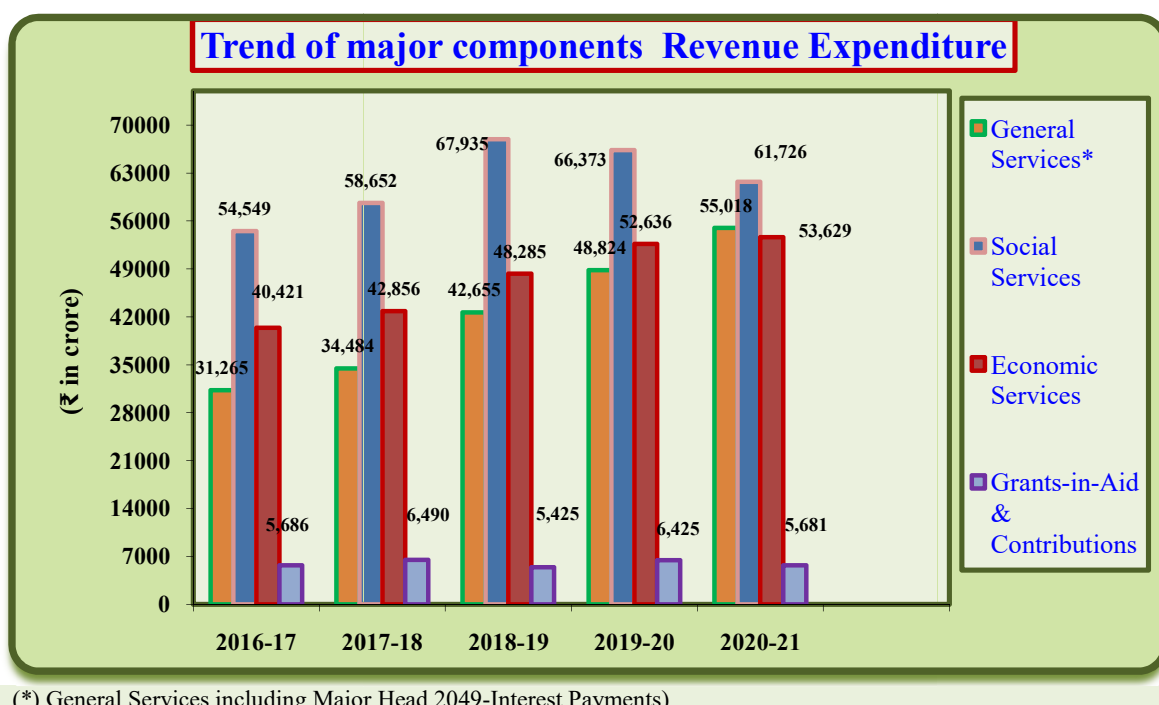
(₹ in crore)

| Components of Revenue Expenditure                                           |                                        | Amount         | Per cent <sup>(*)</sup> |
|-----------------------------------------------------------------------------|----------------------------------------|----------------|-------------------------|
| <b>A</b>                                                                    | <b>General Services</b>                | 55,018         | 31.25                   |
| <b>B</b>                                                                    | <b>Social Services</b>                 | 61,726         | 35.06                   |
| <b>C</b>                                                                    | <b>Economic Services</b>               | 53,629         | 30.46                   |
| <b>D</b>                                                                    | <b>Grants-in-Aid and Contributions</b> | 5,681          | 3.23                    |
| <b>Total Expenditure (A+B+C+D)</b>                                          |                                        | <b>176,054</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 |
|-----------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|---------------------------------|---------------------------|-----------|-----------------------------------------------|
| 2016-17                                                                                       | 31,265           | 54,549          | 40,421            | 5,686                           | 131,921                   | 1,207,608 | 10.92                                         |
| 2017-18                                                                                       | 34,484           | 58,652          | 42,856            | 6,490                           | 142,482                   | 1,336,914 | 10.66                                         |
| 2018-19                                                                                       | 42,655           | 67,935          | 48,285            | 5,425                           | 164,300                   | 1,490,624 | 11.02                                         |
| 2019-20                                                                                       | 48,824           | 66,373          | 52,636            | 6,425                           | 174,257                   | 1,628,928 | 10.70                                         |
| 2020-21                                                                                       | 55,018           | 61,726          | 53,629            | 5,681                           | 176,054                   | 1,803,609 | 9.76                                          |
| *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 |                                                                                      | 2016-17      | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| 1.                               | Education, Sports, Art and Culture                                                   | 20,084       | 21,307  | 23,424  | 26,518  | 24,316  |
| 2.                               | Agriculture and Allied Activities                                                    | 11,976       | 14,521  | 20,305  | 21,669  | 16,687  |
| 3.                               | Pensions and Miscellaneous General Services                                          | 11,394       | 11,817  | 15,227  | 18,527  | 19,065  |
| 4.                               | Interest Payments and Servicing of Debt                                              | 12,850       | 13,930  | 16,123  | 18,869  | 23,620  |
| 5.                               | Energy                                                                               | 9,237        | 9,403   | 10,061  | 12,264  | 14,277  |
| 6.                               | Social Welfare and Nutrition                                                         | 10,209       | 8,789   | 18,186  | 16,328  | 14,504  |
| 7.                               | Administrative Services                                                              | 5,816        | 6,417   | 7,574   | 8,011   | 8,496   |
| 8.                               | Health and Family Welfare                                                            | 6,139        | 6,985   | 8,369   | 8,339   | 9,768   |
| 9.                               | Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities | 6,780        | 8,546   | 8,488   | 7,167   | 6,293   |
| 10.                              | Rural Development                                                                    | 5,547        | 5,209   | 7,001   | 7,277   | 9,144   |
| 11.                              | Water Supply, Sanitation, Housing and Urban Development                              | 10,489       | 11,712  | 8,611   | 7,133   | 5,788   |
| 12.                              | Transport                                                                            | 4,844        | 4,970   | 3,695   | 3,567   | 4,545   |
| 13.                              | General Economic Services                                                            | 5,379        | 5,051   | 3,286   | 3,991   | 4,839   |

### 3.3 Capital Expenditure

For the year 2020-21, the Expenditure on Capital Account was ₹48,075 crore, which includes disbursement of Loans and Advances (₹2,669 crore) worked out to 2.67 *per cent* of GSDP and was more than Budget Estimates (₹43,059 crore) by ₹5,016 crore.

(₹ in crore)

| Sl. No.                                                | Components                               | 2016-17   | 2017-18   | 2018-19   | 2019-20   | 2020-21   |
|--------------------------------------------------------|------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1.                                                     | Budget (B.E.)                            | 25,716    | 32,033    | 35,246    | 40,080    | 43,059    |
| 2.                                                     | Actual Expenditure <sup>(#)</sup>        | 28,151    | 30,667    | 34,659    | 35,530    | 45,406    |
| 3.                                                     | Percentage of Actual Expenditure to B.E. | 109%      | 96%       | 98%       | 89%       | 105%      |
| 4.                                                     | Yearly growth in Capital Expenditure     | 36%       | 9%        | 13%       | 3%        | 28%       |
| 5.                                                     | GSDP                                     | 1,207,608 | 1,336,914 | 1,490,624 | 1,628,928 | 1,803,609 |
| 6.                                                     | Yearly growth in GSDP                    | 16.00%    | 9.67%     | 11.50%    | 9.28%     | 10.72%    |
| (#) Does not include expenditure on Loans and Advances |                                          |           |           |           |           |           |

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2020-21, the Government spent ₹48,075 crore on various projects under the following sectors. The percentage of sector-wise expenditure to the Total Capital Expenditure indicated in the table.

(₹ in crore)

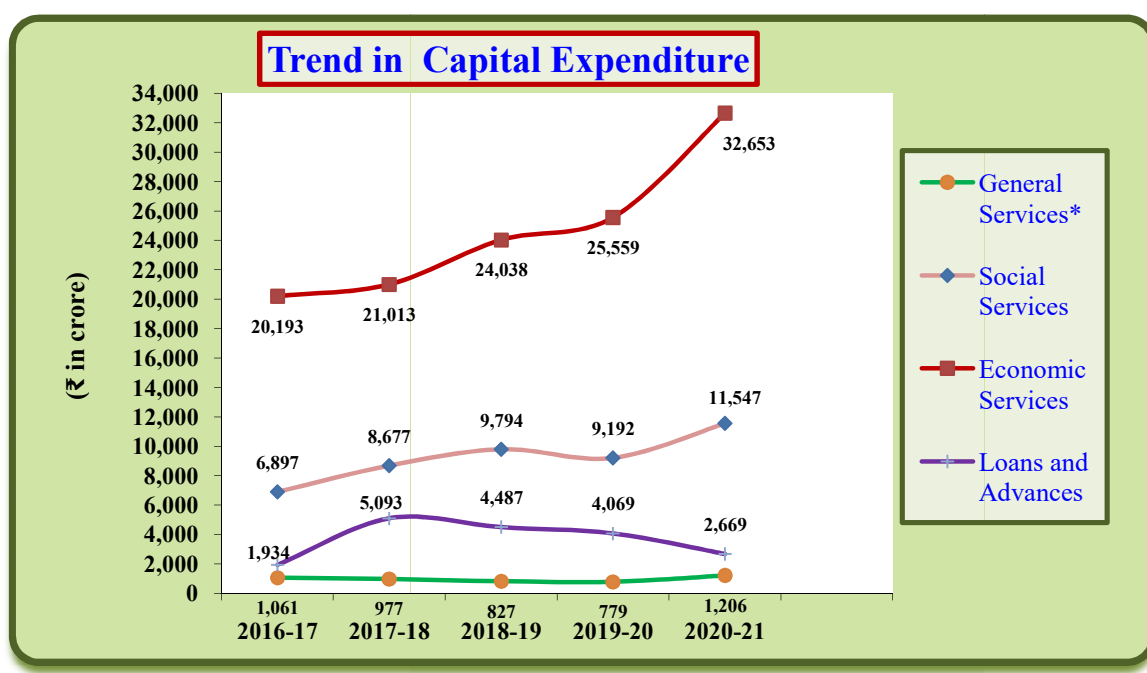
| Sl. No.                                                        | Sector                                                                                                                   | Capital       | Loan         | Total         | Per cent      |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------|---------------|
| 1.                                                             | <b>General Services</b> – Police, Land Revenue etc.,                                                                     | 1,206         | ...          | 1,206         | 2.51          |
| 2.                                                             | <b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,                        | 11,547        | 1,393        | 12,940        | 26.92         |
| 3.                                                             | <b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc., | 32,653        | 1,271        | 33,924        | 70.56         |
| 4.                                                             | <b>Miscellaneous</b>                                                                                                     | ...           | 5            | 5             | 0.01          |
| <b>Total Capital Expenditure (Outside the Revenue Account)</b> |                                                                                                                          | <b>45,406</b> | <b>2,669</b> | <b>48,075</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             | 2016-17       | 2017-18       | 2018-19       | 2019-20       | 2020-21       |
|--------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| 1.           | General Services   | 1,061         | 977           | 827           | 779           | 1,206         |
| 2.           | Social Services    | 6,897         | 8,677         | 9,794         | 9,192         | 11,547        |
| 3.           | Economic Services  | 20,193        | 21,013        | 24,038        | 25,559        | 32,653        |
| 4.           | Loans and Advances | 1,934         | 5,093         | 4,487         | 4,069         | 2,669         |
| <b>Total</b> |                    | <b>30,085</b> | <b>35,760</b> | <b>39,146</b> | <b>39,599</b> | <b>48,075</b> |



### 3.3.3 Sectoral Distribution of Capital and Revenue Expenditure

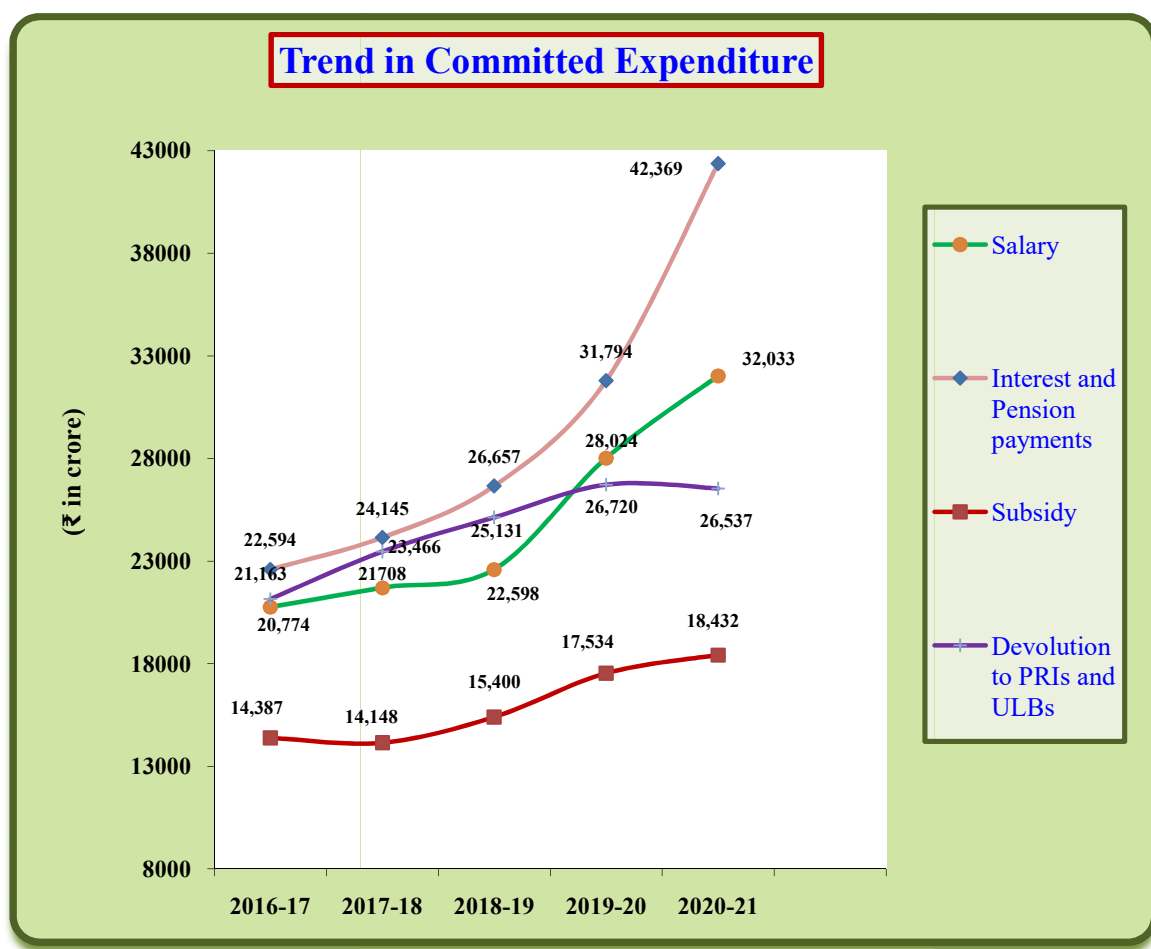
The Comparative Sectoral Distribution of Capital & Revenue Expenditure (excluding Grant-in-aid) over the past 5 years is given below

(₹ in crore)

| Sl. No. | Sector            |              | 2016-17       | 2017-18       | 2018-19       | 2019-20       | 2020-21       |
|---------|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 1.      | General Services  | Capital      | 1,061         | 977           | 827           | 779           | 1,206         |
|         |                   | Revenue      | 31,265        | 34,484        | 42,655        | 48,824        | 55,018        |
|         |                   | <b>Total</b> | <b>32,326</b> | <b>35,461</b> | <b>43,482</b> | <b>49,603</b> | <b>56,224</b> |
| 2.      | Social Services   | Capital      | 6,897         | 8,677         | 9,794         | 9,192         | 11,547        |
|         |                   | Revenue      | 54,549        | 58,652        | 67,935        | 66,373        | 61,726        |
|         |                   | <b>Total</b> | <b>61,446</b> | <b>67,329</b> | <b>77,729</b> | <b>75,565</b> | <b>73,273</b> |
| 3.      | Economic Services | Capital      | 20,193        | 21,013        | 24,038        | 25,559        | 32,653        |
|         |                   | Revenue      | 40,421        | 42,856        | 48,285        | 52,636        | 53,629        |
|         |                   | <b>Total</b> | <b>60,614</b> | <b>63,869</b> | <b>72,323</b> | <b>78,195</b> | <b>86,282</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                            |                                        | 2016-17               | 2017-18               | 2018-19               | 2019-20               | 2020-21               |
|---------------------------------------|----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Committed Expenditure of which- |                                        | 101,338               | 107,165               | 135,064               | 143,610               | 147,896               |
| 1.                                    | Salary <sup>(A)</sup>                  | 21,708                | 22,958                | 28,024                | 31,522                | 32,033                |
| 2.                                    | Interest Payments                      | 12,850 <sup>(B)</sup> | 14,973 <sup>(D)</sup> | 16,614 <sup>(E)</sup> | 19,903 <sup>(F)</sup> | 23,433 <sup>(G)</sup> |
| 3.                                    | Pension Payments                       | 11,295                | 11,684                | 15,109                | 18,404                | 18,936                |
| 4.                                    | Social Security Pensions               | 2,503                 | 4,055                 | 5,460                 | 7,243                 | 7,603                 |
| 5.                                    | Subsidy <sup>(C)</sup>                 | 14,387                | 14,148                | 15,400                | 17,534                | 18,432                |
| 6.                                    | Grants-in-Aid and Financial Assistance | 13,163                | 11,812                | 24,888                | 19,023                | 18,312                |
| 7.                                    | Administrative Expenses                | 1,966                 | 2,404                 | 2,136                 | 2,467                 | 2,610                 |
| 8.                                    | Devolution to Local Bodies             | 23,466                | 25,131                | 26,720                | 27,514                | 26,537                |
| 9.                                    | Daily Wages                            | ...                   | 110                   | 138                   | ...                   | ...                   |
| 10.                                   | Contract/Outsource                     | ...                   | 457                   | 576                   | ...                   | ...                   |

(₹ in crore)

| Components                                                                                                                                                                                                    | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Revenue Receipts                                                                                                                                                                                              | 133,214 | 147,000 | 164,979 | 175,443 | 156,717 |
| Revenue Expenditure                                                                                                                                                                                           | 131,921 | 142,482 | 164,300 | 174,258 | 176,054 |
| Percentage of Committed Expenditure to Revenue Receipts                                                                                                                                                       | 76      | 73      | 82      | 82      | 94      |
| Percentage of Committed Expenditure to Revenue Expenditure                                                                                                                                                    | 77      | 75      | 82      | 82      | 84      |
| (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 (₹817 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 (₹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'. |         |         |         |         |         |
| (E) 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'. |         |         |         |         |         |
| (F) 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'. |         |         |         |         |         |
| (G) Includes payment of interest (₹1,512 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 2020-21 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 2020-21 are given below.

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Reappropriation /Surrenders	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted	157,428	11,612	(-) 3,209	165,831	154,670	(-) 11,161
	Charged	25,646	484	(-) 362	25,768	25,478	(-) 290
2	Capital Voted	42,564	7,714	(-) 281	49,997	44,692	(-) 5,305
	Charged	2,644	87	0	2,731	2,776	(+) 45
3	Public Debt Charged	11,605	0	(-) 589	11,016	11,016	0
4	Loans and Advances Voted	4,847	590	(-) 2	5,435	4,063	(-) 1,372
	<b>Total</b>	<b>244,734</b>	<b>20,487</b>	<b>(-) 4,443</b>	<b>260,778</b>	<b>242,695</b>	<b>(-) 18,083</b>

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

The Appropriation Accounts of Government of Karnataka for 2020-21 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	869.74	...	32.05	...
2	Animal Husbandry and Fisheries	240.55	...	14.14	...
3	Finance	1,849.68	5.09	24.98	...
4	Department of Personnel and Administrative Reforms	114.66	32.67	...	...
5	Home and Transport	1,253.26	0.01	57.71	...
6	Infrastructure Development	19.89	...	150.30	...
7	Rural Development and Panchayat Raj	1,015.73	...	498.24	...
8	Forest, Ecology and Environment	266.79	4.65	47.85	...



(₹ in crore)

Saving under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
9	Co-operation	80.25	...	...	...
10	Social Welfare	1,469.07	...	810.48	...
11	Women and Child Development	219.07	...	15.25	...
12	Information, Tourism and Youth Services	132.59	...	98.67	...
13	Food and Civil Supplies	168.84	...	...	...
14	Revenue	...	...	60.80	...
15	Information Technology	0.63	...	...	...
16	Housing	835.29	1.74	...	...
17	Education	3,322.55	...	447.02	...
18	Commerce and Industries	120.45	...	38.45	...
19	Urban Development	1,241.56	...	1,896.82	...
20	Public Works	211.01	41.66	859.34	...
21	Water Resources	195.63	168.31	1,119.93	2.64
22	Health and Family Welfare Services	519.62	...	332.50	...
23	Labour and Skill Development	366.76	...	7.57	...
24	Energy	...	...	8.23	...
25	Kannada and Culture	23.38	...	20.55	...
26	Planning, Statistics, Science and Technology	8.04	...	419.28	...
27	Law	159.06	48.12	...	...
28	Parliamentary Affairs and Legislation	34.11	1.35	...	...
29	Debt Servicing	...	348.04	...	589.47

Excess under the following grants		Revenue		Capital	
Grant No. and Name		Voted	Charged	Voted	Charged
14	Revenue	354.59	...	...	48.01
24	Energy	13.30	...	...	...

## 4.2 Trend in Savings

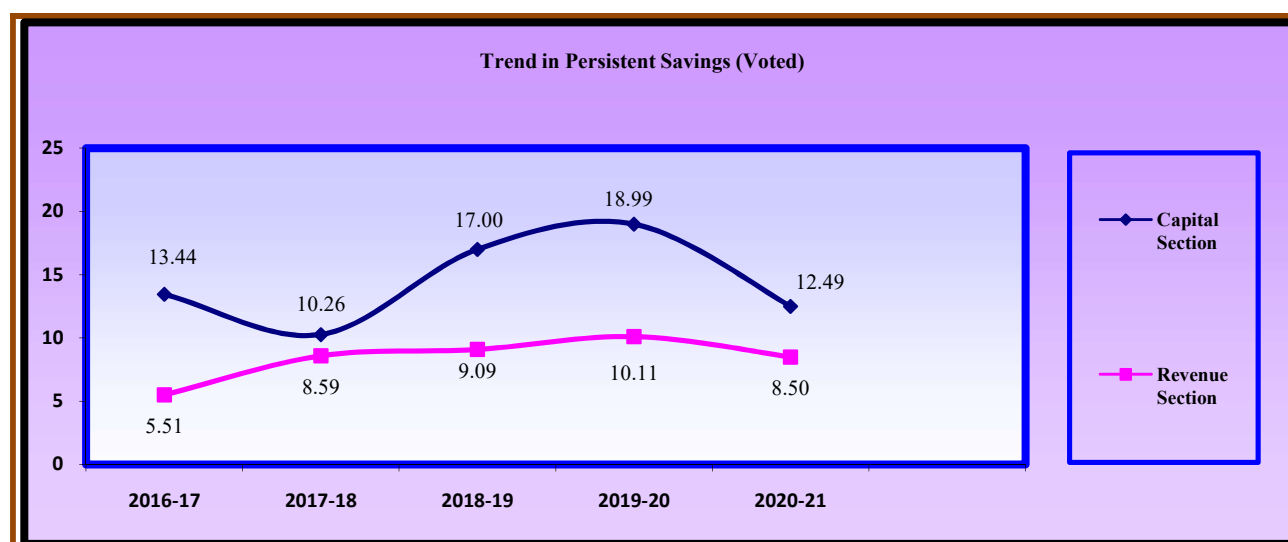
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature excluding the amount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

**Table - 4.2.1 - Persistent Savings (Voted)**

(₹ in crore)

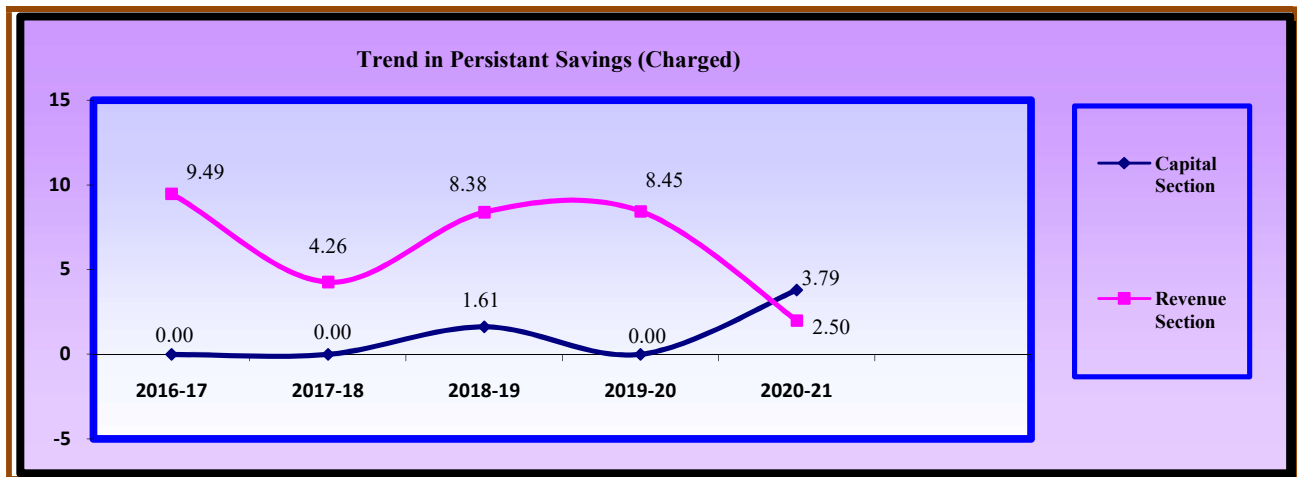
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	<i>Per cent of saving to provision</i>	Provision	Expenditure	Saving	<i>Per cent of saving to provision</i>
2016-17	129,147	122,027	7,120	5.51	34,451	29,821	4,630	13.44
2017-18	141,869	129,684	12,185	8.59	42,523	38,161	4,362	10.26
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
2020-21	169,040	154,670	14,370	8.50	55,715	48,755	6,960	12.49



**Table - 4.2.2 - Persistent Savings (Charged)**

(₹ in crore)

Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	<i>Per cent of saving to provision</i>	Provision	Expenditure	Saving	<i>Per cent of saving to provision</i>
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	...	...	...	...
2020-21	26,130	25,478	652	2.50	14,336	13,792	544	3.79



### 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. and Name of the Grant		2016-17	2017-18	2018-19	2019-20	2020-21
<b>Revenue Section</b>						
04	Departmental of Personnel and Administrative Reforms	22	14	13	10	14
21	Water Resources	12	16	12	27	19
23	Labour and Skill Development	12	36	24	16	22
25	Kannada and Culture	11	10	26	12	12
<b>Capital Section</b>						
03	Finance	33	30	30	15	19
12	Information, Tourism and Youth Services	24	35	42	27	52
26	Planning, Statistics, Science and Technology	12	12	10	34	20

#### 4.4 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2020-21 additional funds aggregating to ₹20,487.50 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
02	2405-00-103-23	135.00	30.00	130.07	34.93
03	2054-00-097-01	112.86	3.47	99.16	17.17
05	2055-00-104-07	95.79	3.35	80.00	19.14
07	2515-00-197-1	1,767.37	0.02	1,389.15	378.24
07	4215-01-102-2	1,910.24	63.15	1,546.17	427.22
09	3475-00-107-02	64.30	3.88	55.50	12.68
10	2225-03-277-2	746.10	0.05	500.80	245.35
10	2225-01-277-02	24.35	0.01	4.54	19.82
10	2225-01-197-1	543.82	62.31	502.07	104.06
10	2225-03-102-12	78.82	0.01	36.14	42.69
11	2235-02-101-53	43.77	12.65	40.22	16.20
11	2235-02-104-2	65.81	0.01	49.79	16.03
14	2053-00-094-7	298.09	11.94	269.33	40.70
14	2245-80-102-02	210.80	89.27	184.50	115.57
14	4059-01-201-02	...	50.10	...	50.10
14	2029-00-101-1	522.52	5.57	461.67	66.42
16	2216-02-800-04	515.00	89.24	266.23	338.01
17	2202-01-197-1	10,925.54	73.82	98,87.16	1,112.20
17	2202-02-197-1	3,318.40	24.78	3,001.13	342.05
17	2203-00-105-01	432.85	7.82	385.61	55.06
17	2058-00-103-01	93.31	1.57	70.96	23.92
18	2852-08-202-7	201.00	44.76	190.73	55.03
18	4851-00-190-20	56.51	14.90	53.22	18.19
21	2701-80-001-19	28.02	0.42	8.26	20.18
22	4210-01-110-1	38.17	17.85	213.17	185.85
23	2210-01-102-01	379.10	95.43	349.62	124.91
23	2230-01-102-01	41.08	0.01	13.52	27.57
23	2230-03-196-1	11.58	24.54	10.66	25.46
27	2014-00-103-03	21.34	0.11	2.89	18.56
27	2014-00-105-01	954.96	46.88	897.53	10,431.00
27	2014-00-102-01 (C)	25.68	8.38	23.59	10.47

### Excessive Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Actuals	Saving
01	2401-00-103-15	521.03	100.00	550.38	70.65
03	2054-00-095-05	2.00	10.75	11.46	1.29
04	2015-00-106-2	2.50	2.50	3.44	1.56
05	4055-00-207-04	30.00	52.47	72.47	10.00
05	3055-00-190-10	308.67	297.96	525.19	81.44
06	5051-02-201-11	...	11.06	1.30	9.77
06	5051-80-800-04	...	108.67	74.75	33.92
06	5051-80-800-03	...	3.00	0.35	2.65
06	5051-80-052-02	...	1.50	0.23	1.27
06	5051-02-211-02	...	17.03	0.49	16.54
06	5051-02-201-12	...	8.85	6.39	2.46
06	4711-02-103-2	...	44.17	23.40	20.77
06	3056-00-001-04	...	2.82	1.58	1.24
06	3051-02-102-07	...	8.07	4.03	4.04
06	3051-02-102-05	...	15.00	2.70	12.30
08	2406-01-101-2	95.39	26.07	100.53	20.93
10	2225-03-190-06	21.50	50.00	50.00	21.50
12	2220-01-105-03	1.00	7.50	3.00	5.50
14	2250-00-103-5	113.93	96.53	187.43	23.03
19	2217-05-800-10	30.00	22.75	42.75	10.00
21	4702-00-101-1	221.24	133.00	294.89	59.35
21	4711-01-103-1	69.97	80.00	122.75	27.22
22	4210-03-105-1	503.50	308.17	707.67	104.00
28	2011-02-104-1	3.74	5.00	6.89	1.85

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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 ₹47,143 crore, progressive Capital Expenditure ₹351,201 crore, balance of Loans and Advances ₹31,247 crore, Civil Advances ₹7 crore and balance outstanding under Remittances ₹1,073 crore at the end of 31 March 2021. 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 ₹68,257 crore at the end of 2020-21, mainly comprising of Statutory Corporations (₹2,934 crore), Regional Rural Banks (₹21 crore), Government Companies/Public Sector Undertakings (₹60,731 crore), Joint Stock Companies (₹4,137 crore) and Co-operative Institutions and Local bodies (₹434 crore). Dividend received during the year was ₹81 crore (0.12 *per cent*) on the Total Government Investments. During the year 2020-21, the Government Investments was increased by ₹440 crore, while dividend income Increased by ₹27 crore.

Cash Balance with RBI, which stood at ₹1,659 crore on 1 April 2020 decreased to ₹1,583 crore at the end of March 2021.

#### 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 2020-21 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
2016-17	1,207,608	146,283	12.11	64,788	5.36	211,071	17.48
2017-18	1,336,914	163,135	12.02	69,923	5.23	233,058	17.43
2018-19	1,490,624	193,967	13.01	76,409	5.13	270,376	18.14
2019-20	1,628,928	234,245	14.38	85,172	5.23	319,417	19.61
2020-21	1,803,609	307,758	17.06	89,748	4.98	397,506 <sup>(#)</sup>	22.04
(*) 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 ₹18,421 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 ₹78,089 crore (24.45 per cent) in Public Debt and Other Liabilities as compared to 2019-20.

For the year 2020-21, the Interest payments on Debt and Other Liabilities stood at ₹23,433 crore which includes payment of interest on off-budget borrowings (₹1,512 crore), Interest on Internal Debt (₹18,627 crore excluding Interest on Management of State Debt), Interest on Small Savings, Provident Funds (₹2,714 crore), Interest on Loans and Advances from Central Government (₹532 crore) and Interest on Reserve Funds & Other Obligations (₹48 crore) and the total interest payments works out to 13.31 per cent of the Revenue Expenditure and 14.95 per cent of the Revenue Receipts of the year 2020-21.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹3,530 crore during 2020-21 over 2019-20.

### 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
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
2020-21	18,479	4,376	2,915	1,461	19,940	1,309
(*) 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.

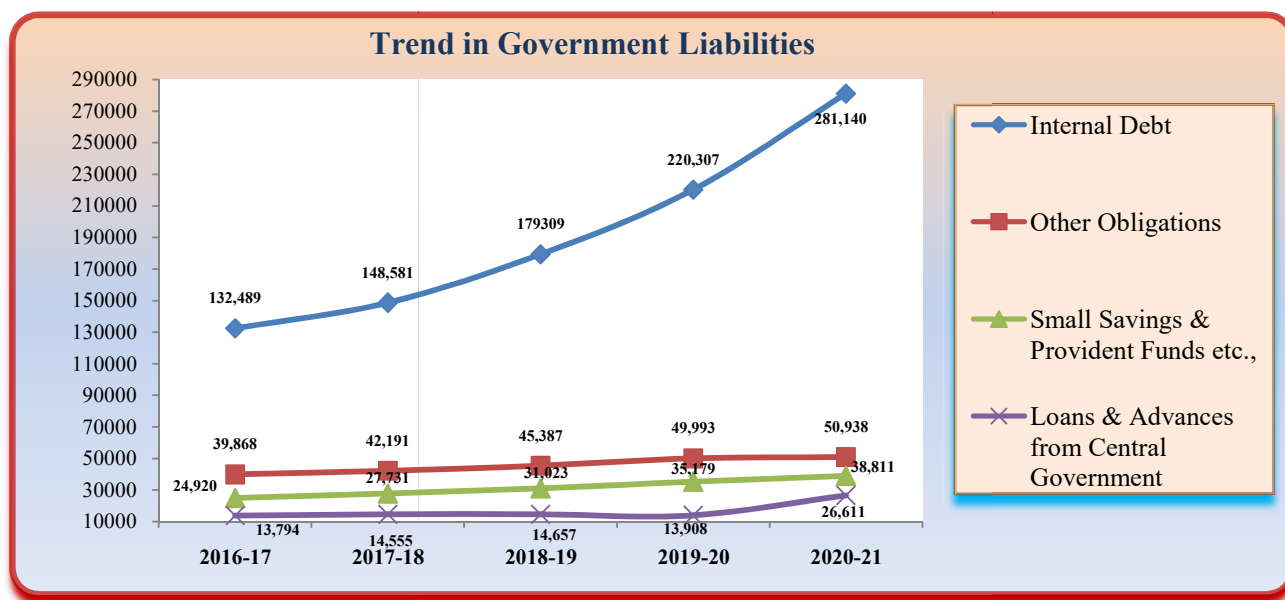
(₹ in crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
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
2019-20	220,337	13,908	35,179	49,993	319,417 <sup>(#)</sup>
2020-21	281,140	26,617	38,811	50,938	397,506 <sup>(\$)</sup>

(#) 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

(\$)

Excluding the amount of off-budget borrowings ₹18,421 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)
18,103	3,045	2,727	1,512	18,421

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 (₹18,421 crore), has increased by ₹78,407 crore for the year 2020-21. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2021 stood at ₹415,927 crore.

After taking into account the outstanding liabilities on off-budget borrowings ₹18,421 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 23.06 *per cent*, to the end of 2020-21.

### 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	2016-17	2017-18	2018-19	2019-20	2020-21
Number of withdrawals from Contingency Fund	2	...	4	3	...
Total withdrawals from Contingency Fund (₹ in crore)	7.64	...	119.65	20.10	...
Withdrawals from the Contingency Fund as a <i>percentage</i> to Total Budget Provision	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 2021 was furnished by the State Government and depicted in the Statement No.20 of the Finance Accounts **Volume-II**.

The maximum amount guaranteed and the outstanding principal and interest at the end of each year over the past five years are given in the table below.

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
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
2020-21	45,104	32,506	226

#### 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
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
2020-21	12,931	1,402	1,121	13,212

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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 ₹281,140 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 ₹26,617 crore.

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

Total Loans and Advances made by the State Government at the end of 2020-21 was ₹31,247 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 ₹18,797 crore and interest amounting to ₹4,932 crore, is in arrears as at the end of 31 March 2021 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 decreased by ₹832 crore from ₹54,603 crore in 2019-20 to ₹53,771 crore in 2020-21 representing an decrease by 2 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹43,785 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  |
| 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 |
| 2020-21                                                                                                                         | 11,812           | 21,309           | 4,983           | 5,681                 | 9,986                 | 53,771 |
| (*) 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 2021 about 37 Grants-in-Aid bills amounting to ₹39 crore were outstanding for submission of Utilisation Certificates. The pendency was mainly under 'Medical and Public Health' (₹25 crore) and 'Sports and Youth services' (₹12 crore) constituting (₹37 crore) constituting 95 percent.

### 6.4 Cash Balance and Investment of Cash Balance

| (₹ in crore)                                                       |                          |                           |                                  |
|--------------------------------------------------------------------|--------------------------|---------------------------|----------------------------------|
| Component                                                          | As on<br>1 April<br>2020 | As on<br>31 March<br>2021 | Net Increase (+)<br>Decrease (-) |
| Cash Balance <sup>(1)</sup>                                        | 1,659                    | 1,583                     | (-) 76                           |
| Investments from Cash Balance<br>(GOI Securities & Treasury Bills) | 13,634                   | 21,744                    | (+) 8,110                        |
| Other Cash Balances & Investments                                  | 19,170                   | 23,816                    | (+) 4,646                        |
| (a) Cash with Departmental Officers<br>and permanent advances      | 4                        | 5                         | (+) 1                            |
| (b) Investments and earmarked funds                                | 19,166                   | 23,811                    | (+) 4,645                        |
| <b>Total</b>                                                       | <b>34,463</b>            | <b>47,143</b>             | <b>(+) 12,680</b>                |
| Interest realised                                                  | 535                      | 627                       | (+) 92                           |
| (1) Cash Balance include Local Remittances & Deposits with RBI.    |                          |                           |                                  |

During 2020-21 interest receipt on Cash Balance and Investments increased by 17.20 *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 2020-21, only 98.80 *per cent* (₹218,804 crore) of the total expenditure of ₹218,804 of the State Government was reconciled. Similarly, out of total receipts of ₹156,598 crore, 99.90 *per cent* (₹156,441 crore) was reconciled. Loans and advances, both repayment of Loans and Disbursements, were not reconciled by any of the CCOs concerned.

## 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 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 2021 about 2,221 AC bills amounting to ₹126.34 crore were outstanding for submission of NDC bills. The pendency was mainly under 'Other Rural Development Programme' (₹38.02 crore), 'Elections' (₹36.92 crore) and 'Police' (₹31.56 crore)

## 6.7 Commitments on account of Incomplete Works

A total expenditure of ₹233,904 crore was incurred up to the year 2020-21 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 ₹780 crore on incomplete works (2,172 Works) costing over ₹428 crore to the end of the financial year 2020-21. The details are as follows.

(₹ in crore)

| Period       | Number of Works | Cost of Works | Progressive Expenditure |
|--------------|-----------------|---------------|-------------------------|
| 2005-2010    | 4               | 122           | 46                      |
| 2010-2015    | 95              | 491           | 486                     |
| 2015-2020    | 3,207           | 6,660         | 3,531                   |
| <b>TOTAL</b> | <b>3,306</b>    | <b>7,273</b>  | <b>4.063</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 2020-21 with the Actual Accounts has revealed variations as detailed below:

The budget estimates envisaged revenue receipts of ₹179,920 crore against which the actual realisation was ₹156,717 crore, an decrease of ₹23,203 crore (about 12.90 *Per cent* 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 ₹179,777 crore against which the actual expenditure was ₹176,054 crore, a decrease of ₹3,723 crore (about 2.07 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 2018-19	9	4.19
2019-20	0	0
2020-21	28	34.44
<b>Total</b>	<b>37</b>	<b>38.63</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 (₹24.50 crore) and Sports and Youth services (₹12.37 Crore), constituting 63.42 per cent and 32.02 per cent of the balance (₹38.63 crore) respectively.		

### 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.

#### Details of Suspense and Remittance balances

(₹ in crore)

Details of Minor Head		2018-19		2019-20		2020-21	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1	8658-00-101 Pay and Accounts Office Suspense	288.08	16.93	270.30	10.86	283.51	3.40
	<b>Net</b>	<b>Dr. 271.15</b>		<b>Dr.259.44</b>		<b>Dr.280.11</b>	
2	8658-00-102-Suspense Account (Civil)	17.76	296.45	18.14	414.95	18.42	378.75
	<b>Net</b>	<b>Cr. 278.69</b>		<b>Cr. 396.81</b>		<b>Cr. 360.33</b>	
3	8658-00-110- Reserve Bank of India Suspense- Central Accounts Office	91.41	183.28	17.59	154.67	72.61	53.35
	<b>Net</b>	<b>Cr. 91.87</b>		<b>Cr. 137.08</b>		<b>Cr. 19.26</b>	
4	8782-00-102-1 Public Works Remittances into treasury	82.61	...	82.61	...	82.61	...
	<b>Net</b>	<b>Dr. 82.61</b>		<b>Dr. 82.61</b>		<b>Dr. 82.61</b>	
5	8782-00-102-2 Public Works Cheques	2.53	29.78	2.53	11.11	2.53	7.23
	<b>Net</b>	<b>Cr. 27.25</b>		<b>Cr. 8.58</b>		<b>Cr. 4.70</b>	



		(₹ in crore)					
Details of Minor Head		2018-19		2019-20		2020-21	
		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 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).

As per the records of Principal Accountant General (A&E), State Government had contributed ₹1,479.32 crore (Major Head 2071-01-117 being employer contribution) towards NPS during the year 2020-21. The actual amount transferred from the Fund to NSDL/Trustee bank (Employees' and Employer's contribution) was ₹2,463.82 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 2020-21, ₹2.53 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 ₹1,036.79 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 2020-21.

## 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
76	Cr.4,421.56	0	0	4,711.16	5,143.49	71 <sup>*</sup>	Cr.3,989.23
(*) During the year 2020-21, 05 accounts were closed amounting to ₹2.79 crore.							

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 71 PD accounts, 24 are inoperative (14 PD accounts with a credit balance of ₹50.73 crore and 08 PD accounts with a debit balance of ₹20.22 crore and 02 PD accounts with Zero balance), as at the end of 31 March 2021.

Further 47 PD accounts are operative (27 PD accounts with a credit balance of ₹10,053.24 crore and 11 PD accounts with a debit balance of ₹6,112.69 crore and 09 PD accounts with Zero balance) as on 31 March 2021.

During 2020-21 an amount of ₹4,711.16 crore was transferred to PD accounts and expenditure of ₹5,143.49 crore was booked to PD accounts leaving a balance of ₹3,989.23 crore which remained unspent. The closing balance included an amount of ₹2,741.52 crore lying unspent for a period of three 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 ₹68,257 crore to the end of 2020-21 in 148 entities. Against ₹68,257 crore invested in these entities as on 31 March 2021, only ₹80.70 crore was received towards dividend (0.12 *per cent* of invested amount) from 117 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.

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