



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

Report of the Comptroller and Auditor General of India on State Finances for the year 2024-25



Government of Karnataka
Report No. 02 of 2026
(State Finances Audit Report)

**Report of the
Comptroller and Auditor General of India
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PREFACE



PREFACE

This Report has been prepared for submission to the Governor of Karnataka under Article 151 of the Constitution of India for being placed in the Karnataka Legislature. The State Finances Audit Report of the Government of Karnataka intends to assess the financial performance of the State during the financial year 2024-25 and to provide the State Legislature with inputs based on audit analysis of financial data. The Report contains three Chapters.

Chapter 1 – Overview of the Finances of the State

This Chapter describes the basis and approach to the Report and provides a broad perspective of the finances of the State. It includes a macro-fiscal analysis of key indices and State's fiscal position including deficits/ surplus, debt profile and key Public Account transactions.

Chapter 2 – Budgetary Management

This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter 3 – Financial Reporting Practices

This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departments of the State Government.

The Report has been prepared by taking into account the recommendations of the Public Accounts Committee (5th Report - July 2015) to the Action Taken Report of the State Government in response to its earlier recommendations (13th Report - December 2011) to the Report on State Finances for the year ending 31 March 2010 and 10th Report of Public Accounts Committee (February 2023) to the State Finance Audit Report for the year 2011-12 to 2019-20.

The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on the Revenue Receipts are presented separately.

The background features a large, abstract graphic on the right side composed of overlapping, semi-transparent shapes in various shades of teal and green. The shapes are organic and fluid, creating a modern, layered effect. The text is positioned to the left of this graphic, centered vertically.

BASIS AND APPROACH TO
STATE FINANCES
AUDIT REPORT

Basis and Approach to State Finances Audit Report

The State Finance Audit Report (SFAR) is prepared under Article 151 (2) of the Constitution of India, which states that the reports of the Comptroller and Auditor General of India (C&AG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State.

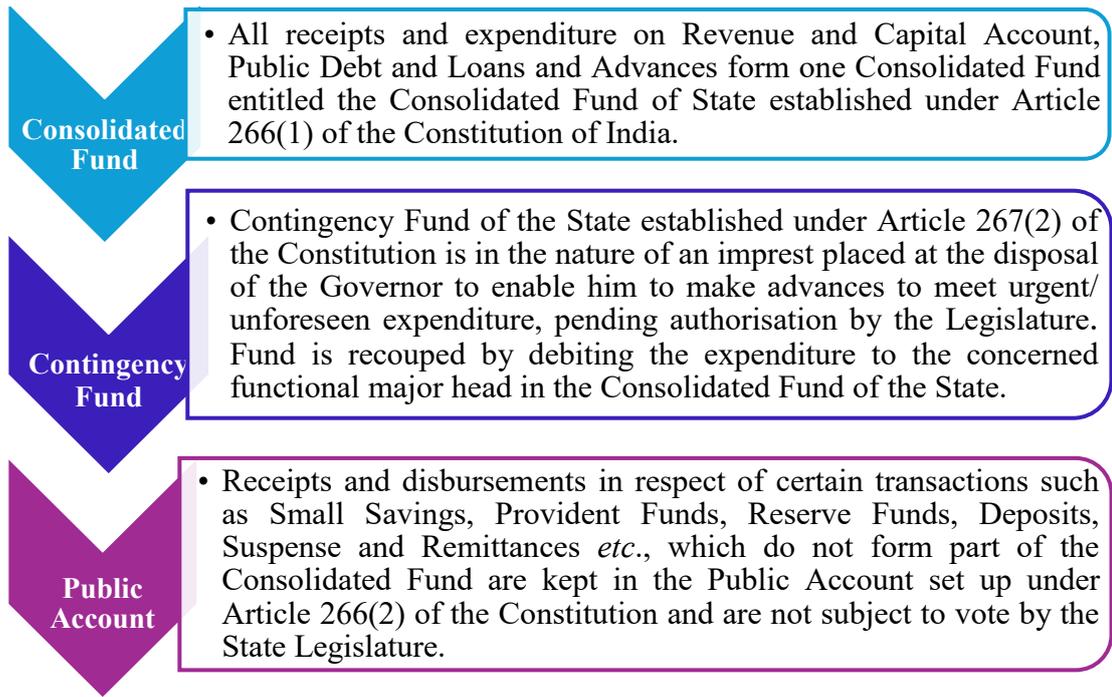
Accountant General (Accounts & Entitlements) {AG (A&E)} prepares the Finance Accounts and Appropriation Accounts of the State annually, from initial and subsidiary accounts rendered by the treasuries, offices and other departments responsible for maintaining initial accounts and the statements received from the Reserve Bank of India (RBI). These accounts are audited independently by the Pr.AG (Audit) and certified by the C&AG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- The State's Budget for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of budget implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Offices of the Pr.AG (Audit I) and Pr.AG (Audit II);
- Other financial data obtained from various Government Departments and Organisations;
- GSDP data and other State related Statistics from Directorate of Economics and Statistics, GoK;
- Recommendations of 15 Finance Commission (15 FC);
- Karnataka Fiscal Responsibility Act (KFRA) 2002; and
- Guidelines of the GoI.

Structure of Government Accounts

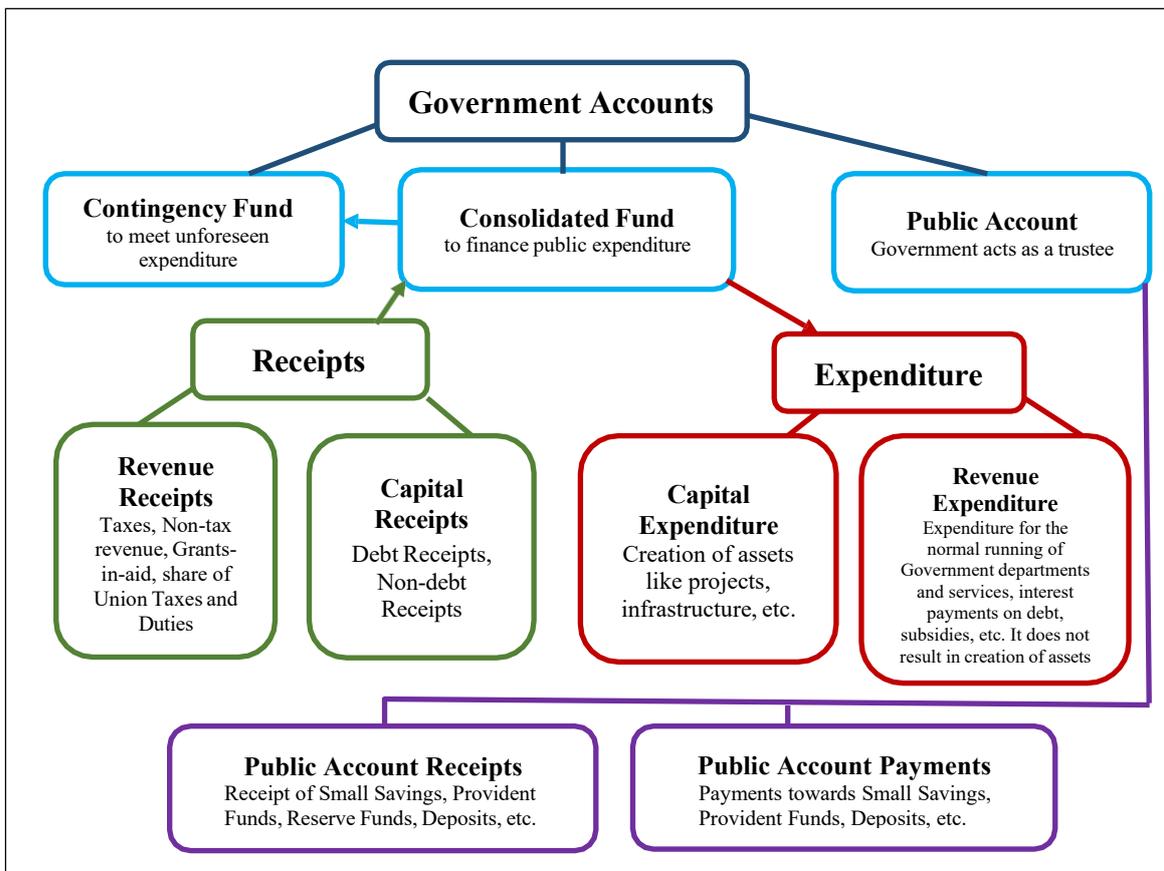
The accounts of the State Government are kept in three parts:



The Budget is to be presented to both the Houses of the Legislature of the State, in terms of Article 202 of the Constitution of India. The ‘Annual Financial Statement’ constitutes the main budget document. It includes,

- **Revenue Receipts** consists of Tax revenue (own-Tax revenue plus share of union taxes/duties), non-Tax revenue and grants from GoI.
- **Revenue Expenditure** consists of all the expenditures of the Government, which do not result in the creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government and grants given to various institutions (even though some of the grants may be meant for the creation of assets).
- **Capital Receipts** consist of:
 - **Debt Receipts:** Market loans, bonds, loans from financial institutions, net transactions under ways and means advances, loans and advances from Central Government, *etc.*
 - **Non-debt receipts:** Proceeds from disinvestment, recoveries of loans and advances.
- **Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to the Public Sector Undertakings (PSUs) and other entities.

Structure of Government Accounts





EXECUTIVE **SUMMARY**

Executive Summary

This Report on Finances of the State Government of Karnataka provides an independent assessment of the fiscal position of the State for the financial year 2024-25. It analyses the State's overall financial health and reviews its revenue and expenditure trends, assesses the State's debt position and borrowing patterns, evaluates its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators. The report also discusses budgetary management and quality of accounts in terms of transparency, quality of expenditure *etc.*

The economy of Karnataka, measured by the Gross State Domestic product (GSDP) grew at the rate of 12.77 *per cent* in the year 2024-25, higher than the growth in the previous year at 10.24 *per cent*. The State contributed to 8.72 *per cent* of Gross Domestic product (GDP) of India this year, outperforming the national average.

However, the State's own-Tax revenue of ₹1,77,447 crore did not keep pace with the growth in its economy. This year, the buoyancy of its own revenue *i.e.*, the ratio of growth in own revenue to growth in the GSDP was 0.75, less than one, as opposed to the range of 1.15 to 1.23 in previous three years. With the introduction of Goods and Service Tax (GST) in 2017-18, this component of tax shrunk in its contribution to the State's total tax collection from 55 *per cent* (in the pre-GST period 2016-17, Value Added Tax constituted 55 *per cent*) to 43 *per cent* in 2024-25. Another noted decline was in the State Excise which was due to the economy shifting consumption to neighbouring States taking advantage of more favorable tax policies. During 2024-25, the State introduced e-Khata which took time to stabilize leading to decline in registration of properties and hence a decline in stamp duty and registration fees.

Overall, the revenue receipts of the State grew at 10.63 *per cent* but missed the budget estimates. The short realization of own-Tax revenue was compensated by significant non-Tax collection (besides central devolution and Grants-in-aid). The growth in non-Tax revenue at 23.11 *per cent* was mainly due to a mop-up of 'special dividend' (over and above the normal dividend on profits) from public sector undertakings through a government order; the collection was ₹970.02 crore in 2024-25 when compared to ₹284.88 crore in the previous year.

In the meanwhile, the GST Compensation Cess which contributed an average of ₹12,425.17 crore in the last six years has tapered off since 2023-24 (₹1,191.41 crore) with the last tranche in the form of arrears (₹1.84 crore) received in 2024-25. The inflow in the form of GST will further decline next year due to rationalization of GST rates in September 2025.

The expenditure, on the other hand, registered a steady uptick. In particular, revenue expenditure which constituted 81 *per cent* of the total expenditure of the State during 2024-25. Of which, the committed expenditure being salaries, pension, subsidies (both explicit and implicit) and interest payments, *i.e.*, items where the Government does not enjoy flexibility, constitute around 71 *per cent* of the revenue expenditure. In addition, the State is also

committed to its share in the Centrally Sponsored Scheme (CSS) (₹12,670.22 crore). Together, the total inflexible expenditure consumed 82 *per cent* of the Revenue Receipts, restricting the elbow room for adjustments to allocative priorities. The subsidies increased sharply during 2024-25, mainly due to five guarantee schemes of the State totaling ₹52,525.60 crore and accounting for 19 *per cent* of the Revenue Expenditure expended during the year. The introduction of five guarantee schemes in 2023-24 shifted the State from a Revenue Surplus to Revenue Deficit in 2023-24 and 2024-25; the deficit is then financed by debt which pushes up the future debt and interest burden, thus creating a loop of indebtedness. Typically, borrowings should be used to fund developmental expenditure. In 2024-25, only 62.12 *per cent* of the State's borrowings were used for this purpose and a significant portion was utilised to cover the Revenue Deficit and repayment of earlier debts.

With the burgeoning pie for these subsidies, the State was forced to apply a squeeze on some of its ongoing schemes such as on Nutrition, Assistance to Local bodies, Corporations, Urban Development Authorities, Town Improvement Boards and Assistance to Grama Panchayats in Rural Development Programmes. Also impacted was investment in creation of developmental assets. During 2024-25, the State Government spent ₹57,906 crore on Capital Expenditure and an additional ₹6,631 crore as Loans and Advances. This was around 19 *per cent* of the Total Expenditure. This share decreased with the corresponding increase in social and general sectors since the implementation of five guarantee schemes in 2023-24. The share under general services, which was low in 2016-18, saw an increasing trend due to increase in interest payments. The share of Economic Sector (roads, irrigation *etc.*) in Capital Expenditure was 65 *per cent*. In the Economic Sector, Capital Expenditure was primarily on irrigation (₹19,000 crore), transport (₹8,236 crore) and special area programmes (₹3,600 crore). Though irrigation received significant funding, many of works continued to remain incomplete (1,903 works) thus impacting on the quality of expenditure.

Despite the stress, the State was able to arrest the fiscal deficit within the target levels of the state Fiscal Responsibility and Budget Management Act (FRBM Act) through fiscal consolidation by writing back the unspent balances of ₹5,000 crore in the PRIs Fund II account and refund of unspent balances in the State Nodal Agency (SNA) account (₹1,333 crore). The outstanding Public Liabilities of the State reached ₹6,92,115 crore, which stood at 23.73 *per cent* of GSDP which was below the national average of 27.63 *per cent*. Though outstanding liabilities remained within the numerical targets, this needs to be seen in the context of budgetary stress, pushing for greater reliance on borrowings.

Misclassification of ₹2,020.87 crore Revenue Expenditure as Capital Expenditure and ₹72.46 crore of Capital Expenditure as Revenue Expenditure resulted in understatement of Revenue Expenditure as well as Revenue Deficit to the tune of ₹1,948.41 crore.

Through our various audit reports, we have noted the continued efforts of the State to realising the arrears in Tax Revenue and mitigating the compliance risks in taxation. But as on 31 March 2025, the State had ₹24,917.22 crore as arrears of revenue (net of cases pending in court.)

During 2024-25, the Government stayed largely on course on budget, with

underspending of five *per cent* against budget estimates. The variance, however, is on an increasing trend. We observed excess expenditure ₹4,388.75 crore during 2024-25 under three grants which required regularisation by Legislature which included grants relating to the subsidy schemes. Excess expenditure of ₹5,175.21 crore pertaining to 2020-21 to 2023-24 also await regularisation. In contrary to Article 266(3) of the Constitution of India, executive orders for expenditure were issued prior to Legislative approval for ₹10,035.13 crore covering 21 grants under Capital/Revenue section. These were regularized during the year through supplementary grants, constituting 36 *per cent* of the total Supplementary. However, this practice is contrary to the Constitutional provisions; its compliance also underpins budgetary discipline.

We also noted with satisfaction that the Government's efforts on monitoring submission of Utilisation certificates and of Non-detailed Contingent bills bore fruit with moderating in their pendency.

The State is struggling to maintain the debt levels within the sustainability parameters and Fiscal Deficit within the statutory limits as mobilisation of resources through increased tax compliance (e-Khata) and enhanced tax rate enhancements is not matching with the growing expenditure on subsidies and other committed expenditure, as well as the growth of GSDP. The State needs to consider optimising expenditure through proper targeting to support its programmes for social welfare, development and completion of pending projects. The State should also avoid resorting to executive route of incurring expenditure before Legislature's sanction and get the excess expenditure for current and previous years regularised through the Legislature.

CHAPTER 1

OVERVIEW OF **FINANCES OF THE STATE**

Overview of Finances of the State

This chapter provides a snapshot of Karnataka's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels, and Fiscal Deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high Committed Expenditure, low returns on investments *etc.*

1.1 Profile of The State

Karnataka is the seventh largest State in India in terms of geographical area (1,91,791 Sq. km) and comprises 31 districts and 29,340 villages and is the ninth largest by population. The State's population stood at 6.11 crore (2011 census) at 5.05 *per cent* of India's total of 121.09 crore, with a density of 319 persons per sq. km.

This section provides an overview of the State's demography, Gross State Domestic Product (GSDP), and per capita income (PCI) of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in **Table 1.1** below.

Table 1.1: Demographic profile of the State

	State	National Average
Rural Population (<i>per cent</i>) (Census of India, 2011)	61.33	68.86
Urban Population (<i>per cent</i>) (Census of India, 2011)	38.67	31.14
Population density (<i>persons per sq. km</i>)	319.00	430.00
Sex Ratio per 1,000 Males (Census of India, 2011)	973.00	943.00
Infant Mortality Rate per 1,000 Live births (Sample Registration System bulletin (SRS), September 2025)	14.00	25.00
Maternal Mortality Rate per lakh women in the age group of 15-49 (SRS on Maternal Mortality, September 2021-23)	3.00	5.00
Total Fertility Rate (<i>Children per women</i>) (NFHS-5, 2019-21)	1.67	1.99
Life Expectancy at Birth (<i>In years</i>) (SRS based abridged life tables, 2019-23))	70.00	70.30
Population below Poverty Line (<i>per cent</i>) (Multidimensional Poverty Index, 2023, NITI Aayog)	7.58	14.96
Literacy Rate (<i>In per cent</i>) (Periodic Labour force survey, 2023-24)	82.70	80.90

1.1.2 Economy of the State

GSDP and PCI are important indicators of the State's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per Capita Income

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP are given in **Table 1.2**. Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1** and PCI of the country and PCI of the State is depicted in **Chart 1.2**.

Adoption of GSDP by GoK

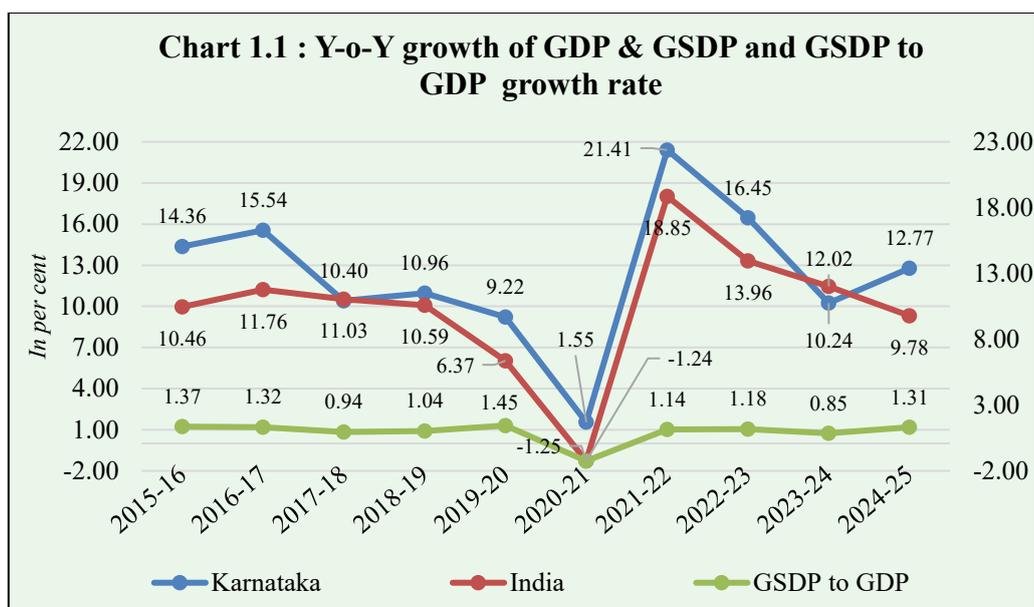
Department of Expenditure, Ministry of Finance, GoI while determining the Net Borrowings ceiling of State for each financial year projects the GSDP of the State as per the methodology prescribed by the 15 Finance Commission. For the GoK, the projected GSDP for the year 2024-25 is ₹28,61,929 crore. The State has adopted the same for estimating the fiscal parameters in the budget document like Medium Term Fiscal Plan and Overview of the Budget. However, in State Finance Audit Report, the GSDP as per MoSPI is adopted for calculations.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

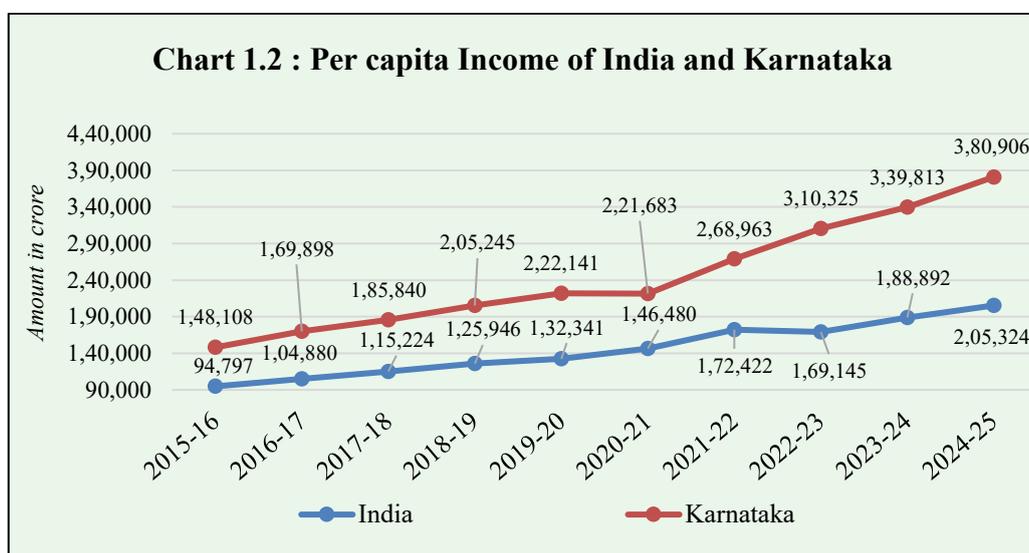
Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
GDP of India (₹ in crore)	1,37,71,875	1,53,91,668	1,70,90,042	1,88,99,668	2,01,03,593	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP of Karnataka (₹ in crore)	10,45,168	12,07,608	13,33,240	14,79,391	16,15,827	16,40,811	19,92,029	23,19,696	25,57,241	28,83,903
PCI of India (in ₹)	94,797	1,04,880	1,15,224	1,25,946	1,32,341	1,46,480	1,72,422	1,69,145	1,88,892	2,05,324
PCI of Karnataka (in ₹)	1,48,108	1,69,898	1,85,840	2,05,245	2,22,141	2,21,683	2,68,963	3,10,325	3,39,813	3,80,906

Source: Economic Survey of Karnataka 2024-25 and MoSPI

As seen in **Table 1.2**, while the GSDP of the State has been on an increasing trend in the last decade, the GDP of the nation saw a decline during 2020-21 due to Covid-19 lockdown. Whereas, while the PCI of the Nation saw an increasing trend in the last decade and the PCI of the State saw a temporary setback during Covid-19 lockdown. The State consistently outperformed the national average in PCI, which indicates the State has a strong and more resilient economy.



Source: Economic Survey of Karnataka 2024-25 and MoSPI



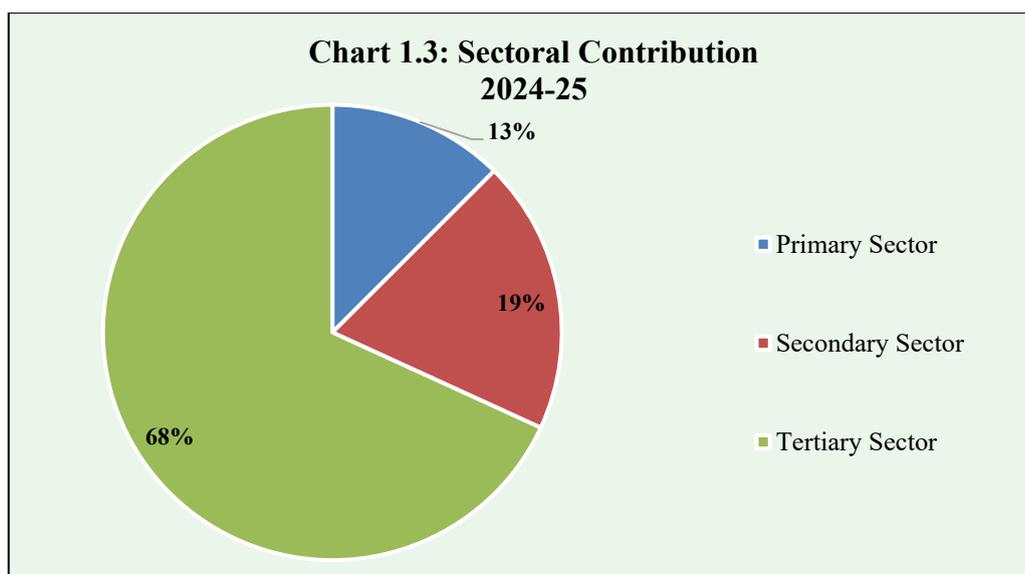
Source: Economic Survey of Karnataka 2024-25 and MoSPI

As seen in **Chart 1.1**, the growth rate of GSDP of the State consistently outpaced the growth of GDP of the nation in the entire decade except in 2023-24, indicating that the State share was high towards the India's GDP. The ratio of GSDP growth to GDP growth turned negative during 2020-21 on account of Covid 19 Lockdown. Both India and the State showed a V shaped recovery after Pandemic. The ratio narrowed in 2023-24 and then reached a post Covid-19 high of 1.31 in 2024-25. This was due to increase in both Agriculture and Industry Sector.

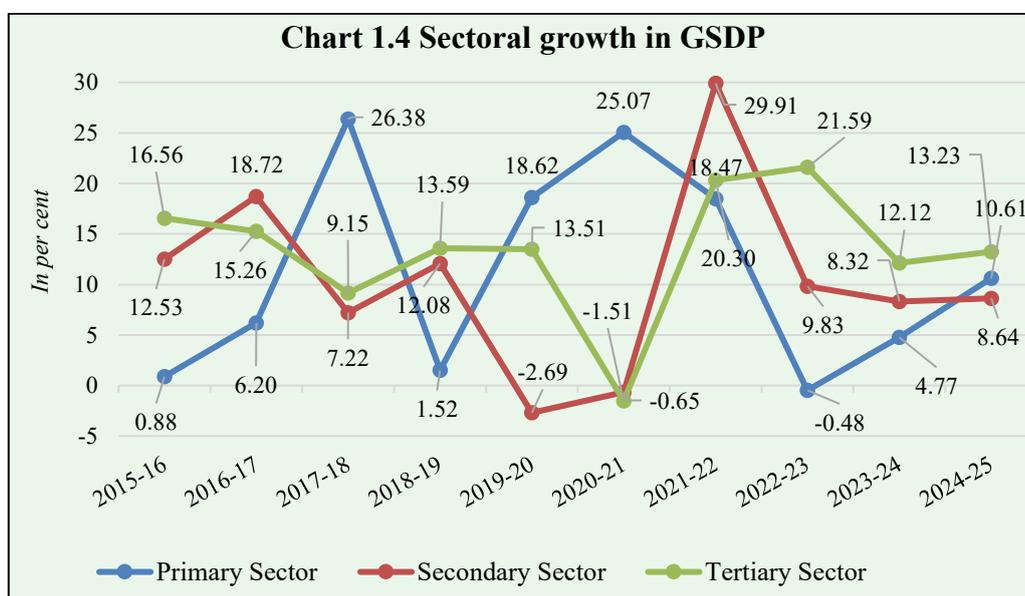
As already stated earlier, **Chart 1.2** also indicates that the PCI of the State was more than the nation during the entire decade. While the rate of growth of PCI in respect of the State was 157 per cent during the said period, it was 117 per cent in respect of nation.

1.1.2.2 Sectoral Contribution to GSDP

The sectoral contribution by various sectors during 2024-25 and sectoral growth in GSDP during the last decade are depicted in **Chart 1.3** and **Chart 1.4** respectively.



Source: Economic Survey of Karnataka 2024-25

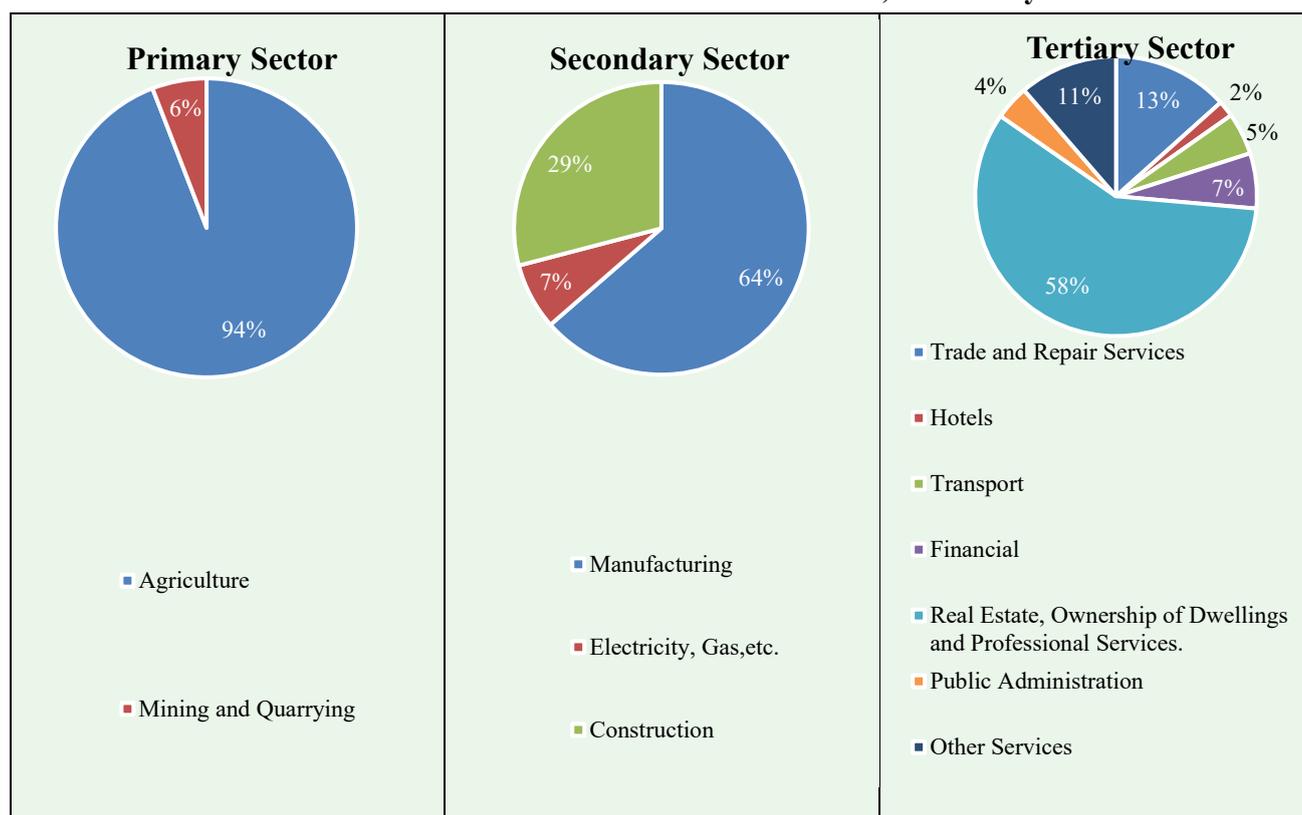


Source: Economic Survey of Karnataka 2024-25

As seen in **Chart 1.3** during 2024-25, the Tertiary Sector which provides services rather than tangible goods is the major contributor towards the GSDP with around 68 *per cent* of the share followed by secondary sector with 19 *per cent* share and lastly by primary sector with 13 *per cent*. The secondary sector involves processing and manufacturing Raw materials into finished goods viz., Industrial sector and Construction. The sectoral growth in the GSDP is marginal during the period 2020-25 when compared to previous year as seen in **Chart 1.4**.

Chart 1.5 shows the composition of each sector during financial year 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, financial year 2024-25



Source: Economic Survey of Karnataka-2024-25

The tertiary sector remained the largest contributor throughout and has shown constant growth over the previous year along with the secondary sector. The primary sector, which was the least contributor during the period, showed a decreasing trend in the growth rate and grew at 11 *per cent* over the previous year. In the primary sector, Agriculture has the major share in the State, in the secondary sector, Manufacturing has contributed as major share and in the tertiary Sector, the Real Estate, Ownership of Dwellings and Professional services, was the major contributor.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of Government of Karnataka (GoK) for the years 2023-24 and 2024-25 *vis-a-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	(₹ in crore)		
					2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1.	Tax Revenue	2,04,698	2,34,378	2,27,301	2,24,380	95.73	7.78
(i)	Own Tax Revenue	1,63,505	1,89,893	1,80,368	1,77,447	93.45	6.15
(ii)	Share of Union taxes/duties	41,193	44,485	46,933	46,933	105.50	1.63
2.	Non-Tax Revenue	13,117	13,500	14,500	16,148	119.62	0.56
3.	Grants-in-aid and Contributions	15,528	15,300	16,000	17,625	115.19	0.61
4.	Revenue Receipts (1+2+3)	2,33,343	2,63,178	2,57,801	2,58,153	98.09	8.95
5.	Recovery of Loans and Advances	306	213	112	322	151.01	0.01
6.	Other Receipts	36	36	38	20	56.78	0.00
7.	Borrowings and other liabilities*	1,12,166	96,694	82,656	79,741	82.47	2.77
8.	Capital Receipts (5+6+7)	1,12,508	96,943	82,806	80,083	82.61	2.78

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
9.	Total Receipts (4+8)	3,45,851	3,60,121	3,40,607	3,38,236	93.92	11.73
10.	Revenue Expenditure	2,42,614	2,90,531	2,83,928	2,78,987	96.03	9.67
11.	Interest payments	31,872	39,234	36,634	37,552	95.71	1.30
12.	Capital Expenditure	52,120	55,877	56,963	57,906	103.63	2.01
13.	Loans and advances	4,473	2,974	2,551	6,631	222.98	0.23
14.	Total Expenditure (10+12+13)	2,99,207	3,49,382	3,43,442	3,43,524	98.32	11.91
15.	Revenue Surplus (+)/Deficit (-) (4-10)**	(-9,272)	(-27,354)	(-26,127)	(-20,834)	(-76.17)	(-0.72)
16.	Fiscal Surplus (+)/Deficit (-) {(4+5+6)-14}	(-65,522)	(-82,981)	(-82,940)	(-85,030)**	(-102.47)	(-2.95)
17.	Primary Deficit(-)/ Surplus(+) (16-11)	(-33,650)	(-43,747)	(-46,306)	(-47,478)	(-108.53)	(-1.65)

Source: Finance Accounts, Annual Financial Statement and Overview of Budget 2024-25

*Borrowings and other liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

** Difference is due to rounding off.

The State fell short of the estimated Revenue Receipts in the budget by 1.91 per cent. In respect of Revenue Expenditure, the State maintained its expenditure well with in its budget projection both under General and Social Sectors. Due to less growth in Revenue Receipts (11 per cent) than the Revenue Expenditure (15 per cent), the State witnessed increase in Revenue Deficit (125 per cent) when compared to the previous year.

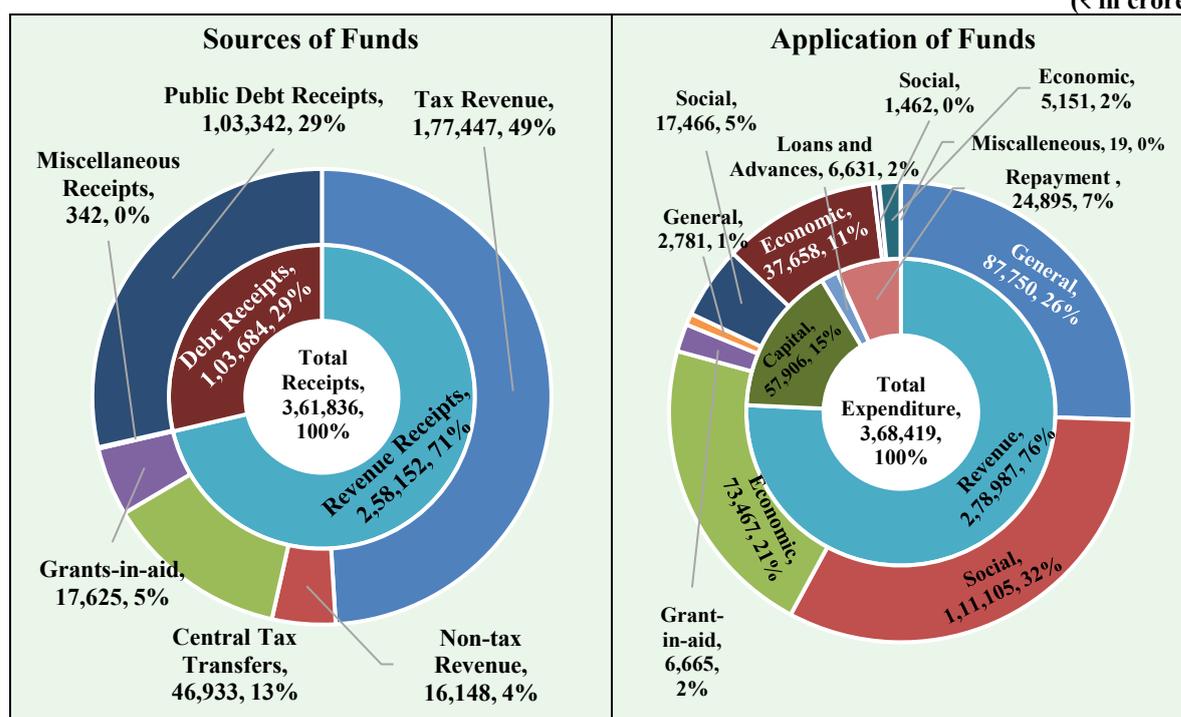
The increase in Revenue Expenditure over the previous year was mainly on account of increase in subsidies (both explicit and implicit) and Committed Expenditure (Pensions and Interest Payments). The details of State Government Finances for the years 2020-21 to 2024-25 are given in Appendix 1.1.

1.1.4 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year is given in Chart 1.6.

Chart 1.6: Details of sources and application of funds during 2024-25

(₹ in crore)



Source: Finance Accounts

The Tax revenue (own-Tax and State share of Union taxes and Duties) and the Public Debt Receipts are the major contributors in source of funds for the State and are 62 *per cent* and 29 *per cent* respectively in the current year, which was almost same as in the previous year. This indicates that the increase in the receipts was in the same proportion as in the previous year. The application of the funds by the State was more towards the Social Sector when compared to Economic and General Sector. This indicated that State supported welfare schemes than the development activities. The expenditure in General Sector was more than the Economic Sector due to increase in interest Payments by the Government.

Appendix 1.2 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

1.1.5 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, Loans and Advances from Government of India (GoI), receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, Loans and Advances given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial year 2023-24 and 2024-25, is given in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2023-24	2024-25	Per cent increase/decrease		2023-24	2024-25	Per cent increase/decrease	
Consolidated Fund									
A	Internal Debt	4,17,454.56	4,89,398.18	17.23	A	Gross Capital Expenditure	5,08,524.20	5,66,428.40	11.39
B	Loans and Advances from GoI*	53,405.78	37,080.50	(-)30.57	B	Loans and Advances	42,268.12	48,577.82	14.93
Contingency Fund		500.00	500.00	0.00					
Public Account									
A	Small Savings, Provident Funds, etc.	49,290.49	52,787.02	7.09	A	Advances with Departmental officers	6.94	6.94	0.00
B	Deposits	67,347.89	66,804.18	(-)0.81	B	Remittances	991.79	1,088.12	9.71
C	Reserve Funds	67,969.29	71,793.06	5.63	C	Suspense and Miscellaneous	-	-	
D	Remittances	-	-			Cash balance (including investment in Earmarked Funds)	1,07,264.47	1,04,619.04	(-)2.47
E	Suspense and Miscellaneous	6,026.44	3,283.53	(-)45.51		Total	6,59,055.52	7,20,720.32	9.36
						Difference on account of rounding-off			

Liabilities				Assets			
	2023-24	2024-25	Per cent increase/decrease		2023-24	2024-25	Per cent increase/decrease
				Deficit in Revenue Account	2,938.93	926.15	(-)68.49
Total	6,61,994.45	7,21,646.47	9.01		6,61,994.45	7,21,646.47	9.01

Source: Finance Accounts of respective years

* The back-to back loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22 received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio for the year 2021-22, 2022-23 & 2023-24 and during 2024-25, after repayment of ₹22,829 crore by GoI, the balance of ₹7,687 crore has not been considered as debt for working Debt/GSDP ratio.

During the year 2024-25, assets in the Consolidated Fund increased around 11 per cent under Gross Capital Outlay and increased by around 15 per cent under Loans and Advances when compared to the previous year. While the growth rate of liabilities under Internal Debt excluding off-budget borrowings increased by around 17 per cent, the Loans and Advances by GoI decreased by 31 per cent when compared to the previous year. Under Public Account, the liabilities increased by 2.12 per cent and assets increased by 9.71 per cent. The cash balance including investment in Earmarked Funds decreased by 2.47 per cent at the end of March 2025.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India (RBI) and all money received by the State Government in repayment of Loans forms part of the Consolidated Fund of the State.

1.2.1 Revenue Receipts

Trends and growth of Revenue Receipts with respect to GSDP over the period 2015-25 are shown in Table 1.5.

Table 1.5: Trends in Revenue Receipts

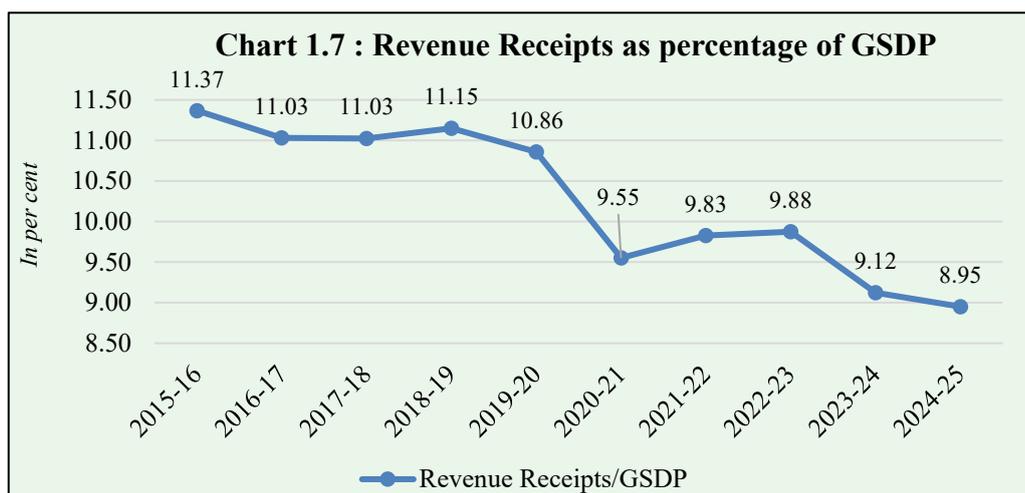
(₹ in crore)

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	1,18,817	1,33,214	1,47,000	1,64,979	1,75,442	1,56,716	1,95,762	2,29,080	2,33,343	2,58,153
Tax Revenue	99,533	1,11,716	1,18,882	1,32,725	1,33,281	1,18,746	1,54,023	1,78,298	2,04,698	2,24,380
Own Tax Revenue	75,550	82,956	87,130	96,830	1,02,362	97,052	1,20,739	1,43,702	1,63,505	1,77,447
State's share in Union taxes and duties	23,983	28,760	31,752	35,895	30,919	21,694	33,284	34,596	41,193	46,933
Non-Tax Revenue	5,355	5,795	6,477	6,773	7,681	7,894	11,777	13,914	13,117	16,148
Grants- in aid from GoI	13,929	15,703	21,641	25,481	34,480	30,076	29,962	36,868	15,528	17,625
State's own Revenue (own-Tax and Non-Tax Revenue)	80,905	88,751	93,607	1,03,603	1,10,043	1,04,946	1,32,516	1,57,616	1,76,622	1,93,595
GSDP (2011-12 series)	10,45,168	12,07,608	13,33,240	14,79,391	16,15,827	16,40,811	19,92,029	23,19,696	25,57,241	28,83,903
Year-on-year growth rates (in per cent)										
Revenue Receipts	14.09	12.12	10.35	12.23	6.34	(-)10.67	24.92	17.02	1.86	10.63
State's own Revenue of the State	8.06	9.70	5.47	10.68	6.22	(-)4.63	26.27	18.94	12.06	9.62

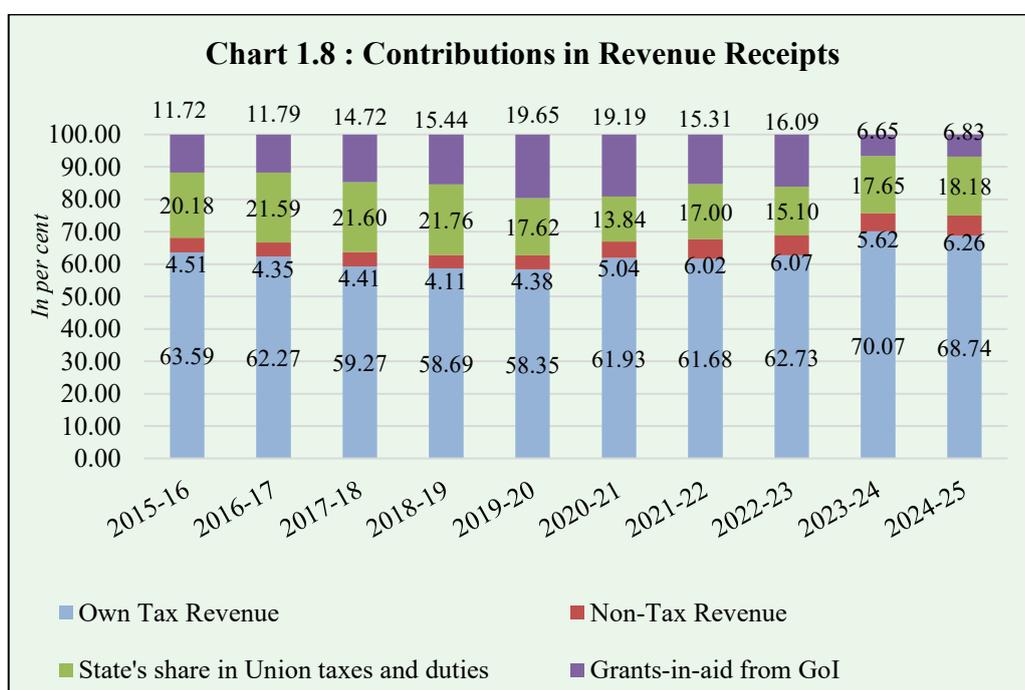
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
GSDP	14.36	15.54	10.40	10.96	9.44	1.55	21.41	16.45	10.24	12.77
Buoyancy Ratios										
Revenue Buoyancy w.r.t GSDP	0.98	0.78	0.99	1.12	0.67	*	1.16	1.03	0.18	0.83
State's own Revenue Buoyancy w.r.t GSDP	0.56	0.62	0.53	0.97	0.66	*	1.23	1.15	1.18	0.75

Source: Finance Accounts for Revenue Receipts and Economic Survey of Karnataka 2024-25 for GSDP figures.

* Buoyancy ratio was not calculated as GSDP growth was negative.



Source: Finance Accounts of respective years



Source: Finance Accounts of respective years

The Revenue Receipts more than doubled from almost ₹1.19 lakh crore (2015-16) to ₹2.58 lakh crore (2024-25). The growth which was steady up to 2019-20 dipped sharply in 2020-21 due to Covid-19 lockdown and rebounded in 2021-22 due to recovery of the economy. The growth which had moderated in 2023-24 improved in 2024-25.

Over the decade, there has been a downward trend in Revenue Receipts as share of GSDP. The decline was sharp in 2020-21 due to Covid-19 and this ratio did not return to pre-Covid level. This was basically due to introduction of Goods and Services Tax (GST), completion of compensation in lieu of GST and decline in Grants-in-aid from GoI.

In respect of buoyancy, the revenue buoyancy with respect to GSDP was around 1.0 in non- Pandemic years which indicates that it grew in line with the economy. During 2024-25 while the revenue buoyancy with respect to GSDP increased, the State’s own Revenue buoyancy decreased when compared to previous year which was on account of lower growth rate of State’s own Revenue especially State’s Tax Revenue.

A. State’s own Resources

State’s performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own-Tax and non-Tax sources. The components of State’s own Revenue are detailed in **Chart 1.9**.

Chart 1.9: Details of State’s own Revenue



(i) Own-Tax Revenue

Own-Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the Constitution. Actuals for financial year 2023-24, BE, RE, and actuals of own-Tax Revenue for the financial year 2024-25 are given in **Table 1.6**.

Table 1.6: Own-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

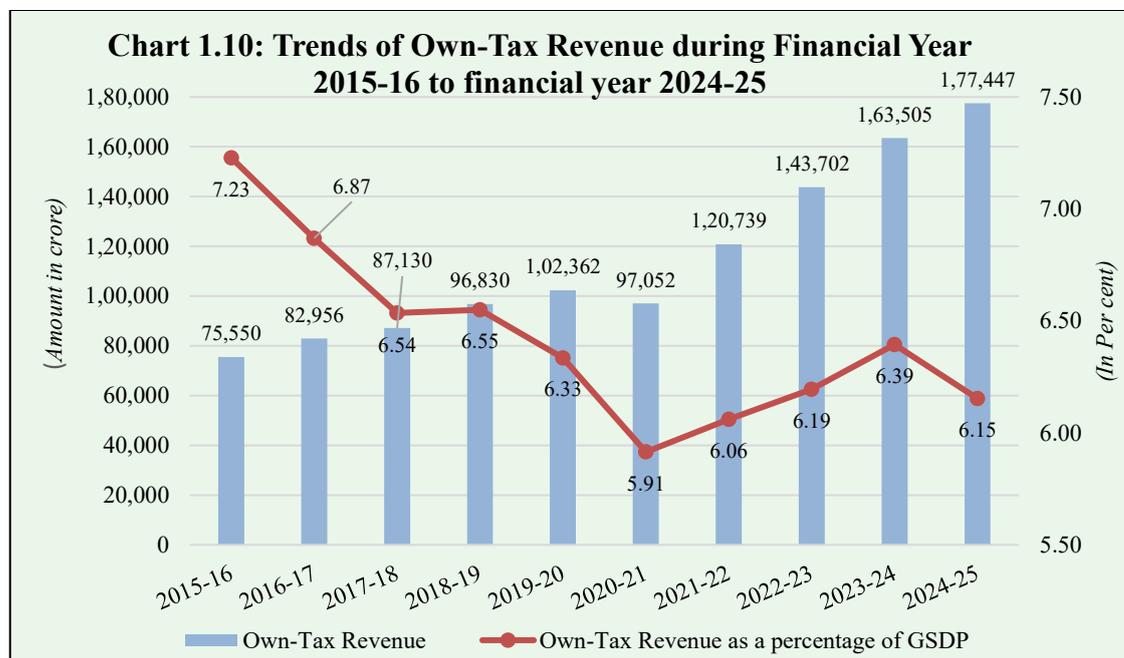
Tax Revenue	(₹ in crore)			
	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
State Goods and Services Tax (SGST)	71,041	86,475	80,116	77,169
State Excise	34,629	38,525	36,500	35,784
Land Revenue	860	362	362	499
Stamp Duty and Registration Fees	20,147	26,000	24,000	22,353
Vehicle Tax	11,287	13,000	12,500	12,516
Others	25,541	25,601	26,965	29,126
TOTAL	1,63,505	1,89,963	1,80,443	1,77,447

Source: Finance Accounts and Budget documents of Karnataka

From **Chart 1.8**, it is evident that this share of own-Tax Revenue in the Revenue Receipts was maximum in all the years from 2015-25. The own-Tax Revenue

increased by around nine *per cent* during the current year over the previous year. However, it was around seven *per cent* and two *per cent* short of the Budget estimate and Revised Estimates respectively.

Trends of own-Tax Revenue and its components during the period 2015-16 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

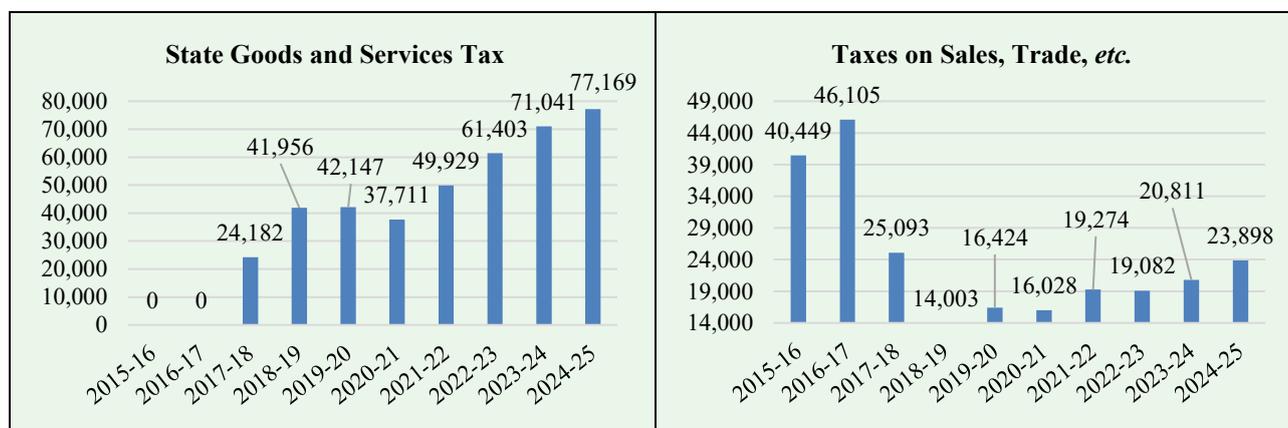


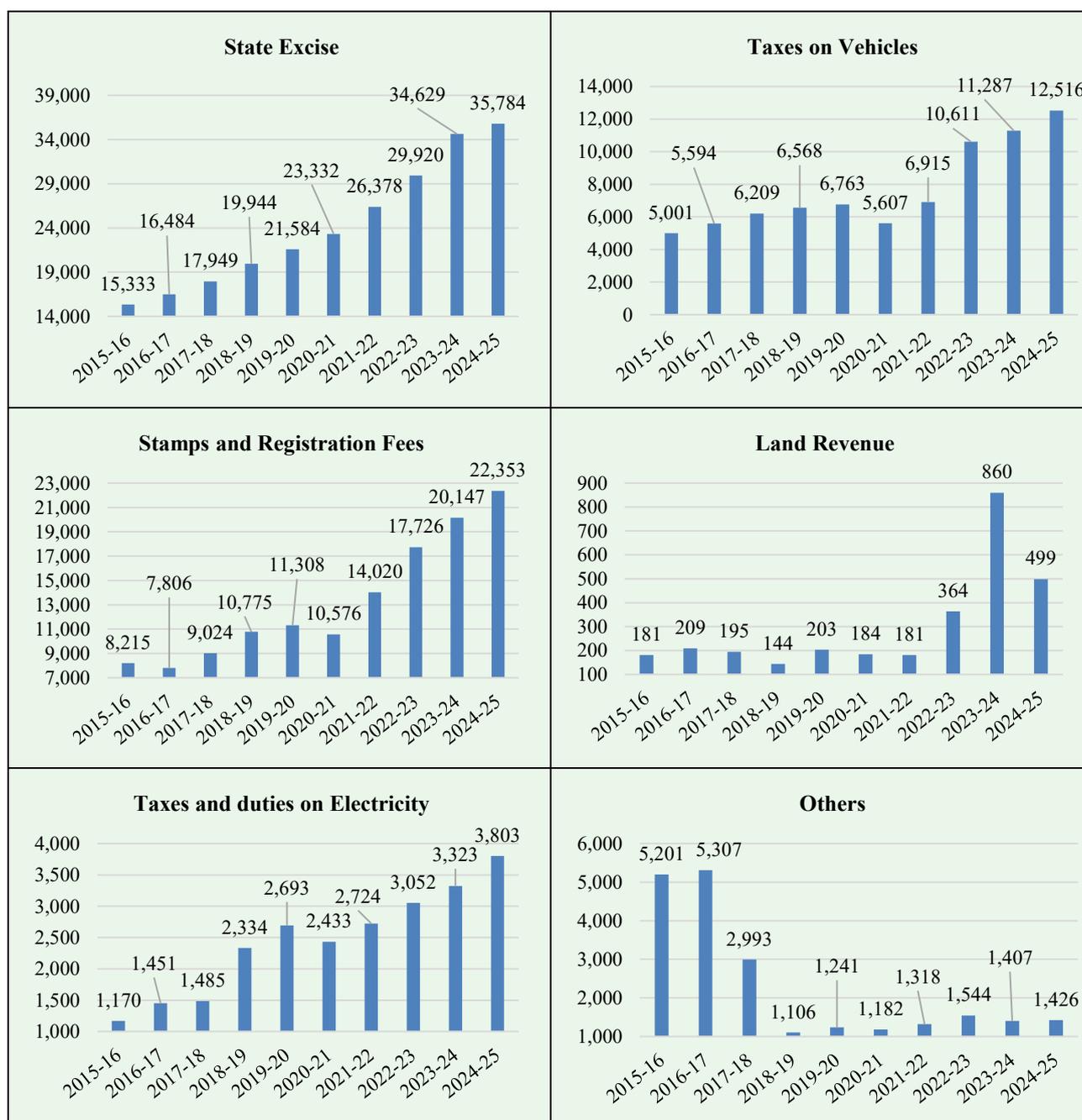
Source: Finance Accounts of respective years

The State's own-Tax revenue in absolute terms showed a strong upward trend over the decade. After a dip in 2020–21 (₹97,052 crore), own-Tax revenue of the State recovered sharply, especially from 2021–22 onwards. Despite growth in absolute terms, own-Tax revenue as a share of GSDP declined overall. The share which was least in 2020-21 though revived saw around pre-covid level in 2023-24. However, during 2024-25, it once again declined, indicating lesser growth rate in own-Tax revenue.

Chart 1.11: Major components of State's own-Tax Revenue

(₹ in crore)





Source: Finance Accounts of respective years

In absolute terms, the increase in the own-Tax Revenue during the year was in all components except in Land Revenue. However, there was decrease in the growth rate of own-Tax Revenue during 2024-25 which was mainly on account of decrease in the growth rate of SGST, State Excise and Stamps and Registration. On analysis of data (2015-2025) viz., Sector wise SGST collection, Sales of Liquor/beer, Registration details etc., and orders issued by the Departments concerned, the Audit noticed the following;

- **SGST:** Analysis of Sector wise SGST collection for the years 2021-24 revealed that there was significant increase in the sectors such as Accommodation, Food and Beverages services, Automobiles, Construction Services, Iron and Steel and Articles and Transport Services. The increase in 2022-23 was high due to slow down in economy during 2021-22 and consequent base effect. Though there was increase in 2023-24 in the above sectors, the

growth seemed less due to stabilisation in the economy. During the pre-GST period from 2015-16 and 2016-17, the Value Added Tax constituted 55 *per cent* of State's own-Tax Revenue. Introduction of GST in 2017-18 led to decrease in its contribution to the own-Tax Revenue and it was 43 *per cent* in 2024-25. In order to compensate for this loss, the State received GST compensation cess amounting to ₹74,550.99 crore during 2017-23. The last two tranches of ₹1,191.41 crore and ₹1.84 crore in the form of arrears was received in 2023-24 and 2024-25 respectively. The inflow in the form of GST could further decline next year due to rationalisation of GST rates in September 2025.

- **Stamps and Registration:** During 2015-25, though there was increase in Revenue in absolute terms (except for 2016-17), in respect of growth rate there was inter year variation. The guidance value revision was implemented in the years 2011 (Bengaluru and around places), March 2016, January 2019 and October 2023. Due to implementation of the new guidelines at the end of financial years 2011, 2016 and 2019, there was dip in the registration process and as a result, the growth rate decreased considerably during 2012-13, 2016-17 and 2019-20. The Covid 19 pandemic Lockdown in 2020-21 resulted in the Registration process to be closed for part of the year and consequently there was less registration in the year. Though economy picked up during 2021-23, new guideline value was implemented (October 2023) in mid of 2023-24 which resulted in decrease in growth rate in the same financial year itself. During 2024-25, requirement of e-Khata before registration and technical glitches in the Kaveri Portal created bottlenecks, which slowed down registration process and as a result lower growth rate in Stamp Duty and Registration Revenue.

- **State Excise:** During first half of the period 2015-2025, the State saw steady increase in collection of State Excise but in terms of growth rate there was inter-year variation. In the second half of the period, the growth rate in State Excise Revenue was on an increasing trend, though nominal in 2022-23. During 2023-24, the growth rate increased due to revision of Taxes *i.e.*, levy of addition Excise duty on Beer as well as Liquor. State Excise saw lowest growth rate in 2024-25. The main contributing factor for the slower growth rate was repeated tax hikes on Liquor and Beer, which though initially boosted Revenue (2023-24), it brought down significantly in 2024-25. In addition, the changes in the Excise policy in neighboring States could also have led to less consumption in the border areas of Karnataka.

- **Taxes on Vehicles:** Though the Taxes on vehicles were on an increasing trend during the last decade except for 2020-21, the rate of growth was on a decreasing trend from 2016-17 to 2020-21. During 2020-21 and 2021-22, the demand for laptop/mobiles had increased due to covid 19 restrictions. Simultaneously, issues in supply of semiconductor chips needed for production of vehicles were also there. Hence, though there was demand for vehicles, the supply was less. In addition, Government had extended tax rebate for passenger transport vehicles. These factors along with Covid-19 lockdown had resulted in decrease in the receipts during 2020-21 and 2021-22. Supply of vehicles in 2022-23 along with pent-up demand increased the revenue under Taxes on Vehicles in 2022-23 by 50 *per cent* when compared to 2021-22. Due to stabilization of economy in 2023-24, the growth of revenue seemed less. Further, the registration of Electric Vehicles had increased in 2023-24 when compared to 2022-23 which has exemption for vehicles costing less than ₹25 lakh. These factors led to a lower growth rate in 2023-24. In contrast to this,

during 2024-25, there was decrease in registration of Electric Vehicles which resulted in nominal growth when compared to previous year.

Test check of records of Offices of State Excise Department and Department of Stamp Duty and Registration fees for the year 2024-25 and 2023-24 respectively showed irregularities in collection of Revenues amounting to ₹191.30 crore (**Table 1.6(a)**) which was accepted by the Departments and assured that action would be initiated in all cases.

Table 1.6(a): Irregularities in collection of Revenue

(₹ in crore)			
Sl.No.	Category	Number of Cases	Amount
State Excise Department			
01	Short Levy of Excise Duty and Additional Excise Duty	08	14.42
02	Short Collection/ Transfer of License fee	02	1.54
03	Miscellaneous	08	11.52
Department of Stamp Duty and Registration			
01	Under Valuation	90	86.46
02	Suppression	26	24.21
03	Joint Development Agreement	31	22.14
04	Incorrect Assessment	23	3.69
05	Misclassification	31	21.00
06	Others	36	6.32
Total		255	191.30

Source: Information provided by respective Departments

In the exit conference (January 2026), the State Government while accepting the reasons for the decrease in own-Tax Revenue stated that non-increase in the consumer base was also one of the factors for decline in growth rate of State Excise.

ii) Non-Tax Revenue

Non-Tax Revenue of a State refers to the rent, fees, royalties and other receipts of the State Government from sources other than taxes.

Actuals for financial year 2023-24, BE, RE, and actuals of non-Tax Revenue for the financial year 2024-25 are given in **Table 1.7**.

Table 1.7: Major non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

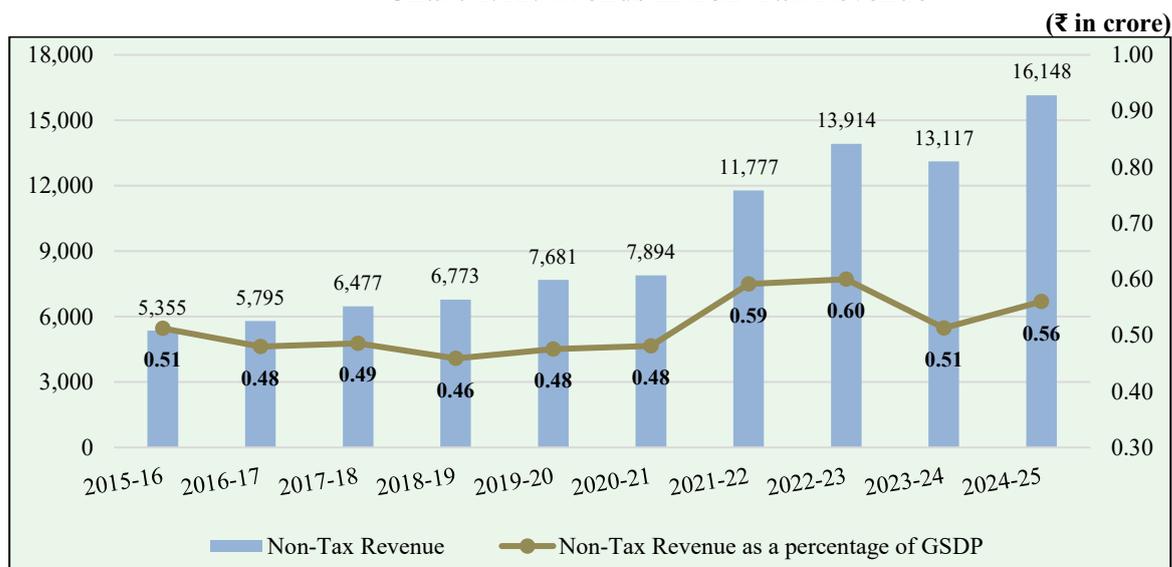
(₹ in crore)				
Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest Receipts	1,492.70	417.53	3,008.41	3,238.27
Dividends and Profits	302.87	477	849.72	986.28
User charges	703.74	627.58	827.16	816.96
Others	10,617.26	11,977.02	718.84	11,106.87
Total	13,117.37	13,499.60	14,499.98	16,148.38

Source: Finance Accounts

During the year 2024-25, the non-Tax Revenue increased by around 23.11 per cent over the previous year and the receipts are more by around 20 per cent over the estimate in the Budget and 11 per cent over the revised.

The increase in the non-Tax Revenue was mainly under Interest Receipts, Dividends and Other Administrative Services. Trends of non-Tax revenue and its components during the period 2015-16 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

Chart 1.12: Trends in non-Tax Revenue

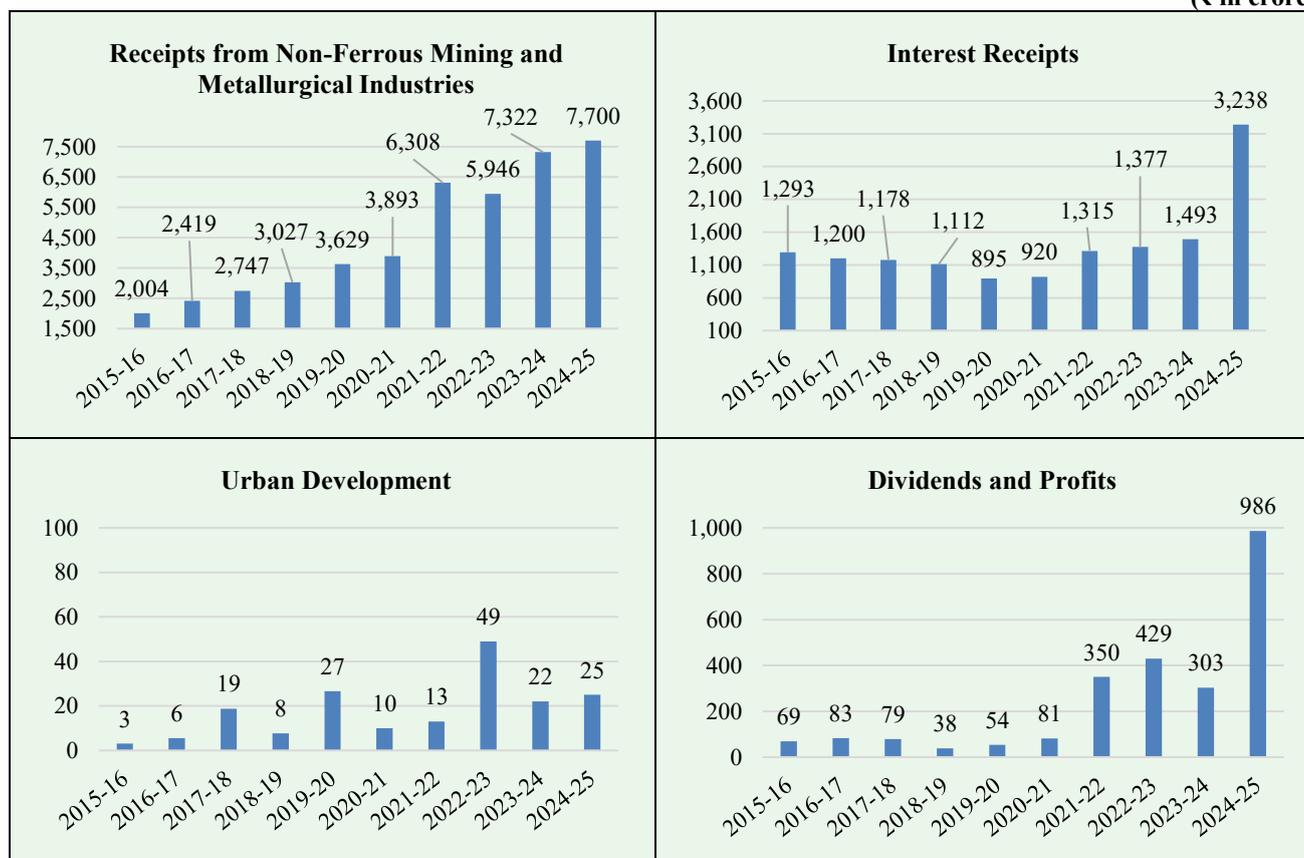


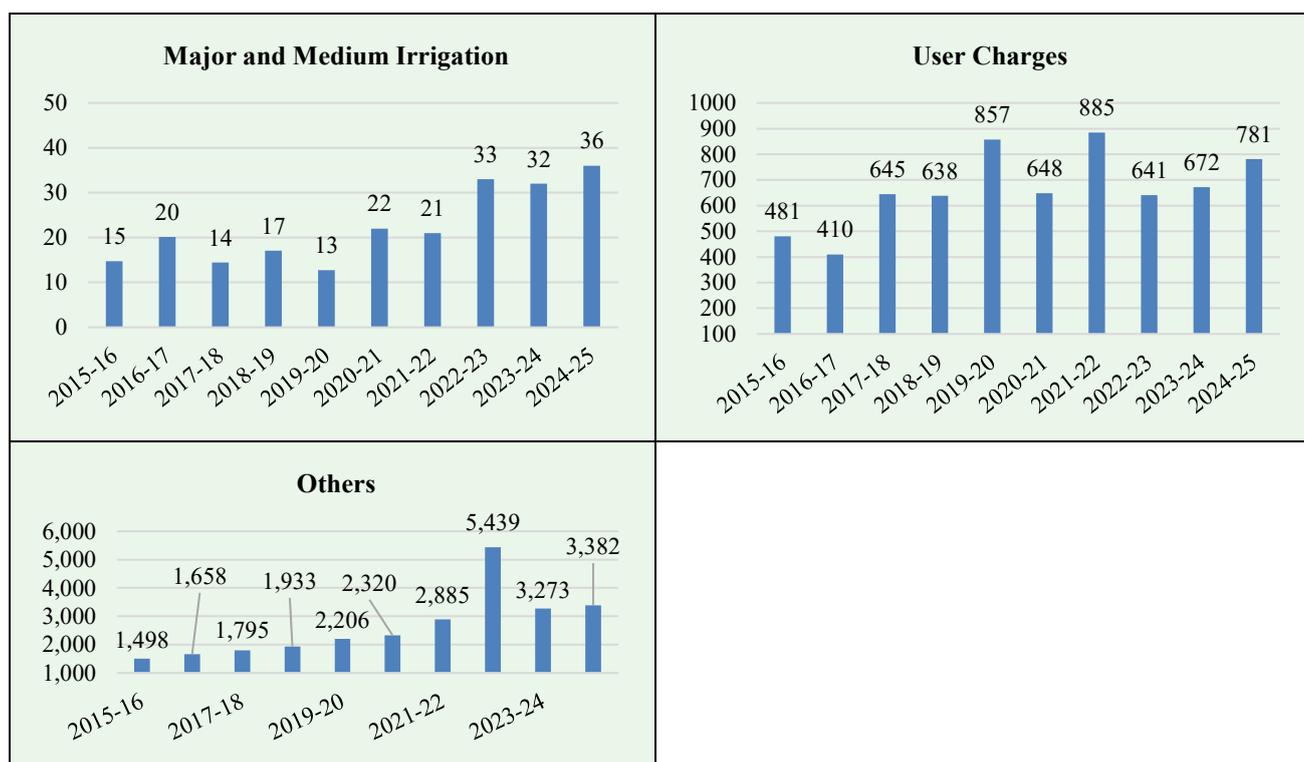
Source: Finance Accounts for respective years

The non-Tax Revenue as percentage of GSDP was generally on an increasing trend except during the year 2023-24, where the growth rate of non-Tax Revenue was negative. The non-Tax revenue increased steeply after 2020-21, especially in 2021-22, 2022-23 and 2024-25.

Chart 1.13: Major components of State's non-Tax Revenue

(₹ in crore)





Source: Finance Accounts of respective years

The receipts from non-Ferrous Mining and Metallurgical Industries constituted major share in the non-Tax revenue which was around 37 per cent to 56 per cent during the period 2015-25 and the other major contributors were user charges and the interest receipts.

The non-Tax Revenue more than doubled in 2021-22 due to increase in interest receipts, dividends and profits and non-Ferrous Mining and Metallurgical Industries which was on account of revision in dividend rates & royalty charges and renewal of mining licenses. During 2022-23, though the non-Tax increased in absolute terms, the growth rate reduced on account of negative growth in non-Ferrous Mining and Metallurgical Industries as license renewal was one-time affair. During 2023-24, the growth rate was negative due to negative growth rate under some of the user charges and under other non-Tax receipts which had increased during 2022-23 considerably. During 2024-25, the non-Tax increased once again basically under interest receipts and dividends which is discussed in Paragraph 1.2.4.2 (B).

B. State's share in Union Taxes and Duties

Trends in the components of State's share in Union Taxes and Duties are shown in Table 1.8.

Table 1.8: State's share in Union Taxes and Duties

Components	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	-	-	447.56	8,858.76	8,773.82	6,236.01	9,158.36	9,786.19	12,501.46	13,707.21
Integrated Goods and Service Tax (IGST)	-	-	3,204.72	707.00	-	-	-	-	-	-
Corporation Tax	7,547.57	9,211.05	9,721.29	12,481.94	10,542.17	6,656.01	9,823.19	11,574.64	12,364.18	13,317.48

Components	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Taxes on Income other than Corporation Tax	5,252.47	6,401.72	8,208.94	9,192.40	8,260.51	6,837.75	9,623.93	11,335.59	14,279.02	16,983.66
Customs	3,830.22	3,962.25	3,203.80	2,544.18	1,959.84	1,110.05	2,573.81	1,361.47	1,443.54	2,387.76
Union Excise Duties	3,181.60	4,524.54	3,348.80	1,690.77	1,362.62	714.26	1,539.33	427.12	546.27	459.57
Service Tax	4,153.56	4,639.22	3,617.15	331.65	-	119.03	528.33	54.17	7.66	1.53
Other Taxes	17.92	21.16	-0.30	88.13	20.04	20.89	37.05	56.82	50.5	75.51
Total	23,983.00	28,760.00	31,752.00	35,895.00	30,919.00	21,694.00	33,284.00	34,596.00	41,192.63	46,932.72

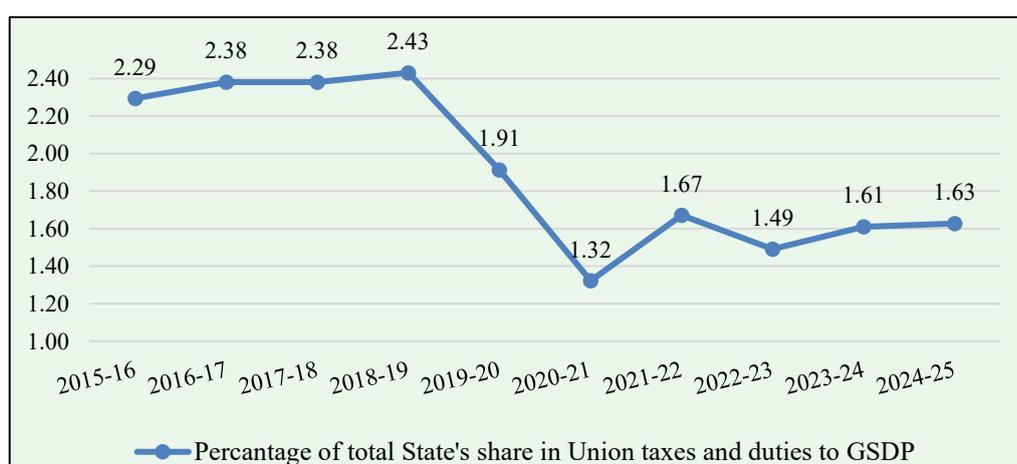
Source: Finance Accounts of respective years

The State's share in the Union Taxes and Duties in absolute terms was in an increasing trend and grew substantially over the decade. Taxes on income other than Corporation Tax, Corporation Tax and CGST are the major contributors. From the table it is evident that while GST implementation caused a structural shift, Covid-19 caused a temporary setback. During pre-GST period, revenue came mainly from Taxes on income other than Corporation Tax, Union Excise duties, Customs, Service Tax and other taxes. However, post-GST, the shift was towards CGST, Corporation Tax and taxes on Income other than Corporation Tax as most of the taxes were subsumed under GST. The State's share in the Union Taxes and Duties in the current year showed an increase of around 14 per cent over previous year and this was mainly under CGST (9.64 per cent), Corporation Tax (7.71 per cent) and Taxes on income other than Corporation Tax (18.94 per cent).

As a percentage share of the Revenue Receipts, the State's share in the Union Taxes and Duties which had decreased during 2022-23 increased during 2023-24 and continued almost same in 2024-25 also.

Percentage of total State's share in Union Taxes and Duties to GSDP is given in **Chart 1.14**

Chart 1.14: Percentage of total State's share in Union Taxes and Duties to GSDP



Source: Finance Accounts and Economic Survey, GoK, of respective years

The percentage of total State's share in Union Taxes and Duties to GSDP was high and stable between 2.29 per cent and 2.43 per cent during pre-GST period, indicating a strong contribution of central tax devolution to Karnataka's economy. In the post-GST period, it showed a fluctuating trend. It dropped to a

lowest of 1.32 per cent during 2020-21 on account of Covid-19 impact on tax collections. Thereafter, though it increased, it is still below the pre-covid level. During 2024-25, the percentage growth was minimal when compared to previous year.

C. Grants-in-aid from GoI

Trend of Grants-in-aid from GoI and its components are shown in **Table 1.9**.

Table 1.9: Grants-in-aid from Government of India

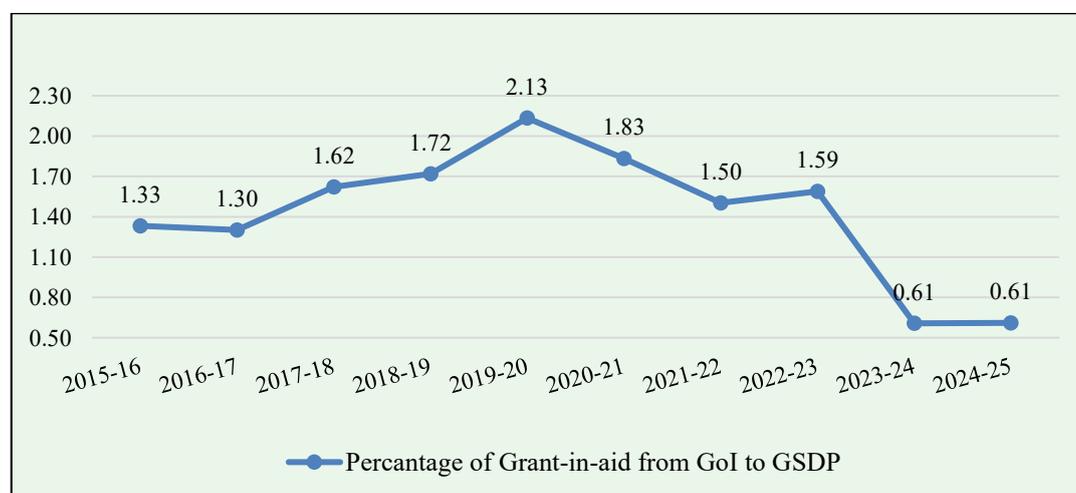
Head	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Plan Schemes	139.00	116.00	-	-	-	-	-	-	-	-
Grants for Centrally Sponsored Schemes	137.00	440.00	11,617.00	10,393.00	12,214.00	9,852.00	12,659.00	11,629.00	9,865.95	9,375.52
Finance Commission Grants	-	-	2,708.00	3,374.00	4,673.00	5,557.00	6,239.00	3,495.00	3,768.63	4,218.67
Other transfers/ Grants to States/Union Territories with Legislature	-	-	7,316.00	11,714.00	17,593.00	14,667.00	11,064.00	21,744.00	1,893.27	4,030.54
Grants for State Plan schemes	8,105.00	8,102.00	-	-	-	-	-	-	-	-
Non-Plan Grants	5,548.00	7,045.00	-	-	-	-	-	-	-	-
Total	13,929.00	15,703.00	21,641.00	25,481.00	34,480.00	30,076.00	29,962.00	36,868.00	15,527.85	17,624.73

Source: Finance Accounts of respective years

In respect of Karnataka, central transfers increased in absolute terms over the last decade. The increase during the period 2017-18 to 2022-23 was on account of compensation given by the Centre in lieu of GST. The Grants-in-aid from GoI decreased considerably in the year 2023-24 because of the decrease in compensation. However, it showed an increase in the current year over the previous due to grants received from the Centre towards contribution under NDRF.

Percentage of Grants-in-aid from GoI to GSDP is given in **Chart 1.15**.

Chart 1.15: Percentage of Grants-in-aid from GoI to GSDP



Source: Finance Accounts and Economic Survey, GoK, of respective years

The percentage of Grants-in-aid from GoI to GSDP which was in an increasing trend since 2015-16 had peaked in 2019-20 and declined sharply thereafter except for 2022-23 when it saw a marginal increase. The decline was on account of completion of the GST compensation period and due to decrease in release of grants by GoI under Centrally Sponsored Schemes (CSS). The reasons for less release under CSS was basically due to the schemes migrating from Single Nodal Agency (SNA) to SNA-Sparsh.

(i) **Grants for Centrally Sponsored Schemes**

Out of the Grants of ₹9,375.52 crore of GoI released for CSS during 2024-25, major allocations were made to the schemes shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants

Name of the Scheme	2024-25 Amount (₹ in crore)	2023-24 Amount (₹ in crore)	Percentage change over previous year
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	1,513.38	1,636.96	(-7.54)
Samagra Shiksha	893.56	828.08	7.91
Flexible Pool for RCH & Health System Strengthening, National Health Programme and national urban health Mission	879.38	750.28	17.21
Urban Rejuvenation Mission-500 Cities	723.10	82.50	776.48
Pradhan Mantri Poshan Shakti Nirman	573.03	559.73	2.38
Pradhana Mantri Awas Yojane -Grameen	414.03	-	-
Saksham Anganwadi and Poshan2.0	886.82	918.57	(-3.46)

Source: Finance Accounts

The allocations made by GoI for the CSS showed a decline of around five *per cent* during the current year over the previous year. The decrease was mainly in the schemes like MGNREGA and Saksham Anganwadi and Poshan 2.0 among the major schemes receiving Grants from GoI. The reasons attributed for less release under MGNREGA was that the scheme was demand driven and during Covid-19 pandemic, large number of populations had returned to rural areas which had increased the demand. In the later years, the population has once again moved back to urban areas and hence there is a dip in the demand which has resulted in less releases.

(ii) **Fifteenth Finance Commission Grants**

The Fifteenth Finance Commission (15 FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and Health Sector. Details of grants provided by GoI are given in **Table 1.11**.

Table 1.11: Recommended amount, actual release and transfers of Grants-in-aid

Transfers	Recommendation of 15 FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to PRIs	2,637.00	2,133.25	2,133.25 (100)
(a) Performance/Tied Grants	1,582.20	1,279.95	1,279.95 (100)
(b) Untied Grants	1,054.80	853.30	853.30 (100)

(₹ in crore)

Transfers	Recommendation of 15 FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(ii) Grants to ULBs	1,358.00	1,001.52	1,001.52 (100)
(a) Million Plus Cities (Performance/Tied Grant)	488.00	600.91	600.91 (100)
(b) Non-Million Plus Cities (General Basic/Untied Grant)	870.00	400.61	400.61 (100)
(iii) Grant for Health Sector	608.00	277.67	277.67 (100)
Total	4,603.00	3,412.44	3,412.44 (100)
State Disaster Response Fund (SDRF)	732.00	732.00	732.00(100)
State Disaster Mitigation Fund (SDMF)	183.00	0.00	0.0 0
Expansion and Modernisation of Fire Services in the State (Grants From NDRF)	0.00	74.23	74.23(100)
Total for SDRMF	915.00	806.23	806.23 (100)

Source: 15th FC Report and departmental information

PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies.

The State has released the complete 15 FC Grants received from the Centre. However, during 2024-25, there was a shortfall in receipts of grants against the recommendations, which were mainly on account of the following reasons:

- For grants to be released for RLBs, as per the GoI guidelines, the RLBs are eligible for the grants if they are duly constituted. In respect of Karnataka, Zilla Parishad and Taluk Panchayats were not constituted and hence the grants were released on pro-rata basis.
- Due to absence of audited financial reports and non-compliance with the enhancement of property tax in 60 ULBs, grants were released to the State on pro-rata basis for the number of bodies.
- Under SDRMF, the allocation made by GoI was 20 *per cent* short of the recommendation, which was due to non-release of funds under SDMF.

1.2.2 Capital Receipts

Capital Receipts comprise miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of Loans and Advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and Loans and Advances from GoI.

Trends of Capital Receipts and their components during 2015-16 to 2024-25 are shown in **Table 1.12**.

Table 1.12: Trends in growth and composition of Capital Receipts

Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	21,484	31,283	25,263	41,939	50,707	84,843	80,774	45,029	90,622	1,03,684
Miscellaneous Capital Receipts	352	27	4	-6	45	45	6	2	36	20
Recovery of Loans and Advances	60	100	137	31	203	270	127	478	306	322
Public Debt Receipts	21,072	31,156	25,122	41,914	50,459	84,528	80,641	44,549	90,280	1,03,342
Internal Debt*	19,801	29,238	23,179	40,470	49,474	70,414	60,462	39,283	84,334	95,278

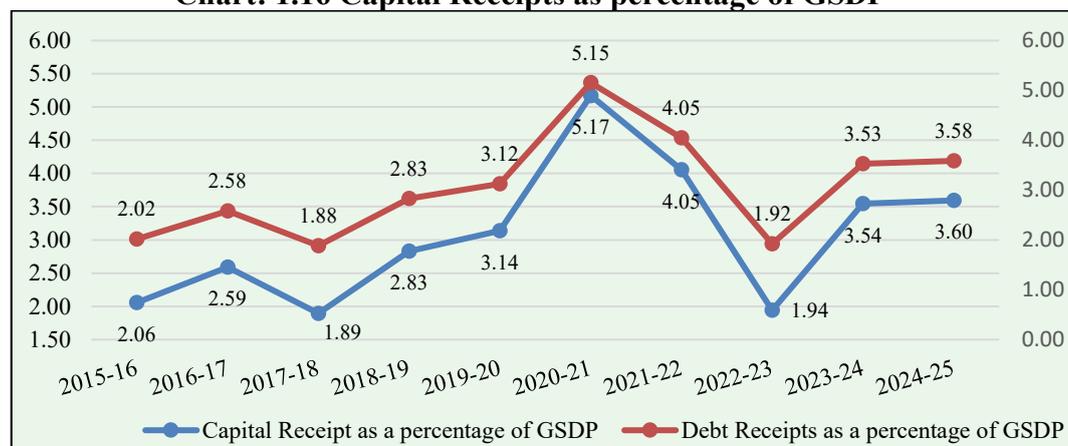
Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Loans and Advances from Gol	1,271	1,918	1,943	1,444	675	14,114	20,179	5,266	5,946	8,064
<i>Year-on Year growth rates (in per cent)</i>										
GSDP	10.97	11.81	15.76	6.24	9.22	1.55	21.41	16.45	10.24	12.77
Capital Receipts	(-)2.20	45.61	(-)19.24	66.01	20.91	67.32	(-)4.80	(-)44.25	101.25	14.41
Debt Capital Receipts	(-)3.67	47.85	(-)19.37	66.84	20.39	67.52	(-)4.60	(-)44.76	102.65	14.47
Internal Debt	(-)3.45	47.66	(-)20.72	74.60	22.25	42.33	(-)14.13	(-)35.03	114.68	12.98
Loans and Advances from Gol	(-)6.89	50.90	1.30	(-)25.68	(-)53.25	1,990.96	42.97	(-)73.90	12.91	35.62

Source: Finance Accounts of respective years

* Including net figure under Ways and Means Advances/Overdraft/Special Drawing Facility

The Capital Receipts showed a fluctuating trend in the last decade *i.e.*, from 2015-25. This was mainly attributed to the Debt availed by the State to meet the Capital Expenditure and the Revenue Deficit. This indicates that the State's Capital Receipts are borrowings-driven, with internal debt as the dominant source. The State had seen Revenue Deficit during 2020-21 and 2021-22 on account of Covid-19 Pandemic, which had resulted in an increase in borrowings. Because of revival of economy, the State once again saw Revenue surplus during 2022-23. As a result, the borrowings of the State decreased during that year. However, during 2023-24 onwards, the State's debt has increased steeply in order to finance the Revenue Deficit occurred on account of implementation of the five guarantee schemes of the State. Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**.

Chart: 1.16 Capital Receipts as percentage of GSDP



Source: Finance Accounts and Economic Survey of respective years

The Capital Receipts and Debt Receipts as a percentage of GSDP follow a similar movement, which indicates that borrowings constitute the major portion of the State's Capital Receipts.

The ratio of Capital Receipts to GSDP saw a gradual rise from 2015-16 (2.06 *per cent*) to 2019-20 (3.14 *per cent*). With the State being Revenue Surplus during the period, the rise indicated expanding capital financing. The ratio peaked sharply in 2020-21 (5.17 *per cent*), reflecting increased borrowing to manage the economic shock of Covid-19. The huge dip in the Capital Receipts to GSDP percentage in 2022-23 was due to less borrowings in that year. During 2023-24 and 2024-25, the State once again saw increase in the Capital Receipts to GSDP ratio due to State witnessing Revenue Deficit once again in those two years.

The narrow gap between the two lines in all years suggests that non-debt Capital Receipts are minimal and the State's structural dependence on debt is maximum than asset sales or loan recoveries for capital financing.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the 15 FC and actuals for the financial year 2020-21 to financial year 2024-25 are given in **Table 1.13**.

Table 1.13: 15 FC Projection vis-à-vis actuals

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual								
GSDP (2011-12 Series Current Prices)	18,80,033	16,40,811	17,02,227	19,92,029	18,85,750	23,19,696	23,19,696	25,57,241	23,72,009	28,83,903
Own Revenue Receipts	1,53,883	1,04,946	1,12,573	1,32,516	1,26,891	1,57,616	1,44,740	1,76,622	1,65,919	1,93,595
State's own-Tax Revenue	1,45,103	97,052	1,04,835	1,20,739	1,18,236	1,43,702	1,34,950	1,63,505	1,54,794	1,77,447
State's own non-Tax Revenue	8,780	7,894	7,738	11,777	8,655	13,914	9,790	13,117	11,125	16,148
State's share in Union Taxes/Duties	31,180	21,694	24,019	33,284	26,719	34,596	30,065	41,193	34,157	46,933
Revenue Deficit(-) / Surplus(+) as percentage of GSDP	(-)1.20	(+)1.29	(-)1	(+)0.71	(-)0.10	(-) 0.59	(-)0.58	(+)0.38	(-)0.07	(+)0.79
Fiscal Deficit (as percentage of GSDP)	3.0	4.19	3.0	3.34	3.0	2.06	3.00	2.53	3.0	2.95

Source: Finance Accounts and Economic Survey, GoK, of respective years and 15 FC Report

Note: Revenue and Fiscal Deficit are post Audit figures.

1.2.4 Expenditure

Government expenditure is classified into Revenue Expenditure, Capital Expenditure, and Loans and Advances. Revenue Expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital Expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and Advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, Total Expenditure as percentage of GSDP and share of its components are given in **Table 1.14**, **Chart 1.17** and **Chart 1.18** respectively.

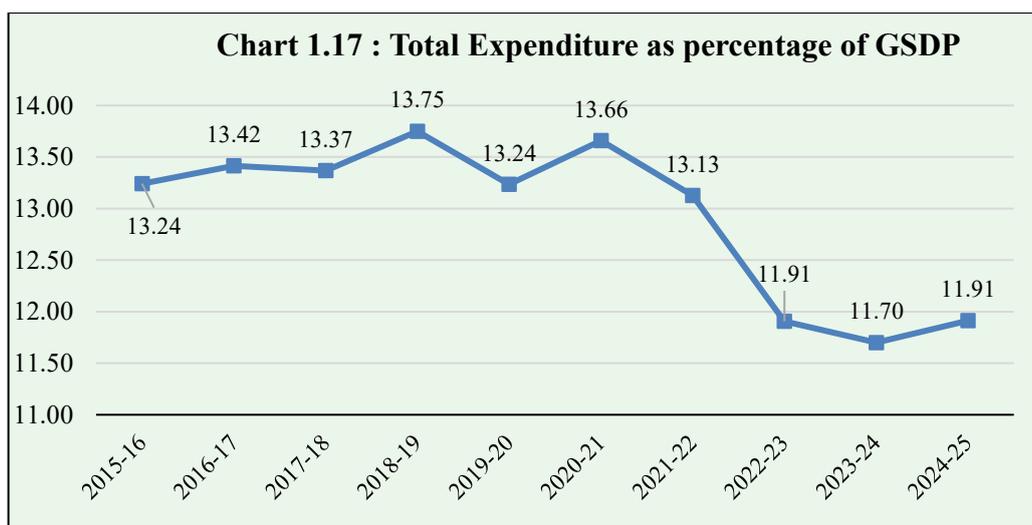
Table 1.14: Total Expenditure and its composition

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,38,398	1,62,005	1,78,242	2,03,446	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207	3,43,524
Revenue Expenditure (RE)	1,17,028	1,31,921	1,42,482	1,64,300	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614	2,78,987
Capital Expenditure (CE)	20,713	28,150	30,667	34,659	35,530	45,406	47,874	57,349	52,120	57,906
Loans and Advances	657	1,934	5,093	4,487	4,069	2,669	4,209	3,250	4,473	6,631
Appropriation to Contingency Fund	---	---	---	---	-	-	420	-	-	-

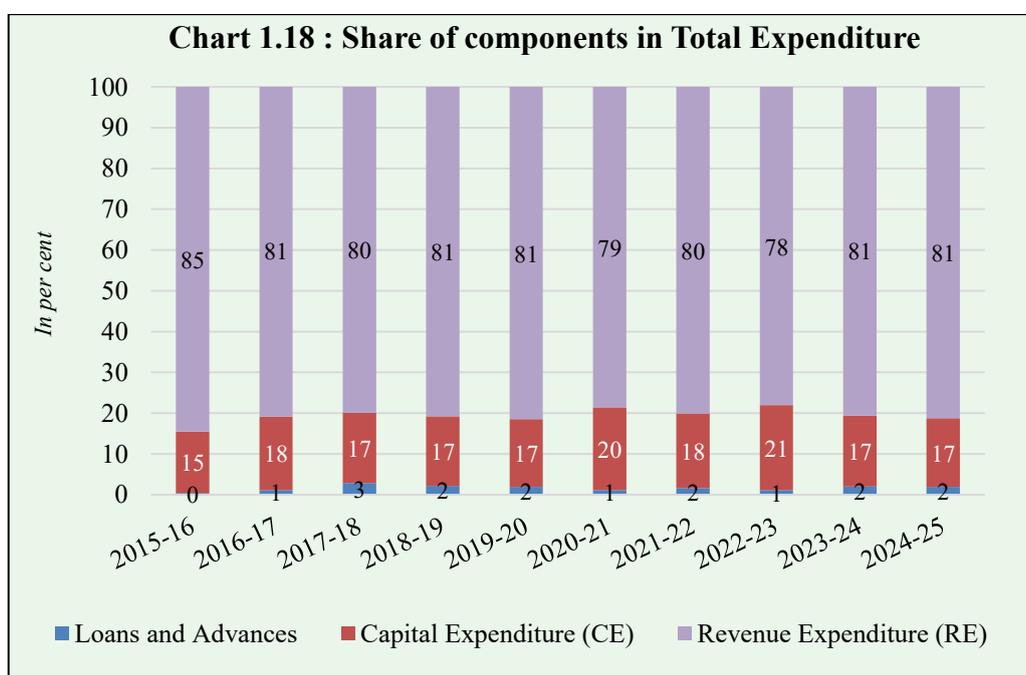
Source: Finance Accounts of respective years

Revenue Expenditure dominates the State's Total Expenditure structure in the entire decade period of 2015-25. It consistently accounts for mostly around 80 to 82 per cent of Total Expenditure. The Total Expenditure in absolute terms has increased during the period 2015-25. However, in the growth rate though there is inter year variation, it is on an increasing trend from 2022-23 onwards

due to the increase in Revenue Expenditure. Similarly, there was inter year variation in the rate of growth of Revenue Expenditure as well as Capital Expenditure. The rate of growth of Revenue Expenditure was least in 2022-23 which consequently resulted in higher growth rate of Capital Expenditure. The Capital to Revenue Expenditure ratio- a measure of expenditure quality should ideally increase as it is considered healthier since it signifies that borrowings are used for Capital Expenditure rather than on Revenue Expenditure. However, during the period 2020-25, the ratio is in a decreasing trend except in 2022-23, thereby indicating that borrowed funds were utilised for Revenue Expenditure. This impacts Fiscal sustainability of the State.



Source: Finance Accounts and Economic Survey of respective years



Source: Finance Accounts and Economic Survey of respective years

During pre-pandemic period (2015-2020), the Total Expenditure as percentage of GSDP ranged around 13 per cent. This stability of the ratio indicated that expenditure growth broadly moved in line with GSDP growth. In the post-pandemic period (2020-25), the Total Expenditure as percentage of GSDP which was 13.66 in 2020-21 due to economic slowdown has shown a decreasing trend up to 2023-24. This decline was due to improved growth in GSDP. The

percentage increase during the year over previous year indicated that the growth rate of Total Expenditure was more than the growth rate of GSDP. The share of expenditure between Revenue, Capital and Loans and Advances was steady during the period.

Out of the Total Expenditure of ₹3,43,524 crore incurred by the State during the financial year, a portion of ₹17,574 crore pertained to pass-through transactions such as Finance Commission grants, CSS and Other Grants to State *etc.*

A. Sector-wise Total Expenditure

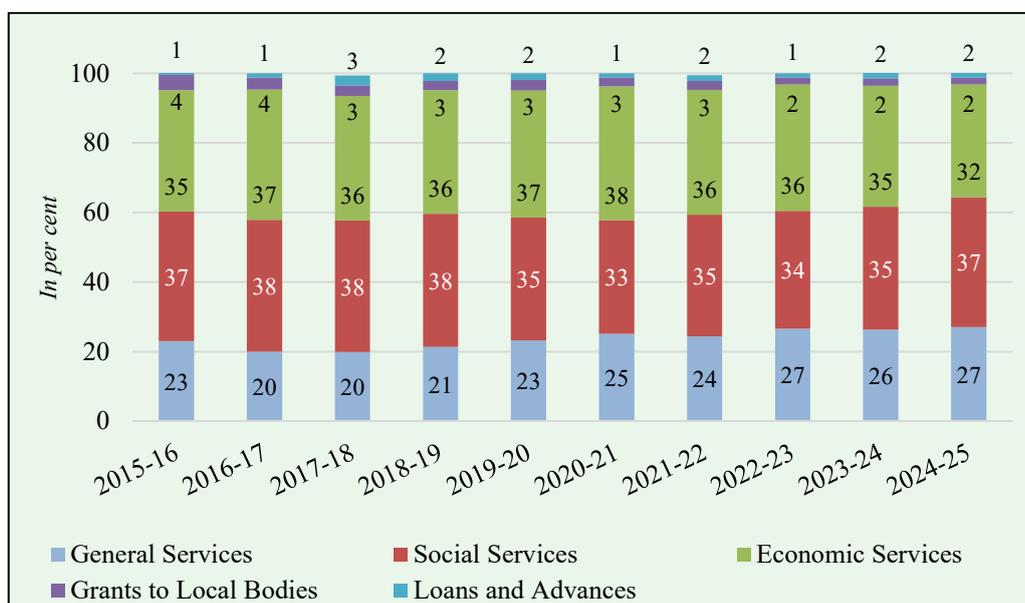
Sector-wise composition of expenditure is given in **Table 1.15** and relative share of various sectors in Total Expenditure is depicted in **Chart 1.19**.

Table 1.15: Sector-wise Total Expenditure

	(₹ in crore)									
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	31,790	32,325	35,461	43,482	49,603	56,224	63,609	73,468	78,671	90,531
Social Services	51,621	61,446	67,329	77,729	75,565	73,273	93,032	93,488	1,05,749	1,28,571
Economic Services	48,254	60,614	63,869	72,323	78,195	86,282	94,045	1,00,315	1,04,084	1,11,126
Grants to Local Bodies	6,076	5,686	6,490	5,425	6,425	5,681	6,616	5,662	6,229	6,665
Loans and Advances	657	1,934	5,093	4,487	4,069	2,669	4,209	3,250	4,473	6,631

Source: Finance Accounts of respective years

Chart 1.19: Relative share of various sectors in Total Expenditure



Source: Finance Accounts of respective years

The share of expenditure towards Economic Sector was higher during the period 2019-2023. However, during the years 2023-24 and 2024-25, with the implementation of new social sector schemes, the share of expenditure under social sector has increased with consequent decrease in Economic Sector. Hence in the last two years there was decrease in the developmental activities. The share under general services, which was low in 2016-18, saw an increasing trend due to increase in interest payments.

1.2.4.1 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth of Revenue Expenditure, its ratio to Total Expenditure, GSDP and Revenue Receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

Parameters	(₹ in crore)									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,38,398	1,62,005	1,78,242	2,03,446	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207	3,43,524
Revenue Expenditure (RE)	1,17,028	1,31,921	1,42,482	1,64,300	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614	2,78,987
RE as percentage of Revenue Receipts	98.49	99.03	96.93	99.59	99.32	112.34	106.98	94.11	103.97	108.07
RE as percentage of TE	84.56	81.43	79.94	80.76	81.48	78.55	80.08	78.06	81.09	81.21
RE/GSDP (<i>per cent</i>)	11.20	10.92	10.69	11.13	10.78	10.73	10.51	9.29	9.49	9.67
Year-on-year growth (in per cent)										
Revenue Expenditure	12.95	12.73	8.01	15.31	6.06	1.03	18.96	2.94	12.54	14.99
GSDP Growth	10.97	11.81	15.76	6.24	9.22	1.55	21.41	16.45	10.24	12.77

Source: Finance Accounts of respective years

In absolute terms, the Revenue Expenditure has seen an increasing trend reflecting State's expanding commitment towards salaries, pensions, interest payments, and social sector schemes. During the pre-covid period (2015-2020), the Revenue Expenditure was consistently less than the Revenue Receipts, thereby the State attained Revenue Surplus. In the post-covid period (2020-2025), Revenue Expenditure exceeded Revenue Receipts except during the year 2022-23. Hence, the ratio of Revenue Expenditure to Revenue Receipts exceeded 100 *per cent* and thereby implying Revenue Deficit in those years. Consequently, the State had to resort to borrowings to meet the Revenue Deficit in addition to the capital investments. The Revenue Expenditure as percentage of Total Expenditure on an average accounted for around 80 *per cent* and hence left less fiscal space for developmental activities.

The Revenue Expenditure as percentage of GSDP has shown a decreasing trend from 2021-22 onwards except during the current year, which has increased moderately. The decline reflects faster GSDP growth.

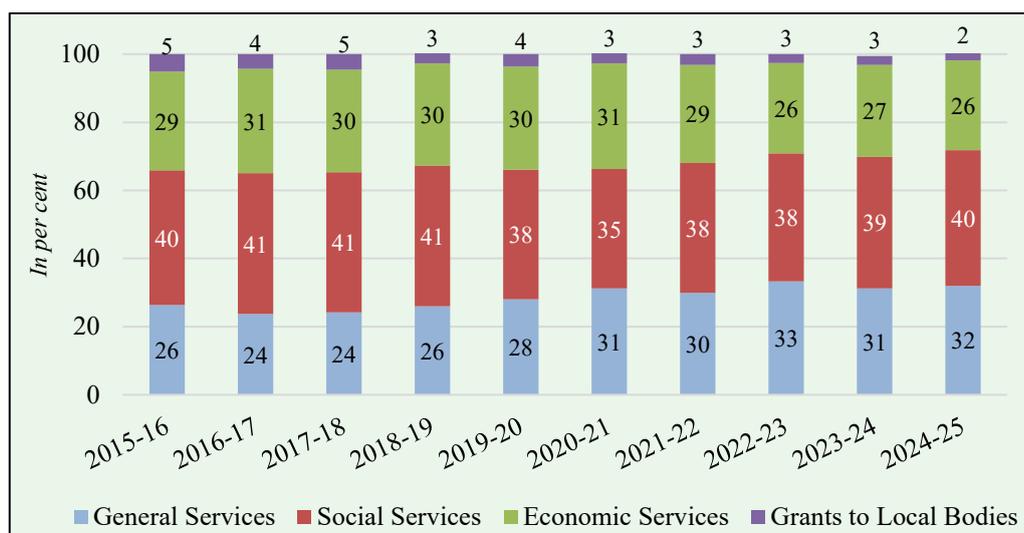
A. Sector-wise Revenue Expenditure

Sector-wise composition of Revenue Expenditure is given in **Table 1.17** and relative share of various sectors in Revenue Expenditure is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in **Appendix 1.2**.

Table 1.17: Sector-wise Revenue Expenditure

Parameters	(₹ in crore)									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	30,799	31,265	34,484	42,655	48,824	55,018	62,669	71,816	75,700	87,750
Social Services	46,307	54,549	58,652	67,935	66,373	61,726	79,804	81,011	93,723	1,11,105
Economic Services	33,846	40,421	42,856	48,285	52,636	53,629	60,339	57,095	66,962	73,467
Grants-in-aid And Contributions	6,076	5,686	6,490	5,425	6,425	5,681	6,616	5,662	6,229	6,665

Source: Finance Accounts of respective years

Chart 1.20: Relative share of various sectors in Revenue Expenditure

Source: Finance Accounts of respective years

In the entire decade, while Social Services consistently account for the largest share, Economic Services account for least share highlighting the State's welfare-oriented fiscal approach. The reduced Economic Services spending indicated limited fiscal space for growth-supporting expenditure which may affect long-term growth. The rise in General Services indicated higher expenditure towards Committed Expenditure viz., interest payments, administration, and pensions.

However, when compared to previous year, the allocation towards General Services, Social Services and Economic Services grew by 15.92 per cent, 18.55 per cent and 9.71 per cent respectively. The increase in General Services was mainly on account of increase in interest payments towards borrowings availed by the Government. This compressed the availability of fiscal space and consequently limiting the State's ability to allocate resources towards developmental activities. The increase in Social Services was mainly on account of subsidies towards five guarantee schemes.

B. Committed Expenditure

The Committed Expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources. The component of Committed Expenditure is given in **Table 1.18** and Committed Expenditure as a percentage of Revenue Receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

Table 1.18: Components of Committed Expenditure

(₹ in crore)

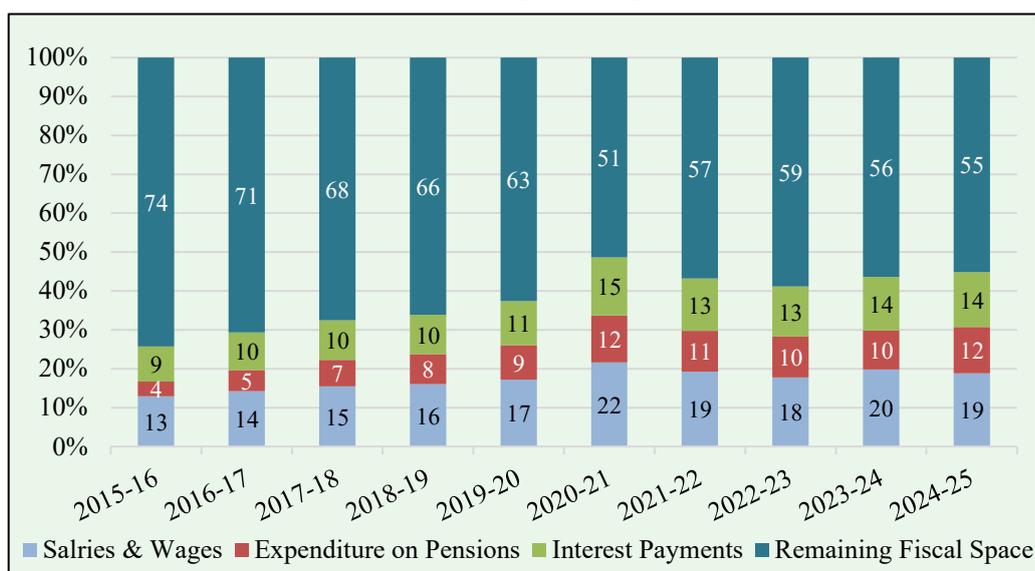
Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages	15,262	18,977	22,691	26,406	30,120	33,832	37,647	40,663	45,906	48,276*
Expenditure on Pensions	4,490	7,253	10,015	12,777	15,540	18,936	20,666	24,020	24,859	30,651
Interest Payments	11,343	12,850	14,973	16,614	19,903	23,433	26,276	29,643	31,872	37,552
Total	31,095	39,079	47,679	39,183	65,563	76,201	84,589	94,326	1,02,637	1,16,479

Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Committed Expenditure as a percentage of Revenue Expenditure	26.57	29.62	33.46	23.85	37.62	43.28	40.39	43.75	42.30	41.75

Source: Finance Accounts of respective years

* Includes salaries of PRIs (₹22,318.50 crore), ULB salaries (₹1,840.31 crore) and Wages & Contract (₹1,471.43 crore).

Chart 1.21: Committed Expenditure as a percentage of Revenue Receipts and remaining fiscal space



Source: Finance Accounts of respective years

Committed Expenditure in the State has shown a steady and significant increase over the period 2015–16 to 2024–25. As a result, the Committed Expenditure as a percentage of Revenue Expenditure rose from 26.57 *per cent* in 2015-16 to 41.75 *per cent* in 2024-25, peaking above 43 *per cent* in the Covid year. Since large share of Revenue Expenditure was pre-empted, it left limited fiscal space for development spending such as infrastructure, education, and health. Other than salaries, the next highest Committed Expenditure was interest payments, which constituted 32 *per cent* of the Committed Expenditure. The growing trend in interest payments on account of the increase in borrowing is posing a stress on the revenue. Hence, the State has resorted to more borrowings which in turn led to increase in interest payments, thus creating a loop of indebtedness.

C. Subsidies

Subsidies are financial benefits given by the Government to individuals or bodies to alleviate burden or promote socio-economic policies. subsidies provided by the Government could be of two kinds *viz.*, explicit and implicit subsidies. While Finance Accounts capture subsidies which are explicitly provided in the budget, substantial subsidies are hidden in the budgeted expenditure implicitly under the provision for social and economic services.

During the period 2015-25, the subsidies (explicit) have shown an increasing trend except for the years 2017-18 and 2022-23.

The increase of ₹17,687 crore during 2024-25 (55 *per cent* when compared to previous year) was mainly due to increase of ₹8,098 crore on account of power

subsidy and ₹4,332 crore on account of road transport subsidy. Department-wise major subsidies for financial years 2015-16 to 2024-25, are shown in Table 1.19.

Table 1.19: Department-wise subsidies during 2015-16 to 2024-25

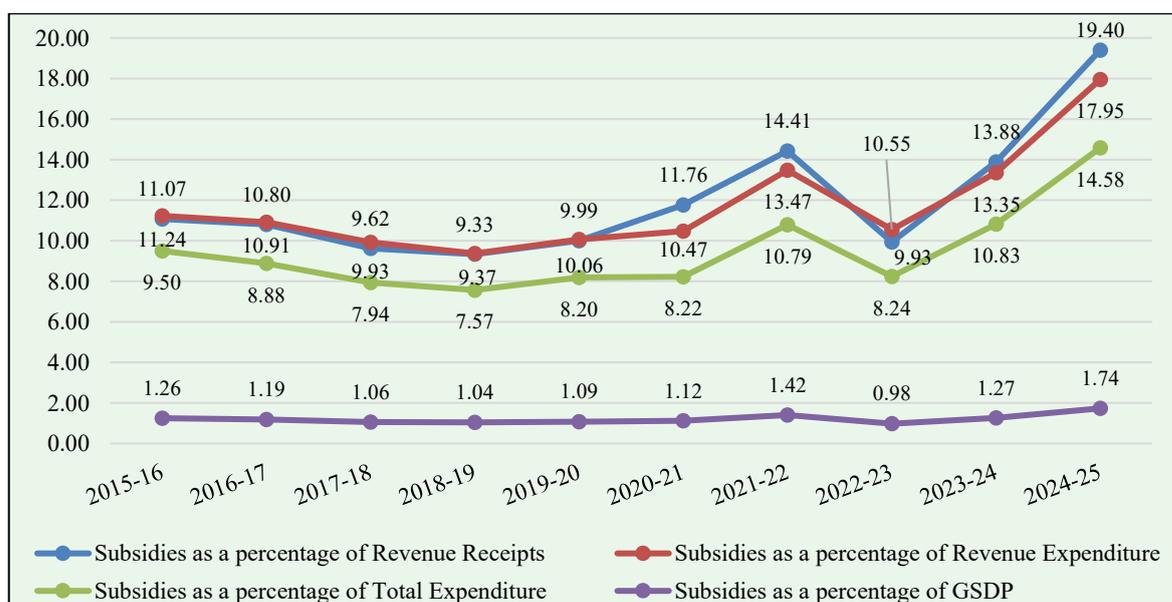
(₹ in crore)

Sl. No.	Departments	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Remarks
1	Energy	8,693	8,647	7,957	7,593	9,110	9,139	14,736	11,512	18,603	26,701	It includes financial assistance to ESCOMS for supply to IP sets, subsidies for Gruha Jyoti consumers (₹9,157.66 crore) etc.
2	Food & Civil Supplies	2,196	1,854	1,917	2,404	2,692	2,324	6,057	2,015	5,680	9,719	It includes subsidy towards Anna Bhagya (₹7,857.63 crore) for BPL and APL beneficiaries and formalisation of Micro food processing
3	Agricultural and Other Allied Activities	31	1,335	1,455	2,336	2,253	2,774	2,447	3,687	2,998	3,568	It includes subsidy towards crop husbandry, fisheries, forestry, Soil and Water Conservation and wildlife etc.
4	Co-operation	729	824	778	777	1,074	1,231	1,026	1,006	1,161	1,552	Represents waiver of overdue loans, both principal and interest.
5	Transport	748	799	757	820	728	1,529	1,705	3,053	2,656	6,988	Subsidy is towards fare concession extended to Students and consumers of Shakti scheme (₹5,615 crore), etc.
6	Housing	223	402	362	459	943	450	1,150	513	435	650	Subsidy is towards Ashraya scheme, etc.
7	Others	528	527	922	1,011	734	985	1,098	968	857	899	It includes interest subsidy for Crop loan and Self-Help Group, Social Welfare, etc.
Total Subsidy		13,148	14,388	14,148	15,400	17,534	18,432	28,219	22,754	32,390	50,077	

Source: Finance Accounts of respective years

The largest subsidy component was power subsidy which included Gruha Jyothi and free electricity to farmers for the usage of agricultural pump sets. Out of ₹50,077 crore, subsidy, ₹22,631 crore (45 per cent) constituted the three out of five guarantee schemes in Karnataka.

Chart 1.22: Trend analysis of subsidies



Source: Finance Accounts and Economic Survey of respective years

While the subsidies as percentage of Revenue Receipts, Revenue Expenditure and Total Expenditure during pre-covid period (2015-2020) was stable, it showed an inter year variation in the post-covid period (2020-25). There was an increasing trend from 2022-23 period onwards. The subsidies as percentage of GSDP was relatively low, stable and was hovering around one. The recent increase in the last two years reflected expanded social welfare commitments towards five guarantee schemes. In the current year, the percentage of subsidies to Revenue Expenditure (18 *per cent*) together with Committed Expenditure (42 *per cent*) is around 60 *per cent*, which is considerable, thereby effecting the maneuverability of the State in prioritising expenditure in other government schemes which aids in socio-economic development.

In addition to the above subsidies explicitly provided in the Budget, the State Government also incur expenditure which is in the nature of implicit subsidies. It arises when the Government is unable to recover the cost it incurs in the provision of social and economic services even though they have extended benefits. These subsidies can be in kind, in form of financial assistance or take shape of tax concessions. The implicit subsidies during the period 2015-25 are indicated in the **Appendix 1.4**. Thus, if implicit subsidies are considered the actual subsidies would increase to ₹81,880 crore which would be around 29 *per cent* of Revenue Expenditure.

Out of ₹81,800 crore, ₹52,526 crore constitute the five guarantee schemes which is around 64 *per cent* of total subsidy and 19 *per cent* of the Revenue Expenditure.

The increase in subsidies was mainly on account of the five guarantee schemes of Karnataka. The impact of the schemes is detailed below:

Impact of Five Guarantee Schemes of Karnataka

GoK implemented five guarantee schemes indicated in the **Table 1.20** during 2023-24. The State had budgeted ₹36,538 crore for these schemes in 2023-24 which have increased to ₹51,646 crore in 2024-25. This indicates that these schemes are the major social welfare schemes of the State. The details of expenditure of these five schemes are indicated in **Table 1.20**

Table 1.20: Details of Five Guarantee Schemes

Scheme	Benefits	Expenditure 2023-24 *	(₹ in crore)	
			Total Budget	Expenditure 2024-25
Gruha Lakshmi	Transfer of ₹2,000 per month to Women head of the family	16,964.40	28,608.41	29,608.40
Gruha Jyothi	Free power supply to households consuming up to 200 units per month	8,900.00	9,657.00	9,157.66
Anna Bhagya	Additional 5 kg rice per head every month to families below poverty line	5,706.00	8,079.00	7,857.63
Shakti	Free travel in all except luxury buses to all residential women of the State	3,200.00	5,015.00	5,615.00
Yuva Nidhi	Unemployment allowance of ₹3,000 to graduate and ₹1,500 to diploma holders for limited period	88.88	650.00	286.91
Total		34,859.28	55,009.41	52,525.60

Source: Budget documents and Grant Registers

* The expenditure for 2023-24 is from August 2024.

Analysis of the State Finances for the years 2023-24 and 2024-25 with scrutiny of the Government orders and coverage in the media revealed the following:

Social benefits:

From the media coverage, it is learnt that the schemes have significant positive outcomes in terms of social benefits

- Financial inclusion of women: Direct cash transfers under Gruha Lakshmi has provided the women head of the family with additional liquidity.
- Women empowerment: The shakti scheme for women have given mobility to women and thereby empowerment.
- Food security: Though Anna Bhagya started ensuring nutritional benefits, have ended with transfer of cash.
- Youth Support: Yuva Nidhi has given unemployed graduates a temporary safety net.
- Household Relief: Gruha Jyothi also has helped households save on monthly electricity bills.

Karnataka's five guarantee schemes are universal in nature, unlike other State's schemes which are targeted. This would increase fiscal pressure on the State as discussed below:

• **Revenue Pressure:**

1. The Total Expenditure on five guarantee schemes was around 20 *per cent* of the Revenue Receipts and 27 *per cent* of own Revenue of the State.
2. During the year 2024-25, while the State's revenue grew by 10.63 *per cent* over previous year, its expenditure grew by 14.99 *per cent*. The increase in growth of Revenue Expenditure was mainly on account of the guarantee schemes.
3. Though the revenue growth is stable, it is insufficient to absorb the recurring costs of the guarantee schemes and hence the State needs to rely on borrowings to fund the guarantee schemes.
4. Due to the increasing trend in subsidies the State was forced to cut down its funds to some of its ongoing schemes such as Nutrition, Assistance to Local Bodies/Corporations/Urban Development Authorities/Slum Improvement Board, Assistance to Gram Panchayats in Rural Development Programmes *etc.*

• **Fiscal Sustainability:**

5. The mismatch between the receipts and expenditure contributed to the Revenue Deficit of ₹20,834 crore.
6. Consequently, Fiscal Deficit of the State also increased from ₹65,522 crore in 2023-24 to ₹85,030 crore in 2024-25.
7. To finance the guarantee schemes and the deficits arising thereof, the State availed net market borrowing of ₹71,525.15 crore which was ₹8,525.15 crore more than previous year's net borrowings (₹63,000 crore).

• **Economic Risk:**

8. Though the State's overall Capital Expenditure increased by ₹5,786 crore in 2024-25 when compared to previous year, the actual

expenditure/assistance by the State towards infrastructure increased by ₹3,284 crore (after reducing GoI assistance, investment and off-budget borrowing). This compression in gross capital formation may prove to be detrimental to future growth prospects.

• **Future burden:**

9. The increase in borrowing would lead to increase in debt servicing obligations.
10. High repayment of principal and interest obligations could crowd out Capital Expenditure *viz.*, developmental/infrastructure investment and other welfare measures.
11. Increased borrowings would have the Risk of breaching the fiscal targets specified in the KFRA.

Thus, implementation of the five guarantee schemes in the current form without rationalization of the existing subsidies/financial assistance or better targeting would place a strain on the State's finances.

D. Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2015-16 to 2024-25 is presented in Table 1.21.

Table 1.21: Financial assistance to Local Bodies and Other Institutions

(₹ in crore)										
Institutions	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies										
Municipal Corporations and Municipalities	6,076.05	5,685.58	6,489.76	5,425.31	6,424.72	5,681.04	6,615.83	5,661.86	6,229.10	6,665.00
GIA for creation of Capital assets to municipal Corporations and Municipalities	-	-	-	-	-	636.04	1,070.00	956.59	963.41	1,314.84
Zilla parishads and other Panchayati Raj Institutions	26,694.94	29,697.94	31,054.63	35,897.61	38,049.61	38,106.18	39,835.19	44,947.51	47,898.31	60,801.52
GIA for creation of Capital assets to PRIs	-	-	-	-	-	-	-	443.13	278.26	-
Total (A)	32,770.99	35,383.52	37,544.39	41,322.92	44,474.33	43,787.22	46,451.02	50,609.37	54,127.41	67,466.52
(B) Others										
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	1,406.50	1,449.75	1,293.70	1,081.29	1,405.90	1,140.43	1,134.75	1,217.01	1,865.62	1,888.35
Development Authorities	748.07	1,853.38	2,339.77	1,848.83	184.66	1,864.88	2,564.04	2,586.85	1,031.72	498.70
Other Institutions	5,095.94	5,812.38	5,918.63	6,349.52	6,848.00	6,978.06	7,432.23	8,294.53	9,014.52	9,676.49
Total (B)	7,250.51	9,115.51	9,552.10	9,279.64	8,438.56	9,983.37	11,131.02	12,098.39	11,911.86	12,063.54
Total (A+B)	40,021.50	44,499.03	47,096.49	50,602.56	52,912.89	53,770.59	57,582.04	62,707.76	66,039.27	79,530.06
Total GIA for creation of Capital assets	3,140.64	2,684.82	2,795.91	2,479.67	2,724.70	1,862.66	1,815.24	2,722.46	1,272.33	1,353.31
Revenue Expenditure	1,17,028	1,31,921	1,42,482	1,64,300	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614	2,78,987
Assistance as percentage of Revenue Expenditure	34.20	33.73	33.05	30.80	30.36	30.54	27.49	29.09	27.22	28.51

Source: Finance Accounts of respective years

The financial assistance to local bodies and other institutions showed an increasing trend during the period 2015-25 and during the year the increase was around 20 per cent over the previous year. As a percentage of Revenue

Expenditure, it was almost constant and was on average 30 *per cent*. The grant for asset creation was around two *per cent* during the year 2024-25.

The devolutions to the local bodies were analysed with respect to the recommendations made by Fifth State Finance Commission and the findings are discussed below:

The Articles 243 (I) and (Y) of the Constitution of India read with the section 267 of the Karnataka Grama Swaraj and Panchayat Raj Act 1993 as amended in 2015 and section 503C of the Karnataka Municipal Corporation Act, 1976 and section 302B of Karnataka Municipalities Act, 1964 provided for the formation of State Finance Commission (SFC) to address the financial issues confronted by the PRIs and ULBs. The SFCs must look after the fiscal problems of both PRIs and ULBs. Before this mechanism came into existence, the State Governments used to transfer funds to local bodies based on State laws and discretion. The Governor of a State shall within one year from the 73rd (1992) amendment to the Constitution under Article 243(I), and thereafter at the expiry of every fifth year constitute SFC to review the financial position of panchayats and similarly, the SFC constituted under Article 243 (Y) of the 74th amendment shall also review the financial position of the municipalities and make recommendations to the Governor.

The Governor of Karnataka has, so far, appointed five SFCs. The details of the SFCs are given in **Table 1.22**.

Table-1.22: Details of Various Finance Commissions constituted in the State

Details	First SFC	Second SFC	Third SFC	Fourth SFC	Fifth SFC
Date of Constitution	10 June 1994	25 October 2000	28 August 2006	21 December 2015	11 December 2023
Date of Submission	August 1996	December 2002	December 2008	May 2018	19 February 2024
Award period	1997-98 to 2001-02	2006-07 to 2010-11	2011-12 to 2015-16	2018-19 to 2022-23 (Extended up to 2023-24)	2024-25 (First Report)

Since there was delay in constitution of Fourth and Fifth SFC, the period of Third SFC was extended up to 2017-18 and period of Fourth was extended up to 2023-24. The main recommendations of the fifth SFC of the State Government towards devolution of local bodies are:

- The devolution of Finance recommended to be 49 *per cent* of NLNORR (Non-Loan Net own Revenue Receipts), out of which share of PRIs to be 35 *per cent*, Share of ULBs to be 13 *per cent* with additional one *per cent* to BBMP.
- The ratio of Untied to Tied grants to local bodies to be 50:50 respectively.
- An additional one *per cent* of the overall allocation of funds to the PRIs and ULBs under SFC grants every year to all the PRIs and ULBs of Coastal and Malnad district areas.
- The minimum allocation of untied grant to PRIs *i.e.*, ZPs, TPs and GPs were to be ₹500 lakh, ₹300 lakh and ₹20 lakh respectively and the maximum was to be ₹1000 lakh, ₹400 lakh and ₹60 lakh.
- The devolution among the PRIs to be in the same ratio as recommended by Fourth SFC at 38.61:53.64:7.76.

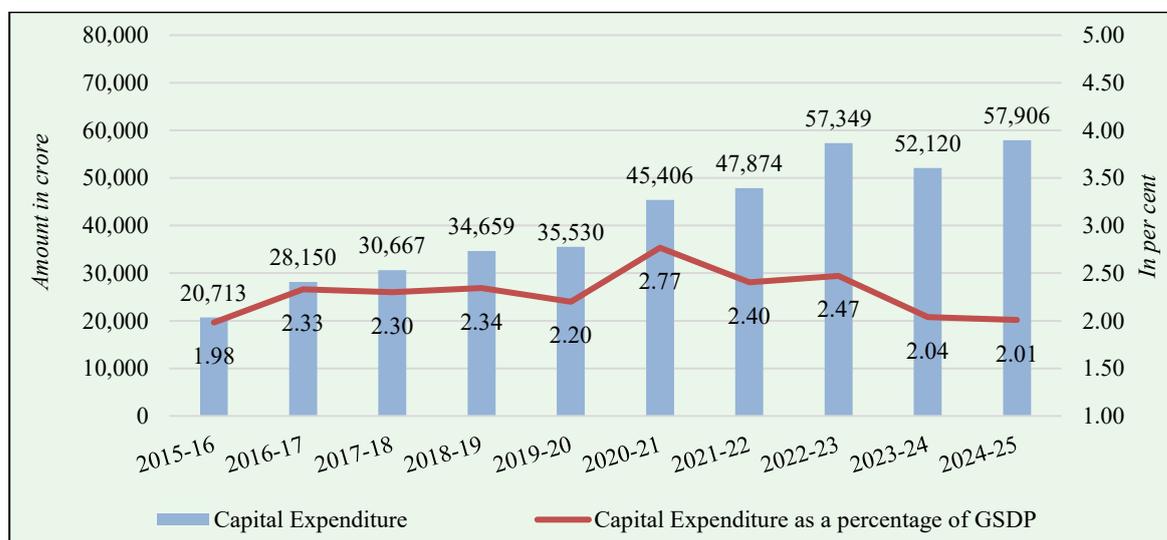
The State Government analysed the above recommendations made by Fifth SFC and ordered (March 2024) its implementation with the following changes:

- The total funds to be allocated to local bodies to be 48 per cent of NLNORR, out of which 35 per cent will be allocated to PRIS and 13 per cent to ULBs, including BBMP.
- While the minimum allocation of Untied grants to ZPs, TPs and GPs would continue to be ₹400 lakh, ₹200 lakh and ₹12 lakh, the Maximum allocation would be ₹800 lakh, ₹300 lakh and ₹35 lakh.
- The devolution of funds as recommended by Fifth SFC will be matched by shifting of Schemes and Programmes from State Sector to local bodies Sector.
- The ratio of Untied to Tied grants to local bodies shall continue to be same as adopted in the present allocation.
- The budget allocations to parastatals and matching State's share towards CSS and other State Schemes being implemented by local bodies shall be continued as devolution to local bodies.

1.2.4.2 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, etc. Capital Expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/off-budget borrowings. It also includes investments made by the State Government in Companies/Corporations. Trends of Capital Expenditure in the State over the last decade, i.e., 2015-25 are given in **Chart 1.23**.

Chart 1.23: Capital Expenditure in the State



Source: Finance Accounts and Annual Financial Statements for respective years

The Capital Expenditure showed an increasing trend over the period 2015-25 with a dip in 2023-24. The steady increase indicated sustained investment in infrastructure. The State had Revenue Surplus during 2022-23 and utilised the surplus towards development through Capital Expenditure and hence there was an increase in Capital Expenditure. Generally, the Capital Expenditure are funded through borrowings. However, during 2023-24, even with higher

borrowings, the Capital Expenditure decreased as the borrowings were utilised to finance the Revenue Deficit which the State witnessed. The Capital Expenditure as percentage to GSDP showed an inter year variation with a steep high in 2020-21 and a slight growth in 2022-23. A sharp rise seen in 2020-21 was on account of higher spending towards health infrastructure during the pandemic period and lesser growth rate in the GSDP. The decline in Capital Expenditure as a percentage of GSDP in last two years indicates pressure from rising Committed Expenditure and subsidies.

During 2024-25, the Capital Expenditure includes ₹5,296 crore received from the Central Government as interest free loans for Capital Expenditure. For the period 2020-25, the State has received ₹13,331 crore from Central Government for the said purpose. In spite of the Central assistance, the ratio of Capital Expenditure to GSDP continued to be around two *per cent*.

A. Sector-wise Capital Expenditure including Loans and Advances

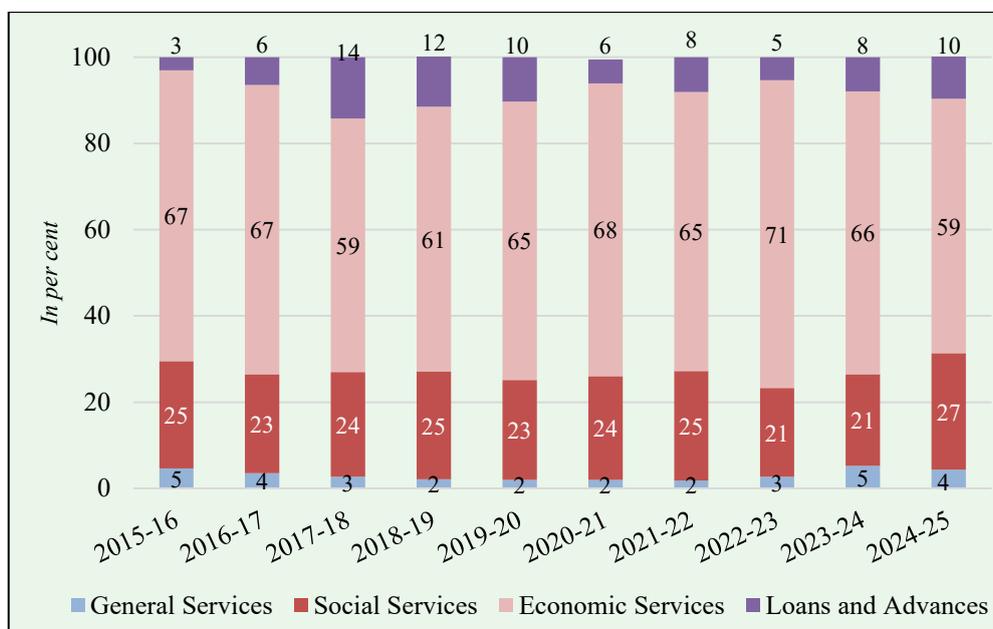
Sector-wise composition of Capital Expenditure is given in **Table 1.22 (a)**. Detailed Sector-wise expenditure is given in **Appendix 1.2**.

Table 1.22(a): Sector-wise Capital Expenditure

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	991	1,060	977	827	779	1,206	940	1,652	2,972	2,781
Social Services	5,314	6,897	8,677	9,794	9,192	11,547	13,228	12,477	12,026	17,466
Economic Services	14,408	20,193	21,013	24,038	25,559	32,653	33,706	43,220	37,122	37,658
Loans & Advances	657	1,934	5,093	4,487	4,069	2,669	4,209	3,250	4,473	6,631

Source: Finance Accounts of respective years

Chart 1.24: Relative share of various sectors in Capital Expenditure



Source: Finance Accounts of respective years

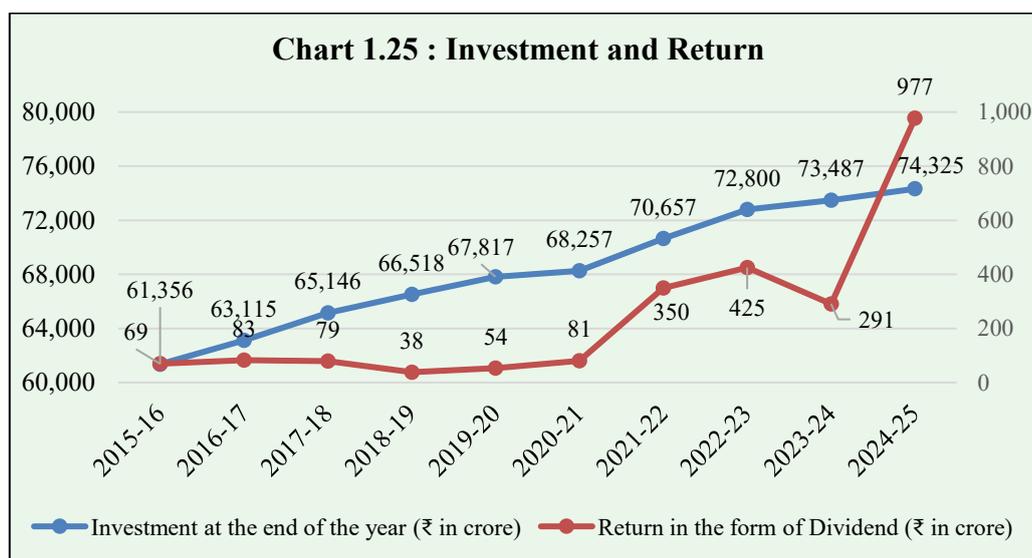
Economic Sector was the major component in the Capital Expenditure in the entire period 2015-25. This indicates that the State’s Capital Expenditure was largely growth oriented. During 2024-25, the Capital Expenditure under

Economic Sector was primarily on Irrigation (₹19,000 crore), Transport (₹8,236 crore) and Special Area Programmes (₹3,600 crore). Though Irrigation received significant funding, many of the works continued to remain incomplete (1,903 works) thus impacting on the quality of expenditure (details *vide* **Paragraph 1.6.2 (B)**). The gradual increase in social services indicated the increasing focus of the State towards education, health, housing and other social welfare infrastructure.

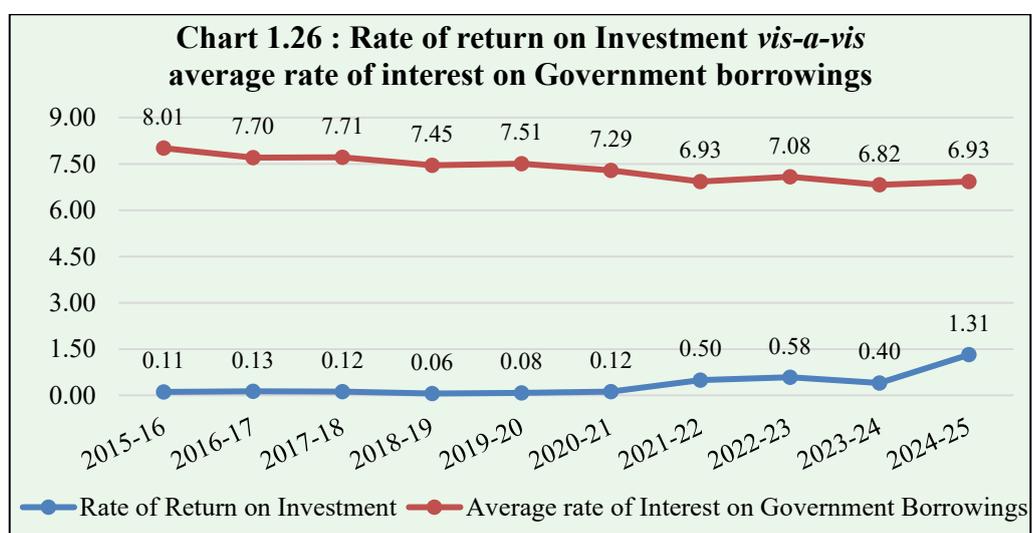
B. Quality of Investments in the Companies, Corporations and Other Bodies

As of 31 March 2025, the State Government's investment in 159 Companies, Corporations and Other bodies stood at ₹74,325 crore, comprising 100 Government Companies (₹62,968 crore), Co-operative Societies (₹416 crore), nine Statutory Corporations (₹4,490 crore), 44 Other Joint Stock Companies and Partnerships (₹6,430 crore) and six Rural Banks (₹21 crore).

Trends of investment at the end of the year in Companies, Corporations, and Co-operative Banks and Societies, and return on this investment is depicted in **Chart 1.25**. Rate of return on investment made *vis-à-vis* average rate of interest on Government borrowing is depicted in **Chart 1.26**.



Source: Finance Accounts of respective years



Source: Finance Accounts of respective years

The investments during the period 2015-25 were on an increasing trend. However, the return on investment in the form of dividends was less than one *per cent* i.e., between 0.11 *per cent* and 0.58 *per cent* except during the current year, which increased to 1.31 *per cent*. The reason for the increase in the current year is discussed in the subsequent paragraph. The average rate of interest paid by the State Government on its borrowings ranged between 6.82 *per cent* and 8.01 *per cent* during 2015-25. This return on investments is far below the average rate of Government borrowings.

Dividend Policy of the State

Though the State does not have Dividend policy, it has however issued (October 2022) circular stipulating State Public Sector Enterprises (SPSEs') to remit dividend not less than 30 *per cent* of the profit declared after tax. In addition, it has issued a circular (October 2024) to remit 30 *per cent* of the savings as on 31 March 2024 in the Bank accounts as interim dividend known as Special Dividend for the year 2023-24. On account of issue of the said order, the dividend received during 2024-25 increased by 236 *per cent* over previous year.

Forgone Revenue from non-realisation of Dividends

Out of 143 working SPSEs', 36 SPSEs' had earned profits in 2022-23 or 2023-24 and out of 36 SPSEs', 14 had remitted dividends in 2024-25 to the Government. In addition, though seven SPSEs' had earned profits, they had cumulative losses and therefore did not remitted dividends. Out of 143 working entities 16 were defunct and investment of ₹67.63 crore therein remained unrecouped.

C. Loans and Advances by the State Government

In addition to the investments in Co-operative societies, Corporations and Companies, the State Government has also been providing Loans and Advances to many institutions/organisations. **Table 1.23** presents the position of outstanding Loans and Advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last decade.

Table 1.23: Quantum of loans disbursed and recovered during 2015-25

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	13,216	13,813	15,578	20,525	24,981	28,847	31,246	35,328	38,100	42,268
Amount advanced during the year	657	1,934	5,093	4,487	4,069	2,669	4,209	3,250	4,473	6,631
Amount recovered during the year	60	100	137	31	203	270	127	478	306	322
Closing Balance of the loans outstanding	13,813	15,647	20,534	24,981	28,847	31,246	35,328	38,100	42,267	48,577
Net addition	597	1,834	4,956	4,456	3,866	2,399	4,082	2,772	4,167	6,309
Interest received	264	145	99	108	357	278	309	7	479	1,143
Interest rate on Loans and Advances given by the Government	1.91	0.93	0.48	0.43	1.24	0.89	0.87	0.02	1.13	2.35
Average rate of interest on Government Borrowings (<i>per cent</i>)	8.01	7.70	7.71	7.45	7.51	7.29	6.93	7.08	6.82	6.93
Difference between the rate of interest received and interest paid (<i>per cent</i>)	(-6.1)	(-6.77)	(-7.23)	(-7.02)	(-6.27)	(-6.4)	(-6.06)	(-7.06)	(-5.69)	(-4.58)

Source: Finance Accounts of respective years

It is gleaned from the data that during the entire period of 2015-2025, the recovery of principal remained below 10 *per cent* of the loans disbursed by the State, leading to a continuous increase in outstanding loans. Meanwhile, the interest received during the years has increased due to increase in the lending rates by the State. The difference between the rate of interest received and paid is in the decreasing trend during the period 2015-25 except during the year 2022-23.

During 2024-25, out of ₹6,631 crore disbursed as loans to Co-operatives, Corporations, Companies *etc.*, ₹4,117 crore (62 *per cent*) was towards Energy Sector for repayment of power purchased dues and ₹1,462 crore (22 *per cent*) was towards Water Supply and Sanitation and Urban Development.

1.3 Contingency Fund

The Contingency Fund of the GoK is intended to provide advances for meeting unforeseen expenditure and during emergency situations such as epidemics, diseases, natural calamities, when there is no budget provision for the same. pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the fund is ₹500 crore and during 2024-25, no amount was withdrawn from the fund. However, the State Government had released additional amount of ₹10,035 crore through 118 executive orders, which was later regularised through supplementary estimates (Details in **Paragraph 2.5.1.1**).

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account Balances

The component-wise net balances in Public Account of the State is given in **Table 1.24**.

Table 1.24: Component-wise net balances in Public Account

		(₹ in crore)									
Sector	Sub-Sector	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	2,086	2,657	2,811	3,292	4,156	3,632	3,522	3,403	3,554	3,497
Reserve Funds	(a) Reserve Funds bearing interest	-	1,236	(-1,194)	393	839	(-99)	(-46)	(-141)	14	939
	(b) Reserve Funds not bearing interest	2,081	4,777	4,212	2,804	3,889	6,374	9,219	7,422	7,314	2,885
Deposits and Advances	(a) Deposits bearing Interest	14	48	(-3)	62	99	16	(-18)	51	62	101
	(b) Deposits not bearing Interest	270	2,994	1,837	3,006	3,074	(-702)	2,826	26,141	7,412	(-644)
	(c) Advances	-	-	-	-	-	-	-	-	-	-

Sector	Sub-Sector	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Suspense and Miscellaneous	(a) Suspense	(-4)	87	17	(-15)	178	(-242)	(-60)	(-72)	873	392
	(b) Other Accounts	995	404	(-1,526)	(-6,072)	(-1,542)	(-2,679)	(-93)	1,268	1,733	(-3,135)
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-	-	-	-	-	-
Remittances	(a) Money Orders, and other Remittances	(-18)	(-20)	(-51)	(-81)	(-263)	(-53)	-	-	-	-
	(b) Inter-Governmental Adjustment Account	1	(-18)	(-25)	42	(-84)	17	(-133)	159	56	(-96)
Total		5,425	12,165	6,078	3,431	10,346	6,264	15,217	38,231	21,018	3,939

Source: Finance Accounts of respective years

Note: +ve figures denote debit balance and -ve figures denote credit balances

During 2015-25, the net balances in the Public Account showed inter year variations. While it peaked in the year 2022-23, it drastically reduced during the years 2023-24 and 2024-25. During the year it reduced by 81 per cent, indicating excess utilisation. This was due to decrease in all sectors.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met with contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing Reserve Funds and Reserve Funds not bearing interest.

In the State, there are 58 Reserve Funds with a net credit balance of ₹31,903.61 crore of which operative Reserve Funds have net credit balance of ₹31,206.01 crore and inoperative Reserve Funds having net credit balance of ₹697.60 crore.

The fund balances lying in the major Reserve Funds are given in **Table 1.25**.

Table 1.25: Detail of Major Reserve Funds

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Disbursements during the year	Balance as on 31 March 2025
(₹ in crore)						
A	Reserve Funds bearing Interest					
1.	State Disaster Response Fund	-	4,576.06	-	3,984.35	591.71
2.	State Disaster Mitigation Fund	237.10	-	20.15	107.00	150.25
3.	State Compensatory Afforestation Fund (Scaf)	764.84	643.04	24.88	233.54	1,199.22
4.	Forest Development Fund	3,037.76	7.36	-	300.00	2,745.12
B	Reserve Funds not bearing Interest	-	-	-	-	-
1.	Sinking Fund	13,600.00	2,000.00	-	-	15,600.00
2.	Guarantee Redemption Fund	502.13	191.30	-	-	693.43
3.	Infrastructure Initiative Fund	14,329.70	1,208.42	-	1,146.14	14,391.99
4.	Bangalore Metro Rail Corporation Limited Fund	9,027.74	593.61	-	1,150.00	8,471.35
5.	Chief Minister's Rural Road Development Fund	4,065.92	318.00	-	1,000.00	3,383.93
	Grand Total	45,564.35	9,537.79	45.03	7,921.03	47,227.01

Source: Finance Accounts of respective years

During 2024-25, the balances under Reserve Funds have increased nominally *i.e.*, four *per cent* when compared to previous year. Out of closing balance of ₹ 71,793 crore in the Reserve Funds (as on 31 March 2025), 2.70 *per cent* of the balance was in interest bearing Reserve Funds and 97.30 *per cent* of the balance in non-interest bearing Reserve Funds.

Analysis of transactions of certain major Reserve Funds revealed that the transactions under State Disaster Risk Management Fund (SDRMF) had a bearing on the liability position of the Government for the year 2024-25. Following the recommendation of the 15th FC State Disaster Response Fund (SDRF) stand replaced with SDRMF which comprises SDRF and State Disaster Mitigation Fund (SDMF). The details of receipts and expenditure under these are discussed below.

(a) State Disaster Response Fund (SDRF)

The SDRF constituted under Disaster Management Act, 2005, is operative from 2010-11 under Reserve Funds bearing interest. Natural calamities such as drought, flood, cyclone, earthquake, fire *etc.*, qualify for relief under this scheme.

The sharing pattern of 75:25 between GoI and State Government of 14 FC continues in the 15 FC period also. During 2024-25, as per 15 FC recommendations, an aggregate amount of ₹976 crore was to be transferred to the fund account, the contribution from GoI and GoK being ₹732 crore (75 *per cent*) and ₹244 crore (25 *per cent*) respectively. The State against requirement of ₹976 crore has transferred the entire amount to the Fund.

During 2024-25, the State transferred an amount of ₹3,600.06 crore received as GoI contribution from National Disaster Response Fund (NDRF) to the fund.

A contribution of ₹3,984.35 crore was released to the Deputy Commissioners of the districts under the Major Head '2245-Relief on account of Natural Calamities'. The Fund had a closing balance of ₹591.71 crore which was not invested. Hence, the State would have to provide interest for the period the balance would be retained in the Fund during the next year.

(b) State Disaster Mitigation Fund (SDMF)

The Fund has been constituted in November 2013 under Section 48(c) of the Disaster Management Act 2005, in the Public Account under the Reserve Funds bearing interest under the Major Head 8121 General and Other Reserve Funds. SDMF provides funds for projects which are of State-level significance, protecting assets, ecosystems and settlements, promoting a regional approach to mitigation *etc.*, within the State.

Since SDMF is under an interest-bearing Reserve Funds, the State Government must pay interest for the amount not invested in the identified interest-bearing instruments at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The contribution to the Fund is in the ratio of 75:25 by GoI and GoK.

During the year 2024-25, as per 15 FC recommendations, an aggregate amount of ₹244 crore was to be transferred to the fund account being the contribution from GoI and GoK. However, the State did not receive grants towards SDMF from GoI in the current year. As a result, the State also did not transfer its share. The State had ₹237.10 crore as opening balance with SDMF for the years 2023-24 and 2024-25. While the State provided interest of ₹20.15 crore for the year 2023-24 in the

current year, interest for the year 2024-25 is yet to be provided by the State. Expenditure of ₹107 crore was made from the fund leaving a balance of ₹150.26 crore, which the State had not invested and would have to provide interest for the period the balance would be retained in the Fund during the next year.

The balance in the SDRF and SD MF as on 31 March 2025 was ₹591.71 crore and ₹150.26 crore respectively.

1.4.3 Cash Balances

As per an agreement with the RBI, State Government must maintain a minimum daily cash balance of ₹2.63 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limits for ordinary WMA to the State Government are revised by the RBI from time to time.

The RBI grants Normal and Special Ways and Means Advances. Limit for Normal Ways and Means Advances to the State increased from ₹3,137 crore as of March 2022 to ₹4,010 crore with effect from 1 July 2024. Since March 1999, the limits for Special Ways and Means Advance of the State Government are linked exclusively to their holdings of GoI Securities. These advances carry interest at such rates as may be fixed by the RBI from time to time.

During 2024-25, the State Government had not availed any ways and means advances from RBI.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. **Table 1.26** depicts the cash balances and investments made by the State Government during 2024-25.

Table 1.26: Cash Balances and their investment

	(₹ in crore)	
	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Deposits with Reserve Bank of India	4,699.34	1,445.62
Investments held in the Cash Balance Investment Account	67,143.36	63,264.17
Remittances in Transit – Local	0.01	0.01
Total (A)	71,842.71	64,709.80
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Forest and Public Works	2.09	2.09
Permanent advances with departmental officers for contingent expenditure	4.11	4.16
Investment of earmarked funds	35,415.56	39,902.99
Total (B)	35,421.76	39,909.24
Total (A + B)	1,07,264.47	1,04,619.04
Interest realised	792.78	1,877.12

Source: Finance Accounts

Cash with treasuries/departments, Deposits with RBI and Remittance in transit form cash and cash equivalent. In addition to the Treasury bills, cash balance is also invested in Earmarked funds viz., Consolidated Sinking Fund, Guarantee Redemption Fund etc. Out of the investment of ₹39,909.24 crore in earmarked funds, ₹15,600 crore was invested in the Consolidated Sinking Fund and ₹606 crore in Guarantee Redemption Fund.

The decrease in the General cash balance was due to the decrease in the deposits with RBI and the investment held in General Cash Balance Investment Account.

Details of Cash Balance Investment Account during the last decade are given in **Table 1.27**.

Table 1.27: Cash Balance Investment Account (Major Head-8673)

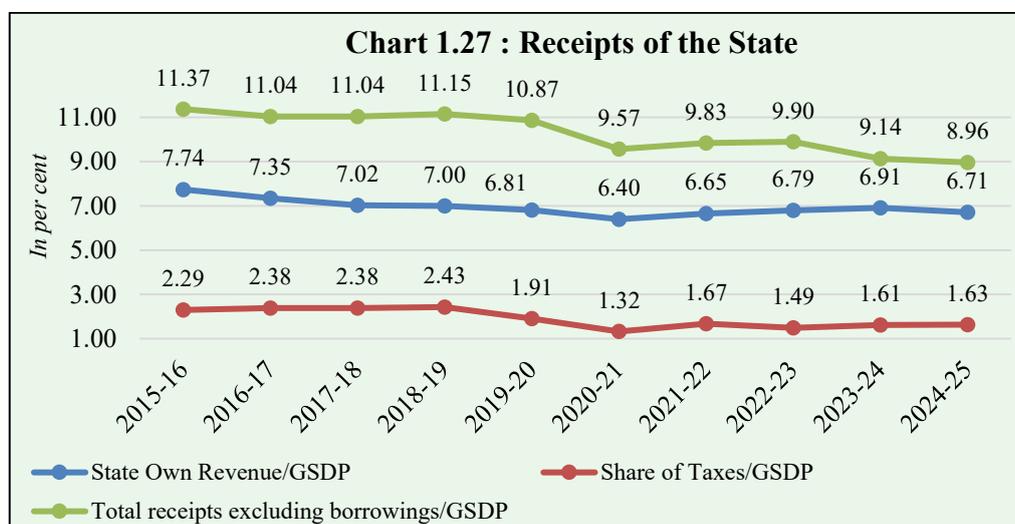
(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2015-16	17,962.31	16,917.13	(-),045.18	1,028.15
2016-17	16,917.13	23,977.48	7,060.35	1,054.16
2017-18	23,977.48	12,655.49	(-),11,321.99	1,078.30
2018-19	12,655.49	5,139.28	(-),7,516.21	936.47
2019-20	5,139.28	13,634.21	8,494.93	535.10
2020-21	13,634.21	21,744.33	8,110.12	627.42
2021-22	21,744.33	31,973.89	10,229.56	899.44
2022-23	31,973.89	47,919.99	15,946.10	1,139.09
2023-24	47,919.99	67,143.36	19,223.37	792.78
2024-25	67,143.36	63,264.17	(-),3,879.19	1,877.12

Source: Finance Accounts of respective years

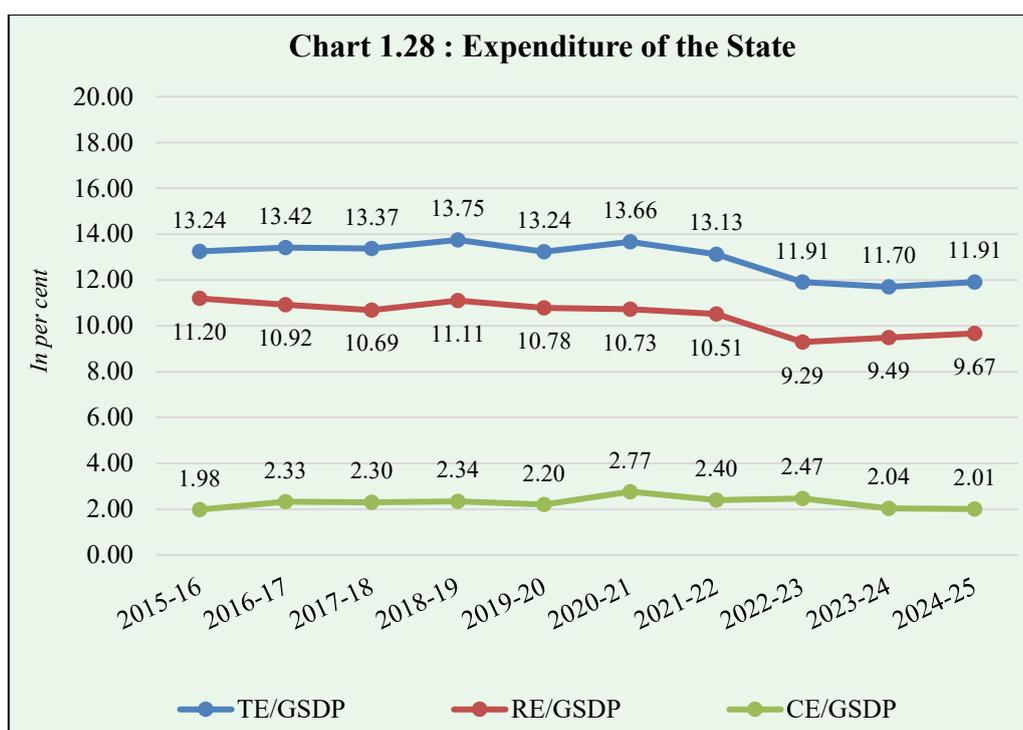
The trend analysis of the cash balance investment of the State Government during the period 2020-25 revealed that investment increased significantly from 2020-21 to 2023-24, However, during the current year, there was decrease of around six *per cent*. From the financing pattern of Fiscal Deficit of the State, it can be seen that ₹3,824 crore have been utilised from Reserve Funds for financing the Deficit. Since the General Cash balance includes the balances in the Reserve Funds, it can be inferred that Reserve Funds was utilised to that extent for other purposes.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a Government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.27** and **Chart 1.28** shows receipts and expenditure of the State as a percentage of GSDP, during financial year 2015-25 respectively.



Source: Finance Accounts and Economic Survey of respective years



Source: Finance Accounts and Economic Survey of respective years

The Total Receipts to GSDP is declining faster than Total Expenditure to GSDP ratio, which has resulted in creating fiscal pressure. However, the State has compressed its Revenue Expenditure and maintained its capital outlay reflecting prudent fiscal management. Due to, lower revenue mobilisation, the State's debt stock has increased which is discussed in the subsequent paragraph.

From the above **Chart 1.27** and **Chart 1.28**, it is evident that the Total Receipts of the State as well as Total Expenditure did not match as a result, the State witnessed Deficits.

The Revenue Deficit consecutively increased by 125 *per cent*. This was mainly attributed to an increase in Revenue Expenditure of 15 *per cent* over the previous year.

1.5.1 Public Liability Management

Debt Management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Outstanding Liability of the State along with its percentage to GSDP for the years 2015-16 to 2024-25 is depicted in **Chart 1.29**.

Chart 1.29: Outstanding Public Liability and its percentage to GSDP

Source: Finance Accounts and Economic Survey, GoK, 2024-25

* The back-to back loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22) received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio for the year 2021-22, 2022-23 & 2023-24 and during 2024-25, after repayment of ₹22,829 crore by GoI, the balance of ₹7,687 crore has not been considered as debt for working Debt/GSDP ratio.

The Outstanding Liabilities of the State increased almost three-fold in the last decade. However, Outstanding Public Liabilities to GSDP ratio was within the KFRA norm of 25 per cent for the State. During pre-covid period 2015-20, the Outstanding Public Liabilities as percentage to GSDP was stable around 17 to 20 per cent. The ratio peaked at 24.59 per cent in 2020-21, indicating stress on State finances due to Covid 19 related expenditure and revenue slowdown. Post-pandemic, the ratio moderated slightly, hovering around 23 per cent.

1.5.1.1 Liability Profile Components

Total Liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), Loans and Advances from the Central Government, and Public Account Liabilities. The component-wise Liability trends of the State for the decadal period of 2015-25 are presented in **Table 1.28**.

Table 1.28: Component-wise Liability trends

(₹ in crore)

Components of fiscal liability	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability #	1,83,322	2,21,319	2,46,231	2,85,238	3,37,520	4,15,926	4,90,256	5,53,363	6,33,531	6,92,115
Public Debt	1,22,547	1,46,283	1,63,136	1,93,966	2,34,245	3,07,757	3,74,427	4,03,033	4,70,861	5,26,479
Internal Debt	1,09,545	1,32,489	1,48,581	1,79,309	2,20,337	2,81,140	3,29,042	3,53,894	4,17,455	4,89,398
Loans from GoI	13,002	13,794	14,555	14,657	13,908	26,617	45,385	49,139	53,406	37,081
Public Account Liabilities	53,076	64,788	69,922	76,410	85,172	89,748	99,147	1,33,024	1,49,192	1,51,481
Small Savings, Provident Funds, etc.	22,262	24,920	27,731	31,023	35,179	38,811	42,333	45,736	49,290	52,787

Components of fiscal liability	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Reserve Funds bearing Interest	(-)0.08	1,235	42	435	1,273	1,175	1,129	988	1,002	1,941
Reserve Funds not bearing Interest	10,371	15,148	16,832	16,566	17,160	18,888	22,003	26,425	31,552	29,949
Deposits bearing Interest	295	343	340	402	501	518	500	551	612	713
Deposits not bearing Interest	20,147	23,141	24,978	27,983	31,058	30,356	33,182	59,324	66,736	66,091
Off-Budget Borrowings	7,699	10,248	13,173	14,862	18,103	18,421	16,682	17,306	13,478	14,155
Rate of growth of outstanding total liability (per cent)	11.59	20.73	11.26	15.84	18.33	23.23	17.87	12.87	14.49	9.25
Gross State Domestic Product (GSDP)	10,45,168	12,07,608	13,33,240	14,79,391	16,15,827	16,40,811	19,92,029	23,19,696	25,57,241	28,83,903
Outstanding Total Liability/GSDP (per cent)*	17.54	18.33	18.47	19.28	20.89	24.59*	23.08*	22.54*	23.58*	23.73*
Borrowings and other liabilities										
Total Receipts	21,072	31,156	25,122	41,914	50,459	84,528	80,641	44,549	90,280	1,03,342
Total Repayments	4,110	7,420	8,269	11,083	10,180	11,016	13,972	15,942	22,453	24,895
Net funds available	16,962	23,736	1,68,533	30,831	40,279	73,512	66,669	28,607	67,827	78,447
Repayments/Receipts (per cent)	19.50	23.82	32.92	26.44	20.17	13.03	17.33	35.79	24.87	24.09

Source: Finance Accounts and Economic Survey, GoK, 2024-25

Includes Off-Budget Borrowings.

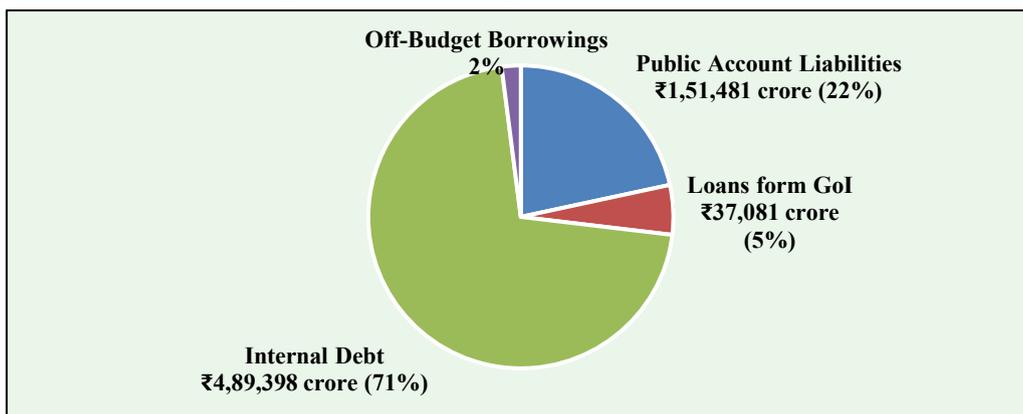
* The back-to back loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22) received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio for the year 2021-22, 2022-23 & 2023-24 and during 2024-25, after repayment of ₹22,829 crore by GoI, the balance of ₹7,687 crore has not been considered as debt for working Debt/GSDP ratio.

In absolute terms, the Total Debt Liabilities of the State were on an increasing trend during the period 2015-25. However, the rate of growth of Outstanding Liabilities showed an inter year variation which peaked in 2020-21 due to higher borrowing by the State on account of Covid-19. The deceleration in growth of Total Liabilities in 2024-25 compared to the previous year can primarily be attributed to deceleration seen in growth of Internal Debt and Public Accounts Liabilities supported by reduction in outstanding loans from GoI due to repayment of back-to-back loans (₹22,828.45 crore) received in lieu of GST Compensation.

During 2024-25, the Public Debt availed by the State increased by around 12 per cent over the previous year as the State's internal borrowing increased by around 17 per cent when compared to previous year.

The Outstanding Liabilities when compared as percentage of GSDP was within the KFRA target of 25 per cent. However, the State saw increase in Outstanding Liabilities as the State witnessed Revenue Deficit for the second consecutive year after attaining Revenue Surplus in the year 2022-23.

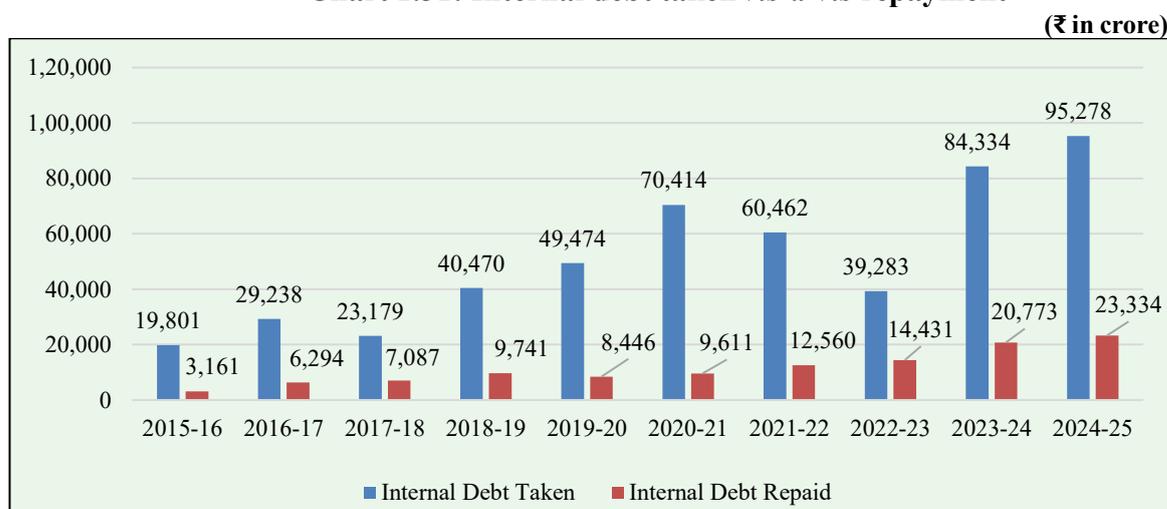
Break-up of Outstanding Total Liabilities at the end of 2024-25 is shown in **Chart 1.30**.

Chart 1.30: Break-up of Outstanding Total Liabilities at the end of 2024-25

Source: Finance Accounts

The Outstanding Liabilities of the State for the year 2024-25 contributed by Internal Debt (73 per cent) followed by Public Account Liabilities (22 per cent) and Loans from GoI (five Per cent). The increase under Internal Liabilities was mainly in Market Loans and under the Public Account Liabilities it was in Deposits followed by Small Savings, Provident Fund, etc. The liability of Loans from GoI has reduced during the year because of the repayment of back-to-back loans amounting to ₹22,829 crore.

Chart 1.31 depicts the quantum of Internal Debt taken *vis-à-vis* repayment during the decadal period *i.e.*, 2015-25.

Chart 1.31: Internal debt taken *vis-a-vis* repayment

Source: Finance Accounts of respective years

The Internal Debt borrowed by the State remained moderate till 2017-18, followed by a sharp escalation from 2018-19 onwards. The highest jump was observed during 2020-21 on account of Covid-19 induced revenue shortfall, higher expenditure requirements and due to relaxation of borrowing limits. Post covid, the Internal Debt of the State was on a decreasing trend till 2022-23, however, it increased enormously by around 115 per cent during the year 2023-24 to finance the Fiscal Deficit of the State. The Revenue Deficit of the State further increased in 2024-25 and hence, the State had to resort to more borrowings. In absolute terms, the repayments during the period were also in an increasing trend. The State has repaid more than 20 per cent of borrowings of respective year in almost all the years from 2016-17 to 2024-25 except during

the covid period of 2019-21.

1.5.1.2 Utilisation of Borrowed Funds

Funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 1.29** and **Chart 1.32** depict the utilisation and trends of borrowed funds during 2015-25 respectively.

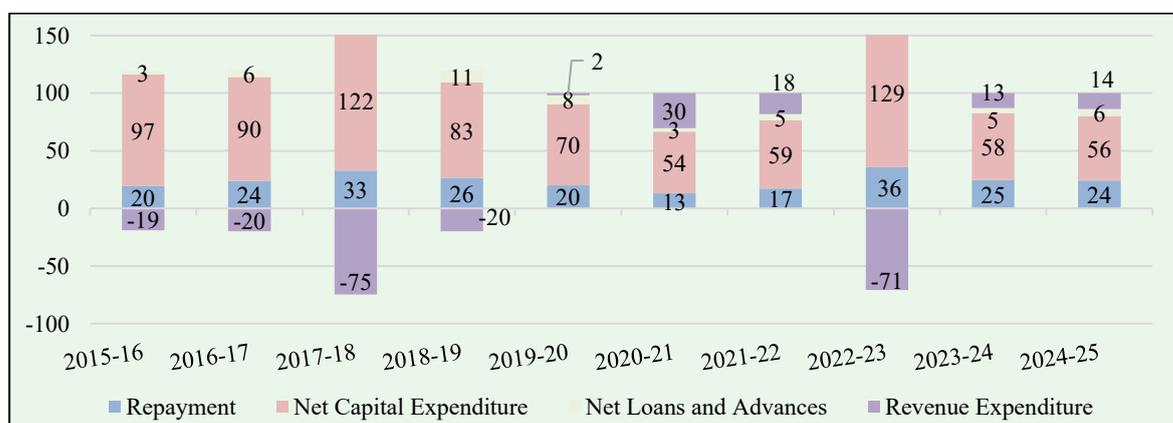
Table 1.29: Utilisation of borrowed funds

		(₹ in crore)									
Sl. No.	Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings	21,072	31,156	25,122	41,914	50,459	84,528	80,641	44,549	90,280	1,03,342
2.	Repayment of earlier borrowings (Principal)	4,110	7,420	8,269	11,083	10,180	11,016	13,972	15,942	22,453	24,895
3.	Net Capital Expenditure	20,361	28,123	30,663	34,665	35,485	45,361	47,868	57,347	52,084	57,885
4.	Net Loans and advances	597	1,834	4,956	4,456	3,866	2,399	4,082	2,772	4,167	6,310
5.	Net availability of Borrowed funds for other expenditure	(-) 3,996	(-) 6,221	(-) 18,766	(-) 8,290	928	25,752	14,719	(-) 31,512	11,576	14,252

Source: Finance Accounts of respective years

From the above table, it is noticed that during the period 2019-25 (except 2022-23), the net borrowed funds were sufficient to service the Capital Expenditure (including Loans and Advances). During pre-covid period and in 2022-23 the State witnessed Revenue Surplus, as a result the State borrowed less, and the Revenue Surplus was utilised towards Capital Expenditure. However, during 2023-24 and 2024-25, the State once again witnessed Revenue Deficit, and the borrowings apart from Capital Expenditure, were utilised towards Revenue Expenditure.

Chart 1.32: Trends of utilisation of borrowed funds



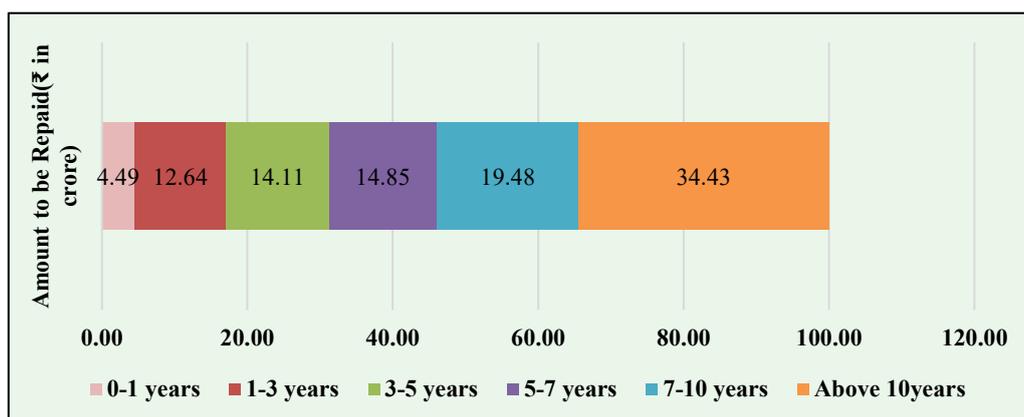
Source: Finance Accounts of respective years

From **Chart 1.32**, it is evident that during the period 2015-25, the major share of the borrowings was spent on Capital Expenditure. However, during pre-covid period and in 2022-23, the Revenue Surplus was utilised towards Capital Expenditure.

1.5.1.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.33**.

Chart 1.33 Maturity Profile of Public Debt



Source: Finance Accounts

The maturity profile of the Public Debt as on 31 March 2025 indicates that out of the Outstanding Public Debt of ₹5,26,478.67 crore, 46.09 per cent belongs to the maturity bracket of 0-7 years (₹2,42,616.40 crore). Since it belongs to short to medium term, it indicates potential roll over risks and liquidity pressure. Out of the balance, 19.48 per cent (₹1,02,576.19 crore) is in the maturity bracket of 7-10 years and 34.43 per cent (₹1,81,280.09 crore) is in the maturity bracket of more than ten years. Hence, around 54 per cent of maturity profile belongs to more than seven-year term, which may provide better management of revenue for other activities.

Due to increase in borrowings by the State in recent years, the payment of interest has increased. In the next two years, *i.e.*, 2025-26 and 2026-27, the repayment of interest exceeds the principle.

1.5.1.4 Financing pattern of Fiscal Deficit

Table 1.30 depicts financing pattern of the Fiscal Deficit during 2015-25. The breakdown of Fiscal Deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above revenue and non-debt receipts.

Table 1.30: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Sl.No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		19,169	28,664	31,101	38,442	38,166	67,098	66,037	46,623	65,522	85,030
1	Revenue Surplus/Deficit	1,789	1,293	4,518	679	1,185	19,338	13,666	13,496	(-) 9,273	(-) 20,835
2	Net Capital Expenditure	20,361	28,123	30,663	34,665	35,485	45,361	47,868	57,347	52,084	57,885
3	Net Loans and Advances	597	1,834	4,956	4,456	3,866	2,399	4,082	2,772	4,167	6,310
4	Appropriation to Contingency Fund	-	-	-	-	-	-	420	-	-	-
Financing Patterns of Fiscal Deficit*											
1	Market Borrowings	14,914	24,026	17,348	32,183	42,499	61,900	49,000	26,000	63,003	71,525
2	Loans from GoI	321	791	761	103	-749	12,709	18,767	3,755	4,267	6,503
3	Special Securities issued to NSSF	1,563	(-)1,573	(-)1,573	(-)1,595	(-)1,628	(-)1,628	(-)1,628	(-)1,627	(-)1,628	(-)1,628
4	Loans from Financial Institutions	164	491	316	141	156	531	529	480	2,186	2,046

Sl.No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
5	Small Savings, PF etc.	2,086	2,657	2,812	3,292	4,156	3,632	3,522	3,403	3,554	3,497
6	Reserve Funds	2,081	6,013	3,019	3,197	4,728	6,275	9,173	7,282	7,328	3,824
7	Deposits and Advances	284	3,041	1,833	3,068	3,174	(-)685	2,808	26,192	7,474	(-)544
8	Suspense and Miscellaneous	990	491	(-)1,509	(-)6,087	(-)1,364	(-)2,921	(-)153	1,196	2,606	(-)2,743
9	Remittances	(-)17	(-)38	(-)76	(-)40	(-)347	(-)35	(-)133	159	56	(-)96
10	Overall Deficit	22,386	35,899	22,931	34,262	50,625	79,778	81,885	66,840	88,846	82,384
11	Appropriation to Contingency Fund	-	-	-	-	-	-	420	-	-	-
12	Increase (-)/Decrease (+) in cash balance	(-)3,217	(-)7,235	8,170	4,180	(-)12,459	(-)12,680	(-)16,269	(-)20,217	23,324	2,645
13	Gross Fiscal Deficit	19,169	28,664	31,101	38,442	38,166	67,098	66,037	46,623	65,522	85,030

Source: Finance Accounts of respective years

The State's Fiscal Deficit increased gradually during pre-covid period (2015-2019) and during 2019-25, it showed a fluctuating trend. After a continuous decline in 2021-22 and 2022-23, it increased from ₹46,623 crore in 2022-23 to ₹65,522 crore in 2023-24 and reached decadal high of ₹85,030 crore in 2024-25. Market Borrowings (84 per cent) remained the primary source of financing of Fiscal Deficit of the State, followed by Loans from GoI (eight per cent). While the State attained Revenue Surplus in the pre-covid period (2015-20), during the period 2020-25 except for 2022-23 the State witnessed Revenue Deficit on account of less collection of Revenue Receipts during Covid-19 period (2020-22) and increase in Revenue Expenditure due to implementation of five guarantee schemes by the State (2023-25). Consequently, this contributed to widening Fiscal Deficit.

1.5.2 Post Audit deficit Indicators

As per Finance Accounts of the State for financial year 2024-25 the Revenue Deficit of the State was ₹20,834 crore (0.72 per cent of GSDP), Fiscal Deficit was ₹85,030 crore (2.95 per cent of GSDP) whereas Primary Deficit was ₹47,477 crore (1.65 per cent of GSDP). However, audit found that, during 2024-25, the State Government misclassified, ₹2,020.87 crore of Revenue nature as Capital Expenditure, ₹72.46 crore of Capital nature as Revenue Expenditure and ₹57.48 crore of non-payment of interest in respect of SDRF/SDMF and ₹3.03 crore of over statement of Revenue Receipts (Details discussed in **Paragraph no 2.5.6**). This resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent and the Revenue Deficit and Fiscal Deficit worked out to be ₹22,843 crore (0.79 per cent of the GSDP) and ₹85,087 crore (2.95 per cent of the GSDP) after audit. The post audit deficit Indicators and the compliance with the provisions of State FRBM for the period of 2015-25 is in **Table 1.31**.

Table 1.31: Compliance with provisions of State FRBM Act post Audit

Fiscal Parameters	Achievement vis-a-vis targets set in the FRBM										
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Revenue Deficit (-) / Surplus (+) (₹ in crore)	To maintain Revenue Surplus	To maintain Revenue Surplus	To maintain Revenue Surplus	To maintain Revenue Surplus	To maintain Revenue Surplus	Revenue Surplus may not be attained due to	Revenue Deficit would arise due to slow recovery	Revenue Deficit would arise due to slow recovery	To maintain Revenue Surplus	To maintain Revenue Surplus	

Fiscal Parameters	Achievement vis-a-vis targets set in the FRBM										
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
						Covid 19					
	A	1,826	1,258	7,845	(-383)	(-371)	(-21,286)	(-13,988)	1,3281	(-9,803)	(-22,843)
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	T	3	3	3	3	3	5*	4	3.5	3	3
	A	1.83	2.37	2.33	2.68	2.46	4.19	3.32	2.02	2.54	2.95
Ratio of total outstanding liability to GSDP (in per cent)*	T	25	25	25	25	25	25	25	25	25	25
	A	17.54	18.33	18.47	19.28	20.89	24.59*	23.08*	22.54*	23.58*	23.73*

Source: Finance Accounts, Overview of Budget 2024-25 and AFS 2024-25

* The back-to back loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22) received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio for the year 2021-22, 2022-23 & 2023-24 and during 2024-25, after repayment of ₹22,829 crore by GoI, the balance of ₹7,687 crore has not been considered as debt for working Debt/GSDP ratio.

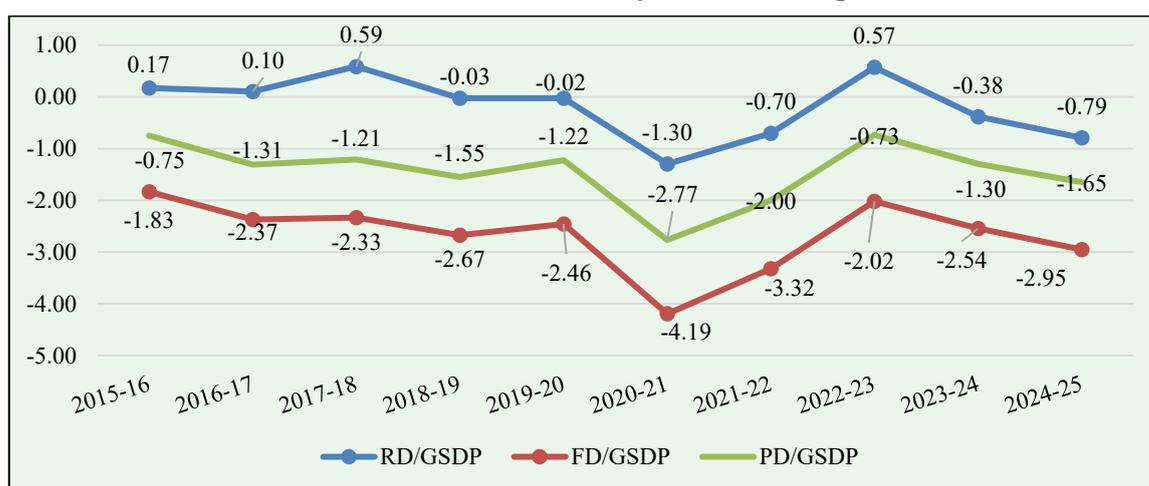
1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

The KFRA, 2002 as amended from time to time was enacted with the objective of achieving inter-generational equity in fiscal management and long-term macro-economic stability.

By an amendment to KFRA, 2002 in February 2014, the scope of Total Liabilities as defined under Section-2(g) was amplified to include the borrowings by PSUs and Special Purpose Vehicles (SPVs) and other equivalent instruments where the principal and/or interest are to be serviced out of the State Budget. The State Government has been amending the KFRA from time to time keeping in view the parameters prescribed by successive Finance Commissions (FC) and also based on the fiscal situation.

During the year 2023-24, the State Government amended the KFRA to reduce the Fiscal Deficit from 3.5 per cent to three per cent of the estimated GSDP and set the same for the current year.

Chart 1.34: Trend analysis of deficits post audit



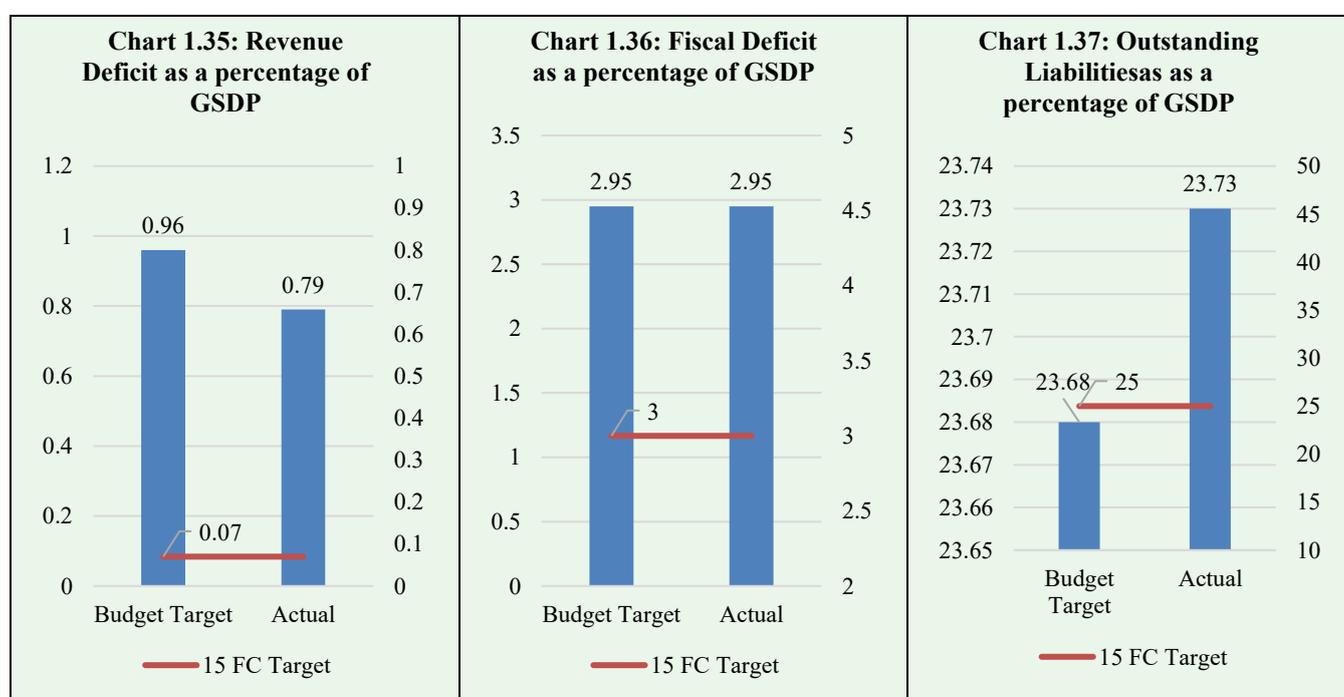
Source: Finance Accounts, Overview of Budget 2024-25 and AFS 2024-25

While the State attained Revenue Surplus in the pre-covid period, it witnessed Revenue Deficit in the post-covid period 2020-25 except during the year 2022-23. The Fiscal Deficit was well within the target fixed by KFRA in all the years. In 2024-25, the State attained Fiscal Deficit target by writing back the unspent balance of ₹5,000 crore for the years 2014 to 2020 in the Zilla Panchayat and Taluk Panchayat Fund II and refund of unspent balances in the SNA account

(₹1,333 crore) helped the cause. In the exit conference (January 2026), the State Government accepted the facts.

During pre-covid period 2015-2020, Fiscal Deficit to GSDP remained negative and relatively high around 1.8 to 2.7 *per cent* indicating persistent Fiscal Deficits driven largely by expenditure pressures. The Primary Deficit to GSDP was also negative, indicating that the borrowings were not for interest payments. The Revenue Deficit to GSDP hovered close to zero, with small surpluses/deficits, suggesting Revenue Receipts were broadly keeping pace with Revenue Expenditure. In the covid period *i.e.*, 2020-21 all the indicators plummeted on account of revenue collapse combined with higher spending on health, relief, and welfare.

In the post covid period, the Fiscal Deficit to GSDP ratio improved but has once again increased in 2023-25 due to implementation of new social sector schemes by the State. The same scenario continued with the Primary Deficit to GSDP ratio. In respect of Revenue Deficit to GSDP, the ratio was on a decreasing trend till 2022-23 (Revenue Surplus) and then increased in the subsequent years 2023-24 and 2024-25.

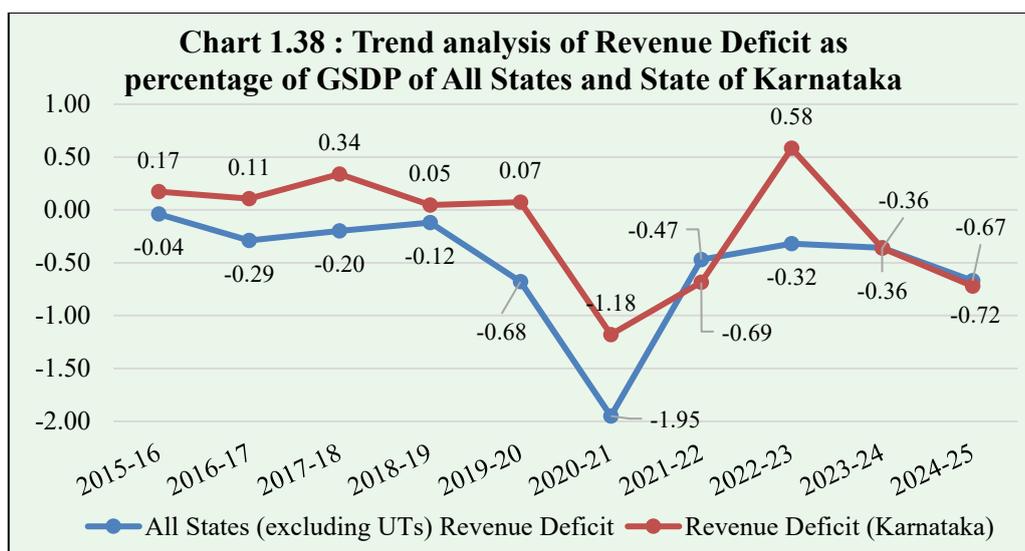


Source: Finance Accounts and budget documents

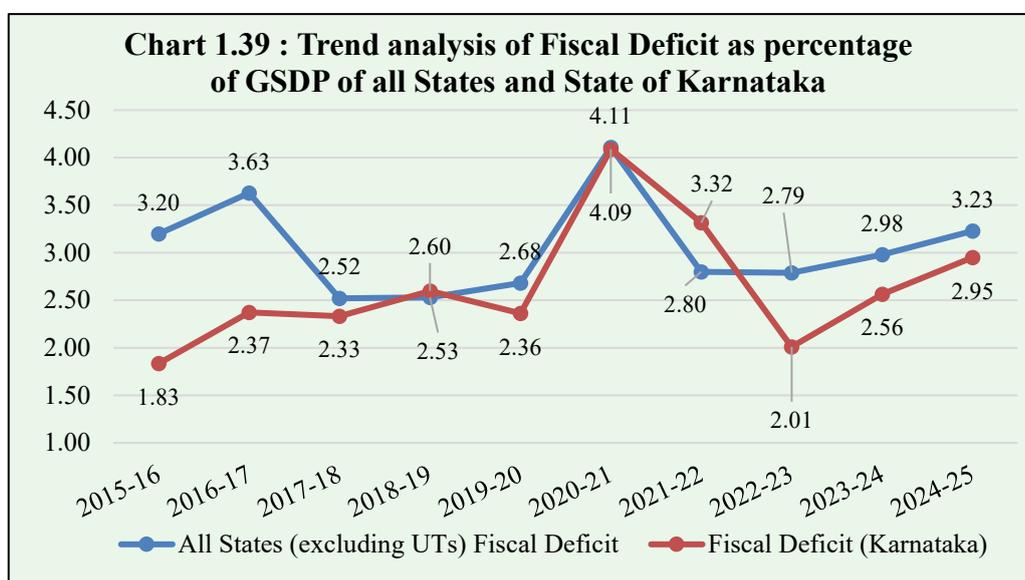
During the year 2024-25, the Government witnessed Revenue Deficit against Revenue Surplus adjudged by 15 FC. However, the Revenue Deficit was within the projected budget estimates. Further, the Fiscal Deficit – GSDP was within the levels fixed by both Budget and 15 FC and Total Outstanding debt-GSDP ratio remained within the levels fixed by 15 FC but could not be contained within the projection in Budget.

1.5.4 Comparison of State's key fiscal indicators with aggregate of all States

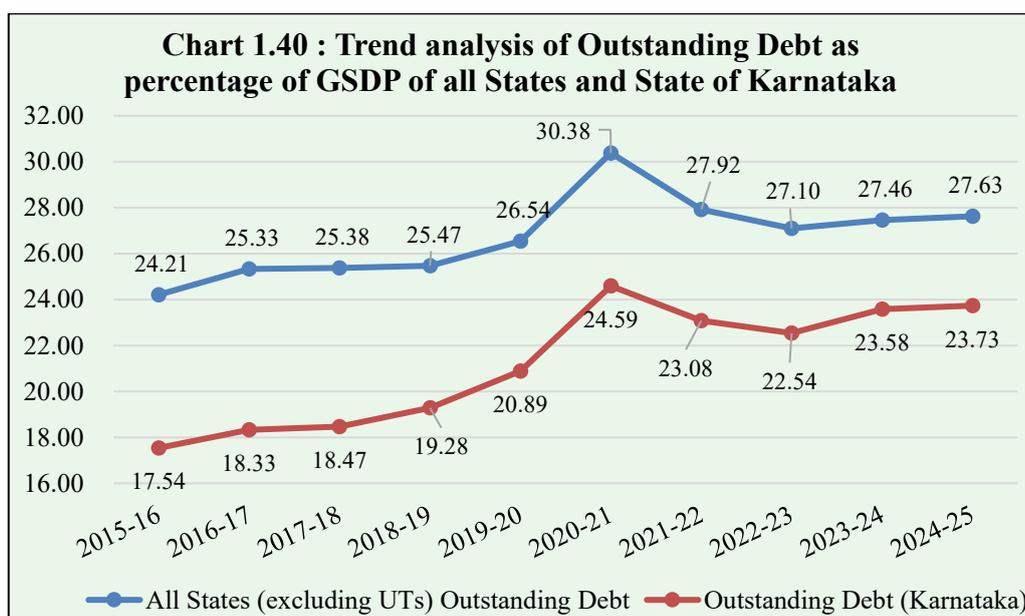
The comparison of key fiscal indicators of the State relative to GSDP *viz.*, Revenue Deficit, Fiscal Deficit and Debt with aggregate of all States for the period 2015-16 to 2024-25 are given in **Charts 1.38, Chart 1.39 and Chart 1.40.**



Source: Finance Accounts of the States



Source: Finance Accounts of the States



Source: Finance Accounts of the States

The State which had maintained Revenue Surplus till the pre-Covid period (2015-2020), witnessed Revenue Deficit for the first time during the covid period (2020-21) and continued to be Revenue Deficit in the post covid period (2020-25) except during 2022-23, when it attained Revenue Surplus. This was basically due to slow economic growth in the post-covid year and due to implementation of five guarantee schemes. The indicator shows that the State was in a better fiscal position than the aggregate of the other States except in the year 2021-22. Similarly, with respect to the Fiscal Deficit as percentage of GSDP, the State was better placed than the aggregate of all States except in 2021-22. The Outstanding Liabilities as percentage to GSDP remained well below the aggregate of all States (excluding UTs) indicating strong fiscal position of the State compared to other States.

1.5.5 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.32**.

Table 1.32: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt	1,83,322	2,21,319	2,46,231	2,85,238	3,37,520	4,15,926	4,90,256	5,53,363	6,33,531	6,92,115
2	Rate of Growth of Overall Debt (per cent)	11.59	20.73	11.26	15.84	18.33	23.23	17.87	12.87	14.49	9.25
3	GSDP (in nominal terms)	10,45,168	12,07,608	13,33,240	14,79,391	16,15,827	16,40,811	19,92,029	23,19,696	25,57,241	28,83,903
4	Nominal GSDP growth (per cent)	14.36	15.54	10.40	10.96	9.22	1.55	21.41	16.45	10.24	12.77
5	Overall Debt/GSDP (per cent)	17.54	18.33	18.47	19.28	20.89	24.59*	23.08*	22.54*	23.58*	23.73*
6	Repayment to Gross Borrowings (per cent)	74.92	60.06	72.78	65.61	60.69	53.31	58.20	62.77	57.76	64.59
7	Net borrowings available as a percentage of Gross Borrowings	25.08	39.94	27.22	34.39	39.31	46.69	41.80	37.23	42.24	35.41
8	Interest Payments on Overall Debt	11,390	12,928	14,942	16,582	19,903	23,433	26,276	29,643	31,872	37,552
9	Effective rate of interest on Overall Debt ¹⁰ (per cent)	8.01	7.70	7.71	7.45	7.51	7.29	6.93	7.08	6.82	6.93
10	Interest Payment to Revenue Receipts (per cent)	9.59	9.70	10.16	10.05	11.34	14.95	13.42	12.94	13.66	14.53
11	Revenue Deficit/Surplus	1,789	1,293	4,518	679	1,185	(-)19,338	(-)13,666	13,496	(-)9,272	(-)20,834
12	Primary Revenue Balance (PRB)	13,179	14,221	19,460	17,261	21,088	4,095	12,610	43,139	22,600	16,718
13	Primary Balance (PB)	(-)7,779	(-)15,736	(-)16,159	(-)21,860	(-)18,263	(-)43,665	(-)39,760	(-)16,980	(-)33,650	(-)47,477
14	PB/GSDP (per cent)	0.74	1.30	1.21	1.48	1.13	2.66	2.00	0.73	1.32	1.65
15	Difference between RoI ¹¹ and effective rate of interest on Overall Debt	(-)7.89	(-)7.57	(-)7.59	(-)7.39	(-)7.43	(-)7.17	(-)6.44	(-)6.49	(-)6.43	(-)5.61
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)								1798 5		
17	Debt Stabilisation (Quantum spread ¹² + Primary balance)	1,933	(-)1,381	(-)10,659	(-)13,409	(-)13,311	(-)63,981	18,726	23,669	(-)16,524	(-)13,395

Sl. No.	Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
18	Domar gap										
a	GSDP (in constant terms)	8,31,322	9,41,774	10,19,724	10,85,101	11,51,393	11,24,311	12,48,654	13,80,065	14,62,577	15,70,294
b	Real Growth (in constant terms)	11.08	13.29	8.28	6.41	6.11	(-)2.35	11.06	10.52	5.98	7.36
c	Inflation based on CPI (per cent)	6.73	4.43	3.01	3.32	5.57	5.26	6.11	5.48	5.79	4.39
d	Effective Rate of interest	8.01	7.70	7.71	7.45	7.51	7.29	6.93	7.08	6.82	6.93
e	Real effective rate of interest (Effective rate of interest-Inflation)	1.28	3.27	4.70	4.13	1.94	2.03	0.82	1.60	1.03	2.54
f	Growth Interest Differential (Real growth - Real effective rate of interest)	9.80	10.02	3.57	2.28	4.17	(-)4.38	10.24	8.93	4.95	4.83
g	Primary Balance (PB)	(-)7,826	(-)15,814	(-)16,128	(-)21,828	(-)18,263	(-)43,665	(-)39,760	(-)16,980	(-)33,650	(-)47,477

Source: Finance Accounts

1. Overall Liabilities or Overall debt consists of Public Debt (including Ways and Means Advances) and other liabilities including Public Account Liability (including interest and non interest bearing Reserve Funds and deposits)

2. PRB: Revenue Receipts - Revenue Expenditure (net of Interest Payments), where (-) PB implies Primary Deficit and vice-versa.

3. PB: Total Receipts (net of borrowings) - Total Expenditure (net of Interest Payments), where (-) PB implies Primary Deficit and vice-versa.

4. Effective Rate of Interest: Interest Payments/Average Outstanding Liabilities of previous and current financial year. This may be calculated excluding the non interest bearing Reserve Funds and deposits.

5. The back-to-back Loan of ₹12,407 crore received from GoI during 2020-21 and ₹ 18,109 crore in 2021-22 in lieu of GST compensation, the non interest bearing Funds and the 50 year interest free loans received under the scheme for special assistance for Capital Expenditure/investment has not been considered as liability for working out Effective rate of interest on borrowings.

6. Interest/Rate Spread: GSDP Nominal Growth – Effective rate of Interest.

7. Quantum Spread: (Interest Spread*Debt)/100

8. Net Lending (NL): Outstanding Loans & Advances Disbursed (Loans & Advances Disbursed - Net of recovery)

9. Effective rate of Interest Receipts: Interest Receipts/Average Outstanding Debt Loans and Advances Disbursed of previous and current financial year.

10. RoI: Return on Investment (Effective rate of interest calculated for interest receipts on account of Net Lending)

11. Liquidity Management: Amount availed against SDF, WMA & OD & The maturity profile is of public debt

12* The back-to back loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22) received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio for the year 2021-22, 2022-23 & 2023-24 and during 2024-25, after repayment of ₹22,829 crore by GoI, the balance of ₹7,687 crore has not been considered as debt for working Debt/GSDP ratio.

13. # Repayments exclude interest payments for the years with Revenue Surplus as it being serviced from Revenue Receipts.

14. The Domar model is one of the models for analysis of public debts, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt.

The overall Debt has been on an increasing trending during the period 2015-25, however, the rate of growth showed inter year variations with highest in the year 2020-21 due to Covid-19 pandemic. Analysis of the above table and based on the Fiscal consolidated road map recommended by the 15 FC, the following were observed:

- A falling Debt/Liability-GSDP ratio (in percentage) can be considered as leading towards stability. During 2015-20, the ratio was on an increasing trend. Thereafter, the Debt/Liability-GSDP ratio saw a decreasing trend up to the year 2022-23. However, the ratio increased in the years 2023-24 and 2024-25. Though under the level set by the KRFA, it indicates that measures need to be taken by the State not to breach the said limit.
- interest payments on overall liabilities showed an increasing trend during the said period.
- The ratio of interest payments to Revenue Receipts is a good measure of debt sustainability. While this ratio was on an increasing trend in the pre-covid period, it saw a decreasing trend in 2020-23. However, during 2023-24 and 2024-25, it again increased to 13.66 per cent and 14.53 per cent respectively. The increase indicates that the interest burden of the State is increasing.

- Ideally, the higher the ratio of repayments to gross borrowings, the greater the proportion of borrowings utilised for debt servicing rather than productivity. There were inter-year variations in the ratio during the period 2015-25. During 2024-25, it was around 65 per cent, which meant that the borrowings were utilised towards repayment leaving lesser space for productivity.
- Domar Gap, was positive in all the years except in 2020-21 on account of covid and remained favorable despite the declining trend. It helped the exchequer recover the cost of borrowing, satisfying the necessary conditions for debt sustainability. The State's debt burden, as measured by the debt-GSDP ratio, despite fluctuating trend during 2020-25, remained in the range of 23 per cent to 25 per cent. However, given the consistent deterioration in the primary balance, coupled with a rise in the debt burden during 2023-24 and 2024-25, it's too early to opine that debt burden of the State has reached a sustainable level.

1.5.6 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The Karnataka Ceiling on Government Guarantees Act, 1999 provides for a cap on outstanding guarantees extended by the Government as on the first day of April of any year at 80 per cent of the State's Revenue Receipts of the second preceding year. The details of the last ten years are shown in **Table 1.33**.

Table 1.33: Guarantees given by the State Government

(₹ in crore)

Guarantees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	22021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees (i.e., 80 per cent of Revenue Receipts of second previous year)	71,634	83,314	95,054	1,06,571	1,17,600	1,31,983	1,40,354	1,25,373	1,56,610	1,83,264
Maximum amount of guarantees during the year	18,358	21,115	24,025	30,719	35,694	45,104	49,467	70,095	78,147	81,654
Outstanding guarantees at the end of the year	13,324	15,392	18,416	24,091	26,830	32,733	33,193	38,356	44,247	45,889

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees of ₹45,889 crore as on 31 March 2025 was in respect of Power (₹34,749 crore); Co-operatives (₹1,643 crore); State Finance Companies/Corporations (₹120 crore); Irrigation (₹6,525 crore); Roads and Transport (₹1,164 crore); Urban Development and Housing (₹1,274 crore) and Others (₹414 crore).

Though the outstanding guarantees as at the end of each year were in an increasing trend in the last decade, it was well within the limits prescribed in the KFRA.

1.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive capital investment and improving debt management through transparent and

efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.6.1. Improving Revenues of the State

Untapped revenue potential, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty, and Excise will lead to subdued revenue growth. Under-realized non-Tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears is (Tax and non-Tax) another step towards enhancing the fiscal space.

A. Arrears of Revenue

As on 31 March 2025, the arrears of revenue in respect of principal heads of revenue viz., Goods and Services Tax and State Excise were ₹53,907.98 crore, of which ₹601.78 crore were outstanding for more than five years, as depicted in **Table 1.34**.

Table 1.34: Arrears of revenue

(in crore)			
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2025	Amount outstanding for more than five years as on 31 March 2025
1	Goods and Services Tax	52,971.23	NA*
2.	State Excise	601.78	601.78
3.	Stamps and Registration	334.97	NA*
Total		53,907.98	601.78

Source: Departmental Information

*The information on amount outstanding for more than five years is not available.

The Departments have attributed the following reasons for arrears of Revenue.

- ₹25,581.73 crore was covered by Stay Orders of Court and ₹3,305.57 crore was before NCLAT and balance covered under revenue, departmental and court recovery.
- State Excise: In respect of ₹103.46 crore, the recoveries were stayed by High Court and other Judicial authorities. The balance demand is covered by revenue recovery certificates and other stages of recovery.

Thus, the State as on 31 March 2025 had ₹24,917.22 crore after excluding cases pending in court as arrears of revenue. An efficient collection mechanism should increase the revenue realisation for the State.

B. Details of Evasion of Tax detected by the Department.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The details of cases of evasion of tax detected by Excise and Taxation, cases finalised and the demand for additional tax raised; during the year 2024- 25, as reported by the departments concerned, are depicted in **Table 1.35**.

Table 1.35: Evasion of tax detected

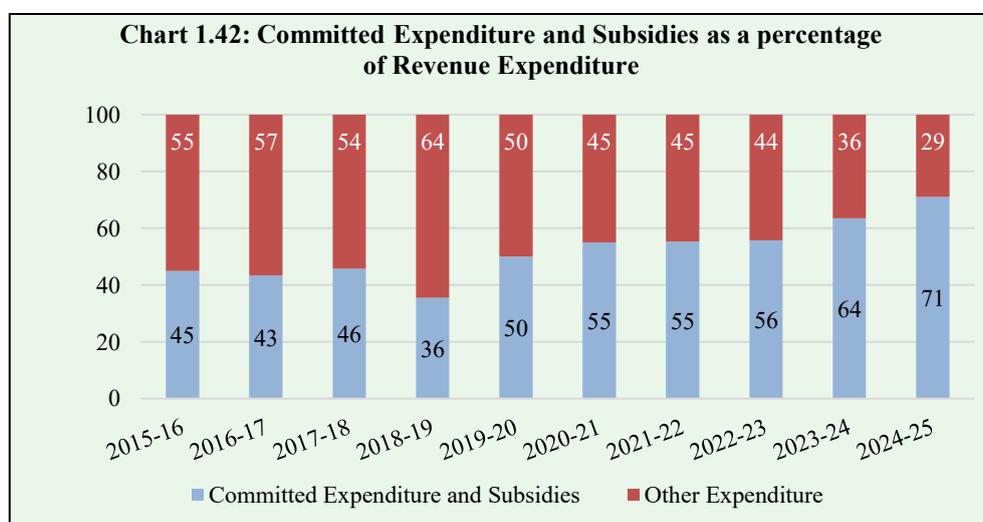
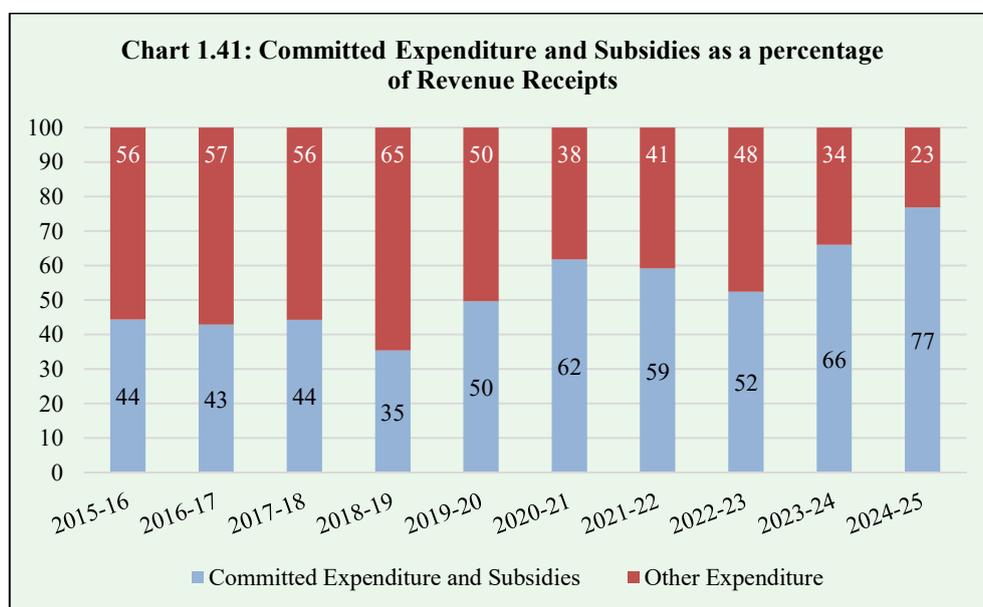
Sl. No.	Head of revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2025
					No. of cases	Amount of demand (₹ in crore)	
1.	Goods and Services Tax	10,193	16,094	26,287	7,780	472.46	18,507
2.	State Excise	2	-	2	-	-	2
Total		10,195	16,094	26,289	7,780	472.46	18,509

Source: Departmental information

1.6.2 Issues on expenditure side

A. Fiscal stress from Committed Expenditure and subsidies

Chart 1.41 and **Chart 1.42** depicts Committed Expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the financial year 2015-25 respectively.



In 2024-25, the State's Committed Expenditure of ₹1,16,479 crore comprising salaries (₹48,276 crore), pensions (₹30,651 crore), and interest payments (₹37,552 crore), accounted for approximately 45 per cent of the Revenue Receipts. In addition, subsidies (explicit and implicit) amounted to ₹81,880 crore, bringing the total inflexible expenditure to ₹1,98,359 crore, which was nearly 77 per cent of the State's Revenue Receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability, and reduces the government's capacity to respond to emergent socio-economic challenges. There is an urgent need for expenditure reform through improved targeting and rationalization of subsidies.

B. Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 1.36** (based on information provided by the State Government for *Appendix-IX* of the Finance Accounts for the year 2024-25).

Table 1.36: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects				Department-wise profile of incomplete projects		
As on 31 March 2025				As on 31 March 2025		
Year	No. of incomplete projects	Estimated cost	Expenditure incurred	Department	No. of incomplete projects	Estimated Cost
Up to 2014-15	25	111	75	Roads and Bridges	1,854	6,717
2015-16	77	350	264	Irrigation	1,903	4,271
2016-17	102	463	350	Buildings	545	490
2017-18	122	553	417	Others	26	23
2018-19	135	610	460			
2019-20	275	1,244	939			
2020-21	390	637	278			
2021-22	467	776	369			
2022-23	558	903	440			
2023-24	789	1,947	485			
2024-25	1,388	3,906	990			
Total	4,328	11,500	5,066	Total	4,328	11,500

Out of the estimated cost of ₹11,500 crore on these 4,328 ongoing projects, ₹5,066 crore was spent till 2024-25. Therefore, due to non-completion of these 4,328 projects, Capital Expenditure of ₹5,066 crore remained blocked. In addition, delay in completion of project not only results in time over-run but also had the effect of having cost-over run.

Analysis of the **Appendix-IX** of the Finance Accounts revealed that 276 works out of 4,328 works were shown as incomplete due to pending payment of bills of ₹2,298 crore.

During 2024-25, audit of five divisions of Public Works Department revealed that works tendered for ₹582.66 crore remained incomplete for various reasons viz., on account of contractors abandoning the work, inability of the contractor to execute the work, non-availability of land, delay in handing over of site. However, no action was initiated on the contractor for the delays caused by him.

C. Undischarged Liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the state's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several undischarged liabilities over the years, which have significant implications for fiscal sustainability. These include:

- Un-discharged interest liabilities totaling ₹57.48 crore.
- Short/non-transfer of State Government's contribution to the National Pension System (NPS) amounting to ₹6.60 crore.

The cumulative value of these un-discharged liabilities amounted to ₹64.08 crore, which would affect the Fiscal parameters for the year and hence Audit recommends that the State Government disclose and address all un-discharged liabilities transparently, and make provisions for timely discharge of these obligations to avoid future fiscal stress.

1.7 Conclusion

The State Government though registered an increase of 10.63 *per cent* in its Revenue Receipts during 2024-25, when compared to the previous year, the increase in Revenue Expenditure was 14.99 *per cent*, when compared to previous year. The increase in Revenue Expenditure was mainly due to the increase in subsidies by 54.61 (explicit) *per cent* when compared to previous year. The five guarantee schemes of the State Government was part of both explicit as well as implicit subsidy which contributed mainly for the increase in Revenue Expenditure.

This mismatch between the Revenue Receipts and Expenditure resulted in the State witnessing a Revenue Deficit of ₹20,834 crore.

During 2024-25, Revenue Expenditure increased by 15.92 *per cent* under general services over the previous year, the growth in expenditure on Economic Services increased by 9.71 *per cent* and under the social services by 18.55 *per cent* over the previous year. The increase in General Services, which was on account of increase in interest payments on the borrowings availed by the State compressed the availability of fiscal space and limiting the State's ability to allocate resources towards Economic development.

Revenue Expenditure constituted 81 *per cent* of the Total Expenditure and the Revenue Expenditure was understated by 2.27 *per cent* (₹6,333.29 crore) due to refunds of unutilised amounts received from SNA Accounts and adjustment of unspent balances under Zilla Parishad and Taluk Panchayat Fund II balances.

Around 71 *per cent* of Revenue Expenditure constituted both Committed Expenditure and subsidies (explicit and implicit).

The share of Capital Expenditure (including Loans and Advances) to Total Expenditure was 18.79 *per cent* during the current year. The return from investment of ₹74,325 crore as of 31 March 2025 in Companies/Corporations was negligible (₹977 crore).

The cash balance (including investment of Earmarked funds and deposits with RBI) of the State at the end of the year decreased by 2.47 *per cent* over the previous year.

Internal Debt of the State had a major share (71 *per cent*) of the Total Fiscal Liabilities of the State. During 2024-25, the State Government increased its Market borrowings from ₹81,000 crore of previous year to ₹92,025 crore. The burden of interest payments measured by interest payments to Revenue Receipts ratio (IP/RR) has increased during 2024-25 and is at 14.72 *per cent* over the previous year (13.66 *per cent*). The net debt available to the State as percentage of Debt Receipts was on decreasing trend during the period for 2020-21 to 2022-23 and during 2023-24 and 2024-25, the net availability of the borrowed funds increased due to higher borrowings by the State to finance Revenue Deficit.

1.8 Recommendations

- *The State should consider mobilizing additional resources for Tax and non-Tax to move towards Revenue Surplus status.*
- *The State Government, in order to boost the Capital Expenditure and prevent time and cost overruns, should formulate guidelines to ensure quick completion of incomplete projects and prioritise works nearing completion.*

CHAPTER 2

BUDGETARY **MANAGEMENT**



Budgetary Management

This chapter reviews Karnataka’s budgetary process, revealing gaps between budget estimates and actual expenditure, with issues like excess spending, persistent savings, and last-minute fund surrenders. It highlights weaknesses in financial planning, control, and compliance, stressing the need for realistic budgeting, timely fund utilisation, and modern practices like gender and green budgeting.

2.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called “the Annual Financial Statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘*charged*’ and ‘*voted*’ items¹ of expenditure separately and distinguish expenditure on revenue accounts from other expenditures. Legislative authorization is necessary before incurring any expenditure by the State Government.

As per the Karnataka Budget Manual, the Finance Department is responsible for preparing the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises the following major documents:

- | | |
|------------------------------|---------------------------|
| ✓ Annual Financial Statement | ✓ Medium Term Fiscal Plan |
| ✓ Demand for Grants | ✓ Fiscal Risk Statement |
| ✓ FRBM Statements | ✓ Others |

The other documents include subject specific budget documents *viz.*, Gender Budget, Child Budget and SCSP and TSP Allocation, Sector-wise documents *viz.*, District Sectors, ULBs *etc.*, and others *viz.*, budget memorandum *etc.* A review of Gender Budget in detail was included in the SFAR of Karnataka for the year ended March 2010.

2.2 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for optimum utilisation of resources, strengthening scheme implementation and monitoring capacity and

¹ **Charged expenditure:** Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, *etc.*), constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

achievement of fiscal targets. Persistent savings/excesses indicate need for improvement in the underlying budgetary processes.

Details of total appropriation obtained from State Legislature, actual expenditure and savings are summarized in **Table 2.1**.

Table 2.1: Actual expenditure vis-à-vis budget provision during the Financial Year 2024-25

(₹ in crore)

	Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Budget	Actual expenditure	Savings	Surrender during 2024-25	
							Amount	Per cent
Voted	I. Revenue	2,55,430.46	14,040.76	2,69,471.22	2,52,165.77	17,305.45	11,391.53	65.83
	II. Capital	47,548.45	8,969.61	56,518.06	55,830.85	687.21	845.09	122.97
	III. Loans & Advances	2,974.19	4,606.48	7,580.67	7,631.35	(-)50.68	3.35	(-)6.61
Total		3,05,953.10	27,616.85	3,33,569.95	3,15,627.97	17,941.98	12,239.97	68.22
Charged	V. Revenue	42,986.17	88.62	43,074.79	39,829.29	3,245.50	3,227.10	99.43
	VII. Capital	5,969.53	9.54	5,979.07	4,770.30	1,208.77	1,000.26	82.75
	VIII. Public Debt- Repayment	24,974.29	0.00	24,974.29	24,895.02	79.27	79.22	99.94
Total		73,929.99	98.16	74,028.15	69,494.61	4,533.54	4,306.58	94.99
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		3,79,883.09	27,715.01	4,07,598.10	3,85,122.58	22,475.52	16,546.55	73.62

Source: Appropriation Accounts

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹13,008.09 crore) and Capital Heads (₹3,695.31 crore).

The unspent provision / savings was around five *per cent* which indicates that the budget was nearing realistic. Trends in the original budget, revised estimate, and actual expenditure for the period 2020-21 to 2024-25 are given in **Table 2.2**.

Table 2.2: Original Budget, Revised Estimate and Actual Expenditure during Financial Years 2020-21 to 2024-25

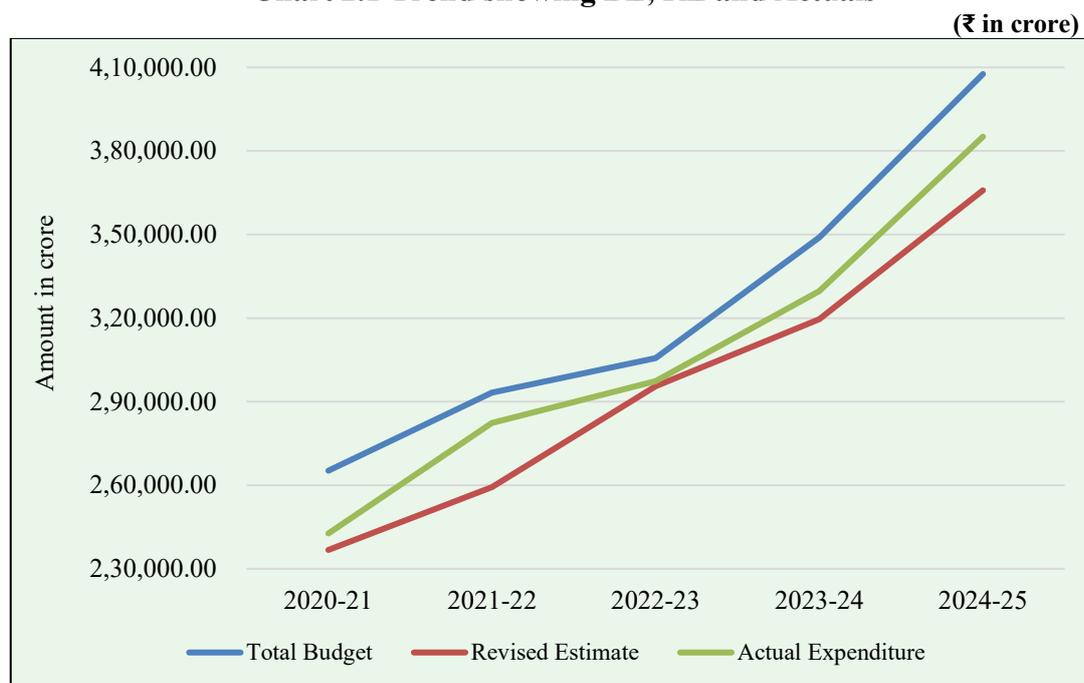
(₹ in crore)

	2020-21	2021-22	2022-23	2023-24	2024-25
Original Budget	2,44,733.57	2,52,391.98	2,71,542.22	3,41,320.51	3,79,883.09
Supplementary budget	20,487.16	40,793.33	34,030.45	7,620.95	27,715.01
Total budget (TB)	2,65,220.73	2,93,185.31	3,05,572.67	3,48,941.46	4,07,598.10
Revised Estimate (RE)	2,36,764.97	2,59,350.00	2,95,475.34	3,19,589.93	3,65,865.16
Actual Expenditure (AE)	2,42,694.49	2,82,335.70	2,97,325.39	3,29,678.84	3,85,122.58
Savings	22,526.24	10,849.61	8,247.28	19,262.62	22,475.52
Percentage of supplementary to the original provision	8.37	16.16	12.53	2.23	7.30
Percentage of overall saving/excess to the overall provision	8.49	3.70	2.70	5.52	5.51
TB-RE	28,455.76	33,835.31	10,097.33	29,351.53	41,732.94
RE-AE	(-)5,929.52	(-)22,985.70	(-)1,850.05	(-)10,088.91	(-)19,257.42
(TB-RE) as % of TB	10.73	11.54	3.30	8.41	10.24
(RE-AE) as % of TB	(-)2.24	(-)7.84	(-)0.61	(-)2.89	(-)4.72

Source: Annual Financial Statement and Appropriation Accounts

Table 2.2 shows that supplementary provision of ₹27,715.01 crore during 2024-25 constituted 7.30 per cent of the original provision as against 2.23 per cent in the previous year.

Chart 2.1 Trend showing BE, RE and Actuals



Source: Annual Financial Statement and Appropriation Accounts

From the **Chart 2.1**, it is seen that there is growing divergence between total budget which is obtained from Legislature through original and supplementary appropriations *vis-à-vis* the revised estimates and actual expenditures.

2.2.1 Component wise analysis of budgetary provisions and expenditure

Component wise analysis of the Budget and Expenditure for the financial year 2024-25 is summarized in **Table 2.3**. The summary of explanations received in case of variations in Appropriation Accounts is depicted in **Chart 2.2**.

Table 2.3: Component wise Budget and Expenditure for the year 2024-25

(₹ in crore)

Component	Total Budget	Total Expenditure	Percentage of Total Budget of State	Percentage of Total Expenditure of State	Percentage of expenditure against the Total Budget
(1)	(2)	(3)	(4)	(5)	(6=3/2*100)
Committed Expenditure	**1,29,594.80	1,16,479.00	31.79	30.24	89.88
State Schemes	1,52,250.23	1,58,735.70	37.35	38.94	104.26
Central Share for CSS	9,379.91	8,509.80	2.30	2.09	90.72
State Share for CSS	13,130.52	12,670.23	3.22	3.11	96.49
Externally Aided Projects	2,768.14	3,281.32	0.68	0.81	118.54

**Salary Expenditure of PRI of ₹22,319 crore is also considered as budget of PRI, as details of salary of PRI is not available in the budget documents distinctly.

While the expenditure is excess when compared to Budget Provision in respect of Committed Expenditure, State schemes and externally aided projects,

additional budget were provided through re-appropriation.

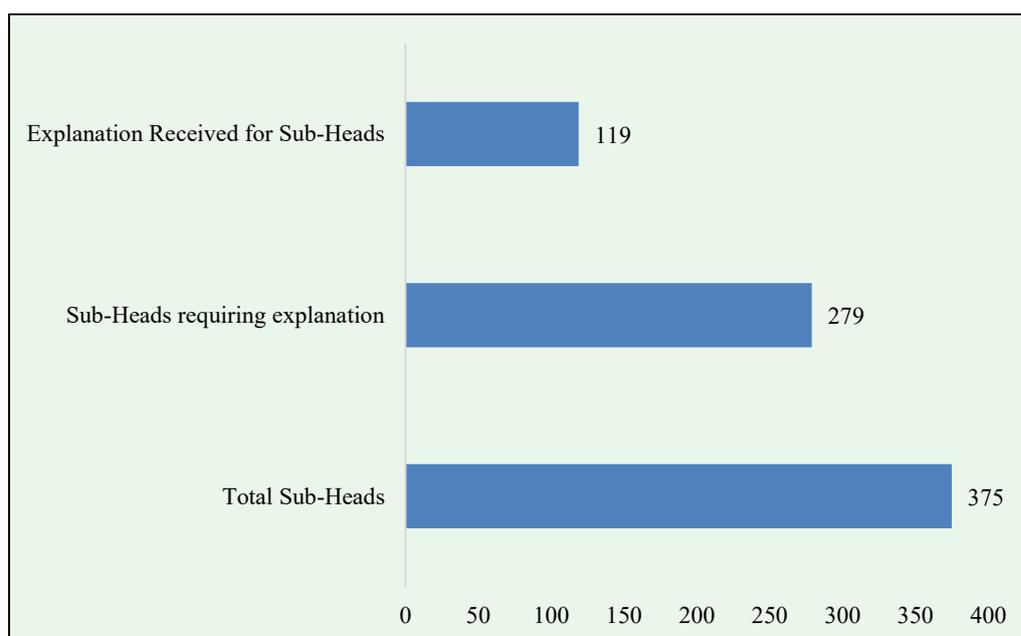
In respect of CSS, there was savings both under Central and State Share.

2.2.2 Missing/incomplete explanation for variation from budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision including supplementary provision.

The summary of explanations received in case of variation in Appropriation Accounts is depicted in **Chart 2.2**.

Chart 2.2: Summary of Explanation for Variation in Appropriation Accounts



Source: Information supplied by office of AG (A&E), Karnataka

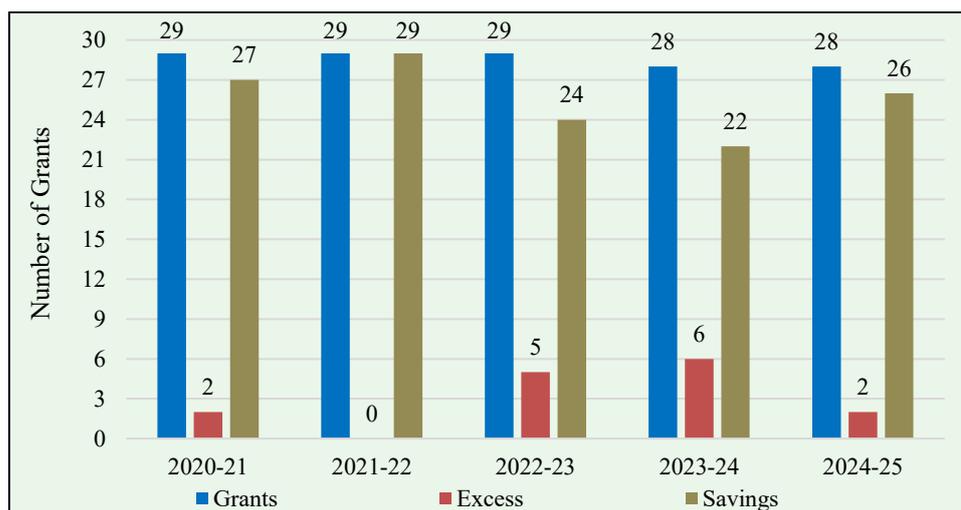
In the Audit of Appropriation Accounts of 2024-25, it was noticed that the Controlling Officers have not provided explanation/specific reasons for the variations in the expenditure *vis-à-vis* budgeted allocation in about 58 per cent of the savings. Of the 28 grants/appropriations, in 22 grants/appropriations specific reasons for variation for an amount of ₹6,066.68 crore (**Appendix 2.1**) was not furnished by the Controlling Officers of Government Departments.

2.3 Budget Marksmanship

Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

A year-wise analysis of grants, excesses, and savings provides valuable insights into the efficiency of budget execution and financial management by the State. It has been depicted in **Chart 2.3**.

Chart 2.3: Year-wise Grants, Excesses and Savings

Source: Appropriation Accounts

From the chart it can be seen that overall excess in a grant has been reduced.

The expenditure composition outturn for the financial year 2024-25 is given in **Table 2.4**. This table enumerates the grants under each section into groups based on the percentage deviation of Actual Expenditure from the Budget Estimates. The detailed breakdown of the table is brought out in **Appendix 2.2**.

Table 2.4: Expenditure composition overall deviation Financial Year 2024-25

Section	Overall Deviation (per cent)	Range of Deviation (per cent)	Number of Grants
Revenue (Voted)	(-)6.42	0 to ± 25	26
		± 25 to ± 50	1
Capital (Voted)	(-)7.53	0 to ± 25	15
		± 25 to ± 50	5
		± 50 to ± 100	1
		$\geq \pm 100$	6
Revenue (Charged)	(-)0.99	0 to ± 25	6
		± 25 to ± 50	1
		± 50 to $\leq \pm 100$	3
Capital (Charged)	(-)4.16	0 to ± 25	4
		± 25 to ± 50	1
		$\geq \pm 100$	3

Source: Information supplied by office of AG (A&E), Karnataka

Analysis of the deviation revealed that in six grants under Capital Voted section, the deviation was more than 100 per cent indicating that the need for strengthening budget forecasting under Capital Section.

2.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 of the Constitution of India. These Accounts depict actual expenditure as against the original budget provision, supplementary grants, surrenders and re-appropriations distinctly on a gross basis.

Audit of appropriations by the C&AG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

2.5 Budgetary and accounting process

2.5.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 14, 14(a) and 14(b) of the Karnataka Financial Code together provides that no Government servant may incur any item of expenditure from public funds unless two conditions are both satisfied *i.e.*, (a) The expenditure must have been sanctioned by a general or special order of the authorities competent to sanction such expenditure and (b) Sufficient funds must have been provided for the expenditure in Appropriation Acts for the current financial year or by a re-appropriation of funds sanctioned by the authority competent to sanction such a re-appropriation. It was, however, observed that an expenditure of ₹261.75 crore (**Appendix 2.3**), was incurred in 15 cases under various components of six grants during the year 2024-25 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

The State Government while accepting the facts, replied (January 2026) that part of the expenditure was towards CSS which were newly introduced in the year by the Central Government and the balance were noted for further action. However, the State could provide a token provision for all the newly introduced schemes to adhere to the Constitutional provisions.

2.5.1.1 Additional amount released through executive orders

Article 266(3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under the Article 204 and 205 of the Constitution are passed by the Legislature.

During the year 2024-25, it was observed that ₹10,035.13 crore covering 21 grants under Capital/Revenue section (this is only illustrative), (**Appendix 2.4**) was released through 118 executive orders.

The details of additional amount released through the executive orders for the period 2020-21 to 2024-25 are shown in **Table 2.5**.

Table 2.5: Additional amounts released through executive orders during 2020-21 to 2024-25

(₹ in crore)			
Year	No. of grants covered	No. of cases	Amount
2020-21	10	36	5,281.70
2021-22	21	68	8,489.40
2022-23	21	147	10,948.60
2023-24	24	116	4,850.73
2024-25	21	118	10,035.13

Source: Appropriation Accounts

The number of cases where the additional amount released through executive orders showed an increasing trend upto the year 2022-23. Thereafter, it decreased during 2023-24 but continued to be almost same during 2024-25. The amount released which had decreased considerably during 2023-24, once again increased during 2024-25.

The Public Accounts Committee (PAC) in its fifth report (Fourteenth Assembly) after detailed deliberations, had recommended that sanctioning of additionality through executive instructions should be limited to emergent cases (July 2015). However, it was observed that the expenditure incurred out of these additionalities included Capital Expenditure irrigation works, release of SDRF amount, *etc.*, which did not qualify as unforeseen expenditure and could have waited for the supplementary demand.

The State Government replied (January 2026) that with the introduction of SNA/SNA-SPARSH for CSS it was mandated to transfer the Central share to the SNA account within 21 days of its receipt. As a result, the State had to release the funds through additionality orders. It further emphasized that PAC had given authority to release additionality amount through executive orders within the limits laid down for 'new services' and the release was subsequently approved by the Legislature.

However, the State needs to focus on budgetary discipline and avoid additional funds through executive orders.

2.5.2 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

A. Excess expenditure during current year

There was an excess disbursement of ₹4,388.75 crore over the authorisation made by the State Legislature under three grants during 2024-25 as indicated in Table 2.6.

Table 2.6: Excess expenditure during 2024-25 requiring regularisation

(₹ in crore)		
Grant No./ Appropriation	Grant/Appropriation details	Amount of excess expenditure required to be regularised
11	Women and Child Development (Revenue - Voted)	104.61
	Women and Child Development (Capital - Voted)	61.85
19	Urban Development and Housing (Capital - Voted)	23.60
24	Energy (Revenue - Voted)	4,198.69
Total		4,388.75

Source: Appropriation Accounts

The amount of excess in a category under a grant was attributed to the excess expenditure incurred in Head of Accounts detailed in the **Table 2.7**.

Table 2.7: Details of Excess expenditure during 2024-25

(₹ in crore)

Grant No./ Appropriation	Grant/Appropriation details	Amount of excess expenditure required to be regularised	Contribution to Excess
11	Women and Child Development (Revenue - Voted)	8,595.06	2235-02-197-1-02-300 Gruha Lakshmi
	Women and Child Development (Capital - Voted)	65.93	4235-02-102-1-04-386 CSS-State Share-Upgradation of Anganwadi Buildings
19	Urban Development and Housing (Capital - Voted)	190.00	5475-00-115-0-04-032 Bangalore Sub Urban Rail System
		37.59	6215-01-190-2-86-395 Bengaluru Water Supply and Sewerage Project (BWSSP) Phase III (Cauvery Water Supply Scheme-Stage-V)-EAP (IDP-266/A/B) - Loans to PSU's and Local Bodies
24	Energy (Revenue - Voted)	4,757.93	2801-80-101-1-04 Subsidy for Supply of free Power to Irrigation Pumpsets

Source: Appropriation Accounts and Grant Registers

However, reasons for excess under the heads mentioned in the above table have not been intimated by the Departments.

B. Regularisation of excess expenditure of previous financial years

Excess disbursements pertaining to previous years pending regularization from State Legislature are shown in **Table 2.8**.

Table 2.8: Excess expenditure relating to previous years requiring regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/ Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
2020-21	14	Revenue (Revenue - Voted)	354.59
		Revenue (Capital - Charged)	48.01
	24	Energy (Revenue - Voted)	13.30
2022-23	3	Finance (Revenue - Voted)	176.96
	6	Infrastructure Development (Capital - Voted)	54.40
	7	Rural Development and Panchayat Raj (Capital - Voted)	148.59
	10	Social Welfare (Capital - Voted)	207.13
	13	Food and Civil Supplies (Revenue - Voted)	104.28
	14	Revenue (Revenue - Voted)	467.12
	20	Public Works (Capital - Voted)	716.55
29	Debt Servicing (Revenue - Charged)	32.80	
2023-24	1	Agriculture and Horticulture (Revenue - Voted)	147.91
	3	Finance (Revenue - Voted)	575.89

Year	Grant No./ Appropriation	Grant/ Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
	6	Infrastructure Development (Revenue - Voted)	12.73
		Infrastructure Development (Capital - Voted)	32.59
	18	Commerce and Industries (Capital - Voted)	87.66
	20	Public Works (Revenue - Voted)	128.13
	21	Irrigation (Capital -Voted)	226.52
	24	Energy (Revenue - Voted)	1,627.93
	29	Debt Servicing (Capital - Charged)	12.11
Total			5,175.21

Source: Previous year SFAR Reports

To strengthen the legislative oversight over the expenditure from Consolidated Fund of State, these excess expenditures need to be regularized at the earliest and measures to contain recurrence of such excess may be taken by the State Government.

The excess expenditure for the year 2020-21 to 2023-24 is yet to be regularised. For the year 2021-22 there was no excess expenditure under the grants/appropriations.

2.5.3 Supplementary Grants rendered non-essential

Article 205 of the Constitution prescribes the requirement of a Supplementary or Additional Grant or Appropriation to cater to the requirements in excess of the original provisions.

It was noticed that in six instances (**Appendix 2.5**) even though the supplementary provisions of ₹16.50 crore (more than ₹ one crore in each case) were made, the expenditure did not come up to original provisions during the year 2024-25. Hence, the supplementary provision proved unnecessary. Similarly, supplementary provisions of ₹7,979.13 crore in 17 cases (more than ₹ three crore in each case) proved excessive (**Appendix 2.6**) as supplementary provisions were utilised partially and ₹1,353.31 crore remained unutilised.

2.5.3.1 Grant 10 - Social Welfare

A total amount of ₹3.75 crore supplementary provision under two Head of Accounts *i.e.*, 2225-03-196-1-01-416 (₹1.50 crore) and 2225-03-196-1-01-463 (₹2.25 crore) provided for Uttara Kannada and Haveri under Block Grants proved unnecessary as there was already a saving of ₹10.10 crore and ₹2.06 crore respectively.

In addition, supplementary provisions of ₹224.39 crore in five cases proved excessive as supplementary provisions were utilised partially and ₹85.27 crore remained unutilised (**Table 2.9**).

Table 2.9: Excess Supplementary Provision under Grant 10 during 2024-25
(₹ in crore)

HoA	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Savings out of Total Provision
2225-03-001-0-05-103 Grant-in-Aid General	191.00	142.83	333.83	279.74	54.09
2225-02-197-6-04-300	30.00	23.33	53.33	41.67	11.67

HoA	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Savings out of Total Provision
Lumpsum ZP					
4225-03-277-7-01-132 Capital Expenses	0.01	13.03	13.04	3.03	10.01
2225-02-197-6-03-300 Lumpsum ZP	120.00	10.00	130.00	125.00	5.00
2225-04-102-0-10-059 Other Expenses	135.00	35.20	170.20	165.70	4.50
Total	476.01	224.39	700.40	615.13	85.27

Source: Appropriation Accounts and Grant Registers

2.5.3.2 Grant 19 - Urban Development and Housing

There were no instances of unnecessary supplementary provision under Grant 19. The details of excessive supplementary provisions are described in **Table 2.10** below:

Table 2.10: Excess Supplementary Provision under Grant 19 during 2024-25
(₹ in crore)

HoA	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Savings out of Total Provision
6217-60-190-0-03-394 Loans	675.00	500.00	1,175.00	1,052.50	122.50
4217-60-800-0-11-139 Major Works	0.00	79.38	79.38	0.00	79.38
4217-60-800-0-06-139 Major Works	0.00	50.00	50.00	6.57	43.43
4217-60-800-0-15-132 Capital Expenses	0.00	65.50	65.50	25.23	40.27
3604-00-191-1-51-032 Grants for Creation of Capital Assets	210.00	100.00	310.00	277.32	32.68
4217-60-800-0-07-139 Major Works	0.00	35.13	35.13	4.38	30.75
2217-80-800-0-39-051 General Expenses	0.00	17.72	17.72	0.50	17.22
4217-60-800-0-12-132 Capital Expenses	0.00	50.00	50.00	38.00	12.00
2216-80-103-0-22-423 Tribal Sub Plan	0.00	20.00	20.00	10.00	10.00
4217-60-800-0-13-132 Capital Expenses	0.00	33.33	33.33	25.33	8.00
2217-80-800-0-41-051 General Expenses	0.00	9.04	9.04	1.26	7.78
4217-60-050-0-03-145 Acquisition of Land	0.00	10.00	10.00	4.82	5.18
Total	885.00	970.10	1,855.10	1,445.91	409.19

Source: Appropriation Accounts and Grant Registers

2.5.4 Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation to another unit where additional funds are needed. During 2024-25, re-appropriation orders under 28 grants amounting to ₹33,106.23 crore were issued. All re-appropriation orders were issued on 31 March 2025.

Further, in two grants (**Appendix 2.7, six cases**), reduction of provision exceeding ₹ three crore through re-appropriation orders effected by various

departments proved injudicious as there was excess expenditure under these cases. In 11 grants, (**Appendix 2.7, 21 cases**) augmentation of provision (exceeding ₹10 crore) also proved unnecessary because expenditure was either equal to or did not come up to the level of original/supplementary budget provision.

2.5.4.1 Analysis of selected grants

The detailed analysis of Injudicious and augmentation of re-appropriation has been given in **Appendix 2.7** where it is evident that under grant 10 - Social Welfare there is no occurrence of either. Whereas in Grant 19 - Urban Development and Housing, there is one instance of augmentation of provision of ₹90.00 crore under the HoA 2216-80-103-0-22-422 which has resulted in saving of ₹80.00 crore.

2.5.5 Unspent provision and surrenders

Budget proposals should strive to strike to optimize all foreseeable expenditure to appropriate spending levels to balance the quality of expenditure and reduce underutilization of budgeted funds. Timely surrenders by the spending units are an important mechanism for optimal reallocation within the approved budget.

The analysis of grants and appropriations showed the following:

- In 13 cases (under 11 grants) during the year 2024-25, the savings (excluding surrenders) exceeded ₹100 crore in each case (**Appendix 2.8**).
- In one grant no expenditure *vis-à-vis* total grant amounting to ₹1.02 crore as given in **Table 2.11** was incurred during the year 2024-25.

Table 2.11: Entire grant remaining unutilised during the Financial Year 2024-25

(₹ in crore)		
Sl. No.	Number and Name of grant	Amount
1	3 - Finance (<i>Revenue - Charged</i>)	1.02
Total		1.02

Source: Appropriation Accounts

- In 10 cases under eight grants, there was persistent saving exceeding ₹ one crore in each case (**Appendix 2.9**) during 2022-23 to 2024-25.

Analysis of selected grants

In Grant 19, there were two cases of persistent saving as detailed in **Table 2.12**.

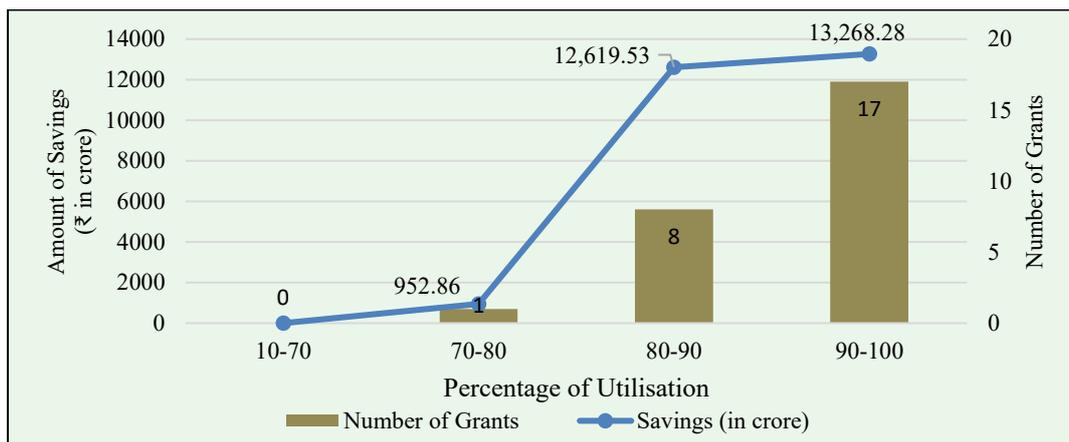
Table 2.12: Persistent Savings under Grant 19 - Urban Development and Housing

HoA	2022-23			2023-24			2024-25		
	Provision	Expenditure	Savings	Provision	Expenditure	Savings	Provision	Expenditure	Savings
2217-05-191-1	1,536.13	798.50	737.63	1,191.09	730.49	460.60	280.18	188.90	91.28
2217-80-797-04	70.00	0.01	69.99	21.52	18.72	2.80	26.51	20.69	5.82

Source: Information provided by the O/o. AG (A&E)

Details of grants grouped by the percentage of utilisation along with total savings during 2024-25 has been shown in **Appendix 2.10** and **Chart 2.4**.

Chart 2.4: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings



Source: Appropriation Accounts

Out of total 28 grants, two grants (Grant 11 - Women and Child Development and Grant 24 - Energy) are in excess.

From the above **Chart 2.4**, we noticed that 26 grants out of 28 grants/appropriation had utilized more than 70 per cent of its allocations. The savings in these 26 grants was ₹26,840.67 crore. Out of these 26 grants, 17 grants had utilised more than its 90 per cent of allocation. During 2024-25, there is an overall savings of ₹26,904.16 crore which was offset by excess of ₹4,428.65 crore. No object is served by retaining savings, which need to be surrendered on time. Analysis of surrenders during 2024-25 revealed the following:

1. It was noticed that savings under 21 Grants amounting to ₹10,546.42 crore (**Appendix 2.11**) were not surrendered at all.
2. Details of savings (exceeding ₹10 crore in each case) surrendered on the last day of March 2025 is given in **Appendix 2.12**.

Chart 2.5: Savings and surrenders for the year 2024-25



Source: Appropriation Accounts

Analysis of **Chart 2.5** revealed that only 73.22 per cent of the savings were surrendered. Out of surrendered amount of ₹16,547 crore, ₹10,448 crore (63.14 per cent) was surrendered on 31 March 2025.

Analysis of selected grants

Under Grant 19 - Urban development, there were four cases where entire saving of was surrendered on 31 March 2025.

Table 2.13: Entire Savings surrendered under Grant 19 - Urban Development and Housing

(₹ in crore)	
Head of Account	Entire savings surrendered
2210-06-800-0-17-059	81.31
3604-00-191-9-14-103	15.70
3604-00-191-9-17-103	13.21
3604-00-191-9-23-103	30.55
Total	140.77

Source: Appropriation Accounts

2.5.6 Misclassification between Revenue Expenditure and Capital Expenditure

As per rule 30 of Government Accounting Rules, 1990, expenditure that only results in the creation of concrete, material, and permanent assets should be classified in Capital Expenditure.

During the financial year 2024-25, the State Government had booked ₹60,601.15 crore as Capital Expenditure. Audit examined Sanction Orders and expenditure vouchers related to this amount, and noticed that expenditure amounting to ₹1,782.75 crore (**Appendix 2.13**) of revenue nature had been booked under Capital Expenditure, which was mainly towards maintenance, repair and renovation *etc.* As per Rule 31 (2) (b) of the GAR, 1990, the Revenue Account should bear all charges relating to such expenditure. In accordance with Note below Rule 30(1) of GAR 1990, this amount is to be classified as Revenue Expenditure, instead of Capital Expenditure.

Similarly, Capital Expenditure *viz.*, procurement of furniture and fixtures, purchase of computers *etc.*, amounting to ₹72.46 crore was classified as Revenue Expenditure.

As per IGAS-2, the Grants-in-aid distributed by the granting institution to grantees shall be classified as Revenue Expenditure in the financial statement of the grantor irrespective of the purpose for which the funds were distributed. However, during 2024-25, it was noticed ₹238.12 crore which were in the nature of Grants-in-aid were treated as Capital Expenditure which was contradictory to IGAS-2.

Table 2.14: Misclassification as per IGAS-2

(₹ in crore)			
Grant No.	Head of Account	Name of Institute	Expenditure
1	4401-00-800-1-02-436	Shimoga Agricultural University-RIDF	15.55
	4401-00-800-1-03-436	Raichur Agricultural University-RIDF	10.00
	4401-00-800-1-05-436	Bangalore Agricultural University-RIDF	13.22
	4401-00-800-1-06-436	Dharwad Agricultural University-RIDF	5.35
7	4515-00-101-0-01-132	Karnataka Panchayat Raj University, Gadag	1.00
12	5452-01-101-0-08-103	Sri Renuka Yellamma Tourism Development Board	0.50
21	4705-00-800-0-01-132	CADA	70.00

Grant No.	Head of Account	Name of Institute	Expenditure
22	4210-03-105-1-11-386	Jayadeva Institute of Cardiology	50.00
26	4515-00-103-0-02	Maidan Area Development Board	39.50
	4515-00-103-0-03	Malnad Area Development Board	33.00
Total			238.12

Source: Appropriation Accounts

Thus, there was a misclassification of ₹2,020.87 crore, which resulted in understatement of Revenue Expenditure to that extent. The resulting Capital Expenditure, after Audit, for financial year 2024-25, was ₹58,580.28 crore.

The State Government replied (January 2026) that the department concerned would be instructed to adhere to the instructions in the budget circular and Commissioner of Treasuries would be requested to instruct all his Treasury Officers not to accept Revenue Expenditure under Capital and vice-versa.

2.5.7 Major Policy Pronouncements in budget and their actual implementation

Several policy initiatives taken up by the Government in the budget 2024-25 are wholly or partially not executed due to various reasons viz., non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc., as brought out in the action taken report brought out along with the budget documents for 2025-26.

Audit undertook a study on the action taken by the Government in respect of Department of Social Welfare, Department of Scheduled Tribes Welfare, Department of Backward Classes Welfare, Department of Minorities Welfare and Department of Urban development. In total, the State Government initiated 46 new policies in the five departments. The action initiated by the Government with regard to major policies is summarised in **Appendix 2.14**.

Out of the 46 initiatives, action in respect of 33 has been initiated. The details of 13 initiatives are yet to be received from the department concerned.

2.5.8 Non-adherence to the Quarterly Expenditure Limit

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

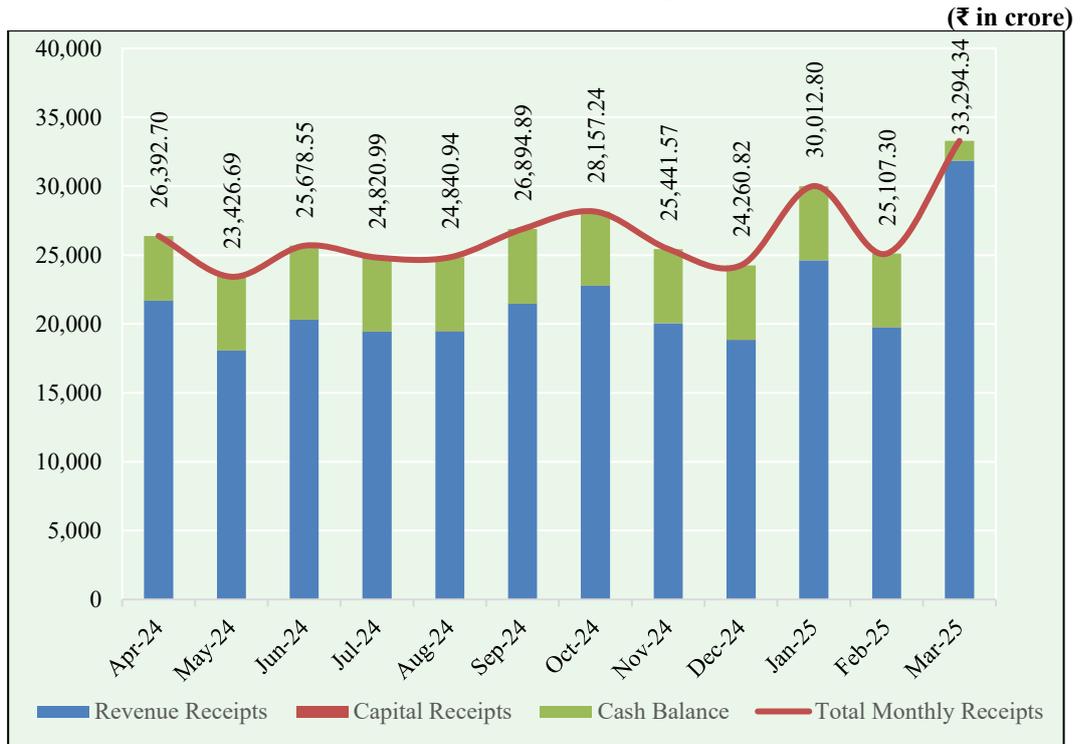
Table 2.15: Rush of Expenditure during Financial Year 2024-25

	Amount (₹ in crore)	Percentage of Total Expenditure in the year
Last Quarter of the year (Jan to Mar-2025)	1,37,254.43	35.64
Last month of the year (Mar-25)	72,958.85	18.94
Last day of the year (31st March 2025)	10,093.17	2.62

Source: Information provided from the O/o. AG(A&E)

Trend of total monthly receipts (Revenue Receipts, Capital Receipts and cash balance) and expenditure during financial year 2024-25 is shown in **Chart 2.6 and Chart 2.7**.

Chart 2.6: Trend analysis of receipts (Month wise)



Source: Office of the Accountant General (A&E), Karnataka

Chart 2.7: Trend analysis of expenditure (Month wise)



Source: Office of the Accountant General (A&E), Karnataka

The monthly expenditure trend depicted in the chart indicates a pronounced skewness towards the last quarter of the financial year, particularly in March.

2.5.8.1 Selected Grant-wise rush of expenditure analysis

A. Grant No.10 - Social Welfare

As per paragraph 6 of instruction issued (9 September 2004) by Finance Department regarding releases, drawl and accounting of funds, the Administrative Departments and the heads of Departments were to plan the expenditure of the financial year with due diligence and within the available grants. Bunching of bills and rush of expenditure in the month of March was to be avoided. Administrative orders were to be issued well in advance after obtaining necessary approvals at the required levels for expenditure likely to be incurred in February and March.

On scrutiny of records, it was noticed that GoK in three departments *i.e.*, Welfare of Scheduled Caste, welfare of Scheduled Tribe and Welfare of Backward Classes has released ₹760.25 crore to 20 corporations during the last quarter of the financial year 2024-25 as detailed in **Appendix 2.15**. The department released the funds with the instruction to the corporations that it should take necessary steps to draw the grants within 10 days and deposit the amount into their PD accounts. Since the amount drawn out of Consolidated fund of the State is an expenditure, the expenditure on these Head of Accounts ranged between *75 per cent* to *100 per cent* in the last quarter.

Thus, releasing the funds at the fag end of the financial year clearly envisages a rush of expenditure, and depositing them in the PD Account to avoid the lapse of funds.

2.6 Implementation of Selected CSS Schemes in the State

A review of the selected CSS was conducted to ascertain the budgeting process, their accounting and the challenges associated with the timely release of funds for effective implementation and the status of migration to SNA SPARSH System.

2.6.1 State Linked Centrally Sponsored Schemes

The following five State Linked CSSs were selected for detailed review:

A. Mahatma Gandhi National Rural Employment Guarantee Programme (Assurance Scheme) (75 per cent CSS)

The State linked Scheme ‘Mahatma Gandhi National Rural Employment Guarantee Program’ (Assurance Scheme - code KA45) is part of the GoI Scheme ‘National Rural Employment Guarantee Scheme’ (MGNREGP - Code 9219) with the Central share at *75 per cent* and State share *25 per cent*. The GoI bears the entire cost of wages for unskilled manual workers and *75 per cent* of the cost of material including wages for skilled and semi-skilled workers.

B. Samagra Shiksha (60 per cent CSS)

The State linked Scheme ‘Samagra Shiksha’ (code 3667) is funded in the ratio of *60 per cent* Central Share and *40 per cent* State Share. The major objectives of the Scheme are provision of quality education and enhancing learning outcomes of students; Bridging Social and Gender Gaps in School Education; Ensuring equity and inclusion at all levels of school education; Ensuring minimum standards in schooling provisions; Promoting Vocationalisation of education; Support States in implementation of Right of Children to Free and

Compulsory Education Act, 2009; and Strengthening and up-gradation of SCERTs/State Institutes of Education and District Institute of Education and Training as a nodal agencies for teacher training.

C. Saksham Anganwadi and Poshan 2.0

The Scheme ‘Saksham Anganwadi and Poshan 2.0’ (code 3975) is working in different State linked schemes with funding patterns as given below:

State Linked Scheme	Central to State share percentage
Upgradation / Construction of Anganwadi Centre	60:40
Poshan Abhiyan	60:40
Anganwadi Services (General)	60:40
Supplementary Nutrition Programme	50:50
Scheme for Adolescent Girls (SAG)	50:50

Source: PFMS website

The scheme aims to address the inter-generational problem of malnutrition by focusing on adolescent girls keeping in view the life cycle approach. The revised scheme aims at providing nutritional support to adolescent girls in the age group of 14 to 18 years in the identified areas of the country for improving their health and nutritional status. Under non nutrition component the scheme provides Iron and Folic Acid supplementation, health check-up and referral service, nutrition & health education, skilling, etc.

D. Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission (60 per cent CSS)

The State linked Scheme ‘Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission’ (Code 4063) is funded in the ratio of 60 per cent Central Share and 40 per cent State Share. The scheme aims to provide equitable, affordable, and quality healthcare, focusing on both rural and urban areas to achieve universal health coverage and improve the health status of all citizens.

E. Urban Rejuvenation Mission - 500 Cities (50 per cent CSS)

The State linked Scheme ‘Urban Rejuvenation Mission - 500 Cities’ (code 9556) has launched with a 50:50 ratio during 2015 and under these 27 cities of the state with a population of one lakh and above are selected under this scheme. This is a CSS with the mission period from 2021-22 to 2025-26. AMRUT 2.0 is a step towards Aatma Nirbhar Bharat with the aim of making city’s water secure and functional water tap connections to all households.

2.6.2 Single Nodal Agency - Central and State Share Transfer

Ministry of Finance, GoI, mandated (March 2021) release of funds under each CSS through a SNA and monitoring their utilisation. Each SNA must have a dedicated bank account in an authorised Scheduled Commercial Bank. The State Government is required to transfer the Central Share received to the concerned SNA’s account, along with the corresponding State share.

Audit analysed the VLC data and SNA PFMS report and found that there was discrepancy in data of Central and State share transfer to SNA accounts, as shown in respective tables under each selected Scheme.

A. Mahatma Gandhi National Rural Employment Guarantee Programme (Assurance Scheme) (75 per cent CSS)

The details on Central and State Share transfer in respect of Mahatma Gandhi National Rural Employment Guarantee Programme (Assurance Scheme) (75 per cent CSS) during 2024-25 are given in **Table 2.16**.

Table 2.16: Discrepancies in Central and State Share Transfer

(₹ in crore)

Source of data	Central Share received	Central Share transferred	State Share transferred
VLC figures	1,733.08	1,299.81	433.27
SNA PFMS report	1,733.08	1,299.81	433.27
Difference amount	0.00	0.00	0.00

Source: PFMS website & Finance Accounts vol. II

There was no shortfall in transfer of State share to SNA. The reply is awaited from SNA / Finance department for shortfall in transfer of Central share of ₹433.27 crore.

An amount of ₹73.84 crore was outstanding in the SNA account as on 31 March 2025.

B. Samagra Shiksha (60 per cent CSS)

The details on Central and State Share transfer in respect of Samagra Shiksha (60 per cent CSS) during 2024-25 are given in **Table 2.17**.

Table 2.17: Discrepancies in Central and State Share Transfer

(₹ in crore)

Source of data	Central Share received	Central Share transferred	State Share transferred	Short release of State Share to SNA
VLC figures	893.56	893.56	604.48	8.77
SNA PFMS report	893.56	893.56	595.71	0.00
Difference amount	0.00	0.00	8.77	8.77

Source: PFMS website & Finance Accounts vol. II

An amount of ₹172.04 crore was outstanding in the SNA account as on 31 March 2025.

C. Saksham Anganwadi and Poshan 2.0

The details on Central and State Share transfer in respect of Saksham Anganwadi and Poshan 2.0 during 2024-25 are given in **Table 2.18**.

Table 2.18: Discrepancies in Central and State Share Transfer

(₹ in crore)

Source of data	Central Share received	Central Share transferred	Proportionate State Share to be transferred	State Share transferred	Short release of State Share to SNA
VLC figures	886.34	465.85	727.90	311.99	415.91
SNA PFMS report	886.85	875.84	727.90	721.98	5.92
Difference amount	0.51	409.74	0.00	475.68	409.99

Source: PFMS website & Finance Accounts vol. II

The reasons for the difference between SNA figures and VLC figures as well as shortfall in release (both Central and State share) have been called for from SNA / Finance department. Reply is awaited.

An amount of ₹370.01 crore was outstanding in the SNA account as on 31 March 2025.

D. Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission

The details on Central and State Share transfer in respect of Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission (60 *per cent* CSS) during 2024-25 are given in **Table 2.19**.

Table 2.19: Discrepancies in Central and State Share Transfer

(₹ in crore)

Source of data	Central Share received	Central Share transferred	State Share transferred	Excess release of State Share to SNA
VLC figures	879.38	879.38	849.80	263.55
SNA PFMS report	1,023.97	879.38	849.80	263.55
Difference amount	144.59	0.00	0.00	0.00

Source: PFMS website & Finance Accounts vol. II

Excess amount of ₹263.55 crore has been transferred as State share to SNA. The reasons have been called for and the reply is awaited.

It was observed that ₹144.59 crore which was released by GoI as commodity has not been released to SNA. An amount of ₹14.48 crore was outstanding in the SNA account as on 31 March 2025.

E. Urban Rejuvenation Mission - 500 Cities

The details on Central and State Share transfer in respect of Urban Rejuvenation Mission - 500 Cities (50 *per cent* CSS) during 2024-25 are given in **Table 2.20**.

Table 2.20: Discrepancies in Central and State Share Transfer

(₹ in crore)

Source of data	Central Share received	Central Share transferred	State Share transferred	Short release of State Share to SNA
VLC figures	723.11	144.35	0.00	144.35
SNA PFMS report	311.23	311.23	264.71	46.52
Difference amount	411.88	166.88	264.71	97.83

Source: PFMS website & Finance Accounts vol. II

The reasons for the difference between VLC and PFMS figures as well as shortfall in release of Central and State share has been called for and reply is awaited.

An amount of ₹612.04 crore was outstanding in the SNA account as on 31 March 2025.

2.6.3 Single Nodal Agency - SPARSH

SNA-SPARSH (Single Nodal Agency, a Real-time System for Integrated Quick Transfers) was introduced by the Ministry of Finance in July 2023 as an alternative to the SNA model for releasing funds for CSS to State Governments. This system developed under the PFMS platform, aims to

achieve ‘just-in time’ fund flow for CSS by integrating the Public Financial Management System (PFMS), State Integrated Financial Management Information System (IFMIS), and e-Kuber of the RBI, facilitating efficient and transparent fund disbursement.

140 CSS are being implemented in Karnataka as per Finance Accounts 2024-25. GoI notified on-board (May 2024) 27 CSS to SNA-SPARSH and further notified (June 2025) to on-board additional 37 schemes to SNA SPARSH. 29 Schemes and the corresponding State - Linked schemes (SLS) have been completely onboarded to SNA-SPARSH as per the information provided by the Office of the Accountant General (Accounts and Entitlement). 111 schemes and the corresponding SLS are yet to be onboarded to SNA-SPARSH.

Out of the five selected schemes, only two schemes, *i.e.*, Mahatma Gandhi National Rural Employment Guarantee Programme (Assurance Scheme) and Urban Rejuvenation Mission - 500 Cities, have been onboarded to SNA-SPARSH platform.

A. Migration from SNA to SNA-SPARSH Model

As per OM F.No.1(27)/PFMS/2020 issued by the Ministry of Finance, Department of Expenditure, PFMS Division, GoI, dated 13.07.2023, upon onboarding of a scheme to SNA SPARSH platform, the SNA is required to close all the SNA accounts pertaining to the scheme and refund the Central share / State share of unspent balance lying in the SNA accounts to the respective Consolidated Funds. Further, the Central share under the scheme lying in State Treasury, should also be refunded to the Consolidated Fund of India as per the sharing pattern.

The CSS ‘Mahatma Gandhi National Rural Employment Guarantee Programme (Assurance Scheme) (75 *per cent* CSS)’ was onboarded onto the SNA-SPARSH system in March 2025 and first payment was made through SNA SPARSH in March 2025.

Similarly, the Urban Rejuvenation Mission - 500 Cities (50 *per cent* CSS) was also onboarded onto the SNA-SPARSH system in March 2025.

2.7 Other issues noticed in Detailed Review of Selected Grants

2.7.1 Review of Grant No.10 - Social Welfare

2.7.1.1 Introduction

Grant 10 - Social welfare comprises of the following functional Major Heads:

2225 - Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities.

4225 - Capital outlay on welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities.

The Budget Allocation received under Grant No.10 is primarily disbursed to four departments *viz.*, the Department of Social Welfare, the Department of Tribal Welfare, the Department of Backward Classes Welfare and the Department of Minorities Welfare.

Social Welfare Department:

The Karnataka State Social Welfare Department addresses the needs of Scheduled Castes, people with disabilities, senior citizens, and other vulnerable groups operating under the Minister of Social Welfare and the Principal Secretary's administration, collaborating with relevant Corporations and rehabilitation Centres. Major programs encompass scholarships, residential facilities, skill development, healthcare support, and pension schemes. Financial resources are allocated by state and central governments, with monitoring mechanisms in place to ensure accountability and effective utilization of funds.

Tribal Welfare Department:

The Karnataka State Tribal Welfare Department is tasked with the socio-economic development of Scheduled Tribes through targeted interventions in education, healthcare, skill training, and livelihood support. Under the guidance of the Minister of Tribal Welfare and the Secretary, the department coordinates with Tribal Development Corporations and field agencies. Principal schemes include scholarships, residential schools, health initiatives, skill development, and infrastructure enhancement. Funding is provided by both state and central governments, with oversight to guarantee transparency and optimal resource utilization.

Backward Classes Welfare Department:

The Karnataka State Backward Classes Welfare Department facilitates the socio-economic development of backward classes through education, healthcare, skill development, and livelihood programs. It operates under the Minister of Backward Classes Welfare and the Secretary's administration, collaborating with relevant corporations and research institutes. Key schemes include scholarships, residential schools, skill training programs, healthcare initiatives, and infrastructure development. The department receives budgetary allocations from state and central governments, with expenditure closely monitored to maintain transparency and efficiency.

Minority Welfare Department:

The Karnataka State Minority Welfare Department is committed to the socio-economic advancement of minority communities through comprehensive programs in education, healthcare, skill development, and livelihood enhancement. The department functions under the Minister of Minority Welfare, with administrative oversight provided by the Principal Secretary. Key initiatives include scholarships, residential schools, skill development programs, healthcare services, and infrastructure development. Funding is sourced from both state and central governments, with expenditure monitored to ensure transparency and efficient implementation.

2.7.1.2 Budget and Expenditure

The overall position of budget provision, actual disbursement and saving under the above functional major heads for the last three years (2022-23 to 2024-25) is given in **Table 2.21**.

Table 2.21: Budget and Expenditure

Year	Section		Budget Provision	Total	Expenditure	(₹ in crore)
						Unutilised provision (percentage)
2022-23	Revenue	Original	7,765.73	9,369.65	8,664.81	704.84
		Supplementary	1,603.92			(8)
	Capital	Original	1,622.79	2,152.93	2,360.07	(-)207.13
		Supplementary	530.14			(-10)
2023-24	Revenue	Original	8,648.95	9,417.62	8,913.07	504.55
		Supplementary	768.67			(5)
	Capital	Original	2524.52	2,852.85	2,764.10	88.75
		Supplementary	328.33			(3)
2024-25	Revenue	Original	10,123.29	11,140.49	10,382.53	757.96
		Supplementary	1,017.20			(7)
	Capital	Original	3,210.43	3,842.48	3,812.11	30.37
		Supplementary	632.04			(1)

Source: Appropriation Accounts

As seen from the table above, the unutilized provision under revenue section ranged between five *per cent* and eight *per cent* and under capital section, it ranged between one *per cent* and three *per cent* with an excess in 2022-23.

Further, the expenditure indicated in the above Table does not represent the actual expenditure as the amount transferred to various Societies/Corporations/Implementing agencies *etc.*, are treated as expenditure even though they were pending utilisation in the bank accounts. The details of unutilised amount lying outside the Government Accounts are discussed in the subsequent paragraph.

A. Parking of funds in PD Accounts to avoid lapse of grants

During 2024-25, there was a provision of ₹188 crore under the Head of Account 2225-01-001-0-50-014 - Other Allowances, for vacant posts. The Department of Social Welfare Department transferred an amount aggregating to ₹145.00 crore on 30 March 2025 to the Personal Deposit (PD) Accounts of two institutions as detailed in **Table 2.22** below:

Table 2.22: Institutions where amount transferred to PD Accounts

Sl. No.	Name of Nigama / Corporation	Head of Account	Amount released (₹ in crore)
1	Dr. B. R. Ambedkar Development Corporation Ltd.	2225-01-102-0-11-059	50.00
		2225-01-102-0-11-059	50.00
2	Karnataka Residential Educational Institutions Society (KREIS)	2225-01-277-0-65-059	45.00

Source: Departmental Records

It was observed from the records that these organisations had not requested any additional grants. However, the funds remained unutilised till August 2025.

These releases were made without any evidence of actual requirement or readiness of schemes for execution. The practice of transferring large sums to PD Accounts at year-end amounted to mere parking of funds to avoid lapse of grants.

B. Non utilisation of Funds in Corporations

The Department of Welfare of Backward Classes renders assistance to Corporations and the details of releases and expenditures of test checked Corporations during the period 2022-2025 are given in **Table 2.23** below:

Table 2.23: Corporation-wise details of releases and expenditure

(₹ in crore)

Name of the corporation	2022-23		2023-24		2024-25		Balance as on 31/03/2025
	Grants received	Expd incurred	Grants received	Expd incurred	Grants received	Expd incurred	
Karnataka State Kadugolla Development Corporation Ltd under Vishwakarma Abhivruddhi Nigama	20.00	0.00	15.00	0.00	14.80	0.20	49.00
Karnataka Veerashaiva-Lingayath Development Corporation Limited	100.00	5.00	100.00	5.00	60.00	63.30	191.80
Karnataka Maratha Communities Development Corporation Limited under Vividha Samudayagala Abhivridhi	70.00	15.10	50.00	29.60	50.00	19.80	30.20
Karnataka Vokkaliga Community Development Corporation Limited	105.00	0.00	60.00	32.90	60.00	0.50	141.00
Total	295.00	20.10	225.00	67.50	184.80	83.80	412.00

Source: Departmental Records

Thus, the un-utilised grant of ₹412 crore remained in the bank accounts of the Corporations outside the Government Account in spite of being shown as expended in the Consolidated Fund of the State.

C. Role of Internal Financial Advisor

As per the notification issued by GoK in July 1982, Internal Financial Advisor (IFA) is responsible for ensuring that the budget estimates are properly framed, time schedule is scrupulously followed and examine and advice for all new schemes or new expenditure *etc.* Further, IFA renders advice on financial prudence, preparation of department budget, tracking audit reports and action taken reports *etc.*

Further, the circular issued (July 2003) instructs the IFA to conduct a meeting with their controlling officers every month and monitor expenditure, identify areas where savings are possible and report to the Finance Department. They should also keep a close watch and ensure that expenditure is within budget limits and reconcile the expenditure figures within those of the Accountant General figures.

From the records it was observed that the IFA had not conducted a meeting with their controlling officers every month for the defined purpose as instructed in the circular. This fact was confirmed by their reply (November 2025) which stated that the budget proposals are not routed through IFA and they are directly remitted to the Finance Department.

2.7.1.3 Loss of Central Assistance

GoI had allocated ₹398.95 crore during the period 2022-25 for the Scheme-

Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM-AJAY) and provided ₹23.77 crore as first instalment during 2022-23. It was noticed that the State Government did not utilize the available funds. Due to non-utilisation of the amount, GoI did not release funds in further instalments in 2022-23 nor during the year 2023-24. During 2024-25, GoI further released ₹6.01 crore for the above scheme.

The Department stated (August 2025) that an amount of ₹23.77 crore released by GoI as the first installment for 2022-23 was re-released to the Implementing Agencies. It further stated that in the meantime the State Nodal Agency was onboarded to the Khajane-2 platform. It attributed non-utilisation of funds to delay in integrating the scheme with Khajane-2 and fixing ceiling limits for Districts and ULBs under the scheme.

Thus, due to delay in utilisation of funds led to loss of Central Assistance to the State.

2.7.1.4 Non-release of State Matching Share under Centrally Sponsored Schemes

As per the funding norms prescribed under various CSS in the Department of Social Welfare, the release of Central assistance is conditional upon the proportionate and timely release of the State Government's matching share.

Scrutiny of records revealed that under the CSS - Eradication of Untouchability where the funding pattern is 50:50 between GoI and GoK, the State Government released ₹7.5 crore against GoI release of ₹23.15 crore. Thus, there was short release of ₹15.65 crore by the GoK.

This deviation from prescribed funding norms not only violates the conditions laid out under the scheme guidelines but may also have implications for future Central releases and affect the continuity of scheme implementation.

2.7.1.5 Non closure of bank Accounts by Corporations

In order to monitor the availability and usage of funds transferred to the Corporations under the Department of Social Welfare, the Finance Department issued (28 February 2023) order and directed the Corporations to close all bank accounts and open Personal Deposit Account with immediate effect.

However, in the test checked Corporations under Department of Backward Classes in contravention to the above directions continued to operate 32 bank accounts even though Personal Deposit Accounts were opened. The balances in these bank accounts as on 31 March 2025 amounted to ₹410.43 crore (**Appendix 2.16**). The continuance of the operating bank accounts and maintenance of government funds in Banks defeats the purpose of the opening PD accounts in Treasury.

Further, the Government gave permission (August 2024) to maintain bank accounts for payment of statutory deductions like PF, LIC, NPS and ESCROW for three months within which an alternative procedure in consultation with Treasury and concerned authority was to be put in place. However, the Corporations without identifying an alternative procedure continued to maintain bank accounts.

2.7.1.6 Non maintenance of Grants-in-aid register

As per Article 162 (c) of Karnataka Financial Code 1958, a Register of Grants-in-aid containing the following columns should be maintained: (i) Serial No.; (ii) Number and date of sanction letter; (iii) Purpose of grant; (iv) Conditions, if any attached to the grant; (v) Amount sanctioned; (vi) Date of receipt of the bill from the grantee and its amount; (vii) Whether conditions attached to the grant have been accepted by the grantee without reservation; (viii) Dated initials of the countersigning authority; (ix) Date by which audited statements of account *etc.*, are required to be furnished by the grantee; (x) Date by which utilisation certificate is required to be furnished by the sanctioning authority to the audit office; (xi) Date by which audited statements of accounts are actually received. The reasons for delays in receipt of such statements as well as efforts made by the sanctioning authority/countersigning authority to expedite submission of such statement should also be indicated in the register; (xii) Date of submission of utilisation certificate to the audit office, in case there is delay in submission of utilisation certificate to audit, the reasons therefor should also be indicated, (xiii) Unspent balance, (xiv) Whether the register has been reviewed by the superior officer during his periodical visits to the office of sanctioning authority. Any delay in receipt of audited statements of accounts from the grantee institutions or submission of utilisation certificate should be specifically brought to his notice with relevant reasons for the delay. The Accountant General should also be informed of the reasons for delay.

During 2023-24 and 2024-25, an expenditure of ₹4,197.63 crore and ₹4,943.60 crore was incurred under Grants-in-aid. However, on verification of records of all the four Departments, it was noticed that while the Departments of Social Welfare, Tribal Welfare and Minority Welfare were not maintaining Grants-in-aid register, Backward Classes Welfare Department was maintaining Grants-in-aid register though not in the prescribed format.

2.8 Conclusion

- During 2024-25, the unspent provision of ₹22,475.52 crore under 28 grants/ appropriations increased over the previous year (₹19,262.62 crore). The unspent provision was around five *per cent* of the total grants / appropriations (₹4,07,598.10 crore) provided for the year against 5.5 *per cent* during the previous year.
- The supplementary provision constituted 7.30 *per cent* of the original budget. There were cases of unnecessary and excessive supplementary provision that resulted in savings/excess expenditure.
- Executive orders for expenditure, prior to approval of the Legislature were issued for ₹10,035.13 crore covering 21 grants under capital / revenue section. This constituted 36.21 *per cent* of the total Supplementary Estimates. This was contrary to Article 266(3) of the Constitution of India.
- Excess expenditure of ₹4,388.75 crore for the year 2024-25 incurred under three grants is required to be regularised under Article 205 of the Constitution. An amount of ₹5,175.21 crore for the years 2020-21, 2022-23 and 2023-24 are yet to be regularised.

- Under all 28 grants, re-appropriation orders amounting to ₹33,106.23 crore were issued on last day of the year *i.e.*, 31 March 2025.
- Misclassification of ₹2,020.87 crore Revenue Expenditure as Capital Expenditure and ₹72.46 crore of Capital Expenditure as Revenue Expenditure resulted in understatement of Revenue Expenditure and Revenue Deficit to the tune of ₹1,948.41 crore.

2.9 Recommendations

- *In violation of the constitutional provisions, resorting to executive route of incurring expenditure before Legislature's sanction should be avoided.*
- *GoK should analyze the reasons for the excess expenditure and work on its budget preparation to avoid such future occurrences.*

CHAPTER 3

FINANCIAL **REPORTING PRACTICES**



Financial Reporting Practices

This chapter provides broad based perspective of quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

Issues related to completeness of accounts

3.1 Off budget borrowings through State owned PSUs/Authorities

Article 293(3) of the Constitution of India mandates consent of GoI for a State Government's borrowing if it has any outstanding loans or guarantees from the GoI. Further, the XV FC recommended that the normal net borrowing ceiling (NBC) to the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

By routing loans outside budget through various State Government Public Sector Undertaking (SPSUs)/ Corporations/ other Bodies despite the State being responsible for repayment of such loans pose significant risk to fiscal health and transparency in the Government finances. Borrowing Ceilings for a financial year of the State Governments are being now reduced by GoI to extent of Off-Budget Borrowings.

By an amendment (February 2014) to KFRA, 2002 the scope of Total Liabilities as defined under Section-2(g) was amplified to include the borrowings by SPSUs and Special Purpose Vehicles (SPVs) and other equivalent instruments where the principal and/or interest are to be serviced out of the State Budget. The State Government has been amending the KFRA from time to time keeping in view the parameters prescribed by successive Finance Commissions and also based on the fiscal situation. In the State, these are disclosed in the Budget Overview and also in the MTFPs.

For the year 2024-25, debt stock was targeted as 23.24 *per cent* of GSDP under MTFP and 25 *per cent* under FRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹85,858 crore (three *per cent* of GSDP) for the State during 2024-25.

As per the information furnished by the State Government which forms part of the Finance Accounts the outstanding off budget borrowing as on 31 March 2025 was ₹14,154.91 crore which included borrowings of ₹5,437.78 crore borrowed during 2024-25 as detailed in **Table 3.1**.

Table 3.1: Details of off-budget borrowings as on 31 March 2025 as disclosed by the State Government

(₹ in crore)				
Entities borrowed on behalf of Government	Loan Sanctioned	Loan disbursed	Purpose of loan	Outstanding loan as on 31 March 2025
Krishna Bhagya Jala Nigam Ltd.	-	1,400.00	-	2,652.11
Karnataka Neeravari Nigama Ltd.	-	1,456.44	-	2,128.28
Karnataka Road Development Corporation Ltd.	180.08	25.54	Construction of Road Projects	862.28
Cauvery Neeravari Nigama Ltd.	-	825.00	-	1,425.00
Rajiv Gandhi Rural Housing Corporation Ltd.	-	224.52	-	477.02
Vishveshwaraya Jala Nigam Ltd.	-	735.69	-	1,072.72
Karnataka Skill Development Corporation.	-	93.88	-	279.80
Power Company of Karnataka Ltd.	5,257.70	-	Securitization of Gram Panchayat dues from 2015 to 2023.	5,257.70
Total	5,437.78	4,761.07		14,154.91

Source: Information provided by the State Finance Department and Finance Accounts

3.2 Undischarged Liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), etc., can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

3.2.1 Undischarged Interest Liabilities

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹57.48 crore was required to be paid as interest on the balance of ₹1,017.20 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in **Table 3.2**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

Table 3.2: Details of interest liability not discharged in respect of Interest-bearing Deposits/Reserve Funds

(₹ in crore)				
Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of interest not provisioned
1	Defined Contribution Pension Scheme for Government employees	15.25	Interest has been calculated at the rate of 7.1 per cent per annum (calculated on monthly basis) since the orders from the State Government on interest calculated were not received	4.34

Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of interest not provisioned
2	State Compensatory Afforestation Fund	764.85	As per the circulars issued by the Ministry of Environment, Forest & Climate Change, which is 3.35 <i>per cent</i> for 2024-25.	33.08
3	State Disaster Mitigation Fund	237.10	Interest calculated at the rate of 8.46 <i>per cent</i> charged on Overdraft by RBI (Repo rate plus 2)	20.06
Total		1,017.20		57.48

Source: Finance Accounts 2024-25

3.2.2 Short contribution in National Pension System

Defined Contribution Pension Scheme known as New Pension Scheme (NPS), for all employees who joined the State Government service on or after 01 April 2006, became fully operational in the State from 01 April 2010. A dedicated NPS Cell was created under the Commissionerate of Treasuries to operationalise NPS in the State. The State Government has adopted NPS architecture designed by the Pension Fund Regulatory Development Authority (PFRDA) and has appointed the National Securities Depository Limited (NSDL) as the Central Record Keeping Agency (CRA) for NPS. Axis Bank is the Trustee Bank in charge of the operation of Pension Funds.

The contributions made by the State Government and employees as furnished by Commissioner of Treasuries (September 2025) during 2024-25 (both regular and backlog²) was ₹2,612.04 crore and ₹1,865.36 crore respectively.

As per records maintained at AG(A&E) office, the Government contribution was ₹2,615.40 crore and the employee contribution (regular and backlog) was ₹1,923.65 crore.

Hence, there existed a difference of ₹61.65 crore between the figures of AG(A&E) office and NPS cell at Commissioner of Treasuries which needs reconciliation.

Further, from the records of AG(A&E), it was noticed that out of total contribution of ₹4,539.05 crore to NPS in 2024-25, ₹4,532.45 crore was transferred to NSDL leaving a balance of ₹6.60 crore in Public Account. The total amount remaining to be transferred to NSDL as the end of March 2025 was ₹21.85 crore.

3.2.3 Non-transfer of Building and Other Construction Workers Welfare Cess

As per Section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, and in line with GoK Building and other constructions Workers Rules 2006 labour cess was to be collected at the rate of one *per cent* of the cost of construction incurred by employers/builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. All Departments, Boards, Autonomous Bodies, and Local Authorities were directed to collect this cess on all construction activities, including from individuals with approved residential building plans costing more than ₹10 lakh, and deposit the same with the States' Building and Other Construction Workers' Welfare Board. The collected cess is meant to be utilised for social

² Refers to the contribution the employee had to make from the date of his entry into service to the date of implementation of the scheme.

security and welfare schemes for construction workers in the State.

During financial year 2024-25, ₹499.09 crore was collected under Major Head 8449 – Civil Deposits and transferred ₹707.17 crore (including previous years' balances) to the Building and Other Construction Workers' Welfare Board. The fund had ₹640.44 crore as closing balance required to be transferred to the Welfare Board.

3.2.4 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession are required to contribute two *per cent* of the royalty paid to the trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449-123-NMET Deposits', and transferring the funds monthly to the Consolidated Fund of India.

During the year 2024-25, ₹59.28 crore was deposited under this head, and the entire amount was transferred to the NMET by the State Government.

Though Ministry of Mines, GoI advised (November 2024) the States to establish State Mineral Exploration Trust / State Mineral Development Fund, the State is yet to establish the same.

3.2.5 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Three out of four³ tax collection Departments provided data on the pendency of refund cases.

The details of refund cases during the year 2024-25, as reported by the departments concerned, are at **Table 3.3**.

Table 3.3: Details of refund cases

(₹ in crore)

Sl. No.	Particulars	GST		Sales Tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases*	Amount
1	Claims outstanding at the beginning of the year	3,046	4,461.18	457	30.28	NA	-
2	Claims received during the year	8,738	7,528.20	465	236.14	NA	1,300.00
3	Refunds made during the year	6,800	6,696.22	481	229.59	NA	1,300.00
4	Refunds rejected during the year	-	-	-	-	NA	-
5	Balance outstanding at the end of year	4,984	5,293.17	441	36.82	NA	0.00

Source: Departmental information

*Information not provided by the Department

From the table it is evident that while the balances outstanding had increased in respect of GST, it decreased under sales tax. In respect of State Excise, it was observed that the department had taken action to clear all the refund cases.

³ Information on Taxes on vehicles was not provided by the Department

Issues related to Transparency

3.3 Delay in submission of Utilisation Certificates

Rule 161(b)(5) of the Karnataka Financial Code (KFC), 1958 stipulates that Utilisation Certificates (UCs) are required to be furnished in cases in which conditions are attached to the utilization of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grants-in-aid bill was drawn should be primarily responsible for certifying to the AG(A&E) where necessary, the fulfillment of the conditions attaching to the grant, unless there is any special rule or order to the contrary.

UCs in respect of conditional Grants-in-aid as required by the sanction received by the grantee should be furnished by the grantee to the authority that sanctioned it within 18 months from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier.

During the year 2024-25, 399 UCs amounting to ₹866.59 crore were outstanding (Grants-in-aid bills drawn up to September 2023). This included 92 UCs amounting to ₹118.64 crore outstanding at the beginning of the year. During the year, 257 outstanding UCs amounting to ₹627.15 crore were cleared, leaving 142 outstanding UCs amounting to ₹239.45 crore as on 31 March 2025 as given in **Table 3.4**.

Table 3.4: Age-wise pendency of Utilisation Certificates

UC due year*	Number of pending UCs	Amount (₹ in crore)
Prior to 2021-22	8	11.79
2021-22	4	3.99
2022-23	-	-
2023-24	18	16.65
2024-25 outstanding up to 31 March 2025	112	207.02
Total	142	239.45

Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E), Karnataka

*The year mentioned above relates to "Due year", i.e., after 18 months of actual drawal.

Chart 3.1: Outstanding UCs in respect of three major Departments as on 31 March 2025



Source: Office of the Accountant General (A&E)

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely and hold the persons concerned accountable for submission of UCs in a timely manner.

The State Government replied (January 2026) that the departments concerned would be addressed by stating that persons responsible for non-submission of UCs to be held accountable and strict action would be initiated against them.

3.4 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Under Rule 37(b)(3) of the Manual of Contingent Expenditure (MCE), 1958, the Controlling and Disbursing Officers are authorised to draw sums of money by preparing AC bills by debiting service heads and are required to present Non-payment Detailed Contingent (NDC) bills (vouchers in support of final expenditure) to the AG(A&E) through the treasuries before the 15th of the month following the month to which the bill relates. Controlling officers should also ensure that no amounts are drawn from the treasury through AC bills unless required for immediate disbursement. Delayed submission or prolonged non-submission of NDC bills may affect the completeness and correctness of accounts.

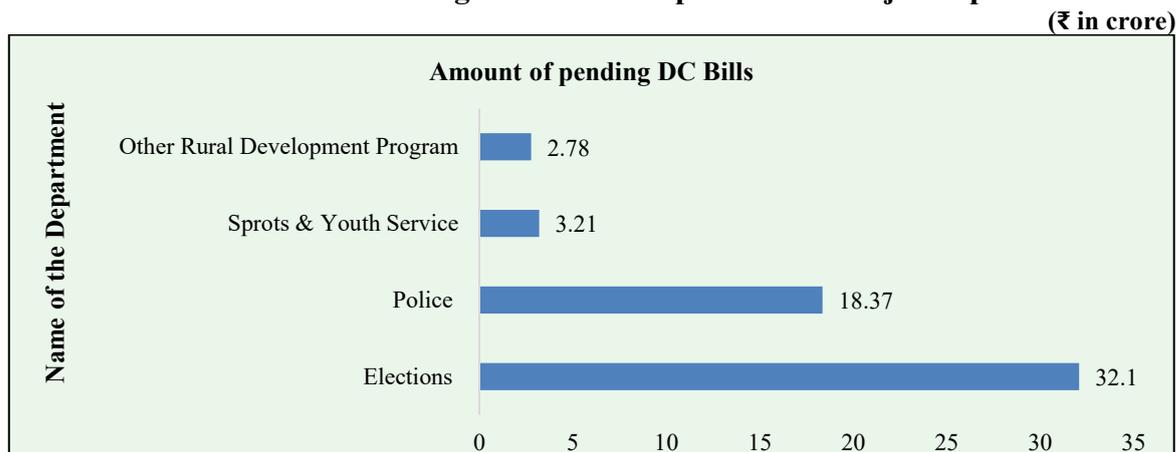
The details of AC bills, pending adjustment, as on 31 March 2025 is given in **Table 3.5**.

Table 3.5: Age-wise pending adjustment of AC bills

(₹ in crore)		
Due Year	No. of AC bills	Amount
Up to 2023-24	638	36.86
2024-25	473	27.04
Total	1,111	63.90

Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E) Karnataka

It was observed that during 2024-25, 2,797 AC bills amounting to ₹275.80 crore were drawn and out of these 185 AC bills amounting to ₹12.80 crore (4.64 per cent) were drawn in March 2025. Out of 2,821 AC bills amounting to ₹280.20 crore due in 2024-25 (including 209 AC bills drawn during March 2024 and excluding 185 bills drawn during 2025), 2,346 AC bills amounting to ₹253.12 crore were adjusted up to 31 March 2025.

Chart 3.2: Pending DC Bills in respect of four major Departments

Source: Office of the Accountant General (A&E), Karnataka

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of NDC bills. Further, to the extent of non-receipt of NDC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

3.5 Personal Deposit Accounts

Under the List of Major and Minor Heads of Accounts of Union and States, Personal Deposits (PD) are of the nature of deposits not bearing interest opened under 8443-Civil Deposits-106-Personal Deposits.

Article 286 of the KFC, 1958 provides for the opening of PD accounts with permission from the Government in cases where the ordinary system of accounting is not suitable for transactions. PD accounts created by debit to the Consolidated Fund of the State should be closed at the end of the financial year. However, this rule is not strictly followed by the State as significant balances are carried forward to the subsequent year which are discussed in paragraphs below. Administrators of the accounts should inform the Treasury Officer about the balance to be transferred to the Consolidated Fund. For continuation of PD accounts beyond the period of their currency, administrators are required to seek the permission of the Finance Department. Periodical reconciliation of PD accounts with treasury accounts is the responsibility of the administrators concerned.

3.5.1 Status of PD Accounts

During the year 2024-25, an amount of ₹12,926.77 crore was transferred from the Consolidated Fund of the State to PD Accounts under head 8443-106. This includes ₹6,026.22 crore transferred to PD Accounts in March 2025. Details of PD accounts as of 31 March 2025 are given in **Table 3.6**.

Table 3.6: Status of PD Accounts during the year 2024-25

(₹ in crore)

Opening Balance (As on 01-04-2024)		Addition during the year 2024-25		Disbursement during the year 2024-25		Closing Balance (As on 31-03-2025)	
No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount
91	32,834.69	06	12,926.77	-	15,991.01	97	29,770.45

Source: Finance Accounts 2024-25 and data maintained by the AG (A&E) Karnataka

3.5.2 Trends in the closing balance of PD Accounts

The closing balances in the PD Accounts for the period from 2020-21 to 2024-25 are indicated in **Table 3.7**.

Table 3.7: Funds kept in PD Accounts

(₹ in crore)				
Year	Opening Balance	Receipts/Deposits	Withdrawals	Closing balance
2020-21	4,421.56	4,711.16	5,143.49	3,989.23
2021-22	3,989.23	4,787.13	4,670.75	4,105.61
2022-23	4,105.61	32,201.44	6,797.51	29,509.54
2023-24	29,509.54	11,055.28	7,730.13	32,834.69
2024-25	32,834.69	12,926.77	15,991.01	29,770.45

Source: Office of the Accountant General (A&E)

The net closing balance in respect of some of the PD accounts of the administrators having huge balances (above ₹100 crore) as at the end of 2024-25 are shown in **Table 3.8**. This was offset by some of the PD accounts which had negative balances.

Table 3.8: Closing balances in PD Accounts

(₹ in crore)		
Sl. No.	Administrator	Amount
1	General	403.99
2	Deputy Commissioners	8,390.66
3	Special Land Acquisition Officer Scr Project Karnataka	1,035.80
4	Under Secretary 1&3 Karnataka Legislative Assembly (Karnataka Legislative Home), Bengaluru	120.09
5	Assistant Commissioner Under the Revenue Department	332.73
6	Special Land Acquisition Officer, Mandya	166.04
7	Karnataka Mining Environment Restoration Corporation (KMERC)	22,115.31
8	Additional Chief Secretary, Urban Development Department, Bengaluru	1,641.20
9	Secretary, Kalyana Karnataka Regional Development Board, Kalaburagi	755.21
10	Special Land Acquisition Officer, Chitradurga	283.06
11	The Commissioner, Department of Collegiate Education, Bengaluru	197.41
12	SLAO, Kabini Reservoir Project, Mysore	602.37
13	The Director, Department of Scheduled Tribes	351.46

Source: Office of the Accountant General (A&E)

Out of closing balance amounting to ₹29,770.45 crore, the major contributor was Karnataka Mining Environment Restoration Corporation which had ₹22,115.31 crore as balance. The Hon'ble Supreme Court *vide* its order dated 21 April 2022 directed the State Government to channelize the receipts and expenditure of the SPV for executing Comprehensive Environment Plan for Mining Impact Zone through opening of PD Account in the Public Accounts of the State. This was followed by PD account of District Commissioners.

(a) In-operative PD Accounts

As per Article 286 A of the KFC, if a PD account is not operated for a considerable period and then if the need for the deposit account has ceased, the same should be closed in consultation with the officer, in whose favour the deposit account has been opened.

During the year 2024-25, out of 97 PD accounts, 25 PD Accounts were inoperative for more than three years as detailed in **Appendix 3.1**. Out of this,

one PD Account had zero balance, and the Government may take action to close these in-operative PD Accounts.

(b) Adverse balances under PD Accounts

The receipts under PD Accounts are either credited into PD Accounts by debit to Consolidated Fund or remitted from other sources. Expenditure is incurred out of the available balances under PD Accounts. Hence, there should not be any negative balances in the PD Accounts. However, as on 31 March 2025, there were PD Accounts as per books of AG (A&E) with negative balances amounting to ₹1,911.92 crore. (**Appendix 3.2**)

The State Government replied (January 2026) that though Finance department had issued orders to close inoperative PD accounts, the same were not closed due to non-reconciliation of figures between the AG(A&E) and Commissioner of Treasury. As a result, it stated that a circular was issued (January 2025) instructing the administrators of PD account to reconcile the balance with both AG(A&E) and Treasury and submit a balance confirmation letter to AG(A&E).

3.6 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹7,588.39 crore under 31 Major Heads of account, constituting 2.25 *per cent* of the total Revenue and Capital Expenditure (₹3,36,892.80 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Of these, ₹2,532.53 crore under four Major Heads was classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.9**.

Table 3.9: Expenditure misclassified under Minor Head 800-Other Expenditure during 2024-25

(₹ in crore)

Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
2210	1,729.18	CSS which have both Central and State share.	Where the Minor head 800 exists under a Major head, then code for Minor head 'other schemes' <i>etc.</i> , needs to be 600.
2216	266.99		
2217	4.40		
4701	531.96		
Total	2,532.53		

Source: Finance Accounts and VLC data maintained by the AG (A&E)

Similarly, ₹3,203.05 crore under 49 Major Heads of Account, constituting 1.24 *per cent* of the total Revenue Receipts (₹2,58,152.52 crore) was classified under 800-Other Receipts in the accounts. Of these, ₹55.01 crore under three Major Heads was classified under Minor Head-800-Other Receipts despite availability of appropriate Minor Heads thereunder as detailed in **Table 3.10**.

Table 3.10: Receipts misclassified under Minor Head 800-Other Receipts during 2024-25

(₹ in crore)			
Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
0049	54.36	Premium on Loans	116-Premium on Market Loans
0070	0.01	Receipts under RTI Act	118- Receipts under RTI
0217	0.64	Receipts from local bodies on account of Salaries etc.	191-Receipts from Municipalities
Total	55.01		

Source: Finance Accounts and VLC data maintained by the AG (A&E), Karnataka

Issues related to Measurement

3.7 Outstanding balance under major suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balances for the last three years have been shown in Table 3.11.

Table 3.11: Balances under Suspense and Remittance Heads

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658	Suspense Account						
101	Pay and Accounts Office-Suspense	245.19	Nil	343.40	Nil	198.30	Nil
	Net Debit (Dr.) / Credit (Cr.)	Dr. 245.19		Dr. 343.40		Dr. 198.30	
102	Suspense Account-(Civil)	Nil	411.74	0.05	Nil	Nil	592.85
	Net Debit (Dr.) / Credit (Cr.)	Cr. 411.74		Dr. 0.05		Cr. 592.85	
109	Reserve Bank Suspense-(Headquarters)	Nil	Nil	Nil	Nil	Nil	0.01
	Net Debit (Dr.) / Credit (Cr.)	-		-		Cr. 0.01	
110	Reserve Bank Suspense- (Central Accounts Office)	273.45	Nil	134.73	114.27	Nil	8.62
	Net Debit (Dr.) / Credit (Cr.)	Dr.273.45		Dr.20.46		Cr. 8.62	
112	Tax Deducted at Source (TDS) Suspense	Nil	39.62	Nil	665.10	Nil	793.95
	Net Debit (Dr.) / Credit (Cr.)	Cr. 39.62		Cr. 665.10		Cr. 793.95	
123	AIS Officers' Group Insurance Scheme	1.32	Nil	1.37	Nil	1.36	Nil
	Net Debit (Dr.) / Credit (Cr.)	Dr. 1.32		Cr. 1.37		Dr. 1.36	
8782	Cash Remittance and adjustments between officers rendering account to the same Accounts Officer						
102	Public Works Remittances	82.61	Nil	82.61	Nil	964.68	Nil
	Net Debit (Dr.) / Credit (Cr.)	Dr. 82.61		Dr. 82.61		Dr. 964.68	
103	Forest Remittances	13.71	Nil	13.71	Nil	13.71	Nil
	Net Debit (Dr.) / Credit (Cr.)	Dr. 13.71		Dr. 13.71		Dr. 13.71	
8793	Inter-State Suspense Account	55.72	Nil	0.02	Nil	96.35	Nil
	Net Debit (Dr.) / Credit (Cr.)	Dr.55.72		Dr.0.02		Dr. 96.35	

Source: Finance Accounts of respective years

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts

(which are carried forward from year to year) of the State Government.

The implications of the balances under the important heads are discussed in the succeeding paragraphs.

- **Pay and Accounts Office Suspense**

This head is intended for settlement of transactions between the AG and the various separate Pay and Accounts Offices (PAO) of GoI. The transactions initially recorded under this head in the books of the AG are cleared on receipt of the Cheque/Demand Drafts from the PAO and on the issue of Cheque/Demand Draft in respect of amounts received in the State Treasuries on behalf of the PAO. Outstanding debit balance under this head would mean that payments were made by the AG on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the AG on behalf of a PAO, which were yet to be paid. The net debit balance under this head showed an inter year variation. However, it decreased by ₹145.10 crore in the current year when compared to previous year. On clearance/settlement of this, the cash balance of the State Government will increase. The transactions mainly related to National Highways, and payments made by the State Government to Central Government Civil Pensioners.

- **Suspense Account (Civil)**

Transactions where full particulars of the classification are not available, or where the relevant vouchers/schedules in support thereof are not available or where there is some discrepancy between the figures reported in the treasury schedules of payment/cash accounts and those appearing in the supporting vouchers, schedules, *etc.*, constitute the major portion of outstanding figure under this head. Transactions taking place at State treasuries on behalf of Railways, Defence and Postal and Telecommunication Department are also initially classified under this head, pending settlement of claims by these authorities. The net debit balance (unadjusted balances) under this head during 2024-25 is ₹592.85 crore. In so far as accounts with Railways (₹3.13 crore) and accounts with Defense (₹0.39 crore) are concerned, the cash balance will increase on clearance. There is no impact on cash balance in respect of the rest.

- **Reserve Bank Suspense, Central Accounts Office**

This head is operated for recording inter-governmental transactions where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the RBI. This head is cleared by transferring the amount to the final head of account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transactions, which get settled through this suspense head are grants, loans received from the GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments. During 2024-25, the debit balance under this head increased by ₹29.08 crore compared to previous year and the credit balance was ₹8.62 crore. On clearance/settlement of this, the cash balance of the State Government will increase.

- **Public Works Remittance into Treasury**

This head is operated to watch whether the Treasury acknowledges amounts remitted by the divisional officers of Public Works. The debit balance of ₹964.68 crore at the end of year 2024-25 is due to non-reconciliation by the Division Offices with the Treasury and these differences could lead to non-detection of cases of defalcation, which may result in loss to Government.

- **Forest Remittances into Treasury**

Collection for forest revenues by the divisions and their remittance to the Government Accounts at treasury initially takes place under this head. The debits under this head get cleared by credits appearing in the treasury accounts when the remittances are acknowledged and accounted by the treasury officers. Due to the time lag between actual realisation of revenue and its remittance into the treasury, the debits appearing in the division accounts under this head would continue to appear till remittance made is finally accounted in the Treasury Accounts. There is a debit balance of ₹13.71 crore at the end of 2024-25 under this head.

- **Inter State Suspense Account**

An Inter State Suspense Account is used to temporarily record transactions between the States which lacks the necessary information to account under the correct Head of Account. On receipt of the required information on the transactions, it is accounted under the correct Head of the respective State. The balance under this Head is in a decreasing trend and during 2024-25, the account has a debit balance of ₹96.35 crore. On clearance/settlement of this, the cash balance of the State Government will increase.

3.8 Reconciliation of Departmental figures

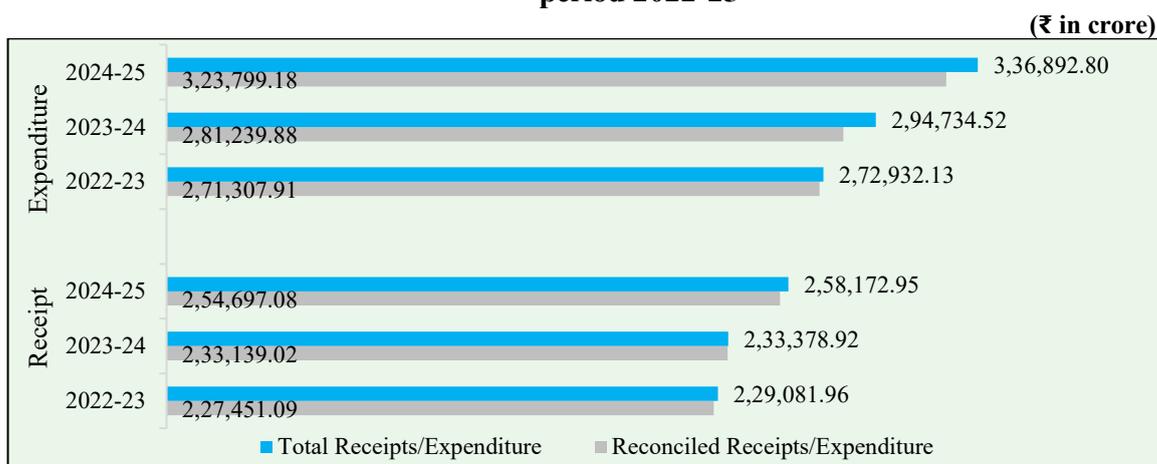
To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, State Financial Rules stipulate that Chief Controlling Officers (CCOs)/Controlling Officers (COs) are required to reconcile every month, the receipts and expenditure recorded in their books with the figures of the Accountant General (A&E).

The status of reconciliation of figures by the Controlling Officers is given in **Table 3.12** and **Chart 3.3**.

Table 3.12: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
Receipts				
2022-23	96	72	14	7 + 3 (not transacted)
2023-24	103	51	32	15 + 5 (not transacted)
2024-25	104	88	05	2 + 9 (not transacted)
Expenditure				
2022-23	346	280	23	7 + 36 (not transacted)
2023-24	346	156	114	32 + 44 (not transacted)
2024-25	354	223	41	82 + 8 (not Transacted)

Source: Information maintained by office of the Accountant General (A&E) Karnataka

Chart 3.3: Status of Reconciliation of Receipts and Expenditure during the period 2022-25

Source: Information maintained by Accountant General (A&E)

In 2024-25, while receipts have been reconciled to an extent of 99 per cent, the expenditure has been reconciled to an extent of 96 per cent.

3.9 Reconciliation of Cash Balances

As per accounts of the Accountant General (A&E) Karnataka, the Cash Balance of the State Government as on 31 March 2025 was ₹1,445.62 crore (Debit) while the same was reported as ₹2.39 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹1,443.23 crore (Debit) mainly due to non-receipt of bank scrolls and pending reconciliation between treasury, RBI, Agency Banks and AG Office. The difference is under reconciliation.

Issue related to Disclosure

3.10 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.13**.

Table 3.13: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1	IGAS-1:	Guarantees Given by the Government - Disclosure requirements	Complied	No deficiency
2	IGAS-2:	Accounting and Classification of Grants-in-aid	Partially complied	Grants-in-aid are given to some of the Grants-in-aid institutions viz., Malnad Area Development Board etc., as Capital Expenditure. This has resulted in misclassification between Revenue and Capital and understatement of Revenue Expenditure and overstatement of Revenue

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
				Surplus.
3	IGAS-3:	Loans and Advances made by Government	Partially complied	The State Government complied with the format prescribed by the Standard. However, the information with regard to outstanding principal and interest in respect of loans accounts maintained by the State Government Departments is incomplete as information from all the Departments have not been provided to the AG (A&E).
4	IGAS-4:	Prior period adjustments	Complied	No deficiency

Source: Finance Accounts

3.11 Submission of accounts of Autonomous Bodies

As on 31 March 2025, 16 accounts in respect of nine Autonomous Bodies were pending as detailed in **Table 3.14**. In respect of seven⁴ Autonomous bodies no accounts were pending for submission.

Table 3.14: Arrears of accounts of Autonomous Bodies as on 31 March 2025

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1	Karnataka Electricity Regulatory Commission (KERC)	2024-25	1
2	Karnataka Compensatory Afforestation Fund Management Authority (CAMPA)	2024-25	1
3	Karnataka Biodiversity Board (KBB)	2023-24	2
4	Karnataka Industrial Area Development Board (KIADB)	2023-24	2
5	Karnataka Khadi Village and Industries Board (KVIB)	2023-24	2
6	Karnataka State Legal Service Authority (KLSA)	2023-24	2
7	Karnataka Building and Other Construction Workers Welfare Board	2023-24	2
8	Karnataka Text Book Society	2023-24	1
9	Bangalore Water Supply and Sewerage Board	2021-22	3
Total			16

Source: Departmental data/information

Delayed submission of accounts reduces transparency and hinders financial oversight. The administrative departments must regularly monitor the timely submission of accounts and address capacity constraints, if any, within these bodies to ensure up-to-date financial reporting.

Other Issues

3.12 Misappropriations, losses, thefts, etc.

Para 349 of the Karnataka Financial Code stipulates that a Government servant would be held personally responsible for any loss sustained by Government

⁴ Karnataka State Human Rights Commission, Karnataka Urban Water Supply and Drainage Board, Karnataka Housing Board, Bengaluru Development Authority, Karnataka Slum Development Board, Karnataka Real Estate Regulatory Authority, Karnataka State Building & Other Construction Workers Welfare Board.

through fraud or negligence on his part also for any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence.

As on 31 March 2025, 41 cases of misappropriation, losses, theft, *etc.*, involving ₹149.83 crore were pending. The department-wise break-up of pending cases is given in Table 3.15.

Table 3.15: Details of pending cases of misappropriation, losses, theft, *etc.*

(₹ in crore)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, <i>etc.</i>					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Home	5	1.25	-	-	5	1.25	-	-
Law	1	2.27	-	-	1	2.27	-	-
Public Works	2	11.80	-	-	2	11.80	-	-
Karnataka Soaps and Detergents Ltd.	1	4.99	-	-	1	4.99	-	-
Collegiate Education	1	0.11	1	0.11	-	-	-	-
ESI	1	3.99	1	3.99	-	-	-	-
Karnataka Handloom Development Corporation	1	0.13	-	-	1	0.13	-	-
Karnataka State Coir Development Corporation	8	0.30	2	0.04	5	0.27	1	0.0
BESCOM	3	1.18	1	0.05	1	0.80	1	0.33
CESCOM	2	1.00	-	-	1	0.45	1	0.54
GESCOM	3	2.28	1	0.37	2	1.91	-	-
HESCOM	4	115.47	1	114.64	2	0.82	1	0.01
KPTCL	3	4.50	-	-	2	3.51	1	0.99
Archaeology, Museums and sHeritage	1	0.03	-	-	1	0.03	-	-
Fisheries	1	0.06	-	-	1	0.06	-	-
Health and family welfare	3	0.42	3	0.42	-	-	-	-
Revenue	1	0.05	1	0.05	-	-	-	-
Total	41	149.83	11	119.67	25	28.29	5	1.87

Source: Departmental data/information

Observation in respect to 41 cases are detailed below:

- Nine cases were part of AGs Audit Reports printed during the year 2013-14 to 2023-24. The balance cases were identified by the departments and are pending enquiries at various stages.
- In respect of 25 cases (₹28.29 crore), departmental action had been initiated but not finalised, out of which 14 cases are pending in court.
- The age-wise profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in Table 3.16.

Table 3.16: Profile of misappropriations, losses, defalcations, etc.

(₹ in crore)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
0-5	13	128.35	Theft cases	3	0.45
			Misappropriation/Losses/defalcation, etc.	10	127.90
5-10	14	7.95	Misappropriation/Losses/defalcation, etc.	14	7.95
10-15	14	13.53	Misappropriation/Losses/defalcation, etc.	14	13.53
Total	41	149.83	Total	41	149.83

Source: Departmental data/information

Out of the total of 41 cases, 14 cases (34 per cent) are related to the cases which are pending for more than 10 years.

3.13 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department require the line departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

The Report of C&AG of India on State Finances for the year 2019-20 was discussed by the PAC in July 2022. The similar paras and important points of SFAR for the years 2012-13 to 2018-19 were also taken up in PAC. It deliberated on regularisation of the Excess expenditure of ₹2,409.53 crore for the period from 2012-13 to 2017-18. The recommendation of the PAC is placed (Feb 2023) in the State Legislature. While replies with respect to the SFAR for the years 2020-21 and 2021-22 have been furnished by the Finance Department, replies with respect to 2022-23 and 2023-24 is awaited.

3.14 Conclusion

Government did not discharge its interest liability in respect of interest-bearing Reserve Funds and Deposits.

The State Government did not remit entire amount of employees' and employers' contributions towards the Defined Contribution Pension Scheme to the designated fund manager for its further investment.

Non-submission of Utilisation Certificate (UCs) is on an increasing trend since 2022-23 and was 142 amounting to ₹239.45 crore in 2024-25. Pendency in submission of UCs not only results in absence of assurance on utilisation of grant released for intended purpose but also lack of monitoring of utilisation of grants.

The pending Non-payment Detailed Contingent bills (NDC) increased by 18.95 per cent when compared to the previous year.

The closing balance in the Personal Deposit accounts (excluding KMERC) from 2020-21 onwards was in increasing trend. Retention of such large sums of money was against principle of Legislative financial control.

16 Annual accounts of nine Autonomous Bodies / Authorities (due up to 2024-25) for audit have not been submitted by the concerned entities. In absence of annual accounts and their audit, proper utilisation of grants and loans disbursed

to these Autonomous Bodies / Authorities cannot be vouched.

3.15 Recommendations

- *The State Government should transfer the entire amount of Defined Contribution Pension Scheme to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank so that the un-transferred amount could become the part of corpus of investment of the subscribers and yield value appreciation.*
- *The Government may consider adopting a module similar to Expenditure Advance Transfer (EAT) available in Public Financial Management System (PFMS) to address the problem of pending UCs and AC bills.*
- *Cleaning up of balances in the PD Accounts which have outlived its utility needs to be examined and steps taken to close such PD Accounts after reconciliation of balances in consultation with the Administrators, Treasury and Accountant General (A&E).*
- *The Finance Department should consider evolving a system of regular review to expedite the process of compilation and submission of annual accounts by Bodies/Authorities/Departmental Commercial Undertakings in order to assess their financial position.*

Bengaluru
The 17 MAR 2026


(Jahangir Inamdar)
Accountant General (Audit I)
Karnataka

Countersigned

New Delhi
The 23 MAR 2026


(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES



Appendix 1.1
Time series data on the State Government Finances
(Reference paragraph 1.1.3; Page 6)

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Part A: Receipts										
1. Revenue Receipts	1,18,793	1,33,212	1,47,001	1,64,923	1,75,442	1,56,716	1,95,762	2,29,080	2,33,343	2,58,153
(i) Tax Revenue (Own)	75,526	82,954	87,131	96,774	1,02,362	97,052	1,20,739	1,43,702	1,63,505	1,77,447
State Goods and Services Tax (SGST)	-	-	24,182	41,956	42,147	37,711	49,929	61,403	71,041	77,169
Taxes on Agricultural Income	(-12)	(-1)	15	-	1	-	-	-	-	-
Taxes on Sales, Trade, etc.	40,449	46,105	25,093	14,003	16,424	16,028	19,274	19,082	20,811	23,898
State Excise	15,333	16,484	17,949	19,944	21,584	23,332	26,378	29,920	34,629	35,784
Taxes on Vehicles	5,001	5,594	6,209	6,568	6,763	5,607	6,915	10,611	11,287	12,516
Stamps and Registration fees	8,215	7,806	9,024	10,775	11,308	10,576	14,020	17,726	20,147	22,353
Land Revenue	181	209	195	144	203	184	181	364	860	499
Taxes on Goods and Passengers	3,125	3,306	1,279	(-28)	65	16	18	3	(-5)	(-2)
Other Taxes	3,234	3,451	3,185	3,412	3,867	3,598	4,024	4,593	4,735	5,231
(ii) Non Tax Revenue	5,355	5,795	6,477	6,773	7,681	7,894	11,777	13,914	13,117	16,148
(iii) State's share of Union taxes and duties	23,983	28,760	31,752	35,895	30,919	21,694	33,284	34,596	41,193	46,933
(iv) Grants-in-aid from Government of India	13,929	15,703	21,641	25,481	34,480	30,076	29,962	36,868	15,528	17,625
2. Miscellaneous Capital Receipts	352	27	4	-6	45	45	6	2	36	20.44
3. Recoveries of Loans and Advances	60	100	137	31	203	270	127	478	306	321.65
4. Total Revenue and Non-debt capital receipts (1+2+3)	1,19,205	1,33,339	1,47,142	1,64,948	1,75,690	1,57,031	1,95,895	2,29,560	2,33,685	2,58,495
5. Public Debt Receipts	21,072	31,156	25,122	41,914	50,459	84,528[#]	80,641[#]	44,549	90,280	1,03,342
Internal Debt (excluding Ways and Means Advances and Overdrafts)	19,801	29,238	23,179	40,470	49,474	70,414	60,462	39,283	84,334	95,278
Net transactions under Ways and Means Advances and Overdrafts	---	---	---	---	310	-	-	-	-	-
Loans and Advances from Government of India	1,271	1,918	1,943	1,444	675	14,114 ^s	20,179 ^s	5,266	5,946	8,064
6. Total Receipts in the Consolidated Fund (4+5)	1,40,277	1,64,495	1,72,264	2,06,862	2,26,149	2,41,559	2,76,536	2,74,109	3,23,965	3,61,837
7. Contingency Fund Receipts	---	---	---	---	-	-	420	-	-	-

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
8. Public Account Receipts	1,60,519	1,79,318	2,00,615	2,37,760	2,55,638	2,72,457	3,28,313	3,68,236	3,68,798	4,45,182
9. Total Receipts of the State (6+7+8)	3,00,796	3,43,813	3,72,879	4,44,622	4,81,787	5,14,016	6,05,269	6,42,345	6,92,763	8,07,019
Part B: Expenditure/Disbursements										
10. Revenue Expenditure	1,17,028	1,31,921	1,42,482	1,64,300	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614	2,78,987
Programme										
Administrative										
General Services (including interest payments)	30,799	31,265	34,484	42,655	48,824	55,018	62,669	71,816	75,700	87,750
Social Services	46,307	54,549	58,652	67,935	66,373	61,726	79,804	81,011	93,723	1,11,105
Economic Services	33,846	40,421	42,856	48,285	52,636	53,629	60,339	57,095	66,962	73,467
Grants-in-aid and contributions	6,076	5,686	6,490	5,425	6,425	5,681	6,616	5,662	6,229	6,665
11. Capital Expenditure	20,713	28,150	30,667	34,659	35,530	45,406	47,874	57,349	52,120	57,906
Programme										
Administrative										
General Services	991	1,060	977	827	779	1,206	940	1,652	2,972	2,781
Social Services	5,314	6,897	8,677	9,794	9,192	11,547	13,228	12,477	12,026	17,466
Economic Services	14,408	20,193	21,013	24,038	25,559	32,653	33,706	43,220	37,122	37,658
12. Disbursements of Loans and Advances	657	1,934	5,093	4,487	4,069	2,669	4,209	3,250	4,473	6,631
13. Total Expenditure (10+11+12)	1,38,398	1,62,005	1,78,242	2,03,446	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207	3,43,524
14. Repayment of Public Debt	4,110	7,420	8,269	11,083	10,180	11,016	13,972	15,942	22,453	24,895
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3,161	6,294	7,087	9,741	8,446	9,611	12,560	14,430	20,774	23,334
Net transactions under Ways and Means Advances and Overdraft	---	---	---	---	310	-	-	-	-	-
Loans and Advances from Government of India	949	1,126	1,182	1,342	1,424	1,405	1,412	1,512	1,679	1,561
15. Appropriation to Contingency Fund	---	---	---	---	-	-	420	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	1,42,508	1,69,425	1,86,511	2,14,529	2,24,037	2,35,145	2,75,903	2,92,125	3,21,660	3,68,419
17. Contingency Fund disbursements	---	---	---	---	-	-	-	-	-	-

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
18. Public Account disbursements	1,55,095	1,67,154	1,94,537	2,34,330	2,45,292	2,66,193	3,13,096	3,30,004	3,47,781	4,41,245
19. Total disbursement by the State (16+17+18)	2,97,603	3,36,579	3,81,048	4,48,859	4,69,329	5,01,338	5,88,999	6,22,129	6,69,441	8,09,664
Part C: Surplus/Deficit										
20. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	1,765	1,291	4,519	623	1,184	(-19,338)	(-13,666)	13,496	(-9,272)	(-20,835)
21. Fiscal Deficit(-) /Fiscal Surplus(+) (4-13)	(-19,193)	(-28,666)	(-31,100)	(-38,498)	(-38,167)	(-67,098)	(-65,616)	(-46,623)	(-65,522)	(-85,030)
22. Primary Deficit(-)(21-23)/Primary Surplus(+) (23-21)	(-7,850)	(-15,816)	(-16,127)	(-21,884)	(-18,264)	(-43,665)	(-39,340)	(-16,980)	(-33,650)	(-47,478)
Part D: Other data										
23. Interest Payments (included in Revenue Expenditure)#	11,343	12,850	14,973	16,614	19,903	23,433	26,276	29,643	31,872	37,552
24. Financial Assistance to local bodies etc.	40,021	44,499	47,096	50,603	54,603	53,771	57,582	62,708	66,039	79,530
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	2	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-	-	-	-	-	-
26. Interest on Ways and Means Advances/Overdraft	-	-	-	-	0.05	-	-	-	-	-
27. Gross State Domestic Product * (GSDP)	10,45,168	12,07,608	13,33,240	14,79,391	16,15,827	16,40,811	19,92,029	23,19,696	25,57,241	28,83,903
28. Outstanding Fiscal Liabilities (Year end)	1,83,322	2,21,319	2,46,231	2,85,238	3,37,520	4,15,926	4,90,256	5,53,363	6,33,531	6,92,115
29. Outstanding guarantees (year-end) (including interest)	13,324	15,392	18,416	24,091	26,830	32,733	33,193	38,356	44,247	45,889
30. Maximum amount guaranteed (year-end)	18,358	21,115	24,025	30,719	35,694	45,104	49,467	70,095	78,147	81,654
Part E: Fiscal Health indicators (in per cent)										
I Resource Mobilisation										
Own-Tax Revenue/GSDP	7.23	6.87	6.54	6.54	6.33	5.91	6.06	6.19	6.39	6.15

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Own non-Tax Revenue/GSDP	0.51	0.48	0.49	0.46	0.48	0.48	0.59	0.60	0.51	0.56
Own Revenue/GSDP	7.74	7.35	7.02	7.00	6.81	6.40	6.65	6.79	6.91	6.71
Own Revenue/Total Expenditure	58.44	54.78	52.52	50.90	51.46	46.82	50.67	57.07	59.03	56.36
II Expenditure Management										
Total Expenditure/GSDP	13.24	13.42	13.37	13.75	13.24	13.66	13.13	11.91	11.70	11.91
Total Expenditure/Revenue Receipts	116.50	121.61	121.25	123.36	121.90	143.02	133.59	120.56	128.23	133.07
Revenue Expenditure/Total Expenditure	84.56	81.43	79.94	80.76	81.48	78.55	80.08	78.06	81.09	81.21
Expenditure on Social Services and Economic Services/Total Expenditure	72.17	75.34	73.61	73.76	71.90	71.19	71.54	70.17	70.13	71.70
Capital Expenditure/Total Expenditure	14.97	17.38	17.21	17.04	16.61	20.26	18.31	20.76	17.42	16.86
Capital Expenditure/GSDP	1.98	2.33	2.30	2.34	2.20	2.77	2.40	2.47	2.04	2.01
III Management of Fiscal Imbalances										
Revenue Surplus (Deficit)/GSDP	0.17	0.11	0.34	0.04	0.07	(-1.18)	(-0.69)	0.58	(-0.36)	(-0.72)
Fiscal Deficit (Surplus)/GSDP	(-1.84)	(-2.37)	(-2.33)	(-2.60)	(-2.36)	(-4.09)	(-3.29)	(-2.01)	(-2.56)	-2.95
Primary Deficit (surplus)/GSDP	(-0.75)	(-1.31)	(-1.21)	(-1.48)	(-1.13)	(-2.66)	(-1.97)	(-0.73)	(-1.32)	(-1.65)
IV Debt Sustainability										
Outstanding Liabilities /GSDP [^]	17.54	18.33	18.47	19.28	20.89	24.59	23.08	22.54	23.58	23.73
Interest Payments/Revenue Receipts	9.55	9.65	10.19	10.07	11.34	14.95	13.42	12.94	13.66	14.53

Includes expenditure on interest payment in respect of off-budget borrowings.

*GSDP figures adopted in previous audit report are 2020-21 ₹16,41,640 crore), 2021-22 (₹19,78,094 crore), 2022-23(₹22,69,995 crore) and 2023-24 (₹25,67,340 crore)

[^]The back-to-back Loan of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22 received from GoI in lieu of GST compensation has not been considered as Debt for working out the indicator

The effective public debt would be ₹72,121 crore and ₹62,532 crore by deducting the GST compensation of ₹12,407 crore for 2020-21 and ₹18,109 crore for 2021-22 received as back-to-back loans. The Department of Expenditure, GoI had decided that GST compensation given to the State as back-to-back loan under Debt Receipts would not be treated as debt of the State for any norms which may be prescribed by the FC.

\$ The effective Loans and Advances from GoI would be ₹1,707 crore and ₹2,070 crore by deducting the GST compensation of ₹12,407 crore for 2020-21 and ₹18,109 crore for 2021-22 received as back-to-back loans. The Department of Expenditure, GoI had decided that GST compensation given to the State as back-to-back loan under Debt Receipts would not be treated as debt of the State for any norms which may be prescribed by the FC.

^{^^} Effective Outstanding Fiscal Liabilities would be ₹4,03,519 crore, ₹4,59,740 crore, ₹5,22,847 crore, ₹6,03,015 crore and ₹6,84,427 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22 given to the State as back-to-back loan under Debt Receipts respectively would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Appendix 1.2
Abstract of Receipts and Disbursements for the year 2024-25
(Reference paragraph 1.1.4, 1.2.4.1, 1.2.4.2; Page 7, 25, 34)

(₹ in crore)

Receipts		Disbursements		2024-25			
2023-24		2024-25	2023-24		Administ rative	Progra mme	Total
Section-A: Revenue							
2,33,342.93	I. Revenue receipts	2,58,152.52	2,42,614.45	I. Revenue expenditure			2,78,986.97
1,63,505.04	Tax revenue	1,77,446.69	75,699.58	General Services			87,749.92
13,117.41	Non-tax revenue	16,148.38	93,723.41	Social Services			1,11,104.867
41,192.63	State's share of Union Taxes & Duties	46,932.72	32,725.35	Education, Sports, Art and Culture			32,702.73
-	Non-Plan Grants	-	12,237.87	Health and Family Welfare			12,771.07
-	Grants for State Plan Schemes	-	4,723.12	Water Supply, Sanitation, Housing and Urban Development			4,166.95
15,527.85	Grants for Central and Centrally Sponsored Schemes	17,624.73	300.04	Information and Broadcasting			317.27
9,865.95	Centrally Sponsored Schemes	9,375.52	8,850.92	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and minorities			10,094.64
3,768.63	Finance Commission Grants	4,218.67	785.14	Labour and Labour Welfare			1,078.06
1,893.27	Other transfer/grants to State	4,030.54	33,908.00	Social Welfare and Nutrition			49,591.55
			192.97	Others			382.59
			66,962.36	Economic Services			73,467.18
			18,269.32	Agriculture and Allied Activities			22,141.82
			9,759.81	Rural Development			8,540.48
			11.69	Special Areas Programmes			13.40

Receipts			Disbursements		2024-25		
2023-24		2024-25	2023-24		Administrative	Programme	Total
			1,854.87	Irrigation and Flood Control			1,694.00
			23,795.16	Energy			26,701.29
			1,486.28	Industry and Minerals			1,804.03
			6,362.20	Transport			9,055.75
			77.59	Science, Technology and Environment			71.23
			5,345.44	General Economic Services			3,445.18
			6,229.10	Grants-in-aid and Contribution			6,665.00
	II Revenue Deficit carried over to Sec.-B		(-)9,271.57	II Revenue Surplus carried over to Sec.-B			(-)20,834.45
2,33,342.93		2,58,152.52	2,33,342.88	Total			2,58,152.52

Section B – Capital and others					
Receipts			Disbursements		
2023-24		2024-25	2023-24		2024-25
83,942.63	III. Opening Cash Balance including Permanent Advances & Cash Balance Investments & Investments from earmarked funds	1,07,264.47		III. Opening Overdraft from Reserve bank of India	
35.99	IV. Miscellaneous Capital receipts	20.44	52,120.07	IV. Capital Outlay	57,905.86
			2,971.64	General Services	2,781.20
			12,026.26	Social Services	17,466.46
			1,201.09	Education, Sports, Art and Culture	1,507.59
			1,113.82	Health and Family Welfare	1,742.22
			6,616.84	Water Supply, Sanitation, Housing and Urban Development	9,990.63
			2.30	Information and Broadcasting	0.00
			2,764.10	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward	3,812.02

Section B – Capital and others					
Receipts			Disbursements		
2023-24		2024-25	2023-24		2024-25
				Classes and Minorities	
			74.09	Social Welfare and Nutrition	273.44
			254.02	Other Social Services	140.56
			37,122.17	Economic Services	37,658.20
			871.43	Agriculture and Allied Activities	692.81
			223.53	Rural Development	235.46
			3595.50	Special Areas Programmes	3,599.92
			17,435.66	Irrigation and Flood Control	18,953.33
			500.00	Energy	583.56
			81.05	Industry and Minerals	281.68
			9,644.80	Transport	8,235.63
			4,770.20	General Economic Services	5,075.81
306.11	V. Recoveries of Loans and Advances	321.65	4,472.85	V. Loans and Advances	6,631.35
263.14	From Power Projects	258.14	113.33	For Power Projects	4,116.77
3.98	From Government Servants	7.37	14.70	To Government Servants	18.69
38.99	From Others	56.14	4,344.82	To Others	2,495.89
-	VI. Revenue Surplus brought down		9,271.57	VI. Revenue Deficit brought down	20,834.45
90,279.93	VII. Public Debt receipts	1,03,341.81	22,452.64	VII. Repayment of Public Debt	24,895.02
-	External Debt	-		External Debt	-
84,334.12	Internal debt other than Ways and Means Advances and Overdraft	95,277.56	20,773.45	Internal debt other than Ways and Means Advances and Overdraft	23,333.94
-	Net transactions under Ways and Means Advances	-	-	Net transactions under Ways and Means Advances	-
-	Net transactions under Overdraft	-	-	Net transactions under Overdraft	-
5,945.81	Loans and Advances from the Central Government	8,064.25	1,679.19	Repayment of Loans and Advances to Central Government	1,561.08
-	VIII. Appropriation to Contingency Fund	0.00	-	VIII. Appropriation from Contingency Fund	0.00

Section B – Capital and others					
Receipts			Disbursements		
2023-24		2024-25	2023-24		2024-25
-	IX. Amount transferred to Contingency Fund	-	-	IX. Expenditure from Contingency Fund	
3,68,797.79	X. Public Account Receipts	4,45,182.21	3,47,781.07	X. Public Account Disbursements	4,41,244.92
9,861.00	Small Savings and Provident Funds, etc.	10,710.46	6,306.70	Small Savings and Provident Funds, etc.	7,213.93
9,676.52	Reserve Funds	10,554.10	2,348.95	Reserve Funds	6,730.33
2,69,298.72	Suspense and Miscellaneous	3,24,064.88	2,66,693.12	Suspense and Miscellaneous	3,26,807.84
0.00	Remittances	0.00	-55.70	Remittances	96.33
79,961.55	Deposits and Advances	99,852.77	72,488.00	Deposits and Advances	1,00,396.49
	XI. Closing Overdraft form Reserve Bank of India		1,07,264.47	XI. Cash Balance at the end of 31.03.2025	1,04,619.04
			0.01	Cash in Treasuries and Local Remittances	0.01
			4,699.34	Deposits with Reserve Bank	1,445.62
			6.20	Departmental Cash Balances including Permanent Advances	6.25
			67,143.36	Cash Balance Investment	63,264.17
			35,415.56	Investment from Earmarked Funds	39,902.99
5,43,362.45^{\$}	Total	6,56,130.58[#]	5,43,362.67^{\$}	Total	6,56,130.63[#]

Source: Finance Accounts of 2024-25, Government of Karnataka

\$ and # The difference is due to rounding.

Appendix 1.3
Summarised Financial position of Government of Karnataka as on 31 March 2025
(Reference paragraph 1.1.5; Page 7)

As on 31.03.2024	Liabilities	As on 31.03.2025 (₹ in crore)
4,17,454.56	Internal Debt	4,89,398.18
4,00,292.60	Market Loans bearing interest	4,71,817.75
-	Market Loans not bearing interest	-
-	Loans from Life Insurance Corporation of India	-
8,312.96	Loans from other Institutions	10,359.35
-	Ways and Means Advance	-
-	Overdrafts from Reserve Bank of India	-
8,849.00	Loans from RBI - Special Securities issued to National Small Savings Fund of the Central Government	7,221.08
53,405.78	Loans and Advances from Central Government	37,080.50
0.07	Pre 1984 - 85 Loans	0.07
15.58	Non-Plan Loans	10.76
3,832.82	Loans for State Plan Schemes	2,276.73
7.89	Loans for Central Plan Schemes	7.89
(-)18.25	Loans for Centrally Sponsored Plan Schemes	(-)18.25
0.02	Loans for Centrally Sponsored Schemes	0.03
49,567.65	Loans for State /UTs with legislature Schemes	34,803.27
500.00	Contingency Fund	500.00
49,290.49	Small Savings, Provident Funds, etc.	52,787.02
67,347.89	Deposits	66,804.18
67,969.29	Reserve Funds Advances	71,793.06
6,026.44	Suspense and Miscellaneous balances	3,283.53
-	Remittances Balances	-
-	Cumulative excess of receipts over expenditure	-
6,61,994.45	Total	7,21,646.47
	ASSETS	
5,08,558.20	Gross Capital Outlay on Fixed Assets	5,66,428.40
73,486.87	Investments in shares of Companies, Corporations etc.	74,324.86
4,35,071.33	Other Capital Outlay	4,92,103.54
42,268.12	Loans and Advances	48,577.83
5,155.26	Loans for Power Projects	9,013.89

As on 31.03.2024	Liabilities	As on 31.03.2025
37,199.07	Other Development Loans	39,649.26
(-)86.21	Loans to Government Servants and Miscellaneous Loans	(-)85.32
991.79	Remittances	1,088.12
6.94	Other Advances	6.94
-	Suspense and Miscellaneous balances	-
1,07,264.47	Cash	1,04,619.04
0.01	Cash in treasuries and Local Remittances	0.01
4,699.34	Deposits with Reserve Bank of India	1,445.62
6.20	Departmental Cash Balance including Permanent Advances	6.25
	Security Deposit	
35,415.56	Investment from earmarked funds	39,902.99
67,143.36	Cash Balance Investment Account	63,264.17
2,938.93	Deficit/Surplus on Government Accounts	926.15
9,271.57	i) Less Revenue Surplus of the current year	20,834.45
-	ii) Appropriation to Contingency Fund	-
(-)6,314.54	Accumulated Deficit/Surplus at the beginning of the year	2,983.93
(-)35.99	Miscellaneous Capital Receipt	(-)20.44
(-)17.91	Other adjustments	(-)22836.79
-	Contingency Fund	
6,61,994.45	Total	7,21,646.47

Source: Finance Accounts of 2024-25, Government of Karnataka

Appendix 1.4
Subsidies in the form of financial assistance, incentives etc.
(Reference paragraph 1.2.4.1; Page 29)

(₹ in crore)

Sl. No.	Head of Account	Name of the Scheme	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1	2202-01-109-0-03	Vidya Vikasa Scheme	230.11	407.06	501.15	466.27	538.08	266.98	248.83	339.16	384.30	467.31
2	2216-02-101-0-07	Vajpayee Urban Housing Scheme	100.00	100.00	336.62	250.00	93.75	150.00	250.00	100.00	0.00	0.00
3	2216-02-102-0-02	Housing for weaker section	15.00	11.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	2216-03-104-0-01	Ashraya	1,668.24	1,251.55	944.42	654.00	1,461.35	600.00	1,600.00	265.19	575.00	550.00
5	2235-02-102-0-25	Bhagya Lakshmi	473.35	338.40	301.90	294.27	294.30	46.82	97.26	137.04	179.41	223.99
6	2401-00-103-0-15	Supply of seeds and other inputs (Agricultural inputs and Quality Control)	554.66	677.57	213.20	559.95	590.85	550.38	491.63	852.80	503.18	525.99
7	2405-00-103-0-20	Matsya Ashraya	0.00	26.28	15.00	4.00	0.00	0.00	0.00	0.00	2.00	0.00
8	2425-00-108-0-57	Yashaswini	109.56	170.43	190.79	99.75	0.00	0.00	0.00	100.00	31.28	50.00
9	2851-00-103-0-62	Weavers package	99.93	114.54	38.75	114.76	127.15	260.10	135.00	125.77	102.00	30.11
10	2851-00-103-0-69	Weavers Package-KHDC	30.01	24.00	6.02	9.39	20.00	40.00	15.00	15.00	12.00	10.00
11	2852-80-103-0-59	Refund of sales tax to Eligible industries	0.00	89.41	80.00	299.46	155.26	195.00	50.00	0.00	0.00	0.00
12	3475-00-107-0-20	Minimum Floor Price Scheme	64.23	140.00	306.00	220.30	0.00	60.00	60.00	1,075.90	249.35	50.00
13	2235-02-103-0-73	Gruha Lakshmi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,964.40	29,608.40
14	2230-02-101-0-17	Yuvanidhi Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	88.88	286.91
Total			3,345.09	3,350.24	3,934.85	2,942.15	3,280.74	2,169.28	2,947.72	3,010.86	19,091.80	31,802.71

Source: Finance Accounts of 2024-25, Government of Karnataka

Appendix 2.1

**Grant-wise details under which reasons for savings not intimated
(Reference paragraph 2.2.2; Page 66)**

(₹ in crore)

Sl. No.	Grant No./ Description	Number of cases	Savings for which reasons not furnished
1	01 - Agriculture and Horticulture	14	474.67
2	02 - Animal Husbandry and Fisheries	15	224.06
3	03 - Finance	13	1,028.61
4	04 - Department of Personnel and Administrative	14	20.67
5	05 - Home and Transport	10	1,352.00
6	06 - Infrastructure Development	1	7.50
7	07 - Rural Development and Panchayat Raj	5	712.66
8	08 - Forest, Ecology and Environment	1	91.96
9	09 - Co-operation	1	0.50
10	10 - Social Welfare	7	229.29
11	11 - Women and Child Development	11	13.99
12	14 - Revenue	4	89.00
13	17 - Education	3	15.47
14	19 - Urban Development and Housing	6	874.00
15	20 - Public Works	2	19.00
16	21 - Irrigation	1	35.26
17	22 - Health and Family Welfare	5	229.20
18	23 - Labour and Skill Development	1	5.39
19	24 - Energy	1	0.55
20	27 - Law	1	0.52
21	28 - Parliamentary Affairs and Legislation	2	641.38
22	29 - Debt Servicing	1	1.00
Total		119	6,066.68

Source: Appropriation Accounts

Appendix 2.2

Grant-wise details Budget allocation/ outturn and the deviation of outturn from BE
(Reference paragraph 2.3; Page 67)

(₹ in crore)

Grant No.	Grant Name	Description	Original Budget (BE)	Actual Expenditure	Actual Expr - BE	Percentage deviation in outturn compared with BE
1	Agriculture and Horticulture	Revenue (Voted)	6,531.71	6,242.43	(-)289.28	(-)4.43
		Capital (Voted)	156.47	146.69	(-)9.78	(-)6.25
2	Animal Husbandry and Fisheries	Revenue (Voted)	3,206.16	3,519.01	312.85	9.76
		Capital (Voted)	101.24	94.61	(-)6.63	(-)6.55
3	Finance	Revenue (Voted)	37,004.14	34,316.36	(-)2,687.78	(-)7.26
		Revenue (Charged)	1.02	0.00	(-)1.02	(-)100.00
		Capital (Voted)	343.19	1,003.43	660.24	192.38
4	Department of Personnel and Administrative Reforms	Revenue (Voted)	1,572.76	1,268.79	(-)303.97	(-)19.33
		Revenue (Charged)	229.10	301.48	72.38	31.59
		Capital (Voted)	6.51	16.87	10.36	159.14
		Capital (Charged)	0.01	1.85	1.84	18,400.00
5	Home and Transport	Revenue (Voted)	18,991.72	18,019.95	(-)971.77	(-)5.12
		Capital (Voted)	785.75	769.84	(-)15.91	(-)2.02
6	Infrastructure Development	Revenue (Voted)	111.07	98.48	(-)12.59	(-)11.34
		Capital (Voted)	872.51	833.81	(-)38.70	(-)4.44
7	Rural Development and Panchayat Raj	Revenue (Voted)	12,439.04	10,343.04	(-)2,096.00	(-)16.85
		Capital (Voted)	8,721.09	9,619.37	898.28	10.30
8	Forest, Ecology and Environment	Revenue (Voted)	1,865.53	1,812.55	(-)52.98	(-)2.84
		Revenue (Charged)	15.15	7.47	(-)7.68	(-)50.69
		Capital (Voted)	609.81	786.11	176.30	28.91
9	Co-operation	Revenue (Voted)	2,049.76	1,903.91	(-)145.85	(-)7.12
		Capital (Voted)	229.65	230.00	0.35	0.15
10	Social Welfare	Revenue (Voted)	10,123.29	10,382.53	259.24	2.56
		Capital (Voted)	3,210.43	3,812.11	601.68	18.74
11	Women and Child Development	Revenue (Voted)	34,307.04	34,531.99	224.95	0.66
		Capital (Voted)	98.91	275.05	176.14	178.08
12	Information, Tourism and Youth Services	Revenue (Voted)	512.62	639.81	127.19	24.81
		Capital (Voted)	182.41	310.79	128.38	70.38
13	Food and Civil Supplies	Revenue (Voted)	9,956.83	9,767.68	(-)189.15	(-)1.90
		Capital (Voted)	6.51	19.48	12.97	199.23
14	Revenue	Revenue (Voted)	15,935.60	22,797.01	6,861.41	43.06
		Capital (Voted)	234.02	324.51	90.49	38.67
		Capital (Charged)	0.01	0.53	0.52	5,200.00
15	Information Technology	Revenue (Voted)	744.46	731.08	(-)13.38	(-)1.80
		Capital (Voted)	10.00	10.00	0.00	0.00
17	Education	Revenue (Voted)	42,912.72	37,117.20	(-)5,795.52	(-)13.51
		Capital (Voted)	1,509.65	1,403.53	(-)106.12	(-)7.03

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Grant No.	Grant Name	Description	Original Budget (BE)	Actual Expenditure	Actual Expr - BE	Percentage deviation in outturn compared with BE
18	Commerce and Industries	Revenue (Voted)	1,453.73	1,467.68	13.95	0.96
		Capital (Voted)	910.01	1,031.85	121.84	13.39
19	Urban Development and Housing	Revenue (Voted)	10,651.54	10,097.40	(-)554.14	(-)5.20
		Revenue (Charged)	52.62	53.26	0.64	1.22
		Capital (Voted)	7,026.00	8,916.77	1,890.77	26.91
		Capital (Charged)	424.52	224.52	(-)200.00	(-)47.11
20	Public Works	Revenue (Voted)	2,601.76	2,871.30	269.54	10.36
		Revenue (Charged)	92.59	92.59	0.00	0.00
		Capital (Voted)	7,695.93	9,048.69	1,352.76	17.58
		Capital (Charged)	34.05	25.54	(-)8.51	(-)24.99
21	Irrigation	Revenue (Voted)	870.13	826.29	(-)43.84	(-)5.04
		Revenue (Charged)	868.55	868.55	0.00	0.00
		Capital (Voted)	12,023.61	14,509.76	2,486.15	20.68
		Capital (Charged)	5,417.05	4,417.13	(-)999.92	(-)18.46
22	Health and Family Welfare	Revenue (Voted)	13,835.72	12,136.50	(-)1,699.22	(-)12.28
		Capital (Voted)	1,309.34	1,742.22	432.88	33.06
23	Labour and Skill Development	Revenue (Voted)	2,590.11	2,019.79	(-)570.32	(-)22.02
		Revenue (Charged)	16.00	16.48	0.48	3.00
		Capital (Voted)	148.64	146.31	(-)2.33	(-)1.57
		Capital (Charged)	93.88	93.88	0.00	0.00
24	Energy	Revenue (Voted)	22,538.66	26,737.35	4,198.69	18.63
		Capital (Voted)	620.00	4,700.33	4,080.33	658.12
25	Kannada and Culture	Revenue (Voted)	229.10	269.09	39.99	17.46
		Capital (Voted)	25.40	28.27	2.87	11.30
26	Planning, Statistics, Science and Technology	Revenue (Voted)	160.30	125.07	(-)35.23	(-)21.98
		Capital (Voted)	3,683.03	3,677.92	(-)5.11	(-)0.14
27	Law	Revenue (Voted)	1,842.18	1,738.85	(-)103.33	(-)5.61
		Revenue (Charged)	466.55	363.24	(-)103.31	(-)22.14
		Capital (Voted)	2.53	3.64	1.11	43.87
		Capital (Charged)	0.01	6.48	6.47	64,700.00
28	Parliamentary Affairs and Legislation	Revenue (Voted)	392.78	384.63	(-)8.15	(-)2.07
		Revenue (Charged)	11.06	4.69	(-)6.37	(-)57.59
		Capital (Voted)	0.02	0.26	0.24	1,200.00
		Capital (Charged)	0.00	0.38	0.38	Cannot be determined
29	Debt Servicing	Revenue (Charged)	41,233.54	38,121.54	(-)3,112.00	(-)7.55
		Capital (Charged)	24,974.29	24,895.02	(-)79.27	(-)0.32

Source: Appropriation Accounts

Appendix 2.3

Expenditure without Budget Provision or Re-appropriation
(Reference paragraph 2.5.1; Page 68)

(₹ in crore)

Sl. No.	Grant Number	Grant Name / Description	Number of Cases	Expenditure Incurred	Remarks
1.	7	Rural Development and Panchayat Raj	2	17.41	2215-01-102-0-93-422 2215-01-102-0-93-423
2.	13	Food and Civil Supplies	6	224.36	2408-01-101-0-05-106 2408-01-101-0-05-422 2408-01-101-0-05-423 2408-01-101-0-06-106 2408-01-101-0-06-422 2408-01-101-0-06-423
3.	17	Education	1	8.58	2202-03-103-1-03-422
4.	19	Urban Development and Housing	3	2.64	2217-80-800-0-38-051 2217-80-800-0-40-051 4217-60-800-0-10-139
5.	22	Health and Family Welfare	2	7.05	2210-01-200-0-05-140 2210-01-200-0-06-140
6.	23	Labour and Skill Development	1	1.71	2230-02-101-0-20-051
Total				261.75	

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.4

**Cases of incurring expenditure, which are not covered by the budget, but released by FD as additionalities
(Reference paragraph 2.5.1.1; Page 68)**

(₹ in crore)

Sl. No.	Grant No./Nomenclature	No. of cases	Amount
1	01 - Agriculture and Horticulture	7	508.74
2	02 - Animal Husbandry and Fisheries	5	215.17
3	03 - Finance	5	8.62
4	04 - Department of Personnel and Administrative	17	77.39
5	05 - Home and Transport	1	7.70
6	07 - Rural Development and Panchayat Raj	3	68.61
7	08 - Forest, Ecology and Environment	8	176.59
8	10 - Social Welfare	12	948.97
9	11 - Women and Child Development	7	61.27
10	12 - Information, Tourism and Youth Services	8	263.12
11	13 - Food and Civil Supplies	1	0.39
12	14 - Revenue	9	3,030.88
13	17 - Education	2	12.04
14	19 - Urban Development and Housing	11	1,351.20
15	21 - Irrigation	3	2,398.00
16	22 - Health and Family Welfare	6	497.75
17	23 - Labour and Skill Development	2	344.55
18	24 - Energy	1	28.12
19	25 - Kannada and Culture	5	29.60
20	27 - Law	4	5.46
21	28 - Parliamentary Affairs and Legislation	1	0.96
Total		118	10,035.13

Source: Information provided from the O/o. AG(A&E)

Appendix 2.5

**Cases where supplementary provision (₹ one crore or more in each case)
proved unnecessary
(Reference paragraph 2.5.3; Page 71)**

(₹ in crore)

Sl. No.	Number and Name of Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of Original provision
A-Revenue (Voted)					
1.	1 - Agriculture and Horticulture	3.80	3.61	3.70	0.10
2.	2 - Animal Husbandry and Fisheries	1.52	3.34	0.02	1.50
3.	10 - Social Welfare	108.63	3.75	96.47	12.16
4.	23 - Labour and Skill Development	11.16	2.25	10.20	0.96
5.	27 - Law	3.00	2.53	2.70	0.30
Total		128.11	15.48	113.09	15.02
B-Capital (Voted)					
6.	22 - Health and Family Welfare	3.95	1.02	1.03	2.92
Total		3.95	1.02	1.03	2.92
GRAND TOTAL		132.06	16.50	114.12	17.94

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.6

Cases where Supplementary Provision (₹ three crore or more in each case)
proved excessive
(Reference paragraph 2.5.3; Page 71)

(₹ in crore)

Sl. No.	Number and Name of Grant	Original Provision	Supplementary provision	Total Budget	Actual expenditure	Excessive Supplementary provision (savings)
A-Revenue (Voted)						
1	01 - Agriculture and Horticulture	482.66	469.00	951.66	767.84	183.82
2	02 - Animal Husbandry and Fisheries	205.36	61.66	267.02	246.75	20.27
3	07 - Rural Development and Panchayat Raj	200.00	52.81	252.81	200.40	52.41
4	08 - Forest, Ecology and Environment	25.00	93.79	118.79	69.08	49.71
5	10 - Social Welfare	476.00	211.36	687.36	612.10	75.26
6	12 - Information, Tourism and Youth Services	30.18	38.00	68.18	60.40	7.77
7	14 - Revenue	3,270.53	3,612.29	6,882.82	6,664.24	218.58
8	17 - Education	0.01	26.54	26.55	22.45	4.10
9	19 - Urban Development and Housing	210.00	146.76	356.76	289.08	67.68
10	23 - Labour and Skill Development	150.00	347.89	497.89	450.92	46.96
11	27 - Law	25.00	77.15	102.15	61.37	40.78
Total		5,074.73	5,137.26	10,211.99	9,444.64	767.35
B-Revenue (Charged)						
12	04 - Department of Personnel and Administrative Reforms	16.00	55.50	71.50	68.36	3.14
Total		16.00	55.50	71.50	68.36	3.14
C-Capital (Voted)						
13	03 - Finance	308.00	700.00	1,008.00	907.51	100.49
14	07 - Rural Development and Panchayat Raj	531.30	950.00	1,481.30	1,474.07	7.23
15	08 - Forest, Ecology and Environment	200.00	300.00	500.00	376.42	123.58
16	10 - Social Welfare	0.01	13.03	13.04	3.03	10.01
17	19 - Urban Development and Housing	675.00	823.34	1,498.34	1,156.83	341.51
Total		1,714.31	2,786.37	4,500.68	3,917.86	582.82
Grand Total		6,805.04	7,979.13	14,784.17	13,430.86	1,353.31

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.7

Unnecessary / Injudicious re-appropriation of funds during Financial Year
2024-25

(Reference paragraph 2.5.4, 2.5.4.1; Page 72,73)

(₹ in crore)

Sl. No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-) / Excess (+)
Reduction of provision through Re-appropriation orders, where excess expenditure occurred							
Grant No. 13 - Food and Civil Supplies							
1	2408-01-102-0-09-106 Subsidies	5,891.41	0.00	1,472.85	4,418.56	4,427.74	(+)9.18
Grant No. 14 - Revenue							
2	2235-60-102-1-01-116 Social Security Pensions	192.75	0.00	134.87	57.88	82.12	(+)24.24
3	2235-60-102-1-01-422 Schedule Caste Sub Plan	74.37	0.00	58.36	16.01	29.75	(+)13.73
4	2235-60-102-1-01-423 Tribal Sub Plan	24.79	0.00	16.22	8.58	38.68	(+)30.10
5	2235-60-102-2-01-116 Social Security Pensions	104.25	0.00	71.69	32.56	69.87	(+)37.30
6	2235-60-102-2-01-423 Tribal Sub Plan	13.41	0.00	8.81	4.60	9.20	(+)4.60
TOTAL		6,300.98	0.00	1,762.80	4,538.19	4,657.34	119.16
Augmentation of provision proved unnecessary							
Grant No. 1 - Agriculture and Horticulture							
1	2401-00-102-0-09-106 Subsidies	49.68	0.00	39.09	88.78	72.52	(-)16.26
Grant No. 3 - Finance							
2	2039-00-001-0-01-003 Pay-Staff	130.01	1.60	47.02	178.63	168.40	(-)10.23
Grant No. 5 - Home and Transport							
3	2055-00-104-0-01-003 Pay-Staff	468.90	0.00	147.97	616.87	603.27	(-)13.60
4	2055-00-109-1-01-003 Pay-Staff	3,264.77	0.00	1,024.45	4,289.22	4,222.27	(-)66.95
5	2055-00-109-1-01-014 Other Allowances	743.80	0.00	70.88	814.68	802.43	(-)12.26
Grant No. 7 - Rural Development and Panchayat Raj							
6	2215-01-198-6-03-300 Lumpsum ZP	0.00	0.00	38.35	38.35	18.84	(-)19.50
7	2215-01-198-6-05-300 Lumpsum ZP	0.00	0.00	25.56	25.56	12.56	(-)13.00
Grant No. Grant No. 13 - Food and Civil Supplies							
8	2408-01-196-0-01-300 Lumpsum ZP	0.00	0.01	2,019.75	2,019.76	1,963.00	(-)56.76
Grant No. Grant No. 14 - Revenue							
9	2029-00-101-1-01-003 Pay-Staff	269.66	0.00	102.91	372.57	339.12	(-)33.45
10	2029-00-103-1-01-003 Pay-Staff	176.40	0.00	67.08	243.48	224.94	(-)18.54

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Sl. No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-) / Excess (+)
11	2053-00-094-7-01-003 Pay-Staff	208.77	0.00	79.89	288.66	277.30	(-)11.36
Grant No. 17 - Education							
12	2202-01-197-1-01-467 Block Grant-Vijayanagara	393.32	0.00	29.91	423.23	411.20	(-)12.02
13	2202-02-109-0-13-002 Pay-Officers	754.27	0.00	287.46	1,041.73	969.02	(-)72.71
14	2202-03-103-2-01-324 Honorary	245.00	0.00	99.76	344.76	326.61	(-)18.15
15	2203-00-105-0-01-324 Honorary	16.50	0.00	29.16	45.66	34.18	(-)11.49
16	4202-01-202-1-05-180 Machinery and Equipment	7.70	0.00	35.80	43.50	22.61	(-)20.89
Grant No. 19 - Urban Development and Housing							
17	2216-80-103-0-22-422 Scheduled Caste Sub Plan	0.00	80.00	90.00	170.00	90.00	(-)80.00
Grant No. 20 - Public Works							
18	2059-80-001-0-01-002 Pay-Officers	103.32	0.00	41.96	145.28	132.97	(-)12.31
Grant No. 22 - Health and Family Welfare							
19	2210-01-110-1-22-002 Pay-Officers	208.96	0.00	79.74	288.70	248.35	(-)40.35
Grant No. 27 - Law							
20	2014-00-105-0-01-003 Pay-Staff	550.35	0.00	209.54	759.89	718.59	(-)41.30
21	2014-00-105-0-01-014 Other Allowances	79.61	46.92	19.74	146.27	135.98	(-)10.29
TOTAL		7,671.02	128.53	4,586.03	12,385.58	11,794.16	(-)591.42

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.8

**Major heads having large savings, after surrender (exceeding ₹100 crore),
during Financial Year 2024-25
(Reference paragraph 2.5.5; Page 73)**

(₹ in crore)						
Sl. No.	Number and Name of the Grant and Major Heads	Total Budget Provision	Actual Expenditure	Savings	Surrendered	Savings (after surrender)
A-Revenue (Voted)						
1	01 - Agriculture and Horticulture (2202)	194.40	1.97	192.43	51.66	140.77
2	07 - Rural Development and Panchayat Raj (2515)	383.79	0.00	383.79	211.19	172.60
3	08 - Forest, Ecology and Environment (2406)	186.93	0.00	186.93	44.87	142.05
4	10 - Social Welfare (2225)	384.89	0.00	384.89	46.55	338.35
5	13 - Food and Civil Supplies (2408)	2,187.59	1,466.89	720.70	51.00	669.69
6	14 - Revenue (2053, 2245)	4,355.52	3,730.63	624.89	71.56	553.33
7	17 - Education (2202)	1,192.52	640.33	552.19	310.07	242.12
8	19 - Urban Development and Housing (2216, 3604)	838.00	6.17	831.83	101.09	730.74
9	20 - Public Works (2059)	132.44	0.00	132.44	14.68	117.75
10	22 - Health and Family Welfare (2210)	1,828.43	450.79	1,377.65	673.59	704.06
Total		11,684.51	6,296.77	5,387.74	1,576.27	3,811.47
B-Revenue (Charged)						
11	29 - Debt Servicing (2049)	6,299.01	0.00	6,299.01	2,886.76	3,412.25
Total		6,299.01	0.00	6,299.01	2,886.76	3,412.25
C-Capital (Voted)						
12	07 - Rural Development and Panchayat Raj (4215)	1,700.00	0.00	1,700.00	0.01	1,699.99
13	19 - Urban Development and Housing (4217)	200.00	0.00	200.00	2.50	197.50
Total		1,900.00	0.00	1,900.00	2.51	1,897.49
Grand Total		19,883.52	6,296.77	13,586.75	4,465.53	9,121.22

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.9

**Persistent savings (exceeding ₹ one crore) during
Financial Year 2022-23 to Financial Year 2024-25
(Reference paragraph 2.5.5; Page 73)**

(₹ in crore)

Sl. No.	Number and Name of the Grant and Head of Accounts	Savings		
		2022-23	2023-24	2024-25
Revenue (V)				
1	01-Agriculture and Horticulture (2851-00-107-1)	38.39	32.81	39.05
2	03-Finance (2052-00-090-12)	2.13	1.94	2.31
3	04-Department of Personnel and Administrative Reform (2070-00-003-1)	1.82	1.41	1.59
4	04-Department of Personnel and Administrative Reform (2251-00-090-03)	1.31	2.90	4.87
5	08-Forest, Ecology, Environment (2406-01-797-01)	4.50	5.70	7.64
6	14-Revenue (2245-05-101-10)	55.33	85.09	61.00
7	19-Urban Development and Housing (2217-05-191-1)	737.63	460.60	91.28
8	19-Urban Development and Housing (2217-80-797-04)	69.99	2.80	5.82
9	21-Irrigation (2700-05-001-01)	9.90	9.90	9.90
10	26-Planning, Statistics, Science and Technology (3451-00-101-4)	1.17	3.65	1.20
Total		922.17	606.80	224.66

Source: Appropriation Accounts for Financial Years 2022-23, 2023-24 and 2024-25

Appendix 2.10

Grant-wise percentage of utilisation of budget and savings, during
Financial Year 2024-25

(Reference paragraph 2.5.5; Page 73)

(₹ in crore)						
Sl. No.	Number and Name of Grant	Total Budget	Total Expenditure	Savings	Percentage of Utilisation	Range of Utilisation (per cent)
1	23 - Labour and Skill Development	3,229.31	2,276.45	952.86	70.49	70 to 80
Total		3,229.31	2,276.45	952.86	70.49	
2	01 - Agriculture and Horticulture	7,221.84	6,389.12	832.72	88.47	80 to 90
3	04 - Department of Personnel and Administrative Reforms	1,933.28	1,588.98	344.30	82.19	
4	07 - Rural Development and Panchayat Raj	22,720.22	19,962.40	2,757.81	87.86	
5	08 - Forest, Ecology and Environment	3,062.54	2,606.14	456.41	85.10	
6	17 - Education	44,497.55	38,520.74	5,976.82	86.57	
7	22 - Health and Family Welfare	15,707.67	13,878.72	1,828.95	88.36	
8	27 - Law	2,487.78	2,112.21	375.57	84.90	
9	28 - Parliamentary Affairs and Legislation	436.91	389.96	46.95	89.25	
Total		98,067.79	85,448.27	12,619.53	87.13	
10	02 - Animal Husbandry and Fisheries	3,815.60	3,613.62	201.98	94.71	91 to 100
11	03 - Finance	38,173.63	35,319.78	2,853.85	92.52	
12	05 - Home and Transport	20,529.63	18,789.79	1,739.83	91.53	
13	06 - Infrastructure Development	983.58	932.28	51.30	94.78	
14	09 - Co-operation	2,280.23	2,133.91	146.32	93.58	
15	10 - Social Welfare	14,982.96	14,194.64	788.32	94.74	
16	12 - Information, Tourism and Youth Services	995.70	950.60	45.10	95.47	
17	13 - Food and Civil Supplies	9,979.10	9,787.16	191.94	98.08	
18	14 - Revenue	23,726.18	23,122.05	604.14	97.45	
19	15 - Information Technology	764.48	741.08	23.40	96.94	
20	18 - Commerce and Industries	2,538.63	2,499.53	39.10	98.46	
21	19 - Urban Development and Housing	21,336.04	19,291.95	2,044.09	90.42	

Sl. No.	Number and Name of Grant	Total Budget	Total Expenditure	Savings	Percentage of Utilisation	Range of Utilisation (per cent)
22	20 - Public Works	12,267.32	12,038.11	229.21	98.13	
23	21 - Irrigation	21,682.35	20,621.73	1,060.61	95.11	
24	25 - Kannada and Culture	314.71	297.37	17.34	94.49	
25	26 - Planning, Statistics, Science and Technology	3,843.47	3,802.99	40.48	98.95	
26	29 - Debt Servicing	66,207.83	63,016.56	3,191.27	95.18	
Total		1,78,213.61	1,68,136.59	13,268.28	94.35	

Source: Appropriation Accounts for Financial Year 2024-25 and Grant Registers

Appendix 2.11
Savings not Surrendered
(Reference paragraph 2.5.5; Page 74)

(₹ in crore)

Sl. No.	Number and Name of Grant	Original Budget	Supplementary Budget	Total Provision	Actual Expenditure	Savings	Amount not surrendered
1	01 - Agriculture and Horticulture	6,688.17	533.67	7,221.84	6,389.12	832.72	529.70
2	02 - Animal Husbandry and Fisheries	3,307.40	508.20	3,815.60	3,613.62	201.98	194.34
3	03 - Finance	37,348.35	825.28	38,173.63	35,319.78	2,853.85	1,911.26
4	04 - Department of Personnel and Administrative Reforms	1,808.38	124.90	1,933.28	1,588.98	344.30	324.25
5	05 - Home and Transport	19,777.47	752.15	20,529.62	18,789.79	1,739.83	1,397.32
6	06 - Infrastructure Development	983.58	0.00	983.58	932.28	51.30	7.52
7	07 - Rural Development and Panchayat Raj	21,160.12	1,560.10	22,720.22	19,962.40	2,757.82	898.28
8	08 - Forest, Ecology and Environment	2,490.49	572.05	3,062.54	2,606.14	456.40	76.40
9	09 - Co-operation	2,279.41	0.82	2,280.23	2,133.91	146.32	0.55
10	10 - Social Welfare	13,333.72	1,649.24	14,982.96	14,194.64	788.32	260.79
11	15 - Information Technology	754.46	10.02	764.48	741.08	23.40	1.50
12	17 - Education	44,422.36	75.19	44,497.55	38,520.74	5,976.81	3,661.42
13	18 - Commerce and Industries	2,363.74	174.89	2,538.63	2,499.53	39.10	1.93
14	19 - Urban Development and Housing	18,154.68	3,181.36	21,336.04	19,291.95	2,044.09	823.98
15	20 - Public Works	10,424.32	1,843.00	12,267.32	12,038.11	229.21	74.66
16	22 - Health and Family Welfare	15,145.07	562.60	15,707.67	13,878.72	1,828.95	286.86
17	23 - Labour and Skill Development	2,848.63	380.69	3,229.32	2,276.45	952.87	46.09
18	26 - Planning, Statistics, Science and Technology	3,843.32	0.15	3,843.47	3,802.99	40.48	0.67
19	27 - Law	2,311.26	176.51	2,487.77	2,112.21	375.56	41.69
20	28 - Parliamentary Affairs and Legislation	403.86	33.05	436.91	389.96	46.95	5.95
21	29 - Debt Servicing	66,207.83	0.00	66,207.83	63,016.56	3,191.27	1.26
Grand Total		2,76,056.62	12,963.87	2,89,020.49	2,64,098.96	24,921.53	10,546.42

Source: Appropriation Accounts for Financial Year 2024-25

Out of total 28 grants, two grants (Grant 11 - Women and Child Development and Grant 24 - Energy) are in excess.

Appendix 2.12

**Surrender of funds in excess of ₹ 10 crore, on the last day of March 2025
(Reference paragraph 2.5.5; Page 74)**

(₹ in crore)

Sl. No.	Number and name of Grant	Original Budget	Supplementary Budget	Total Provision	Actual Expenditure	Savings	Amount surrendered on 31.03.2025
1	03 - Finance	3,042.18	0.00	3,042.18	2,144.99	897.19	896.99
2	05 - Home and Transport	538.06	98.97	637.03	349.83	287.20	256.04
3	06 - Infrastructure Development	30.00	0.00	30.00	2.00	28.00	28.00
4	07 - Rural Development and Panchayat Raj	2,898.46	0.00	2,898.46	1,642.16	1,256.30	1,256.30
5	08 - Forest, Ecology and Environment	624.25	393.79	1,018.04	561.04	457.00	314.94
6	09 - Co-operation	148.01	0.00	148.01	13.60	134.40	75.78
7	14 - Revenue	2,592.51	3,454.22	6,046.73	4,962.26	1,084.46	578.10
8	15 - Information Technology	79.70	0.00	79.70	59.77	19.93	19.93
9	17 - Education	7,169.92	0.00	7,169.92	5,200.29	1,969.63	2,083.52
10	19 - Urban Development and Housing	221.82	0.00	221.82	81.05	140.77	140.77
11	22 - Health and Family Welfare	3,470.93	0.00	3,470.93	1,469.57	2,001.36	1,294.60
12	24 - Energy	37.95	0.00	37.95	0.00	37.95	37.95
13	26 - Planning, Statistics, Science and Technology	30.59	0.00	30.59	0.00	30.59	16.31
14	27 - Law	1,205.77	46.96	1,252.73	1,142.75	109.98	290.83
15	29 - Debt Servicing	9,455.43	0.00	9,455.43	2,885.45	6,569.98	3,157.72
Grand Total		31,545.57	3,993.94	35,539.51	20,514.76	15,024.75	10,447.77

Source: Information provided from the O/o. AG(A&E)

Appendix 2.13

**Misclassification of revenue expenditure as capital expenditure for Financial Year 2024-25
(Reference paragraph 2.5.6; Page 75)**

Sl. No.	No. and Name of the Grant /Department	Misclassified Amount (₹)	Major head	Audit observation
1	04 - Department of Personnel and Administrative Reforms	1,30,90,000.00	4059-60-051-0-04-132	Repair of Government Guest Houses
2	08 - Forest, Ecology and Environment	19,95,64,547.00	4406-01-101-0-01-140	Survey & Demarcation, Forest Protection, Wildlife Management and Man-Animal Conflict Measures - Minor Works
3	11 - Women and Child Development	40,48,050.00	4235-02-102-0-08-102	CSS-Central Share-Creation of Capital Assets -Construction of CCIs including JJBs, CWCs - Grants-in-aid Asset creation
4		26,98,700.00	4235-02-102-0-09-102	CSS-Sate Share-Creation of Capital Assets -Construction of CCIs including JJBs, CWCs - Grants-in-aid Asset creation
5	17 - Education	49,95,53,000.00	4202-01-201-1-07-139	Maintenance and Repair of Toilets
6		12,454.00	4202-03-800-0-06-200	Repairs and Construction Works of NCC Buildings
7	19 - Urban Development and Housing	3,11,22,70,000.00	4217-60-051-0-04-032	CSS-Central Share: AMRUT Project Fund 2.0 - Grants for Creation of Capital Assets
8		7,49,30,72,633.00	4217-60-051-0-05-032	CSS-State Share: AMRUT Project Fund 2.0 - Grants for Creation of Capital Assets
9		5,90,00,00,000.00	5475-00-115-0-04-032	Bangalore Sub Urban Rail System - Grants for Creation of Capital Assets
10	21 - Irrigation	59,99,53,368.00	4711-01-103-1-00-140	Other Flood Control Works - Minor Works
11	22 - Health and Family Welfare	11,35,731.00	4210-01-200-0-02-139	CSS-State Share-PM-ABHIM - Major Works
12		21,27,753.00	4210-01-200-0-02-422	CSS-State Share-PM-ABHIM - Scheduled Caste Sub Plan
Total		17,82,75,26,236.00		

Source: Information provided from the O/o. AG(A&E)

Appendix 2.14

**Policy Initiative under Grant no. 10 and Grant no. 19
(Reference paragraph 2.5.7; Page 76)**

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
Social Welfare Department				
1	161.	₹2,710 crore has been provided for construction of residential schools and hostels of SC/ST/BC and Minority Welfare departments.	This is an ongoing scheme. Action is being taken in the Administrative Departments.	Reply awaited.
2	162.	The construction of 23 residential schools under KRIES has been completed in the year 2023-24. In the year 2024-25, construction works of 29 residential school complexes belonging to Scheduled Castes, Scheduled Tribes and Backward Classes Departments will be taken up at a cost of ₹638 crore.	This is an ongoing scheme. GO No: BCW 427 BMS 2024 dated:19.06.2024 has been issued by Backward Classes Department . This is an ongoing scheme. G.O No: SWD/MDS/188/2023, dated:10.01.2024 has been issued by Social Welfare .	Reply awaited.
3	163.	New residential schools will be started by KREIS in 20 hoblis which do not have any residential schools.	This is a new scheme. G.O No: SWD/108/MDS/2024, dated:24.06.2024 has been issued.	Reply awaited.
4	165.	In view of the increasing demand for hostels in major educational centres, 31 new post- matric hostels will be started in the current year.	This is an ongoing scheme. Required posts have been created vide G.O No: SWD 285 PaKaVi 2024, dated:05-07-2024.	Reply awaited.
5	166.	The food allowance for students of Government pre-matric and post-matric hostels, Ashram schools and residential schools under Social Welfare, Scheduled Tribes, Backward classes and Minorities Welfare Departments will be increased by ₹100 per month for each student.	This is an ongoing scheme. G.O No: BCW 387 BMS 2024, dated:15.06.2024 has been issued by Backward Classes Department . This is an ongoing scheme. G.O No: MWD 203 MDS 2024, dated:07.06.2024 has been issued by Minorities Welfare Department . This is an ongoing scheme. G.O No: STW / SECB / STP / 215 / 2024, dated:21.06.2024 has been issued by Scheduled Tribes Welfare Department . G.O No: SWD 287 PaKaVi 2024, dated:12-08-2024 has been issued by Social Welfare .	Reply awaited.
6	167.	A Nirashritara Parihara Kendra (Destitute Shelter) will be set up in East Bengaluru in view of the rapid growth of the city and rising number of destitute. This will be	This is a new scheme. G.O No: SWD / 8 / SBR /2024, dated:08-07-2024 has been issued.	Reply awaited.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		constructed at a cost of ₹10 crore and have a capacity of 500 persons.		
7	169.	A study chair will be set up in Bengaluru University in the memory of Padmashri Dr. Siddalingaiah.	This is a new scheme. G.O No: SWD 304 PaKaVi 2024, dated:13-06-2024 has been issued.	Government Order NO.SKE-304:PKV-2-24, dated 13.06.2024, has given administrative approval to establish A study chair will be set up in Bengaluru University in the memory of Padmashri Dr.Siddalingaiah. Further, a committee has been formed under the chairmanship of the commissioner, SWD to formulate the Action Plan/outside the said project, accordingly, a meeting was held with the members of the committee under the chairmanship of the Honourable Commissioner on 31.01.2025 and the Joint Director, SWD, Bengaluru Urban District was instructed to create and submit a detailed action plan. A proposal /Action Plan yet to receive from the JD, SWD, Bengaluru urban district.
Scheduled Tribes Welfare Department				
8	171.	A separate Scheduled Tribes Welfare Secretariat has been set up for the Scheduled Tribes Department. The Secretariat will be operationalised in 2023-24 by sanctioning necessary posts.	This is an ongoing scheme G.O. No: DPAR 186 SaHuSay 2020, dated:21.11.2023 has been issued.	As per the G.O. No: DPAR 186 SaHuSay 2020, dated:21.11.2023, a separate Scheduled Tribes Welfare Secretariat has been set up for welfare of the Scheduled Tribes. 24 Posts have already been created and the Secretariat is functioning.
9	172.	Ashram schools functioning under Scheduled Tribes Welfare Department will be rechristened as Maharshi Valmiki Adivasi Budakattu Residential Schools. Various measures will be taken for the upgradation of these schools:	This is a new scheme. G.O No: STW / SECB / STP / 126 / 2024 (Part-1), dated:23.05.2024 has been issued.	As per the instructions of the Government Order, all Ashram schools functioning under Scheduled Tribes Welfare Department in District level have been instructed to rechristened as Maharshi Valmiki Adivasi Budakattu Residential Schools.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<ul style="list-style-type: none"> In all schools which currently have 1st to 5th standard, 6th standard will be started. In all schools which currently have 1st to 7th Standard, 8th standard will be started. The student strength in each standard will be increased from 25 to 40. 	<p>This is a new scheme. G.O No: STW / SECB / STP / 126 / 2024 (Part-7), dated:02.07.2024 has been issued.</p> <p>This is a new scheme. G.O No: STW / SECB / STP / 126 / 2024 (Part-8), dated:02.07.2024 has been issued.</p> <p>This is a new scheme. G.O No: STW / SECB / STP / 126 / 2024 (Part-9), dated:02.07.2024 has been issued.</p>	<p>As per the Government Order, 73 schools have been upgraded to 6th Standard out of 78 schools which had 1st to 5th standard.</p> <p>As per the Government Order, 32 schools have been upgraded to 7th standard out of 38 schools which had 1st to 6th standard. Also, action is being taken to upgrade the remaining schools.</p> <p>As per the Government Order the student strength in each standard has been increased from 25 to 40.</p>
10	173.	In seven district headquarters which do not have post-matric hostels, one boy's and one girl's hostel each <i>i.e.</i> , 14 hostels will be started. Each hostel will have a strength of 100 students.	This is a new scheme. G.O No: STW / SECB / STP / 132 / 2024, dated:02.07.2024 has been issued.	<p>As per the Government Order, an amount of ₹586.03 lakh has been released to the District level Implementing Officers. Eight post-matric hostels, <i>i.e.</i>, one boy's and one girl's hostel each are started in four district headquarters- Hasan, Chikkamagaluru, Mandya and Kodagu with a capacity of 100 students during 2024-25.</p> <p>Various measures have been taken to start Post matric hostels in the districts of Uttara Kannada-02, Kolar -02, Bengaluru -01 and Shivamogga -01 during 2025-26 as per the orders of the Government.</p>
11	174.	A stipend of ₹5,000 will be provided to 200 engineering graduates enrolled in 6 to 12 months vocational training courses such as Artificial Intelligence and Machine Learning <i>etc.</i> , in IISc, IIT's or NIT's.	This is a new scheme. G.O No: STW / SECB / STP / 125 / 2024, dated:13.06.2024 has been issued.	As per the G.O No: STW / SECB / STP / 125 / 2024, dated:13.06.2024, a stipend of ₹15,000/- will be provided to 200 Engineering graduates enrolled in training courses such as Artificial Intelligence and Machine Learning <i>etc.</i> , in IISc, IITs or NITs. ₹30 lakh have been released for the implementation of the said program. Currently,

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
				10 students have been trained, and the program is being implemented.
12	175.	Up-skilling in drone-based photography and videography has immense potential for employment in social-media. Therefore, drone training will be imparted to 5,000 youngsters belonging to Scheduled Tribes who are already engaged in this profession.	This is a new scheme. G.O No: STW / SECB / STP / 127 / 2024, dated:23.05.2024 has been issued.	The Government has issued an order dated 23.05.2024 to provide training in respect of drone-based photography and videography which has immense potential for employment in social media to 5,000 Scheduled tribe youth. As per the said order, no eligible bidders participated in the tender called for the implementation of the program. Therefore, steps have been taken to call the tender again during the year 2025-26.
13	176.	Monthly stipend of ₹25,000 will be provided to 100 research students belonging to Scheduled Tribes who are pursuing post- doctoral fellowship and are not receiving any fellowship.	This is a new scheme. G.O No: STW / SECB / STP / 128 / 2024, dated:23.05.2024 has been issued.	Nine applications have been received from across the state for providing a monthly scholarship of ₹25,000/- to Scheduled Tribe Students studying in Post Doctoral fellowship, out of which 8 applications have been selected, and a total of ₹48.00 lakhs has been released to the financial officers of the concerned universities
14	177.	Two new initiatives will be launched for the comprehensive development of 23 nomadic, semi nomadic communities like Koraga, Jenukuruba, yarava, Kadukuruba, Soliga, Gonda, Siddhi, Malaikudi, Kudiya, Hasalaru, Gowdalu, Bettakuruba, Hakki- Pikki, Iruliga, Rajagonda, Harinishikari <i>etc.</i> ; <ul style="list-style-type: none"> 20 seats will be reserved in every Ekalavya model residential school. Such students will also be exempt from entrance test. 	This is a new scheme. G.O No: STW / SECB / STP / 122 / 2024, dated:02.07.2024 has been issued.	As per the order of the Government, District level Implementing officers have been instructed to enrol students of 23 nomadic, semi nomadic communities in 12 Ekalavya model residential schools managed by the School Educational institutions against the reservation of 20 seats.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<ul style="list-style-type: none"> A special cell will be established for a period of 1 year with an allocation of ₹3 crore, to facilitate them to obtain ration cards and other government records. 	This is a new scheme. G.O No: STW / SECB / STP / 122 / 2024(1), dated:02.07.2024 has been issued.	TRI Mysore has been instructed to take necessary steps to establish a special cell temporarily for a period of one year as per the Government order.
Backward Classes Welfare Department				
15	178.	<p>For the educational benefit of backward classes students following four measures will be taken up.</p> <ul style="list-style-type: none"> 75 Post-Matric Boys/75 Girls hostels will be started with a capacity of 100 students. Necessary infrastructure facilities will be provided at a cost of ₹200 crore in a phased manner for upgradation of facilities in 150 new post-matric hostels with student strength of 100 and 174 Morarji Desai residential school/colleges. Own building will be constructed for 30 hostels of backward classes department which are currently functioning in rented buildings, at a unit cost of ₹4 crore. A new initiative will be launched to develop hostels in collaboration with former students. 	<p>This is an ongoing scheme. G.O No: BCW 390 BMS 2024, dated:18/06/2024 has been issued.</p> <p>This is an ongoing scheme. G.O No: BCW 389 BMS 2024, dated:15.06.2024 and G.O No: BCW 604 BMS 2024, dated:06.11.2024 has been issued.</p> <p>This is an ongoing scheme. G.O No: BCW 399 BMS 2024, dated:15.06.2024 and G.O No: BCW 399 BMS 2024 (P-3), dated:02.11.2024 has been issued.</p> <p>This is an ongoing scheme. G.O No: BCW 386 BMS 2024, dated:15.06.2024 has been issued.</p>	Reply awaited
16	179.	The Ashram Schools functioning under the Backward Classes Welfare Department will be rechristened as D. Devaraj Urs Residential Schools.	This is a new scheme. G.O No: BCW 388 BMS 2024, dated:15.06.2024 has been issued.	Reply awaited
17	180.	A free training programme for CLAT, MAT and Chartered Accountant Foundation course will be started for students belonging to Backward classes.	This is an ongoing scheme. G.O No: BCW 384 BMS 2024, dated:15.06.2024 has been issued.	Reply awaited
18	181.	Two years training for JEE/NEET will be given to 500 students in recognised training institutes. This free training started with the purpose of enabling them to compete successfully in these examinations.	This is an ongoing scheme. G.O No: BCW 383 BMS 2024, dated:15.06.2024 has been issued.	Reply awaited
19	182.	Karnataka Nomadic and Semi-Nomadic Commission will be formed to assess the socio-economic status of these communities.	This is a new scheme. G.O No: BCW 149 BCA 2024, dated:15.06.2024 has been issued.	Reply awaited

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
20	183.	Programs at the cost of ₹1,600 crore will be formulated and implemented during 2024-25 through various corporations, functioning under Backward Classes Welfare Department.	This is an ongoing scheme. G.O No: BCW 382 BMS 2024 (P-2), dated:15.06.2024 has been issued.	Reply awaited
Minorities Welfare Department				
21	184.	<p>Improvement in the educational parameters is important for the holistic development of the minority communities. Our Government is taking various measures for the educational empowerment of minorities:</p> <ul style="list-style-type: none"> • 50 Morarji Desai Residential Schools will be started with a capacity of 50 students each. • 100 Post-matric boys/girls hostels will be started with a capacity of 100 students each. • 100 new Maulana Azad Schools will be opened. 	<p>This is an ongoing scheme. G.O No: MWD 202 MDS 2024, dated:23/08/2024 has been issued. Present year 25 Morarji Desai Residential Schools have been started and administrative approval has been given to start the remaining 25 schools in the year 2025-26.</p> <p>This is an ongoing scheme. G.O No: MWD 201 MDS 2024, dated:30.07.2024 has been issued. 96 post-metric boys' and girls' hostels have been started.</p> <p>This is an ongoing scheme. G.O No: MWD 200 MDS 2024, dated:23.09.2024 has been issued. Present year 50 new Maulana Azad schools have been opened.</p>	<ul style="list-style-type: none"> • As per GO, in the years 2024-25, 25 new schools were started and followed by 20 schools in 2025-26. The current total enrolment across these schools is 3,100. In the current year, steps have been taken to provide the necessary basic facilities such as desks, cots, beds & bed sheets and other basic facilities to the said schools. • As per the G.O., 99 Post Matric Boys/ Girls hotel started in the year of 2024-25, in the year of 2025-26 remaining ONE hotel started. For 2025-26 in total 100 hostels with 8038 admitted. Out of 100 hostels, presently 70 hostels running in rent building and 30 hostel running in existing hostel. • As per GO, in the year 2024-25, 50 Pre University Education (Science) has been started in 25 Moulana Azad Model Schools which are functioning in own buildings. The current total enrolment in PUC is 1,002. Steps have been taken to provide the necessary basic facilities to these 25 schools.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<ul style="list-style-type: none"> Pre-University colleges will be started in 25 schools which having own buildings. 	<p>This is an ongoing scheme. G.O No: MWD-MDS/199/2024, dated:20.07.2024 has been issued. Pre- university education has been started in 25 schools.</p>	<ul style="list-style-type: none"> As per GO, in the years 2024-25, 50 new Moulana Azad Model Schools were started and followed by 43 schools in 2025-26. The current total enrolment across these schools is 3,338. In the current year, steps have been taken to provide the necessary basic facilities to the said schools.
22	185.	Fee reimbursement scheme for students of minority community who are pursuing B.Sc., Nursing/G.N.M Nursing courses in Government/Private Colleges will be restarted.	This is an ongoing scheme. G.O No: MWD 204 MDS 2024, dated:07.06.2024 has been issued. Action is being taken to invite online applications.	As per Govt order, under this scheme, students who are pursuing B.Sc. & GNM Nursing courses in the Indian Nursing council recognised institutions are eligible for the incentives of ₹25000/-. A total of 3,122 students have been sanctioned incentives amounting ₹7.80 Crore for the financial year 2024-25. Online applications have been invited for the year 2025-26.
23	186.	Interest subsidy of six <i>per cent</i> will be provided on loans up to ₹10 crore availed from KSFC for setting up new micro and small industries and upgradation of the existing units.	This is a new scheme. G.O No: MWD 48 MDC 2024, dated:07.06.2024 has been issued. ₹500.00 lakh has been released by the Minorities Directorate, and it has been disbursed to KSFC from the corporation's fund account.	According to Budget Para 186, 2024-25, ₹10 crore Released to KMDC, DOM order No: DOM/BS-186/CR 02/2024-25 dated: 31.07.2024
24	187.	Loans will be given through KMDC along with training through Sericulture department to financially support silk reelers belonging to minority communities.	This is a new scheme. G.O No: MWD-MDC/50/2024, dated:07.06.2024 has been issued.	Reply awaited
25	188.	Women self-help groups of minorities communities will be encouraged to engage in various types of self-employment activities. ₹10 crore will be allocated for this program.	This is an ongoing scheme. G.O No: MWD 51 MDC 2024, dated:07.06.2024 has been issued.	As per Budget Para 188, 2024-25, ₹10 crore Released to KMDC, DOM order No: DOM/BS-188/CR-03/2024-25 dated: 18.01.2025 & dated: 01.08.2024
26	189.	An allocation of ₹100 crore will be made for development of wakf properties. There will be a special focus on protection and conservation of protected	This is an ongoing scheme. G.O No: MWD WES/31/2024, dated:07.06.2024 has been issued.	Reply awaited

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		monuments which are maintained by the ASI.		
27	190.	Workshops on current affairs will be conducted for moulavis and muttavallis registered with the State Wakf Board.	This is a new scheme. G.O No: MWD-WES/32/2024, dated:07.06.2024 has been issued. Training has been provided to moulavis and mutawallis at the Hajj Bhavan.	Reply awaited
28	191.	₹20 crore will be provided to provide basic facilities at major pilgrimage destinations in the State.	This is an ongoing scheme. G.O No: MWD-WES/33/2024, dated:07.06.2024 has been issued. Basic facilities are being provided at 7 religious places.	Reply awaited
29	192.	Construction work of Mangaluru Haj Bhavan will be undertaken at a cost of ₹10 crore.	This is a new scheme. G.O No: MWD – WHJ / 9 / 2024, dated:24.07.2024 has been issued.	As per Budget Para 192, 2024-25, ₹10 crore Released to Karnataka State Haj Committee, Bengaluru, DOM order No: DOM/BS-192/CR-07/2024-25 dated: 03.08.2024 & dated: 26.11.2024
30	193.	A provision of ₹50 crore will be made for the development of major pilgrimage destinations of Jains.	This is an ongoing scheme. G.O No: MWD–MDS/206/2024, dated:18.06.2024 has been issued. An amount of ₹8.03 crore has been released to 63 institutions.	This is an ongoing scheme. An amount of ₹35.00 Crore has been released to 188 Institutions & 20 Granthis.
31	194.	₹200 crore will be provided for the development of Christian community.	This is an Ongoing. G.O No: MWD – MDS / 208 / 2024 dated:07.06.2024 has been issued. An amount of ₹3.64 crore has been released to 35 institutions.	This is ongoing scheme. An amount of ₹85.00 crore has been released to 525 Institutions.
32	195.	Tripitakas, the sacred texts of Buddhist community, will be translated into Kannada. For this, necessary grants will be allocated.	This is a new scheme. G.O No: MWD – MDS / 209 / 2024, dated:21-06-2024 has been issued. An amount of ₹50.00 lakh has been released by the District Officers of Minorities Welfare Department.	An amount of ₹1.00 crore has been released to the District Officers of Minorities Welfare Department, Bengaluru.
33	196.	₹2 crore will be provided for the formulation of targeted schemes aimed at financial empowerment of Sikligar Community.	This is a new scheme. G.O No: MWD – MDC / 52 / 2024, dated:07.06.2024 has been issued.	An amount of ₹2.00 crore has been released to the KMDC.
34	197.	Shri Nanak Jhira Saheb Gurudwara in Bidar will be given a development grant of ₹1 crore.	This is a new scheme. G.O No: MWD – MDS / 210 / 2024, dated:07.06.2024 has been issued. An amount of ₹50.00 lakh has been released by the District Officers of Minorities Welfare Department.	An amount of ₹1.00 crore has been released to the District Officers of Minorities Welfare Department, Bidar.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
Urban Development Department				
35	129.	₹20 crore will be provided in the next two years to set up 430 laboratories in Hub-and- Spoke model to provide affordable and qualitative laboratory service to the people of Bengaluru city.	This is an ongoing scheme. This scheme has been transferred from Health and Family Welfare Department to Urban Development Department vide G.O No: HFW 89 FPR 2024, dated:24.5.2024. Action is being taken.	From the records it is seen that the PROJECT is yet to be implemented in the State.
36	251.	Government is taking the following initiatives to consolidate tax and non-tax resources of BBMP: <ul style="list-style-type: none"> • We are headed towards record tax collections during 2023-24 reach ₹6,000 crore in the year 2024-25 which will be achieved by preventing leakages in the tax collection system. • Starting this year, additional non-tax resources of ₹2,000 crore will be mobilised through revised advertisement policy and premium FAR Policy. • By digitalizing property tax records of all 20 lakh properties in the limits of BBMP, digital e-Khata and property tax payment details will be made available to the owners from 2024-25. 	General Para This is an ongoing scheme. Order with in-principle approval has been issued. This is an ongoing project. Action is in progress.	Reply awaited
37	252.	As mentioned above, the Government will undertake various initiatives to reduce traffic congestion in Bengaluru on priority basis using additional sources that are been mobilized by BBMP: <ul style="list-style-type: none"> • After assuming power, our government has accorded approval for white-topping works of major roads of 147 km length at a cost of ₹1,700 crore. These works will be completed before December 2025. • Widening of existing roads is difficult due to scarcity of land and problems in land acquisition. In this backdrop, the State Government has decided to resolve traffic congestion in the 	This is an ongoing scheme. G.O No: UDD / 389 / MNY / 2023, dated:09-01-2024. Approved to undertake white topping work on various roads in Bengaluru at the cost of ₹800.00 crore. The remaining amount of ₹900.00 crore of white topping work will be undertaken by BBMP from its own resources. G.O No: UDD / 461 / MNY / 2023, dated:12-01-2024 has been issued. This is a new scheme. G.O No: UDD / 34 / MNY / 2024, dated:04-09-2024 has been issued.	Reply awaited. The Tender for the Twin Tunnel Project from Hebbal Junction to Silk Board Junction for a length of 17.645 km and for amount of ₹17,780

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<p>city by constructing underground tunnels. On a pilot basis, a tunnel will be constructed this year at Hebbal junction where there is high traffic congestion.</p> <ul style="list-style-type: none"> A novel concept of constructing all-weather roads by utilising space available within the canal buffer zone is being implemented. Under this scheme, a 100 km road is already being developed at the cost of ₹200 crore. Additional 100 km roads will be developed during this year. Under Sugama Sanchara- Brand Bengaluru, an expert organisation of international repute has been engaged. Based on their report, measures will be taken to ease traffic congestion in Bengaluru. 	<p>This is a new scheme. G.O No: UDD / 461 / MNY / 2023, dated:12-01-2024 has been issued.</p> <p>Work Order No: EE / RI / Infra / WO / 01 / 2023-24, dated:14.03.2024 has been issued.</p>	<p>crore is invited in KPPP. 04 bidders have participated in the tender and presently in Technical Bid evaluation stage.</p> <p>The Scheme under "SANCHARAYUKTHA" involves Improvements to the existing Buffer Zone Areas. Under this Scheme, 09 Works are already taken up at the cost of ₹200.00 crore. Presently 03 Works are in Progress and 06 Works are in TENDER Stage.</p> <p>The Feasibility report under Comprehensive Bengaluru Road infrastructure plan to decongest traffic to Comprehensive prepare traffic management Tunnel plan for Grade proposal of Vehicular Widening in selected corridors' is separator / road submitted by the Consultant (M/s. Altinok)</p>
38	253.	It is proposed to reposition the peripheral ring road as Bengaluru Business Corridor to address traffic congestion and to promote large scale economic activities in Bengaluru. Under this project, RFP have been invited to construct 73 km road at a cost of ₹27,000 crore under PPP model. It is proposed to start the project this year itself.	This is a new scheme. G.O No: UDD 168 BemBooSva 2024, dated:12.09.2024 and dated:21.09.2024 has been issued.	The Project is presently under the Land Acquisition process as seen from the records provided to audit.
39	254.	Internationally renowned architects have been invited to prepare a novel design for constructing a 250 meters high Skydeck in Bengaluru. It will become a landmark tourist destination in the city.	This is a new scheme. G.O No: UDD / 396 / MNY / 2023, dated:02-09-2024 has been issued.	Reply awaited
40	255.	Captive/group captive solar parks will be established in various institutions under Urban Development Department such as BBMP, BMRCL, BWSSB, BDA to reduce the bills incurred by these organizations.	This is a new scheme. G.O No: UDD / 420 / MNY / 2023, dated:15-03-2024 has been issued. Establishments to utilize own resources / PPP model to execute the work.	UDD has replied that apart from the Initial Order of March 2024 (Kept as K D No 09), no further orders have been issued.
41	257.	Namma Metro Rail project which is the one among the best metro services	This is an ongoing scheme. G.O No: UDD / 179 / PRJ /	Bangalore Metro Rail Corporation Limited has

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		in the country, is the lifeline of Bengaluru city's transport system. Every day, more than eight lakh people use metro services. By March 2025, an additional 44 km of metro line will be added to the existing 74 km.	2012, dated:21-02-2012 has been issued. Out of the 42.30 km long route in Phase-1 of the Bangalore Metro Rail Project and 75.06 km long in Phase-2, 31.51 km has already been completed and opened for public service. Out of the remaining 43.55 km, Reach-3C Nagasandra to Madawara, has been completed and opening for public service. Reach-5 New Route R.V. Road to Bommasandra, a 19.15 km long route, is planned to be completed soon. The remaining Reach-6 New Route Kalena Agrahara to Nagawara, a 21.26 km long route, is planned to be completed by December 2025. With this, a total of 117.36 km of route will be open for public.	an operation Network of 96.10 Km and the average boarding per day is 10.50 lakhs.
42	259.	The State Government has accorded administrative approval for works Under Namma Metro Phase-3 at an estimated cost of ₹15,611 crore. Approval of the Central Government is awaited.	This is an ongoing scheme. The State Government has given administrative approval to the project under Bangalore Metro Rail Project Phase-3, with estimated cost of ₹15,611 crore, and it has been approved by Central Government. It is under progress.	Bangalore Metro Rail Project Phase-3 was sanctioned in September 2024. Phase-3 comprises two elevated corridors covering a total length of 44.65 km with 31 stations, at an estimated completion cost of ₹15,611 crore Preliminary works, including land acquisition, utility shifting, geo-technical investigations, tree clearance, and preparation of tender drawings and documents, are currently in progress. Construction tenders will be floated shortly.
43	260.	A draft DPR is being prepared for construction of a Metro line from Sarjapura to Agara, Koramangala, Dairy Circle and connecting to Hebbal via Mekhri Circle under Namma Metro Phase-3A. It will be submitted for approval of the Central Government.	This is a new scheme. BMRCL has prepared a DPR for the construction of a metro line connecting Hebbal from Sarjapur to Agara, Koramangala Dairy Circle, Mekhri Circle under Namma Metro Phase-3A and submitted it for Government approval. The proposal is under consideration.	Phase-3A Sarjapura to Hebbal Metro is planned for a length of 35.59 Km and 28 stations. DPR is approved by GoK and submitted to GoI for approval on 15.01.2025. MoHUA has raised the queries, subsequently queries being addressed. Recently, MoHUA has conveyed meeting on 25.11.2025 regarding land

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
				cost details and reply of the same has been sent to MoHUA on 29.11.2025.
44	261.	After our Government assumed power, the Bengaluru suburban rail project which was moving at a snail's pace has picked pace and civil works for Corridor-2 from Baiyappanahalli to Chikkabanavara are being implemented speedily. Work orders have been issued for construction of a 46.2 km long line from Hilalige to Rajanukunte under Corridor-4. RFP have been invited for operation and management of Rolling stock and agreements are being signed with European Investment Bank and KFW bank of Germany for financial assistance. During this year, we will draw the attention of the Central Government towards this ambitious project and we will urge them to provide additional grants. State Government will release matching grants.	This is an ongoing scheme. Action is being taken in Administrative Department.	(a) The Project is being implemented as FOUR different CORRIDORS.(b) For TWO Corridors, i.e., 1 and 3, the Financing Pattern and the Tender Process is yet to be clearly taken and thus, they have not taken off, as of now. (c) For the Corridor Nos. 2 and 4, the Work has been awarded to M/s. L & T.
45	264.	In collaboration with the Japan Government, Area Traffic Signal Control System will be installed at 28 major junctions in the Bengaluru city by using state-of-the-art technology thereby reducing vehicle density at traffic signals by 30 per cent and average delay by 13 per cent.	This is an ongoing scheme. Action is being taken in Administrative Department.	The project was commissioned on 2 December 2021 and has been in operations since then. The O & M of the project is entrusted to M/s. Nagoya Electric Works Co. Ltd. and M/s. Zero SUM 11S Solutions India ltd. for a period of five years. The cost towards the O&M is being borne by the State Government. Currently, there are no studies carried out about the impact of this Project.
46	265.	Along with the ambitious programs aimed at development of the city, our Government is also giving priority to improving the quality of life of citizens. Emphasis will be given to good environment, 24x7 drinking water supply and sanitation. In this direction, the following measures will be undertaken: <ul style="list-style-type: none"> • In May 2024, Bengaluru Water Supply and Sewerage Board will operationalize Cauvery Phase-5 project of 775 MLD capacity to provide 110 litres of drinking water daily to 12 lakh 	This is an ongoing scheme. G.O No: UDD/ 11 / MNI / 2015, dated:12-10-2017 has been issued. Under the Cauvery Phase-5 projects of ₹5,550.00 crore a 775MLD	(a) The water supply component of the project was inaugurated on 16th Oct'2024 by Honbl'e CM and Dy CM, GOK.

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<p>people, at an estimated cost of ₹5,550 crore.</p> <ul style="list-style-type: none"> Under Cauvery Phase-5, the underground drainage works will be completed by December 2024. Under this, 228 KMs of drainage pipeline will be laid and 13 STP's with a capacity to treat 100 MLD sewage water will be constructed. Seven sewage treatment plants (STP) will be upgraded at a cost of ₹441 crore. This will facilitate daily treatment and re-use of 268 MLD sewage water. 	<p>drinking water project worth ₹4,324.72 crore for Bengaluru city and ₹1225.28 crore for laying 228 km of sewerage pipes and construction of 13 STPs are being undertaken with financial assistance from JICA. The government has approved the work in 2017 and the drinking water projects have been started in March-2020. An amount of ₹3,381.43 crore has been spent with a physical progress of 86.93 per cent as on the end of March 2024.</p> <p>This is an ongoing scheme. G.O No: UDD/11/MNI/2015, dated:12-10-2017 has been issued. The Government approved the project in 2017 and the under-water works were started on 07-07-2021. An amount of ₹406.83 crore has been spent with a physical progress of 55 per cent by the end of March 2024. The final deadline for completion of the said project is December 2024. The project is being implemented in 03 packages, all of which are in progress. Steps are being taken to complete the work within the stipulated period.</p> <p>This is an ongoing scheme. G.O No: UDD/01/MNI/2024(e), dated:31-01-2024 has been issued. The sewerage system in 07 different areas will be systematically upgraded at a cost of ₹441 crore. This will facilitate the treatment and reuse of 268 MLD of waste water daily. As per the order of the Honorable National Green Tribunal in O.A. No: 606/2018, it has been suggested to reduce the 268 MLD of sewage treatment gap under the jurisdiction of the Bangalore Water Supply</p>	<p>(b) The WTP, Pumping Stations at Tk Halli, Harohalli and Tataguni along with Transmission Mains are operational and are presently supplying around 300 MLD of treated water. (c) Currently city trunk mains commissioning for Western Side is completed and the Eastern Side commissioning upto Hudi GLR is completed.</p> <p>The Physical Progress for Water is 65.45 per cent. Out of 240 Kms of the Waste water works to be paid, the works done to the extent of 188 Kms.</p> <p>The scope of work pertains solely to the providing and laying of sewer pipelines and associated conveyance infrastructure to various places of Bengaluru.</p>

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		<ul style="list-style-type: none"> Phase-II of drinking water supply scheme to 110 villages added to BBMP limits will be implemented at a cost of ₹200 crore. 	<p>and Sewerage Board. Out of this, the construction work of 150 MLD capacity waste water treatment plant is in progress under the AMRUT scheme, and the NGT has been asked to carry out the remaining works. Under the relief fund, it is proposed to upgrade 07 different under-drainage systems worth a total of ₹441 crore. All 07 works have been started in March-2024 and the final deadline has been fixed for completion in the next 36-24 months. Currently, all the works are in progress. NGT has submitted a proposal to the Government on 04-05-2024 for release of funds under the Relief Fund.</p> <p>This is an ongoing scheme. G.O No: UDD/20/MNI/2022(e), dated:05-02-2024 has been issued. The second phase of the project, proposed to be implemented in newly developed areas left out in the first phase, has been launched with an amount of ₹200 crore. KUIDFC will provide 50 <i>per cent</i> financial assistance for the project, while the remaining amount will be borne by the Board from its own resources. The project is being implemented through 05 different works and was started in March 2024. The final phase has been fixed to be completed in the next 18 months. Steps are being taken to obtain a loan from KUIDFC. Currently, all the works are in progress.</p>	<p>Since KUIDFC did not extend loan to BWSSB, the works have been taken up entirely under Board's funds.</p>
47	266.	End-to-end waste management from households to the waste processing centers is proposed. The Bengaluru urban district will be divided into 4 parts and for each an integrated waste management operator will be selected through tendering process. The BBMP is procuring 50 acres to 100 acres of lands at 4 places in each direction and towards the	This is an ongoing scheme. Sought clarification from BBMP based on the opinion given by Finance Department on Terraforma proposal.	Reply awaited

Sl. No.	Budget Para No.	Budget Assurance	Action taken as per Action taken Report	Audit Analysis
		outskirts of the city for processing facility and scientific landfill. This will solve the problem of landfills in the city for the next 30 years.		
48	268.	Sarvagna Park will be developed in Sarvagnanagara Assembly Constituency in collaboration with BBMP.	This is a new scheme. G.O No: UDD / 272 / MNY / 2024(e), dated:03-07-2024 has been issued.	Reply awaited
49	269.	Shops and establishments will be allowed to open till 1 AM in Bengaluru and 10 other corporation areas in order to further trade and commerce.	This is a new scheme. It has been transferred from Home Department. G.O No: UDD / 298 / MNY / 2024(e), dated:29-07-2024 has been issued.	-

Source: Budget volumes and Departmental Records

Appendix 2.15

**Details of Corporation wise releases for Financial Year 2024-25
(Reference paragraph 2.5.8.1 A; Page 78)**

(₹ in crore)

Sl. No.	Corporation Name	Head of Account	Total Grant	Releases upto 3rd quarter	Releases during 4 th Quarter	Percentage of release in 4 th quarter
Social Welfare Department						
1	Dr. B.R. Ambedkar Development Corporation	2225-01-102-0-11-059 Ganga Kalyana Scheme	90.00	0.00	90.00	100.00
2		2225-01-190-2-01-103 Self-Employment Scheme	95.00	0.00	95.00	100.00
3		2225-01-190-2-09-106 Micro credit through Self Help Groups	15.00	0.00	15.00	100.00
4	Karnataka Thanda Development Corporation	2225-01-190-2-10-059	60.00	0.00	60.00	100.00
5	Karnataka State Safai Karmachari Development Corporation Limited	2225-01-190-5-01-100	25.00	0.00	25.00	100.00
6	Dr Babu Jagjivan Ram Leather Industries Development Corporation Ltd	4225-01-190-0-05-211	35.00	0.00	35.00	100.00
7	Karnataka Bhovi Development Corporation Limited	2225-01-190-4-01-100	55.00	0.00	55.00	100.00
8	Karnataka Adi Jambava Development Corporation	2225-01-190-3-01-100	50.00	0.00	50.00	100.00
Total			425.00	0.00	425.00	100.00
Backward Classes Welfare Department						
1	D. Devaraji Urs Backward Classes Development Corporation	2225-03-190-0-04	100.00	25.00	75.00	75.00
2	Vishwakarma Development Corporation	2225-03-190-0-05	13.00	3.25	9.75	75.00
3	Nijasharana Ambigara Chowdaiah Development Corporation	2225-03-190-0-07	5.00	1.25	3.75	75.00
4	Karnataka Uppara Development Corporation	2225-03-190-0-08	8.00	2.00	6.00	75.00
5	Karnataka Veerashaiva Lingayat Development Corporation	2225-03-190-0-09	60.00	15.00	45.00	75.00
6	Karnataka Community Development Corporation (Vokkaliga)	2225-03-190-0-09	60.00	15.00	45.00	75.00
7	Karnataka Savita Samaja Development Corporation	2225-03-190-0-10	5.00	1.25	3.75	75.00
8	Karnataka Madiwala Machideva Development Corporation	2225-03-001-0-05	9.00	2.25	6.75	75.00
9	Karnataka SC/ST Nomadic Development Corporation Limited	2225-03-001-0-05	12.00	3.00	9.00	75.00

Sl. No.	Corporation Name	Head of Account	Total Grant	Releases upto 3rd quarter	Releases during 4 th Quarter	Percentage of release in 4 th quarter
10	Karnataka Maratha Communities Development Corporation Limited	2225-03-001-0-05	50.00	12.5	37.5	75.00
11	Karnataka Kadugolla Development Corporation	2225-03-001-0-05	15.00	3.75	11.25	75.00
Total			337.00	84.25	252.75	75.00
Tribal Welfare Department						
1	Karnataka Maharshi Valmiki Development Corporation	2225-02-190-2-01	47.00	11.75	35.25	75.00
		2225-02-190-2-07	37.00	9.25	27.75	75.00
2	Karnataka Medara Development Corporation	2225-02-190-2-01	3.00	0.75	2.25	75.00
		2225-02-190-2-07	3.00	0.75	2.25	75.00
3	Karnataka Alemari and Arey Alemari Development Corporation	2225-02-190-2-01	10.00	2.50	7.50	75.00
		2225-02-190-2-07	10.00	2.50	7.50	75.00
Total			110.00	27.50	82.50	75.00

Appendix 2.16

**Details of bank accounts maintained by the Corporations under Department of Backward Classes
(Reference paragraph 2.7.1.5; Page 86)**

(Amount in ₹)

Sl. No.	Name of the Corporation	Bank Account No	Name of the Bank	Purpose	Balance as on 31 March 2025
1	Karnataka Vokkaliga community development corporation Ltd	8924100027045	Bank of Baroda		71,83,330
		89240100027552	Bank of Baroda		41,78,183
		41409458010	SBI		3,29,691
		89240200003794	Bank of Baroda		55,08,116
2	Nijasharana Ambigara Chowdaiah Development Corporation Ltd	89240100013567	Bank of Baroda	ESCROW	1,90,52,00,000
		89240100027855	Bank of Baroda	Recovery Account	1,59,40,00,000
			SBI Vidhana Soudha	Scheme Implementation through DBT	2,62,00,000
3	Karnataka Veerashaiva-Lingayath Development Corporation Ltd	89240100026016	Bank of Baroda	ESCROW	1,23,47,631
		89240100027241	Bank of Baroda	Recovery Account	30,57,580
		40935590124	SBI Vidhana Soudha	Scheme Implementation through DBT	14,25,096
4	Karnataka Maratha Communities Development Corporation Ltd	6919	Bank of Baroda	ESCROW	1,19,72,742
		3719	Bank of Baroda	Recovery Account	63,26,996
			SBI Vidhana Soudha	Scheme Implementation through DBT	81,482
5	Karnataka Vishwakarma Communities Development Corporation Ltd	2827132000005	Canara Bank	State Account/ Dormant	68,529
		2827101023041	Canara Bank	State recovery Account/ Dormant	0
		2827132000006	Canara Bank	NBCDFC/ Dormant	78,895
		2827101022630	Canara Bank	NBCDFC recovery /Dormant	34,45,586
		89240100027775	Bank of Baroda	Ganga Kalyana Account	17,62,793
		89240100027899	Bank of Baroda	Recovery Account	54,72,768
		6369101000186	Canara Bank	Amarashilpi Jakanachari Centre	28,21,692
		407080150811	SBI	Dormant	0
6	Karnataka SC/ST Nomadic Development Corporation Ltd	9548178660	Kotak Bank	Administration and scheme implementation	27,22,00,000
		9548178547	Kotak Bank	Administration and scheme implementation	7,67,00,000
7	Karnataka State Safai Karmachari Development Corporation Ltd	0712302324	Kotak Bank	Administration and scheme implementation	7,01,69,391

Sl. No.	Name of the Corporation	Bank Account No	Name of the Bank	Purpose	Balance as on 31 March 2025
8	Dr Babu Jagjivan Ram Leather Industries Development Corporation Ltd	590802000000188	Bank of Baroda	Commercial activities	5,16,59,451
9	Karnataka Bhovi Development Corporation Ltd	41100783242	SBI	Statutory Recovery account	1,03,80,147
		7405092641	Indian Bank	Implementation of schemes	52,41,714
		7852917674	Indian Bank	Implementation of schemes	1,28,91,839
		0712302362	Kotak Bank	Implementation of schemes	99,279
10	Karnataka Uppara Development Corporation Ltd	89240100013568	Bank of Baroda	ESCROW	50,54,516
		89240100026265	Bank of Baroda	Recovery account	84,64,892
		40791763042	SBI	DBT	2,955
	Total	32 accounts			410,43,25,294

Source: Departmental Records

Appendix 3.1

Balances remaining under in-operative PD accounts
(Reference paragraph 3.5.2 (a); Page 99)

(Amount in ₹)

Sl. No.	P.D. Account Nomenclature	Balance as per the Books of AG(A&E)	Remarks
Credit Balances			
1	Tahsildar	3,15,55,549.41	2020-21 onwards
2	Special DC	50,63,20,628.90	2018-19 onwards
3	P.W.D. Officer	62,22,005.00	2019-20 onwards
4	Registrar, Industrial Corporation	23,307.40	2018-19 onwards
5	Money Landers and Pawn Brokers	14,22,29,665.00	2021-22 onwards
6	Sugar price Equalisation fund	11,65,60,815.88	2010-11 onwards
7	Director of Small Savings and State Lottery	35,43,374.00	2010-11 onwards
8	Permanent & Temporary Deposits	28,31,395.86	2015-16 onwards
9	Ram Kumar Jalal Memorial Fund	195.00	2010-11 onwards
10	Bagalkot Town Development Authority	49,41,519.93	2017-18 onwards
11	Asst Registrar of Co-operative Societies	10,000.00	2015-16 onwards
12	Director of Fiscal Policy Institute, Bengaluru	13,057.00	2018-19 onwards
13	C.A.O. Rural Road Development Agency	59,98,08,000.00	2019-20 onwards
14	Commissioner, Watershed Development Department	783.00	2018-19 onwards
15	Commissioner, Department of Collegiate Education, Bengaluru	1,97,41,16,390.00	2018-19 onwards
16	The Officer on Special Duty, Sippu (TEQUIP) Phase II Director Technical Education Bengaluru	1,03,42,496.00	2018-19 onwards
Total		3,39,85,19,182.38	
Debit Balances			
1	Harijan Development Welfare Fund	5,18,350.71	2015-16 onwards
2	Maharaja College of Education	9,052.00	2018-19 onwards
3	Director Watershed Development	12,78,03,479.00	2020-21 onwards
4	CM's Drought Relief Fund	82,45,390.20	2010-11 onwards
5	Gram Panchayat	34,00,890.55	2010-11 onwards
6	Land Compensation	3,83,016.40	2020-21 onwards
7	Receipts awaiting transfers	57,59,91,79,028.00	2020-21 onwards
8	S.L.A.O Bengaluru - Hassan Railway Project	88,41,300.00	2018-19 onwards
Total		57,74,83,80,506.86	
Nil Closing Balance			
1	Directorate of Minorities Department	0.00	2020-21 onwards

Source: Office of the AG(A&E)/DDR Ledger

Appendix 3.2

**PD Accounts with negative balance
(Reference paragraph 2.5.2 (b); Page 99)**

(Amount in ₹)

Sl. No.	P.D. Account Nomenclature	Balance as on 31 March 2025 as per the Books of AG(A&E)
1	Private Estate under Government Management	2,62,40,44,910.47
2	Cash order deposit	2,34,03,875.19
3	Deposit under National Scholarship Scheme	2,05,26,776.37
4	Block Development Officer	7,49,32,701.15
5	Labour Officer	2,59,08,552.52
6	Secondary Karnataka Consumer Protection Board	14,32,80,71,370.00
7	Industrial Training Institute	57,09,514.21
8	Member Secretary	41,32,293.89
9	Municipal Commissioner Tumakuru	6,59,62,796.16
10	Malnad Area Development Board, Shivamogga	14,79,657.00
11	Special land Acquisition Officer, Ramanagera	3,38,54,741.00
12	Special Land Acquisition Officer, Hemavathy Canal Zone, Tumakuru	34,68,06,602.00
13	Commissioner, Survey Settlement and land Records, Bengaluru	1,33,303.00
14	Deputy Commissioner, miscellaneous, Vijayanagara District, Hosapete	4,81,10,626.00
15	Special Land Acquisition Officer, Hemavathy Reservoir Project, Hassan	43,18,07,203.00
16	Chief Accounts Officer, Bagalkot Town Development Authority, Navanagar, Bagalkot	47,74,10,330.00
17	Chief Accounts Officer, Upper Krishna Project land Acquisition, Bagalkote	4,25,50,726.00
18	Special Land Acquisition Officer, Sakaleshpura	24,06,90,266.00
19	Special Land Acquisition Officer, Tumakuru	24,17,77,641.00
20	Assistant Commissioner and Special Land Acquisition Officer, Tarikere	5,07,59,843.00
21	Superintendent, Central Prison, Bengaluru	70,17,221.00
22	Superintendent, Central Prison, Ballari	10,19,781.00
23	Superintendent, Central Prison, Shivamogga	1,60,136.00
24	Secretary, Karnataka Public Service Commission, Bengaluru	67,14,885.00
25	Principal Chief Conservator of Forest (Wildlife), Bengaluru	1,62,00,351.00
Total		19,11,91,86,101.96

Source: Office of the AG(A&E)

Glossary

Basis of Calculation

Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth Rate
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Development expenditure	Social services + economic services
Average interest rate of Outstanding Debt	$[\text{Interest payments}/(\text{opening balance of Public debt} + \text{closing balance of Public Debt}/2)]$
Ratio of Debt Redemption	Total debt payment + Interest payment(debt)/total debt receipts
Revenue Deficit/Revenue Surplus	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of avoidance of debt.

Abbreviations		
Sl. No.	Abbreviation	Full Form
1	AC Bill	Abstract Contingent Bill
2	AE	Aggregate Expenditure
3	ALM	Asset Liability Monitoring
4	AYUSH	Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy
5	BMTC	Bengaluru Metropolitan Transport Corporation
6	BPL	Below Poverty Line
7	C&AG	Comptroller and Auditor General of India
8	CAGR	Compounded Annual Growth Rate
9	CAPEX	Capital Expenditure
10	CBS	Child Budget Statement
11	CE	Capital Expenditure
12	CESCOM	Chamundeswari Electricity Supply Company
13	CGST	Central Goods and Service Tax
14	CHCs	Community Health Centres
15	CMRRD	Chief Minister's Rural Road Development Fund
16	CNNL	Cauvery Neeravari Nigam Limited
17	CPAO	Central Pay and Accounts Office
18	CPS	Central Plan Schemes
19	CRA	Central Record keeping Agency
20	CRF	Central Road Fund
21	CSF	Consolidated Sinking Fund
22	CSS	Centrally Sponsored Schemes
23	DC	Deputy Commissioner
24	DCB	Demand Collection Balances
25	DCPS	Defined Contribution Pension Scheme
26	DDOs	Drawing and Disbursing Officers
27	DDR	Debt, Deposit and Remittances
28	DE	Development Expenditure
29	DMA	Directorate of Municipal Administration
30	DPAR	Department of Personnel and Administrative Reforms
31	DPC	Duties, Power and Conditions of Service
32	DSA	Debt Sustainability Analysis
33	EAP	Externally Assisted Project
34	EFC	Eleventh Finance Commission
35	ERC	Expenditure Reforms Commission
36	ESCOMs	Electricity Supply Companies
37	FD	Finance Department
38	FMRC	Fiscal Management Review Committee
39	FPI	Fiscal Policy Institute
40	GASAB	Government Accounting Standards Advisory Board
41	GB	Gender Budget
42	GCS	General Category States
43	GCU _s	Government Commercial Undertakings
44	GDP	Gross Domestic Product
45	GESCOM	Gulbarga Electricity Supply Company
46	GIA	Grants-In-Aid

Sl. No.	Abbreviation	Full Form
47	GFR	General Financial Rules
48	GIC	General Insurance Corporation
49	GOI	Government of India
50	GOK	Government of Karnataka
51	GOs	Government Orders
52	GP	Gram Panchayat
53	GSDP	Gross State Domestic Product
54	GSVA	Gross State Value Added
55	GST	Goods and Service Tax
56	HESCOM	Hubli Electricity Supply Company
57	HOA	Head of Account
58	HRMS	Human Resource Management System
59	IFA	Internal Financial Advisor
60	IGAS	Indian Government Accounting Standard
61	IGST	Integrated Goods and Service Tax
62	ITI	Industrial Training Institute
63	KBJNL	Krishna Bhagya Jala Nigam Limited
64	KFC	Karnataka Financial Code
65	KFDF	Karnataka Forest Development Fund
66	KFRA	Karnataka Fiscal Responsibility Act
67	KIADB	Karnataka Industrial Area Development Board
68	KILT	Karnataka Institute of Leather Technology
69	KNNL	Karnataka Neeravari Nigam Limited
70	KRDCL	Karnataka Road Development Corporation Limited
71	KSFCL	Karnataka State Financial Corporation Limited
72	KSCARDB	Karnataka State Co-operative Agriculture and Rural Development Bank
73	KSCOMF	Karnataka State Co-operative Marketing Federation
74	KSSIDC	Karnataka State Small Industries Development Corporation Limited
75	KUWSDB	Karnataka Urban Water Supply and Drainage Board
76	LIC	Life Insurance Corporation
77	LMMH	List of Major and Minor Heads
78	LROT	Lease Rehabilitate Operate and Transfer
79	MCE	Manual of Contingent Expenditure
80	MOF	Ministry of Finance
81	MTFP	Medium Term Fiscal Plan
82	NABARD	National Bank for Agriculture and Rural Development
83	NCDC	National Co-operative Development Corporation
84	NDC Bill	Non-Payment Detailed Contingent Bill
85	NDRF	National Disaster Response Fund
86	NGOs	Non-Government Organisations
87	NLNORR	Non-Loan Net Own Revenue Receipts
88	NPIC	New Pension Implementation Cell
89	NPS	New Pension Scheme
90	NSDL	National Securities Depository Limited
91	NSSF	National Small Savings Fund
92	OBB	Off-Budget Borrowings
93	OD	Overdraft

Sl. No.	Abbreviation	Full Form
94	PAC	Public Accounts Committee
95	Pr.AG (A&E)	Principal Accountant General (Accounts and Entitlement)
96	Pr.AG (Audit)	Principal Accountant General (Audit)
97	PAO	Pay and Accounts Office
98	PD	Personal Deposit
99	PF	Provident Fund
100	PFRDA	Pension Fund Regulatory Development Authority
101	PMAY	Pradhan Mantri Awas Yojane
102	PRAN	Permanent Retirement Account Number
103	PRIs	Panchayat Raj Institutions
104	PSUs	Public Sector Undertakings
105	PWP&IWT	Public Works, Port and Inland Water Transport
106	RBI	Reserve Bank of India
107	RDPR	Rural Development and Panchayat Raj
108	RE	Revenue Expenditure
109	RERA	Real Estate Regulatory Authority
110	RR	Revenue Receipts
111	SCSP	Special Component Sub Plan
112	SDMF	State Disaster Mitigation Fund
113	SDRF	State Disaster Response Fund
114	SDL	State Development Loans
115	SE	Supplementary Estimate
116	SFAR	State Finance Audit Report
117	SGST	State Goods and Service Tax
118	SLAO	Special Land Acquisition Officer
119	SPVs	Special Purpose Vehicles
120	SWMA	Special Ways and Means Advances
121	TBs	Treasury Bills
122	TE	Total Expenditure
123	TFC	Twelfth Finance Commission
124	TP	Taluk Panchayat
125	TSP	Tribal Sub Plan
126	UC	Utilisation Certificate
127	ULB	Urban Local Bodies
128	VJNL	Visvesvaraya Jala Nigam Limited
129	WMA	Ways and Means Advances
130	XII FC	Twelfth Finance Commission
131	XIII FC	Thirteenth Finance Commission
132	XIV FC	Fourteenth Finance Commission
133	XV FC	Fifteenth Finance Commission
134	ZP	Zilla Panchayat

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