

**REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL OF INDIA
on
STATE FINANCES**

for the year ended 31 March 2015

Government of Kerala

Table of Contents		
	Reference to	
	Paragraph	Page
Preface	-	v
Executive Summary	-	vii
Chapter I		
Finances of the State Government		
Profile of Kerala	-	1
Introduction	1.1	1
Resources of the State	1.2	6
Revenue Receipts	1.3	8
Capital Receipts	1.4	12
Public Accounts Receipts	1.5	13
Receipt and Utilisation of Thirteenth Finance Commission Award	1.6	14
Application of Resources	1.7	18
Quality of Expenditure	1.8	25
Financial Analysis of Government Investments, Loans and Advances	1.9	28
Assets and Liabilities	1.10	35
Debt Sustainability	1.11	39
Fiscal Imbalances	1.12	40
Conclusion	1.13	44
Recommendations	1.14	45
Chapter II		
Financial Management and Budgetary Control		
Introduction	2.1	47
Summary of Appropriation Accounts	2.2	48
Financial Accountability and Budget Management	2.3	49
Non-reconciliation of departmental figures	2.4	60
Review on Budgetary process and Appropriation Control	2.5	61
Overstated Expenditure	2.6	64
Inspection of treasuries	2.7	65
Conclusion	2.8	66
Recommendations	2.9	67

Table of Contents		
	Reference to	
	Paragraph	Page
Chapter III Financial Reporting		
Non-submission/delay in submission of Accounts	3.1	69
Delay in submission of accounts/Audit Reports of Autonomous Bodies	3.2	69
Departmentally managed Commercial Undertakings	3.3	69
Misappropriations, losses, defalcations, etc.	3.4	70
Conclusion	3.5	71
Recommendations	3.6	71

APPENDICES		
No.	Description	Page
1.1	State Profile	73
1.2 Part A	Structure and form of Government Accounts	75
Part B	Layout of Finance Accounts	75
1.3 Part A	Methodology adopted for assessment of fiscal position	76
Part B	The Kerala Fiscal Responsibility Act	77
1.4 Part A	Abstract of receipts and disbursements for the year 2014-15	79
Part B	Summarised financial position of the Government of Kerala as on 31 March 2015	82
1.5	Time series data on the State Government finances	84
1.6	Receipt and utilisation of GoI flagship programmes	87
1.7	Gross collection in respect of major taxes and duties <i>vis-à-vis</i> budget estimates and the expenditure incurred on their collection	88
1.8	Statement showing scheme-wise details of shortfall in GoI release	89
1.9	Release of funds by GoK in excess of GoI release	91
1.10	Funds remained unutilised with Government/implementing agencies against GoI release as on 31.3.2015	93
2.1	Details showing savings in Grants/Appropriations during the year	96
2.2	Details of Grant-wise Plan/Non-plan savings (exceeding ₹100 crore) during the year	100
2.3	Statement of persistent savings for the last three years	101
2.4	Excess over provision of previous years requiring regularization	103
2.5	Cases where supplementary provision (₹one crore or more in each case) proved unnecessary	105
2.6	Cases of excessive supplementary Grants/Appropriations (Savings of ₹ one crore and above)	106
2.7	Unnecessary/Excessive/Insufficient re-appropriation of funds (in excess of ₹one crore)	107
2.8	Heads in which entire budget allocation (₹ five crore and above) was surrendered during the year	109
2.9	Surrender (₹one crore or more in each case) in excess of actual savings	112
2.10	Details of saving of ₹ one crore and above not surrendered	113
2.11	Cases of surrender of funds in excess of ₹10 crore on 31 March 2015	115

APPENDICES		
No.	Description	Page
2.12	Pendency in submission of Detailed Contingent bills against Abstract Contingent (AC) bills drawn from 2013-14 to 2014-15	116
2.13	List of controlling officers where amounts exceeding ₹50 crore in each case remained unreconciled during 2014-15	118
3.1	Statement showing names of bodies and authorities, accounts of which had not been received as of March 2015	120
3.2	Statement showing performance of Autonomous Bodies	121
3.3	Statement of finalization of <i>pro forma</i> accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings	123
3.4	Department /duration-wise break-up of cases of misappropriation, defalcation, etc.	124
3.5	Department /category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material	125

PREFACE

1. This Report has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for being placed in the State Legislature.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2015. Information has also been obtained from the Government of Kerala, wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report 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 Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area wise, Kerala is ranked 21st in the country with an area of 38,863 sq.km. The State has a population of 3.34 crore (12th in the country) and it is ranked as the third most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was five *per cent* (3.18 crore in 2001 to 3.34 crore in 2011), which is the lowest rate among Indian States. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian States. Gross State Domestic Product (GSDP) in 2014-15 of the State at current prices was ₹4,51,483 crore. The per capita income (2014-15) of the State at current prices stands at ₹1,27,577.

About the Report

This Report of the Finances of the Government of Kerala is being brought out with a view to assess objectively, the financial performance of the State during 2014-15 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the budget estimates of 2014-15. Based on the audited accounts of the Government of Kerala for the year ended March 2015, this Report provides an analytical review of the Annual Accounts of the State Government. This Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31 March 2015. It provides an insight into trends in committed expenditure, borrowing pattern and quality of expenditure, besides giving comparison on State's expenditure with other General Category States.

Chapter 2 is based on the audit of Appropriation Accounts and gives a Grant-by-Grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of the Kerala Government's compliance with various reporting requirements and financial rules. The report also compiles the data compiled from various Government departments/organizations in support of the findings.

Audit findings and recommendations

Chapter I : Finances of the State Government

Overall financial status: State Government enacted Kerala Fiscal Responsibility (Amendment) Act, 2011, which came into force from 8 November 2011 with revised targets for fiscal stability by progressive elimination of revenue deficit and sustainable debt management. But non-realisation of estimated revenue

receipt (estimated in the budget) led to non-achievement revenue and fiscal deficit targets envisaged in the Act during the last four years. All the three fiscal parameters, viz. primary, revenue and fiscal deficits increased during the last four years, which also indicated reduced growth of receipts compared to expenditure.

The resource gap (gap between incremental non-debt receipts and incremental total expenditure) was positive only in 2010-11 and since then it was negative, which indicated that incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. The bifurcation of the factors leading to primary deficit of the State reveals that since 2011-12 non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure of the State. This indicates that even for meeting primary expenditure, Government has to depend on borrowed funds since 2011-12.

Receipts and Expenditure : Major share of State's total receipts (₹79,306 crore) was Revenue receipts (₹57,950 crore) which included ₹35,232 crore of own tax revenue. While revenue receipt recorded a growth rate of 18 *per cent*, growth rate of own tax revenue was only 10 *per cent*. Capital receipts increased by ₹1,545 crore due to increase in Public Debt receipts (₹1,516 crore).

As in the previous year taxes on Sales, Trade, etc was the main source of tax revenue of the State. However, revenue from State Excise decreased during 2014-15 as in 2013-14. Income from State Lotteries (₹5,445 crore) was the major source of revenue under non-tax Revenue, but equally high expenditure towards payment of prize, commission, etc., resulted in net yield of ₹960 crore only.

Total expenditure of the State almost doubled during the last five years and share of revenue expenditure in total expenditure was above 90 *per cent* during the last four years and it was highest (93.5 *per cent*) during 2014-15. This shows low priority of the State Government in other areas like Capital Expenditure.

In revenue expenditure, share of non-plan revenue expenditure was the maximum (above 86 *per cent* during the last five years) and over 60 *per cent* of the revenue expenditure was incurred on salaries, wages, pension payments and interest payments. In this, liability on interest payments showed a higher growth due to mounting liability in open market borrowings.

Quality of Expenditure: Though, above 50 *per cent* of the total expenditure was incurred on development expenditure, major share of it was for revenue expenditure which indicated low priority for capital development expenditure. As of 31 March 2015, the State Government had invested ₹6,085.13 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives and against this investment average return during the last five years was 1.5 *per cent* while the Government paid an average interest rate ranging from 7.1 *per cent* to 7.3 *per cent* on its borrowings. Similarly, repayment during the year against the outstanding loans and advances (₹12,332 crore) released by the State Government was ₹151 crore (principal: ₹124 crore and interest: ₹27 crore) only.

Debt Management: Fiscal liabilities of the State increased from ₹1,24,081 crore in April 2014 to ₹1,41,947 crore at the end of March 2015. This liability as a percentage of GSDP was 31.4 *per cent* which is higher than the target (29.8 *per cent*) fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. Share of market loans in overall fiscal liabilities increased and it was more than 50 *per cent* at the end March 2015. The debt maturity profile of the State shows that 44.1 *per cent* (₹42,362.01 crore) of the debt has to be repaid within seven years.

As the non-debt receipts of the State were insufficient, some portion of the borrowed funds was used for bridging the revenue gap. During 2014-15, total borrowed funds under 'Public Debt' was ₹18,509 crore (including open market borrowings of ₹13,200 crore). After providing for interest and repayment of principal, the net availability was only ₹5,365 crore.

Review on receipt and utilisation of Thirteenth Finance Commission Award : The State received (₹5,476.30 crore) 82 *per cent* of the Award amount including additional amount of ₹241.26 crore towards performance and incentive grant and utilised ₹5,098.34 crore. Substantial short release of award amount (around ₹100 crore) was noticed in three schemes (Maintenance of roads and bridges, Water sector management and Improvement of justice delivery) due to non-adherence to various conditions attached with release of grants.

Review on maintenance of loan accounts by the administrative departments: The outstanding loan released by Industries department as on 31 March 2015 stands at ₹2,020.91 crore. During 2011-2013 an amount of ₹297.61 crore was disbursed to 21 public sector undertakings (PSUs) and conditions for repayment were not fixed by the department in respect of loan amounting to ₹103.79 crore given to five PSUs. The department did not initiate any steps to segregate and reconcile the loans disbursed to PSUs through a common head of account on account of clearing VR liabilities resulting difference in the loan balances maintained by the department and in Finance Accounts.

Deficiencies in maintenance and reconciliation of loan account by co-operation department resulted in a difference of ₹201.68 crore between the departmental loan balance and that in the Finance Accounts.

Chapter II

Financial Management and Budgetary Control

During the year overall savings out of the total budget allocation of ₹1,03,604.32 crore was ₹20,157.97 crore. Overall savings increased from 18.2 *per cent* in the last year to 19.5 *per cent* in 2014-15 indicating increasing deficiency in the budgetary process. Persistent savings of ₹100 crore or more of the budget provision for the last three years was noticed in four Grants/Appropriation. Substantial savings in two Grants (Urban Development and Irrigation) was due to unrealistic assessment of budgetary requirement by the departmental officers and the Finance department ignoring the expenditure of the schemes of previous years.

Excess expenditure of ₹192 crore was noticed under one appropriation-‘Debt Charges’ (in revenue section), which requires regularisation under Article 205 of the Constitution along with excess expenditure for the years 2011-12 to 2013-14 amounting to ₹1,818.86 crore. Appropriation control weakness at the levels of Chief Controlling Officer, Drawing and Disbursing Officer, Treasury Officer and Finance Department was noticed which led to excess expenditure in schemes test-checked in Audit. In view of the final savings, supplementary allocations obtained in 22 Grants under Revenue (voted) section could have been avoided as the additional budget allocations were sought for all the existing schemes.

Director of Technical Education (the estimating officer) had not taken due care in the realistic preparation of budget estimates and in reconciliation of departmental figures with that booked by Principal Accountant General (A&E) which led to budgetary failures.

Chapter III

Financial Reporting

At the end of March 2015 accounts were due from 12 autonomous bodies/authorities who received grant-in-aid during the year 2013-14. Finalisation of accounts of Text Book office is in arrears from 2003-04 and also decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 is pending with the Government. The State Government reported 114 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹7.15 crore up to the period June 2015 on which final action was pending.

CHAPTER I
FINANCES OF THE STATE
GOVERNMENT

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Profile of Kerala

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area wise, Kerala is ranked 21st in the country with an area of 38,863 sq.km. The State has a population of 3.34 crore (12th in the country) and it is ranked as the third most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was five *per cent* (3.18 crore in 2001 to 3.34 crore in 2011), which is the lowest rate among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian states. Gross State Domestic Product (GSDP) in 2014-15 of the State at current prices was ₹4,51,483 crore. The per capita income (2014-15) of the State at current prices stands at ₹1,27,577. General data relating to the State is given in **Appendix 1.1**.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognized final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's GDP at current prices are indicated below:

Table 1.1: Trends in annual growth of GDP and GSDP (at current prices)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
India's GDP (₹ in crore)	72,48,860	83,91,691	93,88,876	1,04,72,807	1,15,09,810 ¹
Growth rate of GDP (percentage)	18.66	15.77	11.88	11.54	..
State's GSDP (₹ in crore) ²	2,63,773	3,12,677	3,47,841	3,96,282	4,51,483 ³
Growth rate of GSDP (percentage)	13.70	18.54	11.25	13.93	13.93

Source : Figures furnished by Economics and Statistics Department

During the last five years, highest growth of GSDP was during 2011-12 and it came down to 11.25 *per cent* during 2012-13. However, during the last two years GSDP showed a steady growth of 13.93 *per cent* and it was better than GDP growth of the country during the last two years.

1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment of the fiscal position of the Government of Kerala as on 31 March 2015. It

¹This figure does not include GSDP figures of Goa, Andaman and Nicobar Islands and Chandigarh

² Change in figures with respect to previous Report is due to adoption of revised GSDP figures

³ As per information furnished vide letter No.S1(3)9817/2014/DES dated 17 December 2014

provides a broad perspective of the finances of the State during 2014-15 along with analysis of the critical changes in the major fiscal aggregates relative to the previous year, keeping in view of the overall trends during the last five years. The structure and form of Government Accounts have been explained in **Appendix 1.2 Part A** and the layout of the Finance Accounts is shown in **Appendix 1.2 Part B**. The methodology adopted for the assessment of the fiscal position of the State and norms prescribed by the Kerala Fiscal Responsibility Act, 2003⁴ are given in **Appendix 1.3**. As prescribed in the Act, the Government submitted its Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan for 2014-15 to 2016-17 in the State Legislature in January 2014.

1.1.1 Summary of Fiscal Transactions during the current year

The **Table 1.2** presents the summary of the State Government's fiscal transactions during the current year (2014-15) vis-à-vis the previous year (2013-14). **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of fiscal operations in 2014-15

(₹ in crore)

Receipts	2013-14	2014-15	Disbursements	2013-14	2014-15		
					Non-plan	Plan	Total
Section –A:Revenue							
Revenue Receipts	49176.93	57950.47	Revenue Expenditure	60485.50	61463.84	10282.59	71746.43
Tax Revenue	31995.01	35232.50	General Services	26605.09	31298.99	133.76	31432.75
Non-tax Revenue	5575.03	7283.69	Social Services	20979.88	17825.01	5893.10	23718.11
Share of Union Taxes/Duties	7468.68	7926.29	Economic Services	7929.06	5941.84	4255.73	10197.57
Grants from Government of India	4138.21	7507.99	Grants-in-aid and Contribution	4971.47	6398.00		6398.00
Section-B : Capital and Others							
Miscellaneous Capital Receipts	19.19	28.17	Capital Outlay	4294.33	374.05	3880.54	4254.59
Recoveries of Loans and Advances	103.75	123.74	Loans and Advances Disbursed	1464.17			743.09
Public Debt Receipts	14461.18	18509.17	Repayment of Public Debt	3244.81			5842.77
Contingency Fund		67.39	Contingency Fund	67.39			..
Public Account Receipts	124374.44	141521.71	Public Account Disbursements	120992.20			136242.59
Opening Cash Balance	4692.73	2279.82	Closing Cash Balance	2279.82			1651.00
Total	192828.22	220480.47	Total	192828.22			220480.47

Source : Finance Accounts for 2013-14 and 2014-15

⁴ Amended Act, Kerala Fiscal Responsibility (Amendment) Act, 2011 came into force on 8 November 2011

Following are the significant changes noticed during 2014-15 compared to the previous year.

- Revenue receipt grew by 17.8 *per cent* (increase of ₹8,773.54 crore) and revenue expenditure grew by 18.6 *per cent* (increase of ₹11,260.93 crore) over the previous year. Reduced growth of revenue receipt compared to revenue expenditure led to the increase in revenue deficit by ₹2487.39 crore, during the year.
- Though, the debt receipts of the State increased from ₹14,461.18 crore in 2013-14 to ₹18,509.17 crore in 2014-15, capital expenditure of the State decreased from ₹4294.33 crore in 2013-14 to ₹4254.59 crore in 2014-15. This shows that additional borrowings were not utilised for capital purposes. Expenditure on Loans and Advances was also ₹721.08 crore less than the previous year.
- Cash balance of the State also decreased over the previous year by ₹628.82 crore, mainly due to reduction in investment under treasury bills.

1.1.2 Review of fiscal situation

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith, came into force on 5 December 2003. Based on the recommendations of Thirteenth Finance Commission, the State had amended Kerala Fiscal Responsibility Act and Kerala Fiscal Responsibility (Amendment) Act, 2011 came into force from 8 November 2011 with revised fiscal targets. Comparison of the fiscal targets envisaged in the Act *vis-à-vis* its achievements are given in **Table 1.3**.

Table 1.3: Comparison of fiscal variable targets

Year	Revenue Deficit/GSDP		Fiscal Deficit/GSDP		Debt liability/GSDP	
	Target	Achievement	Target	Achievement	Target	Achievement
2011-12	1.4	2.6	3.5	4.1	32.3	29.8
2012-13	0.9	2.7	3.5	4.3	31.7	31.2
2013-14	0.5	2.9	3.0	4.3	30.7	31.3
2014-15	0.0	3.1	3.0	4.1	29.8	31.4

Source : Budget documents of respective years

The above table shows that the State had not achieved the fiscal targets fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011 except for Debt-GSDP ratio for the years 2011-12 and 2012-13. Non-achievement of the fiscal targets needs to be attended to by the State Government.

1.1.3 Accuracy of estimation in Budget documents

The estimated statement of receipts and expenditure for a financial year mentioned in the Constitution as the 'Annual Financial Statement', commonly known as 'Budget', is prepared according to Article 202 of the Constitution of India and placed before the House of the Legislature by the Government. The budget is Government's most important economic policy tool, that translates Government's policies, commitments, goals into decisions on plans to raise the estimated revenue and how to use these funds to meet the State's competing needs. A budget system that functions well is crucial in developing sustainable fiscal policies and economic growth.

Comparison of State's budget estimates vis-à-vis actuals for the year 2014-15 is detailed in **Table 1.4**.

Table 1.4: Budget estimates and actuals for 2014-15

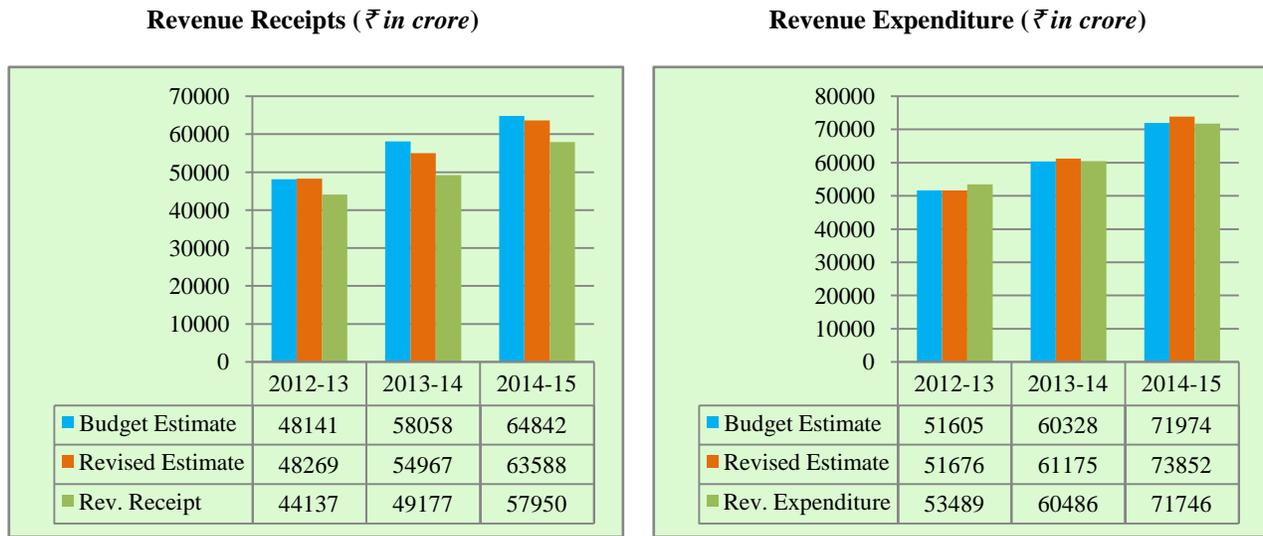
(₹ in crore)

Particulars	Budget Estimate	Revised Estimate	Actual
Revenue Receipts	64842.34	63588.32	57950.47
Revenue Expenditure	71974.04	73852.30	71746.43
Revenue Deficit	7131.70	10263.98	13795.96
Capital Expenditure	6636.38	5062.76	4254.59
Loans and Advances (Net)	655.43	697.32	619.35
Public Debt (Net)	13721.86	13721.86	12666.40
Public Account (Net)	821.16	2266.70	5283.41

Source : Budget in brief for 2015-16 and Finance Accounts for 2014-15

The revised estimation needs to be more accurate than the original budget estimation as it was done after analysing the receipts and expenditure of the first six months of the financial year. However, the above table reveals that actual revenue receipt of the State was less than the revised estimate and consequently, revenue deficit was over ₹3,500 crore more than the revised estimate. The situation was the same in all the three previous years as shown in **Chart 1.1**.

Chart 1.1 : Comparison of budget estimates and actuals



Short realisation of revenue receipts was analysed in Audit and observed the following;

(i) *Revenue Receipts*

State Government estimated a revenue of ₹64,842.34 crore in its original budget and subsequently reduced to ₹63,588.32 crore while presenting the revised estimate. However, State could realise only ₹57,950.47 crore, resulting in a shortfall of ₹5,637.85 crore. Head-wise shortfall is given in **Table 1.5**.

Table 1.5: Budget estimates and actual for 2014-15

(₹ in crore)

Revenue source	Budget Estimate	Revised Estimate	Actuals	Percentage
Taxes on Sales, Trade, etc.	31913.47	29135.41	27908.33	96
State Excise	3208.36	1977.11	1777.42	90
Motor Vehicles	2799.82	2742.20	2364.95	86
Stamps and Registration	3733.67	3788.75	2659.02	70
Other Taxes	812.17	641.24	522.78	82
Tax Revenue	42467.49	38284.71	35232.50	92
Non-Tax Revenue	6337.47	7883.45	7283.69	92
Share of Central taxes	9365.36	7926.29	7926.29	100
Grant-in-aid from GoI	6672.02	9493.87	7507.99	79
Total Revenue Receipt	64842.34	63588.32	57950.47	91

Source : Budget documents for 2014-15 and 2015-16 and Finance Accounts for 2014-15

The above table shows that major shortfall was under Grant-in-aid from Government of India and it was ₹1,985.88 crore less than the amount anticipated by the State Government. Though the tax-revenue realisation was more than 90

per cent, realisation under stamps and registration was only 70 per cent of the estimation. Out of the shortfall of ₹3,052.21 crore noticed under tax revenue, the major shortfalls were ₹1,227.08 crore in respect of Taxes on Sales, Trade, etc., and ₹1,129.73 crore in respect of Stamps and Registration.

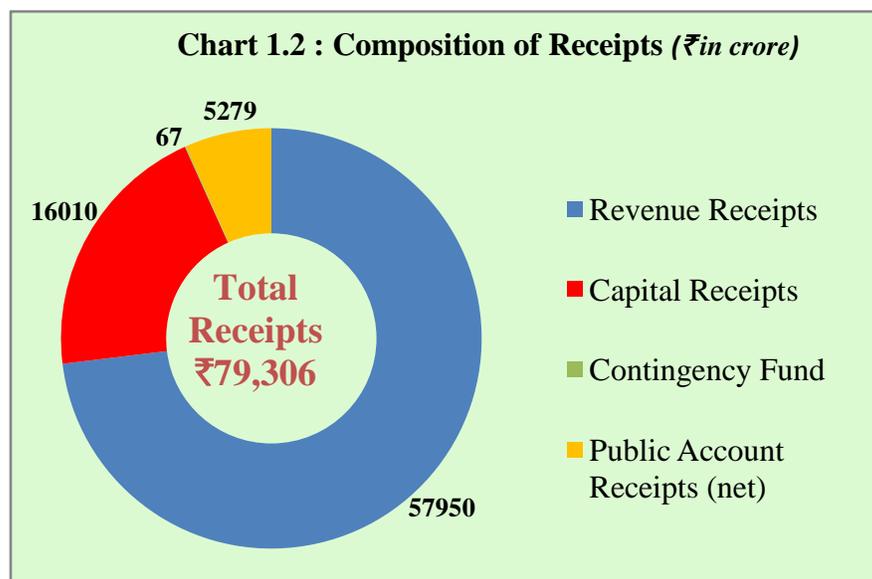
(ii) Plan proposals and achievements

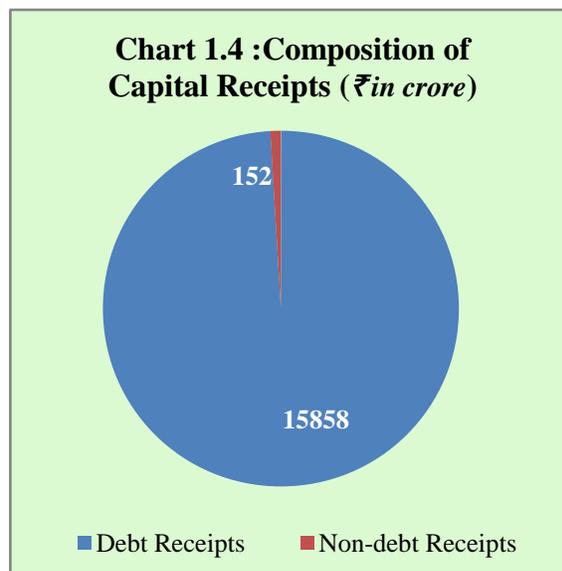
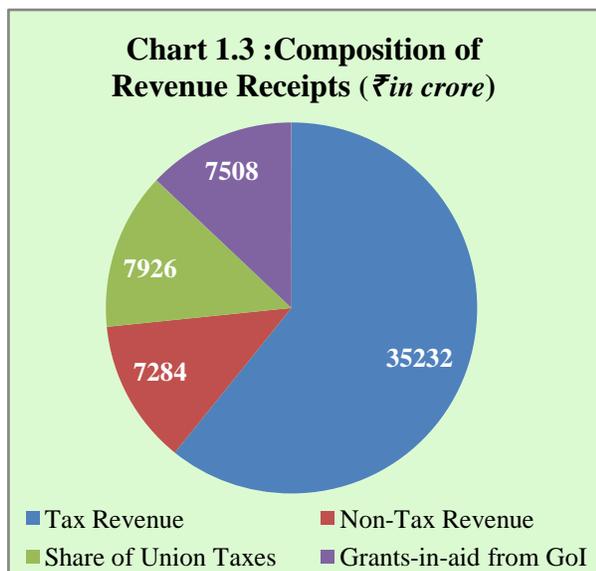
The estimated plan outlay of the State Government submitted before Planning Commission for the year 2014-15 was ₹20,000 crore, which included schemes for ₹15,300 crore implemented through various departments and ₹4,700 crore implemented through Local Self Government Institutions (LSGIs). Against the target of ₹15,300 crore, the plan utilisation was ₹14,407 crore through various departments.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of Tax revenues, non-tax revenues, State’s share of union taxes and duties and grants-in-aid from the Government of India (GoI). 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 other financial institutions/commercial banks) and loans and advances from GoI. The funds available in the Public Accounts after disbursement are also utilised by the Government to finance its deficit. **Charts 1.2, 1.3 and 1.4** depict the composition of resources of the State during the current year.

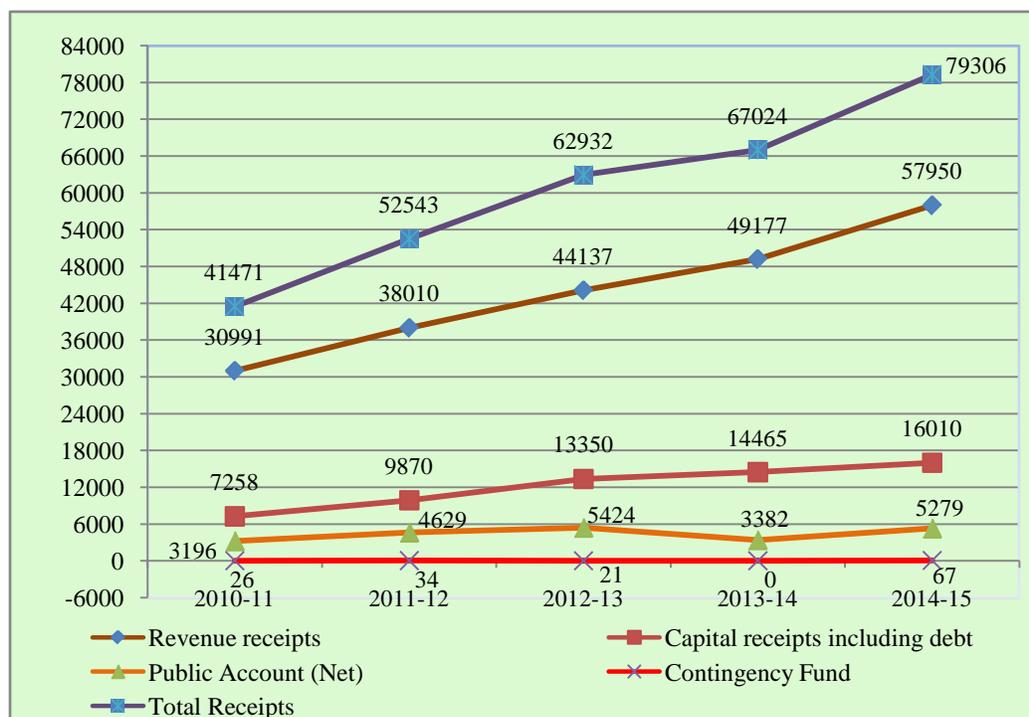




Note: Under Capital Receipts, transactions under ‘Ways and Means advances’ are excluded and under Public Accounts only net receipts are considered.

Total receipts⁵ of the State Government increased from ₹41,471 crore in 2010-11 to ₹79,306 crore in 2014-15, showing an increase of 91.2 per cent during the last five years. Trend in total receipts and its components during the last five years is given in **Chart 1.5**.

Chart 1.5: Trend in total receipts during the last five years



⁵ Consists of Revenue receipts, Capital receipts (including Debt receipts but excluding Ways and Means advances) and Public Account receipts.

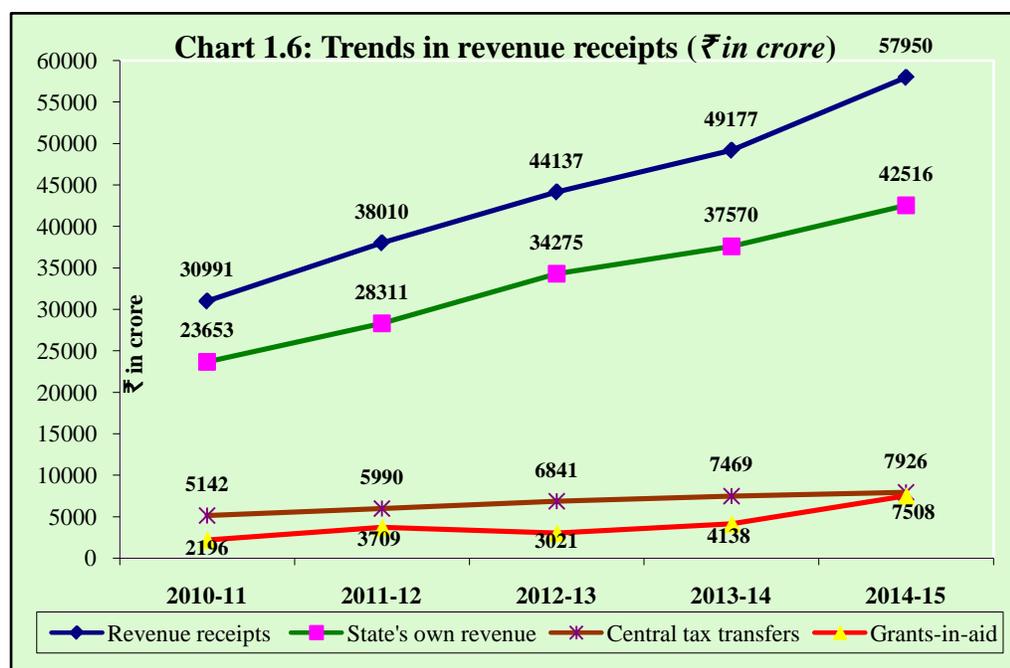
1.2.2 Receipt and utilisation of Government of India flagship programmes

Sizeable amounts were received by State level implementing agencies for implementing flagship programmes of Government of India. The State level implementing agencies were receiving funds directly from GoI till March 2014 and from 2014-15, the system has been changed and the funds have been received as Grant-in-aid to the State Government from GoI and the State Government releases these funds to the implementing agencies through State Budget. The implementing agencies in respect of 12 flagship programmes of GoI received ₹3,058.80 crore (GoI share: ₹2,646.51 crore and State share: ₹412.29 crore) and unutilised balance of ₹461.53 crore was noticed at the end of the financial year as given in **Appendix 1.6**. The major portion of the unutilised balance belong to Indira Awas Yojana (₹74.57 crore), Sarva Shiksha Abhiyan (₹133.62 crore) and National Rural Health Mission (₹91.92 crore).

1.3 Revenue Receipts

Statement No. 14 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of central tax transfers and grants-in-aid from GoI.

Revenue receipts of the State recorded an increase of 87 per cent and State's own receipts, the major component of the revenue receipts, also recorded an increase of 80 per cent during the period from 2010-11 to 2014-15. Other components, Central Tax receipts and grants-in-aid from GoI had 54 per cent and 242 per cent growth rate respectively and high growth rate shown in respect of Grant-in-aid from GoI was mainly due to increase of ₹3,370 crore during 2014-15 on account of transfer of funds for flagship programmes of GoI through State Budget. The trends of revenue receipts over the period 2010-15 are presented in **Appendix 1.5** and also depicted in **Chart 1.6**.



It is worth to note that the Compounded Annual Growth Rate (CAGR) in respect of revenue receipts of the State for the period from 2005-06 to 2013-14 was slightly lower (15.72 per cent) than that of General Category States (15.76 per cent) and it was higher (17.84 per cent) than the growth rate of other General Category States (16.10 per cent) for the period from 2013-14 to 2014-15 (**Appendix 1.1**).

The trends in revenue receipts relative to GSDP are presented in **Table 1.6**.

Table 1.6: Trends in revenue receipts relative to GSDP during 2010-2015

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	30,991	38,010	44,137	49,177	57,950
Rate of growth of RR (per cent)	18.7	22.6	16.1	11.4	17.8
State's own tax revenue (₹ in crore)	21,722	25,719	30,077	31,995	35,232
Rate of growth of own tax revenue (per cent)	23.2	18.4	16.9	6.4	10.1
RR/GSDP (per cent)	11.7	12.2	12.7	12.4	12.8
Revenue buoyancy w.r.t GSDP*	1.4	1.2	1.4	0.8	1.3
State's Own Tax Buoyancy w.r.t GSDP*	1.7	1.0	1.5	0.5	0.7

Source : Finance Accounts and information furnished by the Economics and Statistics Department

*Change in ratio with respect to the previous Report was due to adoption of revised GSDP figures

- The above table shows that the State had better growth in revenue receipts (17.8 per cent) and in State's own taxes (10.1 per cent) when compared with the previous year.
- During last four years, share of revenue receipt in GSDP was above 12 per cent, indicating consistent growth of revenue receipt with respect to GSDP.
- Buoyancy of revenue receipts with respect to GSDP indicates the growth of revenue receipts with respect to growth of GSDP. A ratio above one indicates that State's revenue receipts has better growth rate than that of GSDP. However, buoyancy ratio of State's own tax with respect to GSDP (0.7) shows that State's own tax is not growing compared to the growth of GSDP. Table also shows a deteriorating trend in the growth rate of State's own tax during the last five years, though the position was slightly better during 2014-15.

1.3.1 Own resources of the State

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

Taxes collected and grant-in-aid received from GoI during the last five years are given in **Table 1.7**:

Table 1.7: Resources of the State during last five years
(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Tax Revenue	21722	25719	30077	31995	35232
Non-tax Revenue	1931	2592	4198	5575	7284
Grant-in-aid from Government of India	2196	3709	3021	4138	7508
Share of union taxes /Duties	5142	5990	6841	7469	7926
Total Revenue Receipt	30991	38010	44137	49177	57950

Source : Finance Accounts of respective years

The State's non-tax revenue collection and grant-in-aid from GoI have increased substantially during the last five years. Increase in non-tax revenue was due to increase in receipts under State Lotteries during the last five years. Though, the tax revenue was the main source of revenue of the State, its increase was only 62 per cent as against an increase of 87 per cent in revenue receipts during the last five years period.

1.3.1.1 Tax Revenue

The State's own tax revenue increased from ₹31,995 crore in 2013-14 to ₹35,232 crore in 2014-15. This increase was 10 per cent as compared with six per cent growth shown during 2013-14 and details are given in **Table 1.8**.

Table 1.8: Components of own tax revenue

Revenue Head	Actuals for 2013-14	BE for 2014-15	Actuals for 2014-15	Percentage decrease w.r.t BE	Percentage increase w.r.t last year	Share in total tax revenue
	(₹ in crore)					
Taxes on Sales, Trade etc.	24885	31913	27908	13	12	79
Stamps and Registration fees	2593	3734	2659	29	3	8
State Excise	1942	3208	1777	45	(-)8	5
Taxes on Vehicles	2161	2800	2365	16	9	7
Land Revenue	89	170	139	18	56	(*)
Taxes on Agricultural income	22	26	9	65	(-)59	(*)
Other Taxes	303	616	375	39	24	1
Total	31995	42467	35232	17	10	100

Source : Finance Accounts of respective years and Budget documents for 2014-15
(*)insignificant

In the previous year 'Taxes on Sales, Trade etc.' was the major source of the State's own tax revenue. Compared to 2013-14, increase in this tax revenue during 2014-15 was ₹3,023 crore and this increase was mainly under 'Receipts under State Sales Tax Act' (₹1,716 crore) and under 'Value Added Tax receipts' (₹1,092 crore).

Decrease in tax receipt was noticed under State Excise consecutively for the past two years. As in the previous year, the decrease in revenue was mainly under 'Foreign Liquors and Spirits' (₹106 crore) and 'Malt Liquor' (₹62 crore).

1.3.1.2 Non-tax Revenue

Receipt under 'State Lotteries' has been major source (75 per cent) of non-tax revenue of the State. Overall 31 per cent increase was noticed in non-tax revenue as detailed in **Table 1.9**.

Table 1.9: Components of non-tax revenue

(₹ in crore)

Revenue Head	2013-14	2014-15	Percentage Increase during the year	Share in total Non-tax Revenue
Interest receipts	149	102	(-) 32	1
Dividends and profits	101	74	(-) 27	1
State Lotteries	3796	5445	43	75
Forestry and Wildlife	330	300	(-) 9	4
Other non-tax receipts	1199	1363	14	19
Total	5575	7284	31	100

Source : Finance Accounts of respective years

The net yield from State lotteries was only ₹960 crore as there was an equally high expenditure (₹4,485 crore) due to distribution of prizes, agent commission, etc., during the year.

1.3.2 Grants-in-aid from Government of India

Grants-in-aid from the Government of India increased by ₹3,370 crore (81 per cent) from ₹4,138 crore in 2013-14 to ₹7,508 crore in 2014-15 as detailed in **Table 1.10**. The increase was mainly under 'Grants for State plan schemes' (₹3,775 crore), 'Non-plan grants' (₹305 crore) and 'Grants for Central plan schemes' (₹71 crore). This increase was partly offset by decrease in receipt under 'Grants for Centrally sponsored schemes' (₹781 crore).

Table 1.10: Status of Grants-in-aid received from Government of India

(₹ in crore)

Particulars	2013-14	2014-15	Increase during the year	Percentage increase during the year	Share in total grant-in-aid
Non-plan grants	1679	1984	305	18	26
Grants for State plan schemes	1154	4929	3775	327	66
Grants for central plan schemes	87	158	71	82	2
Grants for Centrally sponsored schemes	1218	437	(-)781	(-)64	6
Total	4138	7508	3370	81	100

Source : Finance Accounts of respective years

Substantial increase of ₹3,775 crore noticed under ‘Grants for State Plan schemes’ was due to release of central funds through State budget from 2014-15, which was released directly to State implementing agencies till 2013-14.

1.3.3 Efficiency in Tax collection

The expenditure on tax collection in respect of four major revenue sources of the State compared with all India average, during the last five years, is given in **Appendix 1.7**. It shows that during the period from 2010-11 to 2013-14 (except during 2011-12), expenditure of the State on collection of tax on Sales, Trade, etc., and taxes on vehicles was less than that of all India average. In the case of Stamps (Non-judicial) and Registration and State Excise, expenditure of tax collection was higher than that of all India average.

1.4 Capital Receipts

Capital receipts comprise miscellaneous capital receipts, recovery of loans and advances released to institutions/organizations and public debt receipts. Trends in receipts under capital sector are detailed in **Table 1.11**.

Table 1.11: Trends in growth and composition of capital receipts
(₹ in crore)

Sources of Receipts	2013-14	2014-15
Capital Receipts (CR)		
Miscellaneous Capital Receipts	19	28
Recovery of Loans and Advances	104	124
Public Debt Receipts⁶	14342	15858
Internal Debt Receipts	13950	15106
Loans and Advances from GoI	392	752
Total CR	14465	16010
Rate of growth of debt capital receipts (<i>per cent</i>)	8.2	10.6
Rate of Growth of GSDP(<i>per cent</i>)	13.93(*)	13.93
Rate of growth of CR (<i>per cent</i>)	8.4	10.7
Buoyancy of Debt receipts w.r.t GSDP	0.6(*)	0.8

Source : Finance Accounts of respective years

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

Internal Debt mainly comprised Open Market Borrowings of the State and growth rate shown by debt capital receipts was mainly due to increase in open market borrowings (₹400 crore) and Special securities issued to National Small Savings Fund (₹567 crore). The growth rate of debt capital receipt and capital receipts increased when compared to the previous year mainly due to the increase in internal debt receipt of the State Government. Buoyancy⁷ of debt receipts with

⁶ Transactions under ‘Ways and Means Advances’ are excluded as they are not actual capital receipts.

⁷ Buoyancy ratio is the comparison of growth rates of two parameters. Ratio equal to one indicates both parameters are growing at same pace and less than one indicates first parameter growing with less pace than the other and *vice versa*.

respect to GSDP also has shown an increase when compared to 2013-14 but it remains less than one (0.8) which is a good indicator as the Government's borrowing pace was less than that of GSDP.

1.4.1 Proceeds from disinvestment

As of March 2015, the State Government had invested ₹6,085.13 crore in Statutory Corporations, Government Companies, Joint Stock companies and Co-operatives and received ₹28.17 crore from retirement of capital/disinvestment of shares of co-operative societies/banks and accounted for under Miscellaneous Capital Receipts.

1.4.2 Recoveries of loans and advances

During the year, the State Government had released an amount of ₹743.09 crore as loans and advances to various institutions and at the end of March 2015, an amount of ₹12,332.50 crore was outstanding under this head. Against this balance, principal amount recovered was ₹123.74 crore, which was only one *per cent* of the outstanding balance under loans and advances.

1.4.3 Debt receipts from internal sources

Public Debt receipts of the State Government increased by ₹1,516 crore (10.6 *per cent*) from ₹14,342 crore in 2013-14 to ₹15,858 crore in 2014-15. This includes, Open Market Borrowing (₹13,200 crore), Special Securities issued to National Small Savings Fund (₹1,132 crore), Loans from Financial Institutions (₹551 crore) and Loans and Advances from Government of India (₹752 crore).

1.5 Public Accounts Receipts

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. Here, the Government acts as banker. The balance after disbursement is the fund available with the Government for use for various activities.

Table 1.12: Net receipts under Public Account heads

(₹in crore)

Resources under various heads	2010-11	2011-12	2012-13	2013-14	2014-15
Public Account receipts					
a. Small Savings, Provident Fund etc.	2489.94	3839.05	3685.54	4231.86	3764.77
b. Reserve Fund	407.21	146.93	-145.58	78.02	66.00
c. Deposits and Advances	468.89	-51.47	1140.93	187.43	1364.50
d. Suspense and Miscellaneous	-197.30	852.37	712.44	-946.60	57.90
e. Remittances	26.92	-157.40	30.49	-168.48	25.95
Total	3195.66	4629.48	5423.82	3382.23	5279.12

Source : Finance Accounts of respective years

The above table shows that during 2014-15 an amount of ₹5,279.12 crore has been added to the existing balance of the Public Account. This was ₹1,896.89 crore more than additions (₹3,382.23 crore) during 2013-14. As in the previous year net additions to the sector 'Small Savings, Provident Fund, etc.', was the major addition to the Public Account followed by 'Deposits and Advances' amounting to ₹1,364.50 crore. These funds are utilised by the State Government for covering their fiscal deficit.

1.6 Receipt and Utilisation of Thirteenth Finance Commission Award

1.6.1 Introduction

The Thirteenth Finance Commission (ThFC) was constituted by the President of India under Article 280 of the Constitution to make recommendations for release of funds to the States for the period 2010-15. The Commission has the mandate to recommend the principles which should govern the release of grants-in-aid to revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States which are in need of assistance under Article 275 of the Constitution of India.

1.6.2 Release of Award amount by Government of India

The Commission had recommended an amount of ₹6700.72 crore for the award period 2010-11 to 2014-15 which included ₹6371.50 crore towards grants-in-aid and ₹329.22 crore towards interest relief for the loan taken from National Small Savings Fund. Against the grant-in-aid of ₹6371.50 crore recommended for the implementation of 21 approved schemes under 7 sectors, Government of India (GoI) had released an amount of ₹5235.04 crore (82 *per cent*) during the period 2010-2015. In addition, the State had received ₹241.26 crore⁸ resulting in a total central release of ₹5476.30 crore during the award period. Out of the above, the State received ₹792.06 crore towards performance grant as it fulfilled the nine conditions stipulated for the release of the performance grant to local bodies.

A review of the receipt and utilisation of ThFC award was conducted to assess:-

- whether the entire award amount has actually been received, if not, reasons for the shortfall and
- whether the amount received has been utilised in full and for the intended purposes.

Audit observations

Audit scrutinised the records of the implementing departments/agencies of ThFC

⁸ Local bodies performance grant (forfeited share of non-performing states) - ₹167.07 crore, local bodies basic grant (over and above the award amount) - ₹23.31 crore, incentive grant for renewable energy capacity addition - ₹12.50 crore, incentive for reduction of infant mortality rate - ₹38.38 crore

award amount and observed short release of funds by GoI, under-utilisation of funds received, non-achievement of objectives etc., by the State Government departments as detailed in the following paragraphs:

1.6.3 Short release of Award amount by GoI

ThFC had recommended grants for 21 schemes under seven sectors and the grants were to be released in installments subject to fulfilment of the conditions attached to each grant. There were short releases in respect of 20 schemes amounting to ₹1136.46 crore (18 per cent of the total award) and the short releases ranged between eight and 90 per cent as detailed in **Appendix 1.8**. Substantial (around ₹100 crore) short releases from GoI were noticed in the following three schemes, due to non-adherence to various conditions attached with release of grants.

- (i) *Maintenance of roads and bridges*
- (ii) *Water sector management*
- (iii) *Improvement of justice delivery*

1.6.4 Additional burden on State budget

The annual installments of ThFC award were provided through State budget every year to the concerned Departments/agencies for implementing programmes/schemes approved under perspective plan and annual action plans. In anticipation of releases by GoI, State provided additional funds to the extent of ₹462.98 crore (**Appendix 1.9**) for the implementation of 14 schemes. In respect of 5 schemes (₹300.48 crore) no recorded reasons were available for the non-release of funds by GoI though utilisation certificates were submitted in time by the implementing departments. In respect of the remaining nine schemes, implementing departments failed to receive ₹162.5 crore (out of ₹462.98 crore) due to non-compliance of the conditions attached to the grants/non-submission of UCs in time. Further, GoI confirmed (7 July 2015) that no further release would be made under ThFC award.

1.6.5 Utilisation of grants

During the five year period (2010-2015), the State Government had budgeted all the amount received from GoI as ThFC grant and released⁹ to Departments/ implementing agencies for utilisation. Audit observed that against the GoI release of ₹5476.30 crore, ₹377.96 crore remained blocked up with Government (₹89.39 crore) and implementing agencies (₹288.57 crore), under 17 schemes, at the end of the award period without being utilised for the intended purposes. Non/under-utilisation of funds due to procedural delay, defective planning, delay in implementation etc., resulted in blockage/surrender of funds with/by implementing agencies as detailed in **Appendix 1.10**.

⁹ Except ₹12.50 crore received (March 2015) from GoI as incentive for 'Renewable Energy' has not been released so far.

1.6.6 Status of implementation of envisaged schemes

Release of Finance Commission grants were linked with specific objectives like improving service delivery, maintenance and upkeep of capital assets, etc. For claiming the annual installments, conditions attached to the grants were to be fulfilled. The schemes were implemented as per the perspective plan for the entire award period as well as the annual action plans approved by the State Level Empowered Committee. Audit scrutiny revealed non-achievement of objectives in the following five schemes:-

Table 1.13: Achievement of objectives of ThFC award

Scheme and objectives	Audit observation
<p>1. Incentive grant for issuing UID- Intended to enroll 49.6 lakh¹⁰ BPL beneficiaries into the UID programme.</p>	<p>The first installment of ₹4.96 crore out of the total grant of ₹49.60 crore released to Kerala State Information Technology Mission, Trivandrum remained unutilised due to inability to link UID data with BPL data. In May 2014, ₹2.64 crore out of the above was transferred to District Collectors to disburse the funds through Local Self Government Institutions and this also remained unsuccessful. Consequently, further installments (₹44.64 crore) of central assistance were not received.</p>
<p>2. Database of Employees and pensioners- Preparation of a database of all employees, pensioners and family pensioners in the State.</p>	<p>The work was entrusted to Finance (IT-SF) Department and the first installment (₹2.50 crore out of ₹10 crore) was released in September 2010 with a condition to complete the work in three years. Department failed to complete it within the award period, which resulted in non-release of ₹7.50 crore.</p>
<p>Finance Department stated (October 2015) that data of pensioners drawing pension from treasuries is almost complete and those drawing through banks are in progress. The delay in rolling out the software is due to the complexities involved and the unorganized nature of the present system.</p>	
<p>3. Improvement of justice delivery - a) Setting up of Morning/Evening/Shift/Weekend/Special Magistrate Courts – To clear the backlog of cases by increasing the court working hours using the existing infrastructure by holding morning/evening courts and to relieve pressure on judicial time.</p>	<p>Government of Kerala accorded (February 2010 and January 2012) sanction for establishment of 74 evening courts. The High Court of Kerala found that the scheme was not practical as the Judicial Officers were already overburdened and hence only five evening courts were established. In view of the slow/no progress in establishment of evening courts GoI provided (January 2012) flexibility to include other types of Temporary Special Courts and hence 27 Special Temporary First Class Magistrate Courts were established (June 2014). However, delay in establishment of courts led to non-achievement of objectives as well as non-receipt of balance GoI assistance amounting to ₹47.2 crore.</p>

¹⁰ Planning Commission data (2004-05)

Scheme and objectives	Audit observation
<p>b) Conservation of Heritage Court Buildings - Restoration and conservation of Heritage Court Buildings in the State.</p>	<p>Out of ten works identified, four works were entrusted (February 2011) to Archaeology Department and the works were not completed till the end of the award period. Remaining works proposed for awarding to Hindustan Pre Fab Limited were also not completed. Hence GoI assistance of ₹8.49 crore, earmarked for conserving heritage building under ThFC was not received.</p>
<p>c) Establishment of District Alternate Dispute Resolution Centres - Award amount given to Kerala Legal Services Authority (KELSA) to set up (for constructing physical infrastructure) Alternate Dispute Resolution Centres (ADR) for speedy settlement of cases outside court through mediation, conciliation, arbitration, etc.</p>	<p>KELSA/Government identified 10 out of 17 sites targeted and completed only six ADRs. One work was in progress and the remaining three works were pending commencement due to higher estimate/pending sanction from Archaeological Survey of India/Government. For the remaining seven sites, Government has not identified land and consequently central assistance of ₹11.42 crore was not received and intended benefit was not derived during the award period.</p>
State Specific Schemes	
<p>4. Upgradation of Police Department - Award amount (₹100 crore) was to be utilised for enhancing the efficiency, effectiveness and capacity of the department by establishing centres for Senior Citizen Protection, Foreigners Facilitation, Tourist Protection, Community Police Resource Centres and Dormitories.</p>	<p>Work was entrusted to Kerala Police Housing Construction Corporation. Delay in awarding works, identifying sites, non-adherence to the time schedule, etc., resulted in completion of 135 works (53 per cent) out of 254 civil works by spending ₹50.08 crore (out of ₹78.40 crore released to the agency)</p> <p>Construction of State Senior Citizens Service Bureau (₹ 0.20 crore) completed in October 2013 was given to Kerala Police Pensioners' Welfare Association in March 2015 instead of utilising it for the intended purpose.</p> <p>Four out of the ten buildings completed for District Senior Citizen Bureaux (₹ 0.35 crore) have not been put to use for want of lift facility, electricity connection, etc. An expenditure of ₹1.50 crore incurred (March 2013) on the implementation of electronic beat system also did not materialise till the end of award period. This was due to the failure on the part of the department to ensure successful installation before releasing full amount of the contract.</p>

Scheme and objectives	Audit observation
<p>5. Ecosan toilets (Kuttanad Development) - Scheme to provide individual high level household toilets at Kuttanad area for sanitation coverage in the area</p>	<p>An amount of ₹ three crore out of ₹5.93 crore was released to Suchitwa Mission (the implementing agency) in two instalments during 2011-2013. After conducting a pilot study, the scheme was abandoned due to delay in identifying a suitable technology. In August 2014 the amount was transferred to Central Warehousing Corporation for construction of a godown (for storage of paddy) and the same also remained unutilised till date (December 2015).</p>

1.6.7 Submission of Utilisation Certificate and Monitoring mechanism

The State had constituted State Level Empowered Committee/High Level Monitoring Committee/State Executive Committee headed by the Chief Secretary to the State Government and the Secretaries of the departments concerned as members for effective monitoring of the implementation of schemes under ThFC award. The committees met on a quarterly basis and monitored both physical and financial targets as stipulated. However, Audit noticed the following deficiencies.

Sarva Shiksha Abhiyan, the implementing agency of the scheme 'Elementary Education' had not complied with the instructions of GoI to maintain separate accounts for expenditure incurred under ThFC award to track the utilisation in accordance with the norms. Non-maintenance of separate accounts for ThFC grant made it difficult to ensure proper utilisation of funds for intended purposes.

Utilisation Certificates were to be forwarded to GoI after the utilisation of the funds for the intended purposes. However, in the following cases, UCs were forwarded without utilising funds for intended purposes.

- Director, Dairy Development Department reported (6 January 2015) that ₹74.90 crore received for the scheme Animal Husbandry was fully utilised. Audit noticed that an amount of ₹9.47 crore out of the above remained unutilised with the implementing departments/implementing agency at the end of the award period.
- Director General of Prisons and Correctional Services reported (21 March 2015) that ₹115.50 crore received for Upgradation of Prisons was reported as fully utilised. Audit noticed that an amount of ₹15.63 crore out of this was remaining blocked up with PWD/implementing department.

1.7 Application of Resources

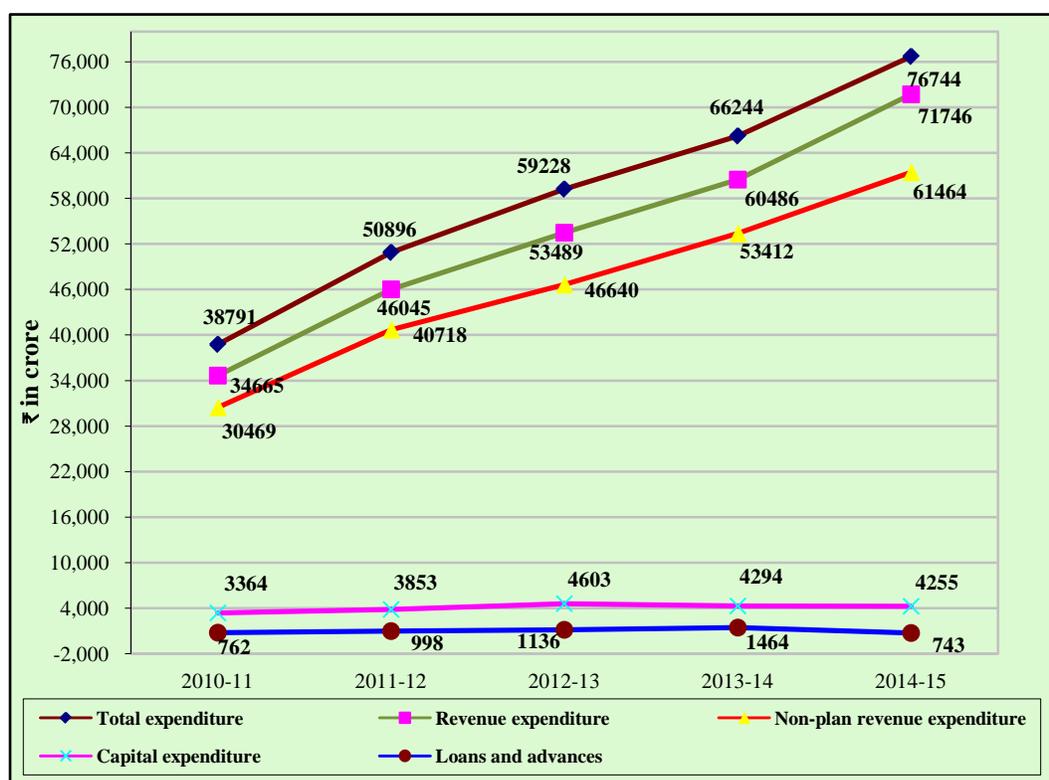
Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is,

therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social sector.

1.7.1 Growth and Composition of Expenditure

The trends in total expenditure (aggregate of revenue, capital and loans and advances expenditure) and various components of total expenditure-Plan and Non-Plan revenue expenditure, committed expenditure such as salaries and wages, interest payments, pension payments and subsidies, financial assistance to local bodies, etc., are discussed in the succeeding paragraphs. **Chart 1.7** presents the trends in total expenditure of the State Government over a period of five years (2010-2015).

Chart 1.7: Total expenditure: trends and composition



The total expenditure of the State recorded an increase of 98 per cent during the last five years from ₹38,791 crore in 2010-11 to ₹76,744 crore in 2014-15. Its increase during the last one year was ₹10,500 crore (16 per cent). The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are given in **Table 1.14**.

Table 1.14: Total expenditure – basic parameters

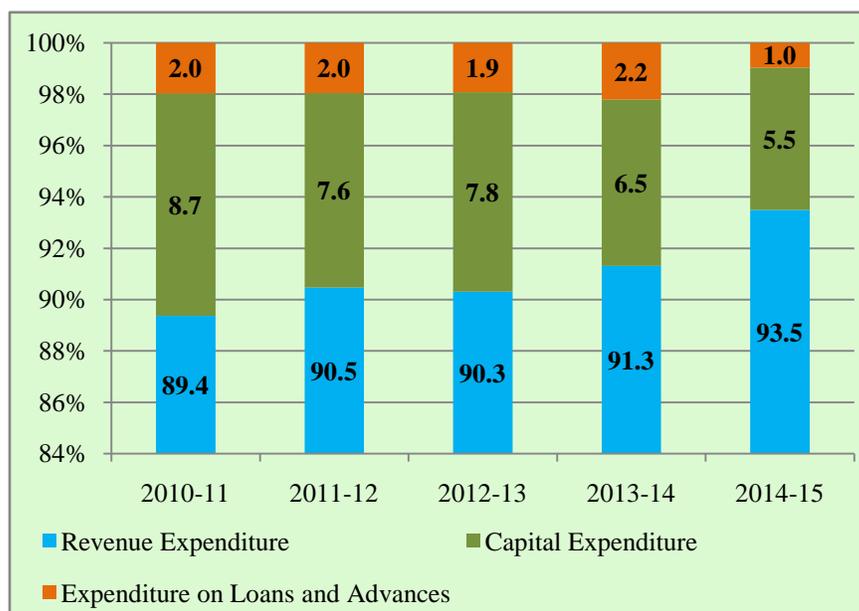
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Total expenditure (TE) (₹ in crore)	38791	50896	59228	66244	76744
Rate of growth (<i>per cent</i>)	13.9	31.2	16.4	11.8	15.9
TE/GSDP ratio (<i>per cent</i>)	14.7 ^(*)	16.3 ^(*)	17.0 ^(*)	16.7	17.0
RR/TE ratio (<i>per cent</i>)	79.9	74.7	74.5	74.2	75.5
Buoyancy of TE with reference to:					
GSDP (ratio)	1.0 ^(*)	1.7 ^(*)	1.5 ^(*)	0.8	1.1
RR (ratio)	0.7	1.4	1.0	1.0	0.9

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

Out of the three components of total expenditure, the increase in revenue expenditure was ₹11,260 crore (18.6 *per cent*) and the other two components (Capital expenditure and expenditure on loans and advances) showed a decreasing trend indicating that the expenditure on development activities of the State was poor. Also, during 2010-2015, the inadequate growth rate of capital expenditure (26 *per cent*) and expenditure on loans and advances (negative growth) indicated Government's low priority towards development activities.

- During the period from 2010-11 to 2013-14, ratio between revenue receipt and total expenditure showed a declining trend, indicating the widening gap between receipt and expenditure of the State. However, the position slightly improved during 2014-15 and revenue receipts was sufficient to meet three fourth of the total expenditure of the State.
- The Buoyancy of the total expenditure with respect to GSDP was more than one during the last five years except during 2013-14 which is not a good indicator.
- Buoyancy of total expenditure with revenue receipt was also less than one during 2014-15 indicating that the growth of revenue receipt was not keeping pace with total expenditure.

Trend of share of various components of total expenditure is given in **Chart 1.8**.

Chart 1.8 : Share of various expenditure in total expenditure

During 2005-06 to 2013-14, State's compounded annual growth rate of total expenditure (16.50 *per cent*) was more than the growth rate of other General Category States (15.23 *per cent*). However, it (15.85 *per cent*) was less than General Category States (19.32 *per cent*) during 2013-14 to 2014-15. (Details are in **Appendix 1.1**).

1.7.2 Trends in total expenditure in terms of activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, grants-in-aid and loans and advances. Relative shares of different components of total expenditure are given in **Table 1.15**.

Table 1.15: Components of expenditure – relative shares

Particulars	<i>(in per cent)</i>				
	2010-11	2011-12	2012-13	2013-14	2014-15
General Services	40.0	40.2	38.7	40.4	41.1
<i>of which, Interest Payments</i>	14.7	12.4	12.2	12.5	12.7
Social Services	32.4	33.0	32.8	32.6	32.0
Economic Services	18.4	18.1	19.8	17.3	17.5
Grants-in-aid	7.2	6.7	6.8	7.5	8.4
Loans and Advances	2.0	2.0	1.9	2.2	1.0

Table 1.15 reveals that:

- Relative shares of three components in total expenditure showed that expenditure on General services has been increasing steadily during the last three years whereas its expenditure on Social and Economic services

has been decreasing. This shows increasing commitment on running Government machinery at the expense of development services.

- Share of interest payments in total expenditure also increased during the last three years indicating burden on payment of interest due to increase in borrowings.
- There was an increasing trend in State's devolution of funds (Grant-in-aid) to Panchayati Raj institutions since 2011-12 and it was the highest during 2014-15.

1.7.3 Revenue Expenditure

Revenue expenditure increased by 18.6 per cent (₹11,260 crore) during 2014-15 when compared to previous year. The increase in revenue expenditure was mainly due to increase in expenditure under the major heads 'Rural Employment' (₹1,600 crore), 'Interest Payments' (₹1,504 crore), 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions' (₹1,427 crore), 'Miscellaneous General Services¹¹' (₹1,321 crore), 'Pension and Other Retirement Benefits' (₹1,281 crore), 'General Education' (₹1,026 crore), etc.

1.7.3.1 Incidence of revenue expenditure

During the last five years, the share of Revenue expenditure to maintain the current level of services and payment for past obligations increased from 89.4 per cent in 2010-11 to 93.5 per cent in 2014-15. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.16**.

Table 1.16: Revenue expenditure – basic parameters

(₹ in crore)					
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue expenditure (RE)	34665	46045	53489	60486	71746
Non-plan revenue expenditure (NPRE)	30469	40718	46640	53412	61464
Plan revenue expenditure (PRE)	4196	5327	6849	7074	10282
Rate of Growth of					
RE (per cent)	11.3	32.8	16.2	13.1	18.6
NPRE (per cent)	13.0	33.6	14.5	14.5	15.1
PRE (per cent)	0.4	27.0	28.6	3.3	45.3
Revenue expenditure as percentage to TE	89.4	90.5	90.3	91.3	93.5
NPRE/GSDP (per cent) ^(*)	11.6	13.0	13.4	13.5	13.6
NPRE as percentage of TE	78.5	80.0	78.7	80.6	80.1
NPRE as percentage of RR	98.3	107.1	105.7	108.6	106.1
Buoyancy of revenue expenditure with					
GSDP (ratio) ^(*)	0.8	1.8	1.4	0.9	1.3
Revenue receipts (ratio)	0.6	1.4	1.0	1.1	1.0

Source : Finance Accounts

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures

¹¹ Includes ₹1,283 crore towards expenditure under 'State Lotteries'

Table 1.16 reveals the following;

- During the last five years, RE and NPRE have shown 100 *per cent* growth. NPRE showed a steady growth of around 15 *per cent* and the average growth rate of RE was around 16 *per cent* during the last three years. Substantial increase (₹3,208 crore) noticed in PRE during 2014-15 was due to release of plan funds meant for GoI flagship schemes through State Budget.
- The buoyancy of RE with GSDP and RR was more than one which is not a good indicator since the increased growth rate of RE would force the State Government to depend on other sources to meet its RE.
- Though, NPRE as percentage of GSDP and TE were steady during the last four years, its ratio with RR was not so encouraging.
- NPRE as percentage of RR was more than 100 since 2011-12, indicating insufficiency of State's RR to meet NPRE during the last four years.

1.7.3.2 Expenditure on salaries, wages, interest payments, pension, etc.

The trends of the committed expenditure of the State Government during 2010-2015 is given in **Table 1.17**.

Table 1.17: Components of committed expenditure

(₹ in crore)

Components of committed expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actuals
Salaries* and Wages,	11178	16229	17505	19554	23399	21621
Non-plan head	10815	15681	16939	18954	22513	20977
Plan heads**	363	548	566	600	886	644
Interest payments (MH 2049)	5690	6294	7205	8265	9598	9770
Expenditure on pensions (MH 2071)	5767	8700	8867	9971	11370	11253
Subsidies	627	1014	1268	1279	977	1252
Total	23262	32237	34845	39069	45344	43896
Revenue Expenditure	34665	46045	53489	60486	71974	71746
Revenue Receipts	30991	38010	44137	49177	64842	57950
Percentage of committed expenditure to Revenue expenditure	67	70	65	65	63	61
Percentage of committed expenditure to Revenue receipts	75	85	79	79	70	76
* Salaries include teaching grant paid to aided educational institutions like schools and colleges to meet the salaries of their teaching and non-teaching staff.						
**The plan heads also include the salaries and wages paid under Centrally Sponsored schemes						

Source : Finance Accounts of respective years

The share of committed expenditure in Revenue expenditure and percentage of committed expenditure with respect to Revenue Receipt have decreased when compared with 2013-14 which is a good indicator.

During 2014-15, expenditure on salaries and pensions showed growth rate of 10.6 per cent and 12.9 per cent respectively and this was less than the growth rate shown by revenue expenditure (18.6 per cent). However, expenditure growth on interest payments (18.2 per cent) was higher than growth rate shown during 2013-14 (14.7 per cent) due to increase in interest liability on mounting open market borrowings.

Though, the expenditure on pension was less than the projections made in the Medium Term Fiscal Plan (₹11,370 crore), it was more than the projections (₹8,054 crore) made before Thirteenth Finance Commission (ThFC) by ₹3,199 crore. Expenditure on interest payments exceeded the projections in Medium Term Fiscal Plan and that made before ThFC by ₹172 crore and ₹646 crore respectively.

1.7.4 Subsidies

The subsidy of ₹1,252 crore given during 2014-15 was almost the same as in the previous year (₹1,279 crore). It mainly includes amount given to Food Corporation of India in respect of reimbursement of price difference of ration rice and wheat (₹742 crore), for Paddy procurement through Kerala State Civil Supplies Corporation (₹215 crore), grant to Kerala State Civil Supplies Corporation Limited for market intervention (₹70 crore) and subsidy to the Kerala State Electricity Board towards Power Tariff Concessions (₹50 crore).

1.7.5 Financial assistance to Local Bodies and Other Institutions

The assistance provided by the Government as grants and loans to local bodies, educational institutions, Government companies, Welfare Fund Boards, etc., during the current year relative to the previous years is presented in **Table 1.18**.

Table 1.18: Financial assistance to local bodies, educational institutions, etc.

(₹ in crore)

Financial Assistance to Institutions	2010-11	2011-12	2012-13	2013-14	2014-15
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	4087.83	5605.77	6204.36	6934.56	7769.01
Municipal Corporations and Municipalities	901.87	1073.78	1177.77	1358.09	1836.39
Zilla Parishads and Other Panchayati Raj Institutions	3411.65	4203.98	5279.31	6421.60	8423.74
Development Agencies	5.25	5.50	5.15	6.42	6.23
Hospitals and Other Charitable Institutions	139.02	144.46	153.33	94.19	305.76

Financial Assistance to Institutions	2010-11	2011-12	2012-13	2013-14	2014-15
Other Institutions ¹²	1252.58	1065.96	896.42	1323.46	1602.60
Total	9798.20	12099.45	13716.34	16138.32	19943.73
Assistance as percentage of revenue expenditure	28	26	26	27	28

Source: Finance Accounts and information received from the State Government

The financial assistance to local bodies and other institutions increased (104 *per cent*) from ₹9,798.20 crore in 2010-11 to ₹19,943.73 crore in 2014-15. During 2014-15, financial assistance to all categories except Development agencies increased over the previous year and it shows a steady increase of one *per cent* every year since 2012-13 as a percentage of revenue expenditure.

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure involves whether adequate funds were provided for public expenditure (i.e. adequate provisions for providing public services) and whether the fund spent efficiently and effectively to achieve the intended objectives.

1.8.1 Adequacy of public expenditure

The responsibilities relating to expenditure on the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.19** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2011-12 and 2014-15.

¹² Other institutions, *inter alia*, include Kerala Water Authority (₹414.13 crore), Loans to Kerala State Road Transport Corporation (₹266.42 crore), Infopark-Technopark-Land acquisition (₹113.77 crore), State Council for Science, Technology & Environment (₹97.96 crore), Vegetable and Fruit Promotion Council of Kerala (₹59.34 crore), Kerala Sports Council (₹44.98 crore), Contribution to fishermen welfare fund (₹43.23 crore), Welfare fund for Cashew workers (₹41.66 crore), Kerala State Information Technology Mission (₹26.79 crore), Loans to Urban Development Finance Corporation (₹25.00 crore), etc.

Table 1.19: Fiscal priority of the State in 2011-12 and 2014-15

(in per cent)

Fiscal Priority by the State*	TE/ GSDP	DE [#] / TE	SSE/ TE	CE/ TE	Education/ TE	Health/ TE
General Category States' Average, 2011-12	15.98	65.39	36.63	13.23	17.10	4.68
Kerala's Average, 2011-12	16.28	52.85	34.06	9.53	18.31	5.69
General Category States' Average, 2014-15	16.49 ^(@)	69.12	36.50	14.01	16.23	5.04
Kerala's Average, 2014-15	17.00	50.26	32.16	6.51	16.42	5.51
<p>* As per cent to GSDP TE: Total Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure.</p> <p># Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed (Social and Economic sector).</p> <p>^(@) Based on 17 States except Goa and Puducherry</p>						

Share of expenditure of Kerala on Education and Health in Total Expenditure was better than the General Category States during 2011-12 and 2014-15, indicating State Government's priority in these services. However, the share of State's Development expenditure, Capital Expenditure and Social Sector Expenditure in Total Expenditure decreased and it was also less than that of General Category States during 2011-12 and 2014-15. There was improvement in Capital Expenditure of General Category States but, the share of Capital Expenditure of Kerala decreased from 9.53 per cent to 6.51 per cent in three year's time. This drop needs to be attended to. Similarly, the General Category States improved their share of Development Expenditure in Total Expenditure but Kerala failed to achieve any improvement in Development Expenditure.

1.8.2 Efficiency of expenditure

It is important for the State to take appropriate expenditure rationalisation measures and incur public expenditure on development heads from the point of view of social and economic development. Development expenditure comprised of revenue, capital expenditure and loans and advances in socio-economic services. **Table 1.20** presents the trends in development expenditure relative to the total expenditure of the State during last five years. **Chart 1.9** presents component-wise development expenditure during 2010-2015.

Table 1.20: Development expenditure

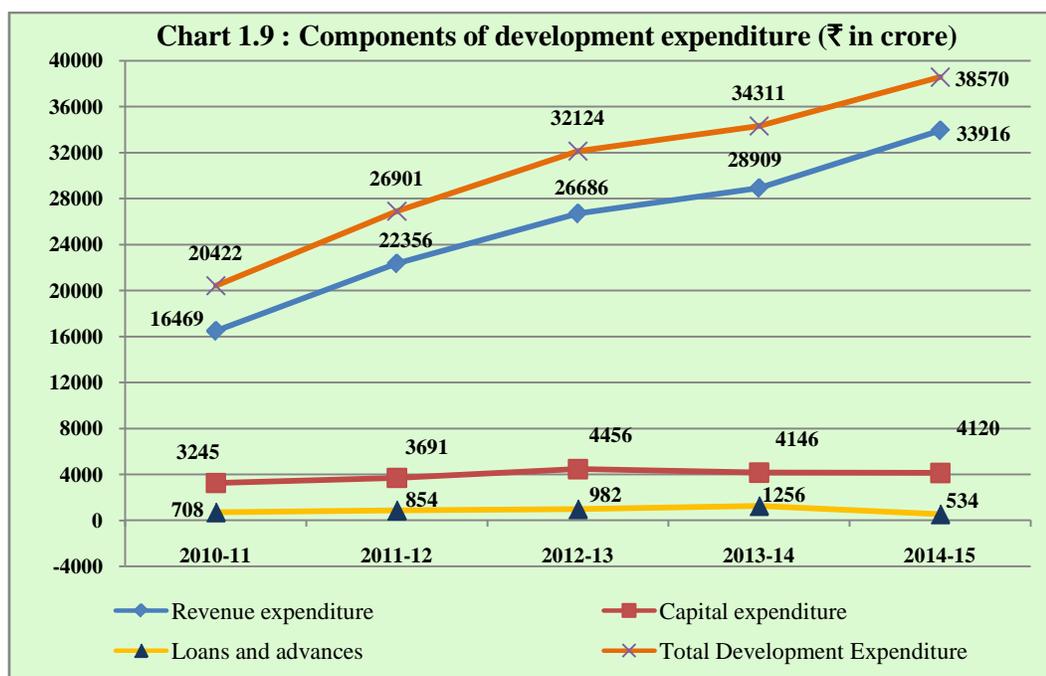
(₹ in crore)

Components of Development Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15
Development Expenditure (a to c)					
a. Revenue expenditure	16469 (42.5)	22356 (43.9)	26686 (45.1)	28909 (43.6)	33916 (44.2)
b. Capital expenditure	3245 (8.4)	3691 (7.3)	4456 (7.5)	4146 (6.3)	4120 (5.4)
c. Loans and advances	708 (1.8)	854 (1.7)	982 (1.7)	1256 (1.9)	534 (0.7)
Total Development Expenditure	20422 (52.6)	26901 (52.9)	32124 (54.2)	34311 (51.8)	38570 (50.3)
Total Expenditure	38791	50896	59228	66244	76744

Source: Finance Accounts of respective years

Figures in parenthesis are its share in total expenditure

While total expenditure showed a growth rate of 15.8 per cent, the growth rate of development expenditure was only 12.4 per cent. Though 50.3 per cent of the share of total expenditure was utilised for development expenditure, 44.2 per cent was for development revenue expenditure, which indicated that bulk of the development expenditure was incurred on revenue expenditure items. Also, **Table 1.20** shows that share of development expenditure in total expenditure decreased during the last three years and this was due to decrease in expenditure under development capital expenditure.



Development expenditure increased by 89 per cent (₹18,148 crore) from ₹20,422 crore in 2010-11 to ₹38,570 crore in 2014-15. However, in 2014-15, 88

per cent of the development expenditure was incurred on revenue expenditure, which was four per cent more than last year.

Revenue expenditure on development increased by 17 per cent (₹5,007 crore) from ₹28,909 crore in 2013-14 to ₹33,916 crore in 2014-15. The increase was due to increase in expenditure under Social Services (₹2,738 crore) and Economic Services (₹2,269 crore). In Social Services, this increase was mainly under the sub-sectors 'Education, Sports, Art and Culture' (₹1080 crore), Social Welfare and Nutrition (₹719 crore) and 'Health and Family Welfare' (₹528 crore). In Economic Services, increase was mainly under Rural Development (₹1664 crore) and Agriculture and Allied Activities (₹429 crore).

Capital expenditure on development showed a declining trend since 2012-13. In 2014-15, capital expenditure on development was ₹26 crore less than the previous year.

1.8.3 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31 March 2015 is given in **Table 1.21**.

Table 1.21: Status of incomplete projects in the State

(₹ in crore)

Sl. No	Name of the department/project	No. of incomplete projects/works	Initial budgeted cost	Cumulative actual expenditure as on 31 March 2015
1.	Irrigation Department – (Irrigation and Minor Irrigation Works)	15	167.61	114.40
2.	Public Works Department – (Roads)	90	566.43	360.21
3.	Public Works Department – (Bridges)	49	327.20	199.75
4.	Public Works Department – (Buildings)	69	339.55	218.87
5.	Harbour Engineering Department	6	59.49	65.77
	Total	229	1460.28	959.00

Source: Appendix IX of Finance Accounts 2014-15

As per the Finance Accounts 2014-15, there was a delay in completion of the 229 projects/works and this would result in time overrun and cost overrun, besides denying the desired benefit to the beneficiaries.

1.9 Financial Analysis of Government Investments, Loans and advances

In the post-Fiscal Responsibility and Budget Management framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements from its own sources of revenue. In addition, in a transition to

complete dependence on market-based resources, the State Government is required to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.9.1 Investment and returns

As of 31 March 2015, the State Government had invested ₹6,085.13 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (**Table 1.22**). The average return on these investments was 1.5 *per cent* in the last five years while the Government paid an average interest rate ranging from 7.1 *per cent* to 7.3 *per cent* on its borrowings during 2010-2015.

Table 1.22: Return on investments

Investment/Return/Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Investment at the end of the year (₹ in crore)	3807.52	4206.43	4511.03	5623.61	6085.13
Return (₹ in crore)	75.46	67.44	48.15	100.58	74.18
Return (<i>per cent</i>)	2.0	1.6	1.1	1.8	1.2
Average rate of interest on Government borrowing (<i>per cent</i>)	7.3	7.2	7.1	7.1	7.3
Difference between interest rate and return (<i>per cent</i>)	5.3	5.6	6.0	5.3	6.1

Source: Finance Accounts of the State Government

During 2014-15, the State Government invested ₹65.35 crore in Statutory Corporations, ₹ 241.57 crore in Government Companies, ₹165.79 crore in Co-operative Banks and Societies and ₹4.20 crore in other Joint Stock Companies.

1.9.2 Loans and advances by the State

In addition to investments in Co-operative Societies, Statutory Corporations and Government Companies, the Government has also been providing loans and advances to many institutions. **Table 1.23** presents the outstanding loans and advances as on 31 March 2015 and interest receipts during the last five years.

Table 1.23: Average interest received on loans advanced by the State
(₹ in crore)

Quantum of Loans/Interest Receipts/Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Opening balance	7749	8461 ¹³	9394 ¹⁴	10360 ¹⁵	11713 ¹⁶
Amount advanced during the year	762	998	1136	1464	743
Amount repaid during the year	44	55	74	103	124
Closing balance	8467	9404	10456	11721	12332
Net addition	718	943	1062	1361	619
Interest receipts	44	23	19	21	27

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31 March 2015 increased by ₹619 crore compared to those of the previous year. The major disbursement of loans during the current year was given to the Kerala State Road Transport Corporation (₹266 crore), Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹53 crore) and Kerala Urban and Rural Development Finance Corporation (₹25 crore). Interest received against these loans remained less than one *per cent* during the period 2010-11 to 2014-15 and was 0.2 *per cent* during 2014-15 as against the cost of borrowing of 7.3 *per cent* during the year.

1.9.2.1 Defaulters on loan repayment

Government has been providing loan assistance to Statutory Corporations, Government Companies, Autonomous Bodies and Authorities etc., and the same was treated as assets in the Government accounts. As per Finance Accounts, an amount of ₹12,332.50 crore was outstanding as loan at the end of March 2015. Also, at the end of March 2015, 71 institutions defaulted in repayment of loans advanced to them and arrears in respect of this was ₹8,794.71 crore (Principal: ₹5,276.61 crore and Interest: ₹3,518.10 crore). About 86 *per cent* of the above arrears pertain to five institutions viz., Kerala Water Authority (₹3,613.30 crore), Kerala State Electricity Board (₹1,747.64 crore), Kerala State Road Transport Corporation (₹925.45 crore), Kerala State Housing Board (₹915.23 crore) and Kerala State Cashew Development Corporation (₹367.24 crore).

It was also observed that State Government released 101 loans to 29 institutions amounting to ₹150.80 crore, during the period from 1991-92 to 2013-14, without specifying the terms and conditions for repayment. In order to provide a true and

¹³ Difference of ₹ six crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (Z) of Statement no.16 of Finance Accounts 2011-12.

¹⁴ Difference of ₹10 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no.16 of Finance Accounts 2012-13.

¹⁵ Difference of ₹96 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (p) of Statement no.16 of Finance Accounts 2013-14.

¹⁶ Difference of ₹eight crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (o) of Statement no.18 of Finance Accounts 2014-15.

fair status to the balance sheet of the State Government, Government needs to take effective steps to reduce these non-performing assets.

1.9.3 Review on maintenance of loan accounts by the Administrative Departments

State Government has been sanctioning loans to various Public Sector Undertakings, Autonomous bodies, Co-operative Societies, etc., and loan account details of some¹⁷ of these institutions are maintained in the office of the Principal Accountant General (A&E) (PAG) and the rest are maintained by departmental officers. At the end of March 2015, an amount of ₹12,332.50 crore was outstanding as loan of which detailed accounts of ₹8,832.57 crore is maintained by PAG and the balance amounting to ₹3,499.93 crore is maintained by departmental officers.

Objective of the audit was to assess whether the departmental officers are maintaining detailed accounts of all the loans released to institutions and bodies under their administrative control and the consolidated details of these loans match with the loan account details given in the Finance Accounts prepared every year.

Industries and Co-operation are the two major departments releasing loans to various institutions under them and an amount of ₹2,515.65 crore (out of ₹3,499.93 crore) is outstanding as loan against these two departments in the Finance Accounts for 2014-15. Hence, the audit was focused on the efficiency in maintenance of loan accounts in these two departments.

Audit observations

1.9.3.1 Industries Department

Director of Industries and Commerce is disbursing loans to various PSUs under Industries Department as well as to small industrial units for promoting small scale industries. The outstanding balance of loan released by Industries Department stands at ₹2,020.91 crore.

The audit of maintenance of loan account in industries department revealed the following:

- PSUs receive substantial amount of loan every year and the conditions for repayment of loan vary from loan to loan and have to be repaid with effect from the first anniversary of its disbursement. During the period 2011-2013, loan amounting to ₹297.61 crore was disbursed to 21 PSUs and it was seen that conditions for repayment were not fixed by the department in respect of the loan of ₹103.79 crore given to five¹⁸ institutions. The

¹⁷ Mainly Kerala Water Authority, Kerala State Road Transport Corporation, Kerala State Housing Board and Kerala State Electricity Board

¹⁸ Autokast Limited, Kerala State Electronics Development Corporation Limited, Kottayam Integrated Powerloom Industrial Co-operative Society, Kerala Industrial Infrastructure Development Corporation and Kerala State Cashew Development Corporation

principal and interest amounts due for the remaining ₹193.82 crore at the end of March 2015 was ₹96.60 crore (₹63.47 crore and ₹33.13 crore). Against this, the repayment was only ₹6.30 crore (including interest amount of ₹98.64 lakh) as on 31 March 2015. It was also seen that sanctioning of loan without specifying repayment condition is being continued indicating that the department paid ₹21.50 crore out of ₹239.92 crore loans during 2013-14 without specifying the conditions for repayment.

- Article 237 of Kerala Financial Code Volume-I stipulates that departmental officers should keep up-to-date records of loans disbursed by them. However, loans disbursed to a few PSUs through a common head of account (eg. head of account for ‘Rehabilitation of sick PSUs’, ‘Loans to PSUs for clearing VR liabilities’) were not segregated correctly while recording it in the registers of department resulting differences in the loan balances maintained by the department and in Finance Accounts. The department did not initiate any steps to reconcile the same. Article 266 of KFC Volume-I and Government instructions issued from time to time stipulate that the departmental officers concerned should furnish annually a reconciled loan balance with figures in the books of PAG and furnish a certificate to that effect in respect of each year’s account to the PAG. This was not done by the Directors¹⁹ which resulted in difference in departmental figures and figures booked in Finance Accounts. The Director of Industries stated that action would be taken to reconcile the figures.
- Land in industrial estates was assigned to entrepreneurs and the value of the land was treated as loan to these entrepreneurs. Though the repayment was accounted for in PAG’s books, non-accounting of principal loan amount in Government accounts resulted in adverse balance of ₹27.88 crore in the Finance Accounts.
- Article 265 of Kerala Financial Code Volume-I stipulates that it is the duty of the departmental authorities concerned to take the necessary steps to write off the accounts under the sanction of the competent authority and to advise the PAG to make necessary adjustment in the accounts when any advance is ascertained to be irrecoverable. Irrecoverable advances written off will be registered by the departmental authorities concerned in a separate record so that any recovery eventually found to be possible may be made. Out of the outstanding loan amount of ₹ 1593.19 crore (as per Finance Accounts) with PSUs, ₹ 90.99 crore (as on March 2015) pertains to 15 non-working PSUs. Though liabilities of eight non-working PSUs were transferred to other working PSUs (as per Government orders) and orders were issued to write off interest and penal interest of loans outstanding, no adjustment was made in the Finance Accounts or in the departmental records.

¹⁹ Director of Industries and Commerce, Director of Handloom and Textiles and Director of Coir Development.

- Under Coir Development Sector, Government had issued orders to convert loan balance amounting to ₹57.91 crore²⁰ (including interest and penal interest) into share capital. However, no adjustment in accounts was made in Finance Accounts for want of budget provision and required information from the department, though the orders were issued in September 2007 and March 2010.

Audit also observed the following deficiencies in monitoring loan account by departmental officers:

- The software developed in 2004-05 and upgraded to web based loan monitoring system in 2010-11 by Industries Department to monitor the loans granted by the department was ineffective and the department continued to follow manual system. The department uses the software for generation of demand notices but Audit noticed that the demand notices generated using the software were not correct. The department did not take any action to rectify the deficiencies and to use the computerised loan management system. The department stated that action is being taken to rectify the mistakes.
- Loans released to small scale industrial units under Industries and Commerce and Handloom and Textile sectors and their recovery are to be monitored by respective Directors of the sector. This was not done as they were not maintaining data relating to the release and recovery of loans made by the head of the departments.
- As per the instructions issued by Government, further loans should not be granted to the institutions who are in default of repayment of earlier loan instalment/interest of the loan availed. However, this provision was violated and loans amounting to ₹257.11 crore was released to six²¹ institutions continuously from 2012-13 to 2014-15.

1.9.3.2 Co-operation Department

Registrar of Co-operative Societies is the head of the Department and disburses loans to apex societies, federal societies and primary societies. There are around 15 apex and federal societies and more than 10,000 primary societies in the State, concentrated in sectors like banking, agriculture, housing, education, health, etc. The Registrar is drawing and disbursing financial assistance to these societies in the form of grant, share capital and loan. Different kinds of loans are being disbursed through the Registrar with varying conditions of repayment.

Audit observed that departmental loan balance (₹293.06 crore) was ₹201.68 crore less than the figure appeared (₹494.74 crore) in the Finance Accounts. Reasons for the discrepancies were analysed in audit and certain deficiencies noticed in the maintenance of loan account by department are given below:

²⁰GO (MS) No.55/2010/ID dated 12.03.2010, GO (MS) No.124/2007/ID dated 17.09.2007 and GO (MS) No.125/2007/ID dated 17.09.2007

²¹Travancore Cements Limited Kottayam, Kerala Automobiles, Autokast Limited, United Electrical Industries Limited, Kerala Electrical and Allied Engineering Company Limited and Kerala Industrial Infrastructure Development Corporation.

- An amount of ₹125.53 crore was sanctioned as interest free loan to Kerala State Co-operative Agricultural and Rural Development Bank Limited during 2010-11 to clear the guarantee commission due from the bank to Government. Subsequently, vide GO dated 30 March 2013, Government permitted to write off this loan in two equal installments in the years 2012-13 and 2013-14. But the State Government did not provide necessary budget allocation to adjust the amount and clear the loan account. Registrar of Co-operative Societies stated that the matter was referred to Government for regularisation.
- In order to have a proper record of assistance given to apex and federal societies, the detailed accounts are to be maintained by the Registrar/Joint Registrar (General)²². As and when a loan amount is sanctioned to a society, the details such as the name of society, the amount of loan sanctioned, the head of account from which the amount was drawn, the terms and conditions of loan, instalments of principal and interest amount due to be paid by the loanee entity up to the last installment, etc., are to be entered in the register. But such a register is not being maintained in the Registrar's Office/Joint Registrar (General) to monitor payment of loan amount by the loanees. Due to non-maintenance of individual account, scrutiny of apex/federal society-wise loan details was not possible in Audit. The Registrar of Co-operative Societies stated that the certified statements from concurrent auditors were collected from respective institutions for ensuring the correctness of the Demand Collection Balance statements in respect of Apex/federal societies.

The reply of the Registrar is not acceptable as he is not keeping any records to verify the correctness of the statements furnished by the co-operative institutions.

- Wrong classification of accounts was noticed in two instances (₹90,000) of repayment made by primary societies under the control of Assistant Registrar (General) and it was yet to be reconciled.

1.9.3.3 Impact of the improper maintenance of loan account

Improper maintenance of loan account by departmental officers would give following adverse impact to the financial status of the Government;

Non-reconciliation of departmental figures with booked figures in Finance Accounts would hinder the assessment of exact financial position of the State. In the absence of accurate loan details, departments could not calculate principal loan amount and interest thereon. Consequently, amount due to the Department/State could not be assessed accurately and thereby financial status of the State could not be projected accurately. Loans released by the Government are treated as assets in the financial statements for the year. Non-maintenance of proper records would weaken the system of loan recovery in departments and assets of the Government will remain as non-performing.

²²At district level

1.9.4 Cash balances and investment of cash balances

The cash balances and investments made by the State Government out of the cash balances during the year are shown in **Table 1.24**.

Table 1.24: Cash balances and investment of cash balances

(₹ in crore)

Particulars	As on 31 March 2014	As on 31 March 2015	Decrease
Cash balances	2279.82	1651.00	628.82
Investments from cash balances (a + b)	764.31	147.05	617.26
a. GoI Treasury Bills	757.08	141.90	615.18
b. GoI Securities	7.23	5.15	2.08
Fund-wise break-up of investments from earmarked balances (a to d)	1511.72	1507.44	4.28
a. Reserve funds bearing interest			
b. Reserve funds not bearing interest	1511.72	1507.44	4.28
c. Deposit bearing interest			
d. Deposit not bearing interest			
Interest realised during the year on investment of cash balances	78.39	44.16	34.23

Source: Finance Accounts of the State Government

Table 1.24 shows substantial reduction in State's cash reserve during 2014-15 and decrease in investment in GoI Treasury bills and securities.

1.9.4.1 Outstanding balances under the head 'Cheques and Bills'

This head is an intermediary accounting head for initial recording of transactions which are to be cleared eventually. As per accounting rules, when a cheque is issued, the functional head is debited and the Major Head-8670-Cheques and Bills is credited. On clearance of the cheque by the bank, the minus credit is given to Major Head 8670-Cheques and Bills by crediting the Major Head- 8675-Deposits with Reserve Bank and thereby reducing the cash balance of the Government. Thus, the outstanding balance under the Major Head 8670-Cheques and Bills represents the amount of un-encashed cheques.

As on 31 March 2015, there was an outstanding balance (cumulative) of ₹1,501.60 crore. This represents expenditure originally booked under different major heads of Consolidated Fund, which has not resulted in any cash outflow till the end of March 2015.

1.10 Assets and Liabilities

1.10.1 Growth and composition of assets and liabilities

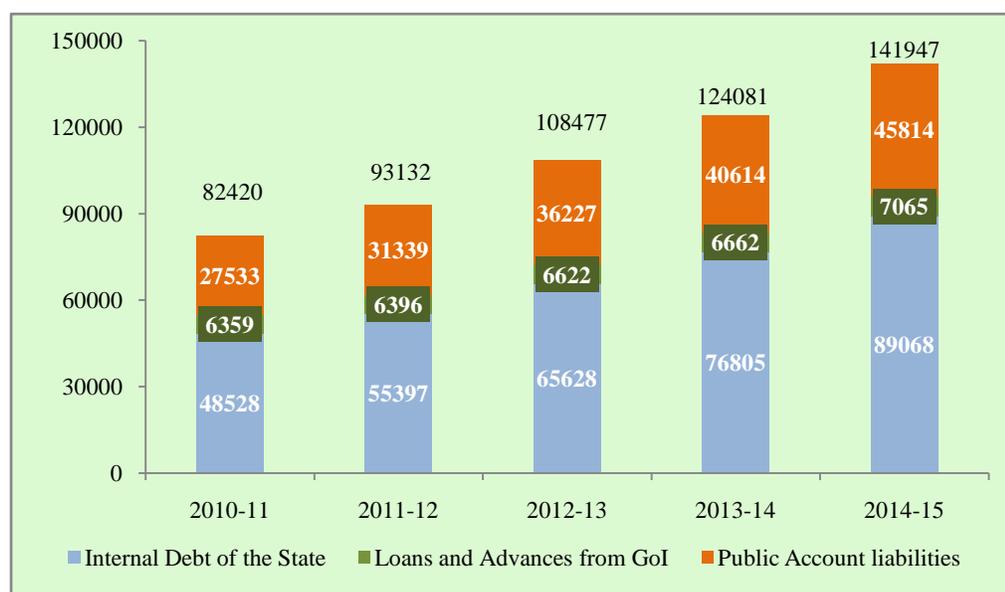
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the

Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and assets as on 31 March 2015, compared with the corresponding position as on 31 March 2014. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds, the assets mainly comprise of the capital outlay and loans and advances given by the State Government and its cash balances.

1.10.2 Fiscal liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.5**. The composition of fiscal liabilities during the last five years are presented in **Chart 1.10**.

Chart 1.10 : Composition of Fiscal Liabilities (₹in crore)



The overall fiscal liabilities of the State increased from ₹82,420 crore in 2010-11 to ₹1,41,947 crore in 2014-15, thus recorded an increase of 72 *per cent* during the five year period. During the last two years, fiscal liabilities of the State increased by 14.4 *per cent*, which was higher than the growth rate of GSDP (13.9 *per cent*) of these years. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. At the end of March 2015, the Consolidated Fund liabilities (₹96,133 crore) comprised Market Loans (₹71,960 crore), Loans from the Government of India (₹7,065 crore) and Other Loans (₹17,108 crore). The Public Account liabilities (₹45,814 crore) comprised of Small Savings, Provident Funds, etc., (₹39,307 crore)²³, interest bearing obligations (₹22 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹6,485 crore). During the year, fiscal liabilities as a

²³ This includes liabilities from the Treasury Savings Bank Account (₹8,378 crore) and Treasury Fixed Deposits (₹7,520 crore).

percentage of GSDP was 31.4 *per cent* against 31.3²⁴ *per cent* in the previous year. This is higher than the target fixed (29.8 *per cent*) in the Kerala Fiscal Responsibility (Amendment) Act, 2011. As in the previous year, fiscal liabilities stood at 2.5 times of the revenue receipts. However, Finance Department informed (December 2015) that considering the updated GSDP figure (₹4,96,886 crore), Debt-GSDP ratio is 28.6 *per cent* and it is well within the target.

The overall liabilities of the State include balance under Reserve Funds amounting to ₹1947.16 crore (as on 31 March 2015). The details in respect of two of the reserve funds are given in succeeding paragraphs:

(a) State Disaster Response Fund

The State Disaster Response Fund (SDRF) was set up on 1 April 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹77.73 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2014-15 fixed by the ThFC was ₹159.33 crore, 75 *per cent* (₹119.50 crore) of which was to be contributed by the Central Government and 25 *per cent* (₹39.83 crore) by the State Government. During the year, the State Government credited ₹159.33 crore to the Fund. After setting off the expenditure for disaster relief operations to the extent of ₹215.15 crore, the balance in SDRF as on 31 March 2015 was ₹21.91 crore.

According to the guidelines issued by the Government of India, the accretions to SDRF were to be invested in Central Government dated securities and/or Auctioned Treasury Bills and/or interest earning deposits and Certificates of deposits with Scheduled Commercial Banks. However, no such investments were made by the State Government so far (October 2015).

(b) Consolidated Sinking Fund

The State Government had set up a Consolidated Sinking Fund with effect from the financial year 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the outstanding liabilities of the Government. As per paragraph 5 of revised model scheme for the constitution and administration of Consolidated Sinking Fund of Kerala, the rate of contribution to the Consolidated Sinking Fund was 0.5 *per cent* of the outstanding liabilities at the end of the previous year. According to this, the State Government had to contribute ₹620.40 crore during 2014-15 to the Consolidated Sinking Fund. However, the State Government did not contribute any amount to the Fund, during the current year.

As per the guidelines of the fund, the balance at credit of the Fund is required to be invested in the Government of India Securities. During the year, an amount of

²⁴ Change in figure is due to adoption of new series of GSDP figures.

₹113.21 crore was received as interest from the investment made out of the fund. At the beginning of the year ₹1,497.16 crore was available and with the interest received on investment, the outstanding balance at the end of year was ₹1,610.37 crore. Out of this, ₹1,492.88 crore was re-invested in Government securities, leaving an un-invested balance of ₹117.49 crore in the Fund.

1.10.3 Status of guarantees – contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by borrowers for whom the guarantees have been extended. Section 3 of the Kerala Ceiling on Government Guarantees Act, 2003 which came into effect on 5 December 2003 stipulates that the total outstanding Government Guarantees as on the first day of April every year shall not exceed ₹14,000 crore. As per Section 6 of the Act, the Government has to constitute a Guarantee Redemption Fund. The guarantee commission charged under Section 5 of the Act was to form the corpus of the Fund. However, the Fund had not been constituted and consequently, guarantee commission of ₹663.95 crore collected during 2003-04 to 2014-15 had not been credited to the Fund but was treated as non-tax revenue in the relevant years and used for meeting the revenue expenditure of the Government.

The maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2010-11 are given in **Table 1.25**.

Table 1.25: Guarantees given by the Government of Kerala

	(₹ in crore)				
Guarantees	2010-11	2011-12	2012-13	2013-14	2014-15
Maximum amount guaranteed	12,625.07	11,332.11	11,482.25	12,275.21	13,123.30
Outstanding amount of guarantees	7,425.79	8,277.44	9,099.50	9,763.36	11,126.87
Percentage of maximum amount guaranteed to total revenue receipts	41	30	26	25	23
Criteria as per Kerala Ceiling on Government Guarantees Act, 2003 (Outstanding amount of guarantees as on the first day of April)	14,000	14,000	14,000	14,000	14,000

Source: Finance Accounts of the State Government

The outstanding guarantees at the end of the past five years i.e. 2010-2015 ranged between ₹7,426 crore and ₹11,127 crore, which were well within the ceiling prescribed by the Kerala Ceiling on Government Guarantees Act, 2003.

During the year, an amount of ₹80.83 crore was received as guarantee commission and as of March 2015, ₹237.37 crore was due as arrears in this regard.

1.11 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. The sustainability of debt of the State Government in terms of sufficiency of non-debt receipts²⁵; net availability of borrowed funds²⁶; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities for the period of five years beginning from 2010-11 is analysed and given in **Table 1.26**.

Table 1.26: Debt sustainability: indicators and trends

(₹ in crore)

Indicators of Debt Sustainability	2010-11	2011-12	2012-13	2013-14	2014-15
Sufficiency of Non-debt Receipts (Resource Gap)	141	(-)5084	(-)2187	(-)1942	(-)1698
Net Availability of Borrowed Funds	2507	4426	8154	7350	8110
Burden of Interest Payments (Interest Payment/Revenue Receipts <i>per cent</i>)	18	17	16	17	17
Maturity Profile of debt					
Up to one year	2566.98 (4.7)	2154.64 (3.5)	2569.25 (3.6)	2674.90 (3.2)	3289.26 (3.4)
One to three years	5205.33 (9.5)	8401.13 (13.6)	5791.05 (8.0)	6829.83 (8.2)	9139.85 (9.5)
Three to five years	6260.17 (11.4)	9100.09 (14.7)	9100.72 (12.6)	12058.34 (14.4)	13265.26 (13.8)
Five to seven years	9314.78 (17.0)	13156.00 (21.3)	13181.39 (18.2)	13165.08 (15.8)	16667.64 (17.4)
Seven years and above	28162.37 (51.3)	24240.81 (39.2)	36932.83 (51.1)	44048.78 (52.8)	48958.69 (50.9)
Maturity profile details not furnished by State Government	3377.55 (6.1)	4740.42 (7.7)	4674.95 (6.5)	4689.63 (5.6)	4812.26 (5.0)

Figures in parenthesis indicate the percentage to total State debt

Source: Finance Accounts of the State Government

The resource gap (gap between incremental non-debt receipts and incremental total expenditure) was positive only in 2010-11 and since then it was negative, which indicated that incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. However, the

²⁵ Adequacy of incremental non-debt receipts of the State is to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

²⁶ Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

positive aspect in respect of the resource gap was that it has been coming down from ₹5,084 crore in 2011-12 to ₹1,698 crore in 2014-15.

During 2014-15, total borrowed funds under 'Public Debt' was ₹18,509 crore (including open market borrowings of ₹13,200 crore). After providing for interest and repayment of principal, the net availability was only ₹5,365 crore. Similarly, the accumulations in 'Public Account' (Small savings, Provident Fund, Reserve Fund, Deposit Account, etc., which were used by the State for bridging the fiscal resource gap), were ₹46,979 crore during the year. Under this sector, net availability of funds after disbursement with interest was only ₹2,745 crore. As the non-debt receipt of the State was insufficient, some portion of this borrowing was also used for bridging revenue deficit. Consequently, State Government was left with ₹8,110 crore for developmental activities from the total borrowings and this was only 12.4 *per cent* of the fiscal liability accumulated during 2014-15.

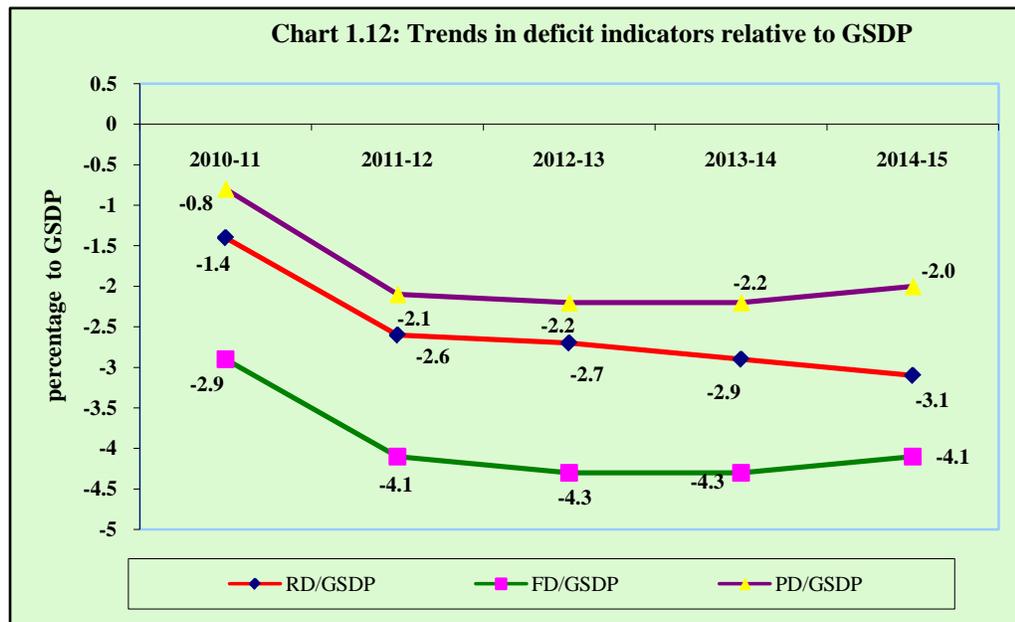
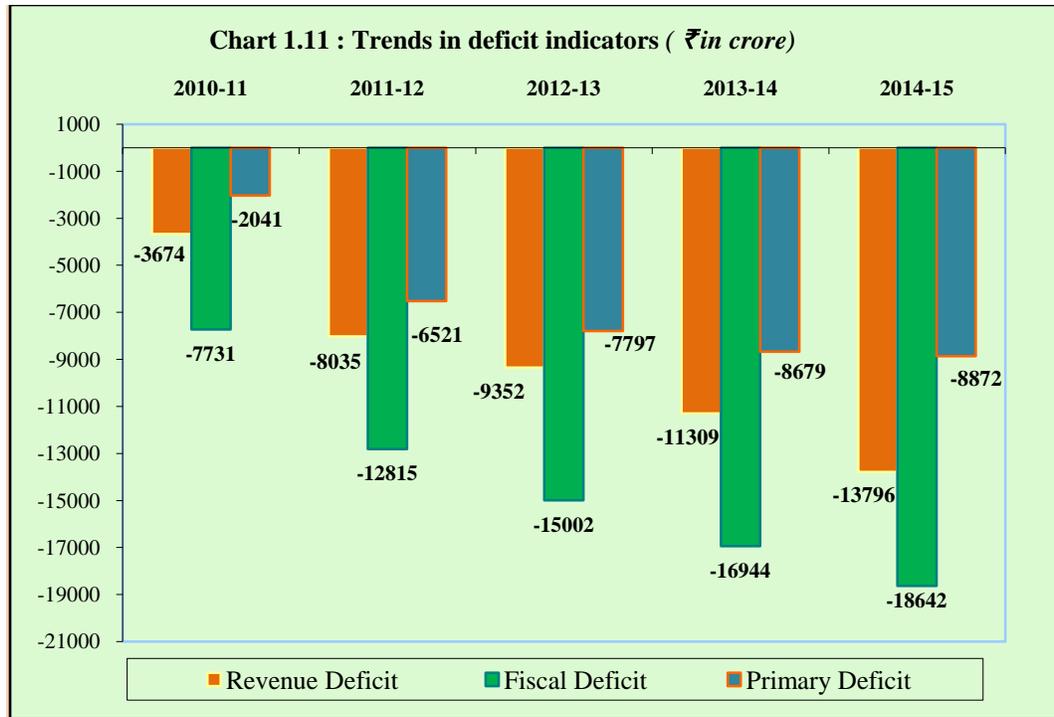
The debt maturity profile of the State given in the **Table 1.26** shows that 26.7 *per cent* of the debt amounting to ₹25,694.37 crore has to be repaid within five years. Also 44.1 *per cent* (₹42,362.01 crore) of the debt has to be repaid within seven years. Steep increase in State Government's open market borrowings have started from 2007-08 onwards and this will have adverse impact on State finances from 2017-18 onwards. State Government has to ensure additional revenue resources to meet this debt burden.

1.12 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are raised and applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under the Fiscal Responsibility Act/Rules for the financial year 2014-15.

1.12.1 Trends in deficits

Charts 1.11 and **1.12** present the trends in deficit indicators over the period 2010-2015.



The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts, increased steadily since 2010-11 indicating disproportionate growth of revenue expenditure or low growth rate of revenue receipts. Revenue deficit increased from ₹3,674 crore in 2010-11 to ₹13,796 crore in 2014-15, contrary to State’s targets (reduce revenue deficit to ‘Nil’ by 2014-15) envisaged in Fiscal Responsibility (Amendment) Act, 2011. The fiscal deficit,

which represents the total borrowings of the Government and its total resource gap also increased steadily during the last five years. It has been worsening each year from ₹7,731 crore in 2010-11 to ₹18,642 crore in 2014-15.

More than four times increase was also noticed in primary deficit, since 2010-11 and it increased from ₹2,041 crore in 2010-11 to ₹8,872 crore in 2014-15. Increase in revenue deficit, fiscal deficit and primary deficit indicate the disproportionate growth of expenditure with regard to revenue receipts.

As a proportion of GSDP, the revenue deficit (1.4 per cent) and fiscal deficit (2.9 per cent) in 2010-11 were the lowest during the last five year period. These percentages increased to 3.1 per cent and 4.1 per cent respectively in 2014-15. These were more than the targets fixed ('Nil' and 3 per cent) in the Kerala Fiscal Responsibility (Amendment) Act, 2011 and (1.53 per cent and 3.1 per cent) in the Medium Term Fiscal Plan for 2014-15 to 2016-17.

1.12.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.27**. Receipts and disbursements under the components of financing the fiscal deficit during 2014-15 are given in **Table 1.28**.

Table 1.27: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Decomposition of fiscal deficit					
1. Revenue deficit	3674	8035	9352	11309	13796
2. Net capital expenditure	3339	3837	4588	4275	4227
3. Net loans and advances	718	943	1062	1360	619
Total fiscal deficit	7731	12815	15002	16944	18642
Financing pattern of fiscal deficit*					
1. Market borrowings	4770	7496	10571	11373	11777
2. Loans from Government of India	54	36	226	40	402
3. Special Securities Issued to National Small Savings Fund	42	(-)491	32	(-)42	525
4. Loans from Financial Institutions	348	(-)7	(-)118	(-)77	(-)69
5. Small Savings, PF, etc.	2490	3839	3686	4231	3765
6. Deposits and Advances	469	(-)52	1141	188	1365
7. Suspense and Miscellaneous	(-) 197	852	712	(-)946	58
8. Remittances	27	(-)157	31	(-)168	26
9. Others	399	32	(-)379	(-)68	164
10. Total (1 to 9)	8402	11548	15902	14531	18013
11. Increase (-)/Decrease (+) in Cash Balance	(-) 671	1267	(-)900	2413	629
12. Overall deficit	7731	12815	15002	16944	18642

*All these figures are net of disbursements/outflows during the year.

Source: Finance Accounts of the State Government

Table 1.28: Receipts and disbursements under components financing the fiscal deficit during 2014-15*(₹ in crore)*

Sl. No.	Particulars	Receipt	Disbursement	Net
1.	Market borrowings	13200	1423	11777
2.	Loans from Government of India	752	350	402
3.	Special Securities Issued to National Small Savings Fund	1132	607	525
4.	Loans from Financial Institutions	551	620	(-)69
5.	Small Savings, PF, etc.	35108	31343	3765
6.	Deposits and Advances	11248	9883	1365
7.	Suspense and Miscellaneous	86167	86109	58
8.	Remittances	8708	8682	26
9.	Others	580	416	164
10.	Total (1 to 9)	157446	139433	18013
11.	Increase (-)/Decrease (+) in Cash Balance	2280	1651	629
12.	Overall deficit			18642

Source: Finance Accounts of the State Government

Table 1.27 reveals that during the last five years, market borrowings and net accretions in Public Account (especially in Small Savings, PF, etc.) are the main source of the State Government to finance the fiscal deficit. During 2014-15, 83 per cent of the fiscal deficit was financed through net Market borrowings (₹11,777 crore) and accretions in the Small Savings, PF, etc. (₹3,765 crore).

During 2014-15, the State Government raised ₹13,200 crore as market loans at an average interest rate of 8.78 per cent, loans amounting to ₹551.37 crore from NABARD at an interest rate of 7 per cent to 7.5 per cent, ₹1132.10 crore from National Small Savings Fund at an interest rate of 9.5 per cent and ₹222.16 crore from NCDC at an interest rate of 12.47 per cent. The State Government also received loans amounting to ₹752.47 crore from the Government of India during the year for which the details of interest rate on all loans were not available.

The State Government has been mobilising deposits from its employees, pensioners, institutions and general public through treasuries. During 2014-15, the State Government received ₹24,553.04 crore as deposits through Treasury Saving Bank accounts at an average interest rate of five per cent and ₹3,920.06 crore as Treasury Fixed Deposits at interest rates ranging between 7.25 per cent and 9.25 per cent. The balance of such deposits as on 31 March 2015 was ₹15,899.66 crore. This is ₹1,199.01 crore more than the previous year's balance

1.12.3 Quality of deficit

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds

were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.29**) indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.29: Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2010-11	31060	28975	3364	762	33101	(+) 2085	(-) 2041
2011-12	38081	39751	3853	998	44602	(-) 1670	(-) 6521
2012-13	44226	46284	4603	1,136	52023	(-) 2058	(-) 7797
2013-14	49300	52221	4294	1,464	57979	(-) 2921	(-) 8679
2014-15	58102	61976	4255	743	66974	(-) 3874	(-) 8872

Source: Finance Accounts of the State Government

The bifurcation of the factors leading to primary deficit of the State reveals that since 2011-12, non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure²⁷ of the State. This indicates that even for meeting primary expenditure, Government has to depend on borrowed funds since 2011-12.

1.13 Conclusion

Fiscal status of the State : Revenue receipts of the State increased (17.8 per cent) from ₹49,177 crore in 2013-14 to ₹57,950 crore in 2014-15. But, slightly higher increase (18.6 per cent) in revenue expenditure (from ₹60,486 crore in 2013-14 to ₹71,746 crore in 2014-15) has resulted in increase of revenue deficit during the year. During the year, revenue receipts had better growth rate than GSDP (13.93 per cent), but growth rate of State's own tax revenue (10.1 per cent) was less than GSDP. Hence, State could not control revenue deficit as anticipated in the budget estimates.

Total expenditure (aggregate of revenue, capital and loans and advances expenditure) of the State doubled during the last five years. But the increase in expenditure on Capital projects during the five year period was not encouraging. Substantial portion of the total expenditure continued to be on revenue expenditure and its share increased from 89.4 per cent in 2010-11 to 93.5 per cent in 2014-15, which is also not an encouraging factor. In revenue expenditure, more than 85 per cent was spent on non-plan revenue expenditure and during the last

²⁷ Primary revenue expenditure represents revenue expenditure less expenditure on interest.

four years, revenue receipt of the State was not even sufficient to meet non-plan revenue expenditure.

Expenditure comparison with General Category States: Share of State's expenditure in total expenditure in respect of Education and Health was better than General Category States during 2011-12 and 2014-15. But the State's performance was poor in other areas like Capital Expenditure, Development Expenditure and Social Sector Expenditure when compared to General Category States. The General Category States improved their expenditure in Capital Expenditure and Development Expenditure, but the expenditure of the State in both these areas dropped considerably.

Quality of Expenditure: The Development expenditure recorded an increase of 89 *per cent* during the five year period, but more than 85 *per cent* of it was incurred on development revenue expenditure which is not a good indicator.

Financial analysis of Government investment, loans and advances: Return on investments in Government companies/Statutory Corporations continued to be poor and current level of recovery on Loans and Advances disbursed was also very low. A review conducted on maintenance of loan account details by departmental officers revealed absence of proper record maintenance with departmental loan disbursing authorities and this would weaken the system of loan recovery in departments.

Debt position : As in the previous year, debt liability recorded an increase of 14.4 *per cent* and increased from ₹1,24,081 crore in 2013-14 to ₹1,41,947 crore in 2014-15. This liability as a percentage of GSDP was 31.4 *per cent* which is higher than the target (29.8 *per cent*) fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. Since 2011-12, the resource gap (gap between incremental non-debt receipts and incremental total expenditure) was negative, which indicated that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden of the State.

1.14 Recommendations

- Efforts should be made to enhance the State's own tax revenue in coming years as the revenue resources are insufficient to meet the primary revenue expenditure of the State. Government may review the reasons for non-realisation of revenue estimated in budget documents and ensure anticipated tax revenue to meet its increasing revenue expenditure.
- Loan account maintenance system in the departments may be reviewed and appropriate steps may be taken to safeguard the loss of State's revenue by way of repayment of loan and its interest.

CHAPTER II
FINANCIAL MANAGEMENT
AND
BUDGETARY CONTROL

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 The Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted Grants and charged Appropriations for different purposes, as specified in the schedules appended to the Appropriation Acts. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also seeks to ascertain whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions on the subject.

2.1.3 As per the Kerala Budget Manual, the Finance Department is responsible for the preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by the Heads of Departments and other Estimating Officers and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands foresight in anticipating revenue and expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should not be over or under expenditure. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the provisions of Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2014-15 against 48 Grants/Appropriations is given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)						
Nature of Expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual Expenditure	Saving(-)/Excess(+)	Savings/Excess in percentage
Voted						
I Revenue	62630.99	7564.13	70195.12	62418.42	(-)7776.70	11.1
II Capital	6625.94	1733.96	8359.90	4324.70	(-)4035.20	48.3
III Loans and Advances	803.59	86.20	889.79	743.09	(-)146.70	16.5
Total Voted	70060.52	9384.29	79444.81	67486.21	(-)11958.60	15.1
Charged						
IV Revenue	9917.87	12.43	9930.30	10084.86	(+)154.56	1.6
V Capital	31.32	5.53	36.85	32.51	(-)4.34	11.8
VI Public Debt Repayment	14192.36	0.00	14192.36	5842.77	(-)8349.59	58.8
Total Charged	24141.55	17.96	24159.51	15960.14	(-)8199.37	33.9
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	-
Grand Total	94202.07	9402.25	103604.32	83446.35	(-)20157.97	19.5

Source: Appropriation Accounts 2014-15 and Appropriation Acts

The overall savings of ₹20,157.97 crore was the result of savings of ₹20,349.97 crore in 44 Grants and 21 Appropriations under the Revenue Section and 30 Grants and six Appropriations under the Capital Section (**Appendix 2.1**), offset by excess of ₹192.00 crore in one Appropriation under the Revenue Section. Overall savings increased from 18.2 per cent in the last year to 19.5 per cent in 2014-15 indicating increasing deficiency in the budgetary process.

Further, Audit analysed savings exceeding ₹100 crore in plan and non-plan category under voted section and observed that budget allocation of ₹10,133.86 crore remained unutilised under voted section as detailed in **Appendix 2.2**.

- In Revenue section, savings (₹6,605.21 crore) were mainly under plan schemes (₹5,097.87 crore) of 13 Grants and under non-plan schemes (₹1,507.34 crore) of four Grants.
- In the Capital section savings (₹3,528.65 crore) was under plan schemes (₹2,979.11 crore) of eight Grants and under non-plan schemes (₹549.54 crore) of three Grants.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation *vis-à-vis* Allocative Priorities

The appropriation audit revealed savings exceeding ₹50 crore and also more than 25 per cent of the total provision in 19 cases as given in **Table 2.2**.

Table 2.2: List of Grants/Appropriations showing substantial savings
(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings and percentage	
Revenue-Voted					
1.	II Heads of States, Ministers and Headquarters Staff	539.61	397.82	141.79	26
2.	XIX Family Welfare	545.48	396.96	148.52	27
3.	XXI Housing	121.78	61.94	59.84	49
4.	XXII Urban Development	1264.88	316.05	948.83	75
5.	XXXV Panchayat	483.45	287.82	195.63	40
6.	XXXVI Rural Development	3102.30	2070.90	1031.40	33
7.	XXXVIII Irrigation	367.22	269.35	97.87	27
8.	XXXIX Power	177.38	104.76	72.62	41
Capital-Voted					
9.	XII Police	91.44	29.82	61.62	67
10.	XVII Education, Sports, Art and Culture	543.88	307.62	236.26	43
11.	XVIII Medical and Public Health	296.86	193.19	103.67	35
12.	XX Water Supply and Sanitation	268.20	127.90	140.30	52
13.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	285.93	40.26	245.67	86
14.	XXXVIII Miscellaneous Economic Services	1419.78	58.06	1361.72	96
15.	XXIX Agriculture	277.30	151.22	126.08	45
16.	XXXV Panchayat	460.00	217.83	242.17	53
17.	XXXVII Industries	715.13	349.30	365.83	51
18.	XXXVIII Irrigation	820.88	175.85	645.03	79
Capital-Charged					
19.	Public Debt Repayment	14192.36	5842.77	8349.59	59

Source: Appropriation Accounts 2014-15

2.3.2 Persistent savings

Persistent savings of ₹100 crore or more of the provision was noticed in four cases for the last three years as shown in **Table 2.3**.

Table 2.3: Persistent savings

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Amount of saving (percentage)		
		2012-13	2013-14	2014-15
Revenue – Voted				
1.	XX Water Supply and Sanitation	134.23 (20)	184.30 (24)	211.00 (24)
2.	XXII Urban Development	730.68 (70)	1,125.04 (84)	948.84 (75)
Capital – Voted				
3.	XXXVIII Irrigation	294.30 (53)	396.46 (66)	645.03 (79)
Capital – Charged				
4.	Public Debt Repayment	6878.40 (71)	6859.49 (68)	8349.59 (59)

Source: Appropriation Accounts for respective years.

Further analysis revealed that overall savings under the above Grants were due to persistent savings occurred under a few subheads, which indicated failure of the respective Controlling Officers and the Finance department in making a realistic assessment of the budget requirement based on the expenditure of the previous year and also the ability of the department to utilise the funds. Details of schemes where persistent savings of ₹10 crore or more are given in **Appendix 2.3**.

2.3.3 Excess over provision during 2014-15

The Appropriation Accounts disclosed excess expenditure of ₹192 crore under Revenue Section in one appropriation-‘Debt Charges’, which requires regularisation under Article 205 of the Constitution and the sub-heads in which expenditure exceeded the appropriation under the Grant are detailed in **Table 2.4**.

Table 2.4: Sub-heads in which expenditure exceeded the appropriation

(₹ in crore)

Sl. No.	Head of account and name of the scheme	Final Appropriation	Expenditure	Excess
2049-Interest Payments - Charged (Non-plan)				
1.	03-115-98-Fixed Time Deposits	520.00	626.62	106.62
2.	03-104-99-Interest on General Provident Fund	1408.87	1442.55	33.68
3.	03-108-99-State Life Insurance Official Branch	135.00	167.98	32.98
4.	01-101-97-Interest on Loans Bearing Interest (loans floated on or after 1.4.2011)	3284.04	3314.39	30.35
5.	03-115-99-State Savings Bank Deposits	95.00	122.14	27.14
6.	03-108-95-Kerala State Government Employees Group Insurance Scheme	78.00	98.64	20.64

Source: Detailed Appropriation Accounts 2014-15

In the above heads of account (except first item), interest transfers to respective account were carried out during the fag end of the year. However, in respect of interest transfers to fixed time deposits, the controlling officers did not take any

initiative to obtain the budget allocation though it was almost exhausted in December 2014.

2.3.4 Excess expenditure over provisions relating to previous years requiring 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 and the connected Audit Report by the Public Accounts Committee (PAC). Excess expenditure occurred under 33 Grants and seven Appropriations amounting to ₹1,818.86 crore for the years 2011-12 to 2013-14, to be regularised (October 2015) as summarised in **Table 2.5** and the year-wise and Grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in **Appendix 2.4**.

Table 2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
2011-12	13	2	770.17
2012-13	14	1	488.01
2013-14	6	4	560.68
Total	33	7	1818.86

Source: As per records maintained by the Principal Accountant General (G&SSA)

2.3.5 Appropriation control weaknesses leading to excess expenditure

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Article 204 and 205 of the Constitution of India are passed by the Legislature. The Executive has no power to spend more on the services over and above the budget grants authorised by the Legislature. As per paragraph 69 of Kerala Budget Manual, it is the responsibility of Administrative Departments, the Chief Controlling Officers, Subordinate Controlling Officers and Drawing and Disbursing Officers to enforce appropriation control over expenditure and conduct periodical reconciliation of figures of expenditure, so as to ensure that there is no unauthorised excess over appropriation. The estimates of budget should as far as possible be close to the actual expenditure likely to be incurred and the Estimating Officers should ensure that they are neither inflated nor under-pitched and is restricted to the amount required for actual expenditure during the year.

Even though majority of the Grants closed with savings at the end of the year, large number of subheads (schemes) within the Grant had excess expenditure over

the budget allocation provided under these heads. During 2014-15, overall excess expenditure of ₹953.71 crore was noticed under 757 sub heads (out of 4339 sub heads, excluding sub heads under debt, deposit, remittance and public debt heads). Further scrutiny revealed that in most of the cases, excess expenditure were the result of excess expenditure under the object heads 'Salaries', 'Wages', 'Travel Expenses' and 'Other Charges', below these subheads. As per Paragraph 67 of Kerala Budget Manual, disbursement of salaries, wages and pension are exempted from the purview of appropriation control.

Under the above circumstances, Audit decided to analyse the appropriation control weakness in selected 30 schemes (in heads other than salary, wages, etc.) implemented during 2014-15 with excess expenditure. Appropriation control weaknesses noticed by Audit, at the levels of Chief Controlling Officer, Drawing and Disbursing Officer, Treasury Officer and Finance Department are detailed below:

2.3.5.1 Chief Controlling Officer's level

(i) Issue of sanction without ensuring budget allocation

During 2014-15, for implementation of the scheme 'Protection of Kavus, Ponds and Altharas attached to temples (2250-00-800-99-P)' ₹ two crore was provided in the budget against which the Chief Controlling Officer (Secretary, Revenue (Devaswom) Department) issued sanctions to withdraw ₹10.65 crore to the Drawing and Disbursing Officers, resulting in an excess expenditure of ₹8.65 crore under the scheme. In reply to audit remarks, the Chief Controlling Officer stated (September 2015) that they had presumed that the Government would have provided ₹10 crore through Supplementary Demands for Grants (July 2015), as requested by the department. The reply was not acceptable as the Chief Controlling Officer should have ensured budget allocation before issuing sanction orders for withdrawal of funds by Drawing and Disbursing Officers.

(ii) Submission of surrender proposals without assessing the expenditure

During 2014-15, an amount of ₹1.60 crore out of ₹1.75 crore provided under the scheme 'Kerala Institute for Labour and Employment - Grant-In-Aid (2230-03-800-94-P)' was drawn by Kerala Institute for Labour and Employment in two installments (₹0.60 crore in October 2014 and ₹1.00 crore in March 2015) and credited into Treasury Savings Bank (TSB). Out of the above, an amount of ₹1.01 crore was expended and the unutilised balance of ₹0.59 crore remained in the TSB. The Chief Controlling Officer without considering the unutilised amount lying in TSB, forwarded proposals to the Finance Department for surrender of ₹0.74 crore resulted in excess expenditure of ₹0.59 crore under the head.

(iii) Expenditure without budget provision

Token provision (₹1000) was provided under the scheme ‘Payment of cost for the Deployment of CRPF (2055-00-800-99-NP)’ for meeting the expenditure in connection with the deployment of Central Reserve Police Force. An amount of ₹6.43 crore was booked through Inter State Settlement adjustment and intimated (January 2015) to the Chief Controlling Officer (Director General of Police) by the PAG (A&E) to arrange sufficient budget provision under the sub head. The Chief Controlling Officer did not make any effort to obtain additional budget provision but surrendered the token provision which resulted in excess expenditure to the tune of ₹6.43 crore.

Audit also observed excess expenditure of ₹5.67 crore under the sub head ‘Criminal Investigation Branch (2055-00-101-99)’ for meeting Travelling Allowance (Tour) of policemen and ₹7.28 crore was booked against the budget provision of ₹1.61 crore. Thus, failure to monitor the expenditure against allotment by the Sub Controlling Officer and lapse on the part of Controlling Officer (Director General of Police) in obtaining sufficient additional funds to regularise the excess expenditure, resulted in excess under the head.

(iv) Non-reconciliation of expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure and to keep it within the budget grants and also to ensure accuracy of their accounts, Paragraph 74 of the Kerala Budget Manual stipulates that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the PAG (A&E), Kerala. Non-reconciliation of the departmental expenditure by the Chief Controlling Officer led to erroneous surrender/re-appropriation of budget allocation, which resulted in excess expenditure of ₹9.18 crore under 11 sub-heads test-checked in audit.

The Chief Controlling Officers replied that variation in expenditure was due to deviation occurred in the reporting of expenditure by Division Offices under their control. The reply is not acceptable as it was the duty of Chief Controlling Officer to reconcile the expenditure with the figures booked by the PAG (A&E) before submitting surrender/re-appropriation proposals.

(v) Non-regularisation of additional authorisations

When an additional appropriation is required urgently, the authority concerned should obtain authorisation from Finance Department before incurring expenditure. The Chief Controlling Officer should later ensure that these additional authorisations are regularised by re-appropriation/supplementary demands for grant before the close of the financial year. Failure to ensure this procedure resulted in excess expenditure of ₹8.66 crore in nine schemes test-checked in audit.

2.3.5.2 Drawing and Disbursing Officer's level

(i) *Expenditure incurred from the allocation of another scheme*

For the implementation of the scheme 'Establishment of Casualty Facilities in Taluk Head Quarters Hospitals (4210-01-110-64-P)', no amount was provided during 2014-15. However, Public Works Department, Electrical Division, Kozhikode had spent (August 2014) ₹1.16 crore from the budget allocation provided under the sub-head '4202-01-202-99'(using the letter of credit²⁸ under the scheme) and the amount was booked under 4210-01-110-64-P.

(ii) *Non-reporting of expenditure incurred by Drawing and Disbursing Officers to Chief Controlling Officers*

Expenditure of ₹0.32 crore incurred by two Drawing and Disbursing Officers (Sheristadars of Collectorates, Kottayam and Kozhikode) under the scheme 'District Police Complaints Authority (2055-00-001-94-NP)' was not reported to the Chief Controlling Officer (Director General of Police) which resulted in the surrender of entire budget allocation of ₹0.38 crore under the scheme by Chief Controlling Officer resulting in excess expenditure of ₹0.32 crore.

2.3.5.3 Finance Department's level

(i) *Resumption orders issued without proposals from Chief Controlling Officer*

An amount of ₹3.75 crore was provided under the scheme 'Construction of buildings for Government Presses (4058-00-103-99-P)', and ₹1.86 crore was spent during 2014-15 by the Chief Engineer, Buildings, the Chief Controlling Officer of the sub head. However, it was seen that the Director of Printing, who is not the Chief Controlling Officer of the sub head, submitted a proposal to surrender the whole budget provision of ₹3.75 crore and consequent resumption by Finance Department resulted in an excess expenditure of ₹1.86 crore under the head.

Against the provision of ₹0.46 crore under the scheme 'Miscellaneous - Other Charges (2075-00-800-92-NP-C)', ₹0.56 crore was spent during 2014-15. But Finance Department sanctioned resumption of the whole provision without any proposal by the Chief Controlling Officer (Secretary, Revenue (B) Department) resulting in excess expenditure of ₹0.56 crore under the scheme.

(ii) *Additional authorisations not regularised by the Finance Department*

Against the budget provision of ₹1.50 crore under the scheme 'Inter-State Waters including Cauvery (2701-80-800-94-34-NP)', an expenditure of ₹2.10 crore was incurred resulting in excess expenditure of ₹0.61 crore. Though, excess expenditure was incurred based on the additional authorisation issued (December 2014), proposals (by the Chief Engineer, Irrigation Research Board, Kerala) for

²⁸ Letter of Credit is the authority specifying the monthly limits of withdrawals from treasuries, issued by Government to the Divisional Officers in the Public Works, Public Health Engineering and Forest Departments.

regularisation of additional authorisations was not acted upon by the Finance (Budget) wing resulting in excess expenditure of ₹0.61 crore.

Finance Department stated (October 2015) that proposal for regularising the amount through Supplementary Demands for Grants forwarded by the Controlling Officer was not considered as sufficient savings within the Grant was anticipated. It was also stated that proposals for re-appropriation was not given by the Controlling Officer in time.

2.3.5.4 At Treasury Level

Payments made by Treasury in excess of budget provision

During 2014-15, under the scheme 'Land Acquisition for new Railway over bridges (5054-80-800-73-NP)' an amount of ₹2.91 crore was provided and expenditure was incurred by Public Works Department based on the Letter of Credit issued for the purpose. It was the responsibility of the Treasury Officer/Bank to ensure that cheques issued in excess of permitted limits were not honoured. However, ₹3.99 crore was spent against a provision of ₹2.91 crore during 2014-15. The excess expenditure was due to payment of an amount of ₹1.08 crore by the Sub Treasury Officer, Koyilandy to the Special Tahsildar, Land Acquisition, Koyilandy in March 2015 on the basis of an order issued by the Finance Department (March 2015) with direction to the Sub Treasury Officer, Koyilandy to make the payment only if sufficient budget provision was available under the sub head. The expenditure under the head should have been incurred only through Public Works Division accounts after obtaining Letter of Credit. On this being pointed out by Audit, Sub Treasury Officer, Koyilandy stated (October 2015) that the bill was passed only after receiving authorisations from authorities concerned. The reply was not acceptable as expenditure under a sub-head regulated by the system of Letter of Credit should have been passed only if necessary Letter of Credit was available. Thus failure on the part of the treasury officer in enforcing appropriation control through Letter of Credit resulted in excess expenditure.

2.3.6 Unnecessary/Excessive Supplementary provision

Supplementary provisions aggregating to ₹1,029.57 crore, obtained in 23 Grants (₹ one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions as detailed in **Appendix 2.5**. It was also observed that in six out of above 23 Grants, supplementary grants were obtained while more than 50 per cent of the original provision remained unutilised as shown in **Table 2.6**.

Table 2.6: Unnecessary Supplementary provision in Grants having 50 per cent unutilised original budget allocation

(₹ in crore)

Sl. No.	Number and name of Grant		Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Capital – Voted						
1.	XXI	Housing	65.65	27.06	38.59	8.00
2.	XXV	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	273.03	40.26	232.77	12.90
3.	XXXI	Animal Husbandry	23.30	11.37	11.93	2.00
4.	XXXII	Dairy	0.00	0.00	0.00	1.93
5.	XXXVIII	Irrigation	804.88	175.85	629.03	16.00
6.	XXXIX	Power	37.80	0.87	36.93	5.00
Total			1204.66	255.41	949.25	45.83

Further analysis of the Supplementary provisions obtained in various Grants revealed the following;

- In view of the final savings, supplementary allocations obtained in 22 Grants under Revenue (voted) section could have been avoided as the additional budget allocations were sought for all the existing schemes.
- In five Grants under Revenue (voted) section, supplementary allocations obtained for new services during March 2015 could have been limited to token provision as the final expenditure was less than the original budget allocation.

In 23 Grants, against the additional requirement of ₹4,711.14 crore, supplementary budget allocation of ₹7,257.86 crore obtained during the year proved excessive (**Appendix 2.6**). The departmental officers while making proposals for supplementary grant did not assess the actual requirement of funds resulted in avoidable savings.

2.3.7 Re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

Augmentation of funds through re-appropriation was resorted to by departmental officers. However, audit analysis revealed that

- augmentation of budget allocation was wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation (original and supplementary grant) provided under it; and
- in some cases, though the augmentation was done through re-appropriation, it was either in excess of the actual requirement or less than the actual requirement.

Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/activity has resulted in unavoidable savings/excess under these sub-heads as detailed in **Appendix 2.7**.

2.3.8 Surrender of budget allocations

As per paragraph 91 of the Kerala Budget Manual, the Administrative Departments should surrender all anticipated savings before the close of the financial year to Finance Department as and when they are foreseen, unless they are required to meet the excesses under other units of appropriation.

During 2014-15, ₹17,585.39 crore (17 per cent) out of the total budget allocation (₹1,03,604.32 crore) was surrendered at the end of the financial year. Substantial surrender of the budget allocation was noticed in two Grants as given in **Table 2.7**.

Table 2.7: Grants in which substantial portion of the budget allocation was surrendered

(₹ in crore)

Grant number	Budget Allocation	Amount surrendered	Percentage of surrender
XXVIII Miscellaneous Economic Services	1,554.32	1,190.32	76.58
XXII Urban Development	1,341.38	945.77	70.51

Source: Detailed Appropriation Accounts for 2014-15

In Grant numbers XXII and XXVIII substantial surrenders had occurred under the schemes shown in **Table 2.8**.

Table 2.8: Schemes in which substantial portion of the budget allocation was surrendered

(₹ in crore)

Grant No.	Name of the scheme	Budget Allocation	Amount Surrendered
XXII	2217-05-800-89-Jawahar Lal Nehru National Urban Renewal Mission (Central Assistance)-P-V	535.13	449.54
	2217-03-191-74-Urban Infrastructure Development Scheme for Small and Medium Towns (ACA)-P-V	184.55	142.03
	2217-80-800-70-Rajiv Awaz Yojana (RAY) (50% CSS)-P-V	101.07	100.68
	2217-80-800-91-Kerala Sustainable Urban Development Project-P-V	150.00	100.00

Grant No.	Name of the scheme	Budget Allocation	Amount Surrendered
XXII	2217-05-800-83-Basic Services to the Urban Poor (BSUP)-P-V	81.81	38.95
	2217-05-192-81-Integrated Housing and Slum Development Programme (State Scheme)-P-V	40.00	35.59
	2217-80-800-76-Ayyan Kali Urban Employment Guarantee Scheme-P-V	30.00	23.17
	2217-05-192-82-Swarna Jayanthi Shahari Rozgar Yojana (S.J.S.R.Y) (75% CA)-P-V	24.12	19.62
	2217-05-191-80-Integrated Housing and Slum Development Programme (State Scheme)-P-V	17.14	17.14
	2217-05-191-86-Swarna Jayanthi Shahari Rozgar Yojana (S.J.S.R.Y) (75% CA)-P-V	16.08	13.08
	2217-80-192-91-Modernisation of Slaughter Houses (50% CSS)-P-V	10.00	10.00
	2217-80-800-74-Integrated low cost sanitation project (100% CSS)-P-V	5.00	5.00
XXVIII	5475-00-800-92-Major Infrastructural Development Projects-P-V	1225.00	1171.15
	3454-02-112-94-India Statistical Strengthening Project (ISSP) (100% CSS)-P-V	10.63	10.42

Source: Detailed Appropriation Accounts for 2014-15

In the case of Grant No. XXII, under-utilisation of budget allocation was due to non-implementation of schemes as anticipated. Though it was noticed in previous years also, no remedial action was taken by departmental authorities to rectify this inflating of budget proposals.

Further analysis revealed that substantial surrenders (surrenders involving more than 50 per cent of the total allocation and more than ₹one crore in each case) were noticed in 277 sub-heads, amounting to ₹5,361.89 crore. In 102 subheads, entire budget allocation amounting to ₹747.73 crore was surrendered and in 46 cases, this was ₹ five crore and above as detailed in **Appendix 2.8**.

In 10 schemes, no budget allocation was provided through original/supplementary budget but funds were brought in through re-appropriation. It was also seen that ₹48.75 crore out of ₹112.42 crore re-appropriated was surrendered indicating the injudicious re-appropriation of funds.

In respect of nine schemes (where budget allocations placed at the disposal of the Chief Engineer, Buildings and Local Works, Public Works Department) budget allocations for 2013-14 and 2014-15 amounting to ₹153.74 crore and ₹42.08 crore respectively, were surrendered at the end of the years. Audit observed that these allocations could not be utilised as the sanction for withdrawal of fund was not accorded by Government.

2.3.9 Surrender in excess of actual saving

In 14 Grants/Appropriations, the amounts surrendered (₹ one crore or more in each case) was in excess of the actual savings indicating lack of or inadequate financial control. As against savings of ₹8,988.30 crore, the amount surrendered was ₹9,077.56 crore, resulting in excess surrender of ₹89.26 crore. Details are given in **Appendix 2.9**. In this regard Audit analysed reasons for this deficient surrenders and observed the following:

- Chief Controlling Officer/Controlling officer should collect expenditure details from all the sub controlling officers/Drawing and Disbursing Officers under his control and ascertain the actual savings in respect of each unit of appropriation from which he/she proposes surrender of budget allocation. This procedure was not scrupulously followed and expenditure under each unit of appropriation under his/her control were arrived at with available information. Based on this, surrender proposals were forwarded to Finance Department, which ultimately resulted in surrender of funds in excess of actual savings.
- It is the responsibility of departmental officers to ensure that expenditure booked by the PAG is reconciled with the expenditure details available in the department and misclassification, if any, occurred at the treasury level or any other levels should be rectified. However, Audit noticed that it was not done by the departments in which this erroneous surrender had taken place. This also led to surrender of funds in excess of actual savings.

2.3.10 Anticipated savings not surrendered

As per Paragraph 91 of the Kerala Budget Manual, spending departments are required to surrender Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. This procedure was not followed under two Grants and three Appropriations. Savings of ₹74.95 crore were not surrendered by the departments before the close of the financial year and the major amount of ₹72.62 crore was under Grant No. XXXIX Power (Revenue-voted).

₹2,931.92 crore (28 *per cent*) out of the total savings of ₹10,377.14 crore under 45 Grants/Appropriations with savings of ₹ one crore and above in each Grant/Appropriation were not surrendered as detailed in **Appendix 2.10**.

Besides, ₹13,305.35 crore under 30 major heads (**Appendix 2.11**) was surrendered only on 31 March 2015 (surrender of funds in excess of ₹10 crore and more than 25 *per cent* of the budget allocation in each major head).

2.3.11 Unexplained re-appropriations

Paragraph 86 (3) of the Kerala Budget Manual lays down that the authority

sanctioning re-appropriations should satisfy itself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as ‘based on actual requirement’, ‘based on trend of expenditure’, ‘expenditure is less than that was anticipated’, etc., as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 Grants issued by the Finance Department revealed that in respect of 810 out of 1159 items (70 per cent), the reasons given for withdrawal of provision/additional provision in re-appropriation orders were of general nature like ‘expenditure is less than anticipated’, ‘reduced provision is sufficient to meet the expenditure’, etc., which indicated that the departments were not following the provisions of paragraph 86(3) of Kerala Budget Manual.

2.4 Non-reconciliation of departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent bills against Abstract Contingent bills

According to Rule 187 (d) of the Kerala Treasury Code, all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the Drawing and Disbursing Officer (DDO) from the treasury by presenting Abstract Contingent bills in the prescribed form (Form TR 60). Abstract Contingent (AC) bills can be drawn only by an authorised officer for the items of expenditure listed in Appendix 5 to the Kerala Financial Code. The DDO should maintain a register of AC bills and monitor submission of detailed bills there against. The Detailed Contingent (DC) bills in respect of such claims should be submitted to the controlling authority for countersignature not later than the 10th of the month succeeding to which they relate. The DC bills pertaining to a month’s claim should reach the PAG (A&E), Kerala not later than the 20th of the succeeding month for accounting and monitoring the AC Bills.

According to the records maintained by the PAG (A&E) Kerala, 38 AC bills drawn by 24 DDOs up to March 2015 involving ₹1.64 crore were not adjusted as of August 2015 due to non-receipt of DC bills as detailed in **Appendix 2.12**. Year-wise details are given in **Table 2.9**. Non-submission of DC bills would lead to retention of advance amount drawn with the drawing officers and the advance drawn remains unaccounted under the proper heads of account.

Table 2.9: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(₹ in crore)

Year	AC bills		Outstanding AC bills	
	No. of Items	Amount	No. of Items	Amount
2013-14	402	5.48	2	0.04
2014-15	260	4.31	36	1.60
Total	662	9.79	38	1.64

Source: Information compiled by Principal Accountant General (A&E), Kerala

One AC bill drawn by Accounts Officer, District Police Office, Thrissur (Rural) in October 2013 (for ₹2.30 lakh) and another one drawn by Accounts Officer, District Police Office, Thrissur in February 2014 (for ₹1.50 lakh) were pending for more than one year.

2.4.2 Un-reconciled expenditure

According to paragraph 74 of the Kerala Budget Manual, the expenditure recorded in the books of the Controlling Officer of the department should be reconciled every month with that recorded in the books of the PAG (A&E), Kerala to exercise effective control over expenditure and to keep it within the budget grants and also to ensure accuracy of their accounts. During the year, reconciliation for 73.46 per cent of the total receipts (₹30,107.68 crore out of ₹40,984.93 crore excluding the figures maintained by the PAG (A&E)) and 66.04 per cent of the total expenditure (₹42,881.43 crore out of ₹64,935.26 crore excluding the figures maintained by the PAG (A&E)) were completed. However, 40 Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by PAG (A&E) as shown in **Appendix 2.13**. This was not only in violation of the provisions of paragraph 74 of Kerala Budget Manual but also indicative of doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by PAG (A&E), Kerala.

2.5 Review on Budgetary process and appropriation control - Directorate of Technical Education

The Directorate of Technical Education coordinates various technical education activities in the State and supports 12 Engineering colleges, 49 Polytechnic Colleges, three Fine Arts Colleges, 39 Technical High Schools, 17 Commercial Institutes and 42 Tailoring and Garment making centres. The overall appropriation status of the heads of account controlled by the Director of Technical Education shows an overall excess of ₹52.01 crore, ₹15.96 crore and ₹0.58 crore respectively from 2012-13 to 2014-15. But, non/under-utilisation of budget allocation were noticed in many sub-heads/schemes, which led to surrender of allocation during the fag end of the year. Hence, the Audit study was focused on the budgetary process/appropriation control failures in sub-heads/schemes, leading to excess and savings during the past three years and the observations are summarised below;

2.5.1 Excesses under non-plan schemes of Revenue section

Total non-plan schemes under the control of the Director of Technical Education and number of schemes in which either budget allocation was under-utilised or over expended are given in **Table 2.10**.

Table 2.10: Status of utilisation in non-plan schemes

(₹ in crore)

Year	Total schemes		Excess		Saving	
	Number	Amount	Number of schemes	Amount	Number of schemes	Amount
2012-13	30	318.00	16	49.81	8	1.33
2013-14	35	394.72	12	28.98	14	8.26
2014-15	40	464.08	7	12.22	15	19.91

Audit analysis revealed the reasons for this deficiency as under;

(i) *Preparation of budget estimates*

While submitting the budget proposals for the ensuing financial year to Finance Department, the departmental controlling officers should consider the actual expenditure of the previous year and the actual expenditure for the first five months of the current year. However, this exercise was not followed scrupulously by departmental officers and saving/excess was mainly due to this failure.

It was also observed that faulty calculation of the budget estimates by the departmental officers while preparing the revised estimates of the current year, led to underestimation/overestimation of revised estimates.

(ii) *Re-appropriations with the Grant*

Before submitting the last batch of proposals for re-appropriation/supplementary/surrender to the Finance Department, the Chief Controlling Officers/Estimating Officers should carefully assess their final requirements for the year, on the basis of the actual expenditure during the first nine or ten months and the anticipated expenditure during the rest of the financial year. Departmental officers should also reconcile the expenditure figures booked by the PAG (A&E), to maintain accuracy in the process. Failure to reconcile the departmental figures with the figures booked by the PAG (A&E) resulted in excess/savings under certain schemes even after re-appropriation of budget allocation within the Grant.

2.5.2 Substantial savings under plan schemes of Revenue and Capital section

Substantial portion of budget allocation remained unutilised (during last two years) under revenue section as the scheme implementation process was not being reviewed periodically. In the centrally sponsored schemes shown in **Table 2.11**, budget allocations were not required in most of the cases for the disbursement of merit scholarships sanctioned by AICTE/MHRD, Government of India as the system of disbursement²⁹ was changed and transfer of funds to the State Government from Government of India was stopped.

²⁹ Government of India has started transfer of benefit directly to the students' bank account

Table 2.11: List of schemes in which budget provision proved unnecessary
(₹ in crore)

Sl. No.	Name of Scheme	Financial Year	Budget allocation	Amount surrendered
1	Scholarship to GATE qualified PG students in other Engineering Colleges (100% CSS) (2203-00-112-68)	2014-15	3.00	3.00
2	Scholarship to GATE qualified PG students in College of Engineering, Thrissur (100% CSS) (2203-00-112-95)	2013-14	3.00	1.64
		2014-15	3.00	3.00
3	Scholarship to GATE qualified PG students in College of Engineering, Kannur (100% CSS) (2203-00-112-69)	2013-14	1.38	0.98
		2014-15	1.50	1.50
4	Scholarship to GATE qualified PG students in Rajiv Gandhi Institute of Technology, Kottayam (100% CSS) (2203-00-112-74)	2013-14	1.00	0.40
		2014-15	1.50	1.50
5	Merit-cum Means Scholarship for Minorities for Professional and Technical Courses(100% CSS) (2203-00-107-98)	2014-15	50.00	49.72
6	Scholarship to GATE qualified PG students in College of Engineering, Thiruvananthapuram (100% C.S.S) (2203-00-112-97)	2013-14	5.50	3.67
		2014-15	6.60	6.60
7	Scholarship to GATE qualified PG students in other Engineering Colleges (100% CSS) (2203-00-112-68)	2013-14	3.00	2.14

Similarly, lack of review on the progress of implementation of the projects executed by Public Works Department, under capital section resulted in under-utilisation and surrender of budget allocation at the fag end of the financial year. Instances noticed during the last two years are given in **Table 2.12**.

Table 2.12: Under-utilisation of budget allocations resulted in surrenders
(₹ in crore)

Sl. No.	Scheme	Financial Year	Budget	Amount surrendered
1	Development of other Engineering Colleges (4202-02-105-90-P)	2014-15	5.00	5.00
2	Rajiv Gandhi Institute of Technology, Kottayam (One Time ACA) (4202-02-105-91-P)	2014-15	1.00	1.00
3	Government College of Engineering, Kannur (One Time ACA) (4202-02-105-92-P)	2014-15	1.00	1.00
4	Government College of Engineering, Thrissur (One Time ACA) (4202-02-105-93-P)	2014-15	1.00	1.00
5	Projects under Legislative Assembly Constituency Asset Development Scheme (LACADS) (4202-02-800-85-P)	2014-15	10.00	10.00
6.	Fine Arts Institutions Buildings (4202-04-101-99-P)	2013-14	1.50	0.95
		2014-15	1.00	1.00
7	Buildings (One Time ACA) (4202-02-105-94-P)	2013-14	3.00	3.00
8	College of Engineering Thiruvananthapuram (One Time ACA) (4202-02-105-95-P)	2013-14	1.00	1.00

2.5.3 Faulty surrender

An amount of ₹3.50 crore for the Kerala Technological University (2203-00-102-97- P) and ₹1.50 crore for Centre for Engineering Research and Development (2203-00-112-72-P) was provided during 2014-15 and placed at the disposal of Kerala Technological University. However, the Director of Technical Education who was not the Controlling Officer forwarded (March 2015) surrender proposals of ₹1.50 crore each under these heads unnecessarily to Finance Department and the Finance Department sanctioned the resumption orders injudiciously resulting in excess expenditure aggregating ₹3 crore under these schemes.

2.6 Overstated expenditure

Financial Rules prohibit withdrawal of money from treasury unless it is required for immediate disbursement. However, in some cases departmental officers withdraw budget allocation at the end of the year, to avoid lapse of budget, and keep them either in Treasury Savings Bank account or outside the Government without being spent. This has resulted in overstatement of the total expenditure of the Grant as the amount remained unutilised even after the close of financial year. Audit noticed a few instances of under-utilisation of Government funds as detailed in **Table 2.13**.

Table 2.13: Details of overstated expenditure

(₹ in crore)

Name of Scheme and implementing institution	Amount drawn	Year of drawal	Unutilised amount	Reasons for non-utilisation/ delay in utilisation
Additional Tribal Sub Plan Package, Scheduled Tribes Development Directorate	135.75	2014-15	116.21	The scheme aims at integrated sustainable development of scheduled tribe population in selected locations. The funds were transferred to the joint account of respective District Collectors and Tribal Development Officers for implementing the scheme. Though an amount of ₹135.75 crore was withdrawn, Administrative Sanction issued for only ₹85.23 crore, indicating lack of urgency in the matter.
Kasaragod Package 2551-60-101-97, District Collector, Kasaragod	19.30	2013-14	11.95	The scheme targeted integrated development of Kasaragod district mainly in the areas of schools, hospitals, roads, bridges, etc. Funds drawn in 2013-14 and 2014-15 for implementing 26 and 25 schemes respectively. However, works were delayed due to various reasons such as non-finalisation of detailed project report, rainy season, delay in issuing Technical Sanction, delay in acquiring land, etc. Unutilised balance funds were kept in the account of respective implementing officers such as PWD, District Panchayat, District Collector, etc.
	68.40	2014-15	68.03	

Name of Scheme and implementing institution	Amount drawn	Year of drawal	Unutilised amount	Reasons for non-utilisation/ delay in utilisation
JNNURM, Kochi Corporation	10.21	2.2010 to 3.2012	5.5	The scheme was meant for various projects under JNNURM. No amount was expended after 2010-11, under this scheme. Unutilised amount was kept in TSB account at District Treasury Ernakulam.
Akshaya E-literacy programme, District Collector, Alappuzha	3.96	2006-07 to 2010-11	3.43	The scheme was to e-literate the people in Alappuzha district. The scheme was discontinued from May 2012 as most of the families were e-literate. Unutilised balance kept at District Treasury, Alappuzha remitted back (May 2015) to Government account at the instance of Audit.
Strengthening of District Planning Machinery, District Planning Office Pathanamthitta	6.33	2010-11 2014-15	6.22	The scheme was meant for construction of building to respective District Planning Offices. Delay in implementation was due to delay in tendering process, delay in identification of land, non-suitability of land, etc. The balance funds were kept in the TSB account of District Planning Officers concerned.
District Planning Office, Kottayam	3.62	2010-11 2013-14	3.57	
District Planning Office, Palakkad	6.1	2009-10 2013-14	2.29	
District Planning Office, Kozhikode	7.79	2013-14 2014-15	7.53	
Total	261.46		224.73	

2.7 Inspection of treasuries

There were 23 District Treasuries, 193 sub-treasuries, 12 Stamp depots and one e-treasury functioning in the State as of March 2015. The PAG (A&E), Kerala inspected 127 treasuries including Directorate of Treasuries (District Treasuries:22; Sub-treasuries: 104). Irregularities and deficiencies noticed during the inspection of treasuries are mentioned in the succeeding paragraphs.

2.7.1 Excess payment of pension

During the course of treasury inspection, excess payment on account of pension/ family pension amounting to ₹0.90 crore was noticed in 1241 cases. The main reasons for these excess payments were errors in calculation of revised pension, continuance of higher rate of family pension after expiry of authorised period, non-deduction of commuted portion of pension from basic pension, payment of ineligible festival allowance and medical allowance to family pensioners who are also in receipt of regular pension, and incorrect calculation of dearness relief. Out of the above excess payment, ₹0.23 crore involved in 536 cases have already been recovered as shown in **Table 2.14**.

Table 2.14: Excess pension that remains to be recovered

(₹ in lakh)

Sl. No.	Details of Excess paid pension	Excess paid		Recovered		Balance	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Excess payment of pension	129	26.92	64	9.03	65	17.89
2.	Excess payment of family pension	105	41.50	35	7.92	70	33.58
3.	Excess payment of festival allowance and Medical allowance	990	13.82	433	4.78	557	9.04
4.	Excess payment of inter-state pension	17	7.94	4	1.71	13	6.23
Total		1241	90.18	536	23.44	705	66.74

Source: Data compiled by O/o the PAG (A&E), Kerala

2.7.2 Retention of excess cash balance

According to Rule 309 of Kerala Treasury Code Vol.I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next financial year. The District Treasury Officer in turn fixes the cash balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. Moreover excess retention of cash balance in treasuries may cause loss of revenue to the State by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 92 treasuries/sub treasuries on 822 occasions during the financial year. The Director of Treasuries admitted the facts and stated that circular instructions were issued to the District Treasury Officers/Sub-Treasury Officers to avoid retention of excess cash.

2.7.3 Short/non-recovery of rent of residential quarters

House rent at the rate of two *per cent* of basic pay (as per paragraph 14 of GO(P) 85/2011/Fin dated 16 February 2011) has to be recovered with effect from the date of coming over to the revised scale in the case of employees residing in Government quarters and whose scale of pay is 21240-37040 and above. In the case of employees covered under UGC/AICTE scale of pay, rent at the rate of four *per cent* of their basic pay has to be recovered (paragraph 14 of the Pay Revision Orders 2009). During the year, short/non-recovery of house rent was noticed in 37 cases amounting ₹2.99 lakh in 18 treasuries, of which ₹0.23 lakh in respect of 13 cases was recovered.

2.8 Conclusion

During the year, overall savings out of the total budget allocation of ₹1,03,604.32 crore was ₹20,157.97 crore. Overall savings increased from 18.2 *per cent* in the last year to 19.5 *per cent* in 2014-15 indicating increasing deficiency in the

budgetary process. Persistent savings of ₹100 crore or more of the budget provision for the last three years was noticed in four Grants/Appropriation. Substantial savings in two Grants (Urban Development and Irrigation) was due to unrealistic assessment of budgetary requirement by the departmental officers and the Finance department ignoring the expenditure of the schemes of previous years. Excess expenditure of ₹192 crore was noticed under one appropriation- 'Debt Charges' (in revenue section), which requires regularisation under Article 205 of the Constitution along with excess expenditure for the years 2011-12 to 2013-14 amounting to ₹1,818.86 crore. Appropriation control weakness at the levels of Chief Controlling Officer, Drawing and Disbursing Officer, Treasury Officer and Finance Department was noticed and this led to excess expenditure in schemes test-checked in Audit. In view of the final savings, supplementary allocations obtained in 22 Grants under Revenue (voted) section could have been avoided as the additional budget allocations were sought for all the existing schemes. Director of Technical Education (the estimating officer) had not taken due care in the realistic preparation of budget estimates and in reconciliation of departmental figures with that booked by PAG (A&E) which led to budgetary failures.

2.9 Recommendations

- Finance department and Chief Controlling Officers of the Grants/ Appropriations should make use of the Monthly Appropriation Accounts prepared by PAG (A&E) and insist on departmental reconciliation before processing the proposals for Supplementary Demands for Grants and surrender of budget allocation.
- Government may issue directions to all departmental controlling officers to review implementation of scholarship schemes of GoI in which direct benefit transfer system was introduced to avoid unnecessary savings in schemes.

CHAPTER III
FINANCIAL REPORTING

CHAPTER III FINANCIAL REPORTING

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by a State Government. Compliance with financial rules, procedures and directives, timeliness and quality of reporting on the status of such compliances are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist a State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Non-submission/delay in submission of Accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of Department are required to furnish detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions to audit every year.

As of March 2015, the annual accounts of 12 autonomous bodies/authorities due up to 2013-14 was not furnished to the Principal Accountants General (General and Social Sector Audit)/(Economic and Revenue Sector Audit), Kerala as detailed in **Appendix 3.1**.

3.2 Delay in submission of accounts/Audit Reports of Autonomous Bodies

The audit of accounts of 24 autonomous bodies in the field of legal aid, human rights, development of khadi, etc., in the State has been entrusted to the Comptroller and Auditor General of India under Sections 19 (2), 19 (3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature are indicated in **Appendix 3.2**.

The accounts for 2013-14 are due from 11 bodies out of the above 24 bodies including two bodies (District Legal Services Authority, Palakkad and District Legal Services Authority, Kannur) due from 2010-11 onwards and three bodies (District Legal Services Authority, Ernakulam, District Legal Services Authority, Wayanad and District Legal Services Authority, Kasaragod) are due from 2011-12 onwards.

3.3 Departmentally managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts annually in the prescribed format, showing the working results of financial

operations so that the Government can assess the overall financial strength and efficiency of these departments in conducting their business. Non-finalisation of accounts in time prevents the above scrutiny and also puts the investment of the Government outside the scrutiny of Audit.

Heads of Department in the Government are also required to ensure that the undertakings prepare such accounts and submit to the Principal Accountants General (General and Social Sector Audit)/(Economic and Revenue Sector Audit), Kerala within the specified timeframe.

The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government in respect of three³⁰ such undertakings, is given in **Appendix 3.3**. Out of the three, two are running in loss (State Water Transport Department and Text Book Office) and accounts of Text Book Office are in arrears from 2003-04. In the absence of up-to-date accounts, financial status of Text Book Office could not be ascertained.

3.4 Misappropriations, losses, defalcations, etc.

Article 297 of the Kerala Financial Code provides that cases of defalcation or loss of public money, stamps, stores or other property should be reported to the Principal Accountant General (General and Social Sector Audit)/Principal Accountant General (Economic and Revenue Sector Audit), Kerala as well as to the Heads of Department.

The final action on 114 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹7.15 crore reported to State Government for the period up to June 2015 was pending as detailed in **Appendix 3.4** and **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.1**.

Table 3.1: Profile of misappropriations, losses, defalcations, etc.

A. Age-profile of the pending cases			B. Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹in lakh)
Less than 5 years	15	116.15	Theft	15	4.30
5 – 10	16	32.12	Misappropriation/ loss of material	99	710.84
10 – 15	40	477.00			
15 – 20	19	62.94			
20 – 25	9	11.16			
25 and above	15	15.77			
Total	114	715.14	Total	114	715.14
			Total pending cases	114	715.14

Source: Cases reported by departments of the State Government

The reasons for delay in finalisation of outstanding cases were analysed and summarised in **Table 3.2**.

³⁰Kerala State Insurance Department, State Water Transport Department and Text Book Office

Table 3.2: Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Sl. No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in lakh)
1.	Awaiting departmental and criminal investigation	21	214.22
2.	Departmental action initiated but not finalised	45	223.43
3.	Awaiting orders for recovery or write off	28	80.95
4.	Pending in the courts of law	20	196.54
Total		114	715.14

Source: Information received from Departments of the State Government

3.5 Conclusion

The accounts from 12 autonomous bodies/authorities who received grant-in-aid during the year 2013-14 are due for submission at the end of March 2015. Finalisation of accounts of Text Book office is in arrears from 1987-88 onwards and hence the financial status of the undertakings could not be ascertained in Audit.

3.6 Recommendation

Government may set specific time frame for finalisation of accounts of Text Book Office as there is huge arrears.

Thiruvananthapuram,
The

(N.NAGARAJAN)
Principal Accountant General
(General and Social Sector Audit), Kerala

Countersigned

New Delhi,
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

State Profile

(Reference: Page 1, Paragraphs 1.3; Page 9 and 1.7.1; Page 21)

A. General Data

Sl. No.	Particulars	Figures
1.	Area	38863 sq. km.
2.	Population	
	a. As per 2001 Census	3.18 crore
	b. As per 2011 Census	3.34 crore
3.	a. Density of Population (as per 2001 Census) (All India Density = 325 persons per sq.km)	819 persons per sq. km.
	b. Density of Population (as per 2011 Census) (All India Density = 382 persons per sq.km)	860 persons per sq. km.
4.	³¹ Population Below Poverty Line (BPL) (All India Average = 29.5 per cent)	11.3 per cent
5.	a. Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	90.92 per cent
	b. Literacy (as per 2011 Census) (All India Average = 73.0 per cent)	94 per cent
6.	Infant mortality ³² (per 1000 live births)(All India Average =40per 1000 live births)	12
7.	Life Expectancy at birth ³³ (All India Average = 67.5 years)	74.8 years
	Gini Coefficient ³⁴	
8.	a. Rural (All India = 0.29)	0.42
	b. Urban (All India = 0.38)	0.50
	Gross State Domestic Product (GSDP) 2014-15 at current prices	₹4,51,483 crore
9.	Per capita GSDP Compounded Annual Growth Rate (2005-06 to 2014-15)	Kerala 13.58 per cent General Category States 13.86 per cent
10.	GSDP Compounded Annual Growth Rate (2004-05 to 2013-14)	Kerala 14.27 per cent General Category States 15.44 per cent
11.	Population Growth (2005-06 to 2014-15)	Kerala 4.86 per cent General Category States 12.76 per cent
12.	Per capita income at current prices (2014-15)	Kerala ₹1,27,577 All India Not available

³¹ Report of the Expert Group (Rangarajan) to review the methodology for measurement of poverty, Planning Commission (June 2014) page 66.

³² Censusinfo India 2011Final population totals

³³ Economic Survey 2012-13 (Office of the Registrar General of India, Ministry of Home Affairs)

³⁴ <http://planningcommission.nic.in/data/datatable/data> 2312/DatabookDec2014%20106.pdf

Gini Coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.

Appendix I.1-concl.d.

B. Financial Data (In per cent)

Compounded Annual Growth Rate		Particulars			
		2005-06 to 2013-14		2013-14 to 2014-15	
		General Category States	Kerala	General Category States	Kerala
a.	Revenue Receipts	15.76	15.72	16.10	17.84
b.	Own Tax Revenue	15.32	15.97	10.51	10.12
c.	Non Tax Revenue	13.53	24.98	10.07	30.65
d.	Total Expenditure	15.23	16.50	19.32	15.85
e.	Capital Expenditure	14.61	23.05	21.87	(-).0.93
f.	Revenue Expenditure on Education	17.10	16.49	14.55	9.27
g.	Revenue Expenditure on Health	16.20	17.87	28.73	15.04
h.	Salary and Wages	15.23	16.72	11.75	10.57
i.	Pension	18.70	16.89	12.43	12.85

Appendix 1.2

Part A : Structure and form of Government Accounts (Reference: Paragraph 1.1; Page 2)

Structure of Government Accounts: The accounts of the State Government are kept in three parts: (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of the State' established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: 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.

Part B : Layout of Finance Accounts

The Finance Accounts have been divided into two volumes. Volume 1 presents the financial statements of the Government in a summarised form while the details are presented in Volume 2.

Statement No.	Details of Statements
1.	Statement of Financial Position
2.	Statement of Receipts and Disbursements
3.	Statement of Receipts in Consolidated Fund
4.	Statement of Expenditure in Consolidated Fund
5.	Statement of Progressive Capital Expenditure
6.	Statement of Borrowings and other Liabilities
7.	Statement of Loans and Advances given by the Government
8.	Statement of Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government.
11.	Statement of Voted and Charged Expenditure
12.	Statement on sources and application of funds for expenditure other than on revenue account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement on Borrowings and Other Liabilities
18.	Detailed Statement on Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement on Contingency Fund and Other Public Account transactions
22.	Detailed Statement on Investments of earmarked balances

Appendix 1.3

Part A : Methodology adopted for assessment of fiscal position (Reference: Paragraph 1.1; Page 2)

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

	2010-11	2011-12	2012-13	2013-14	2014-15
GSDP ³⁵ (₹ in crore)	2,63,773	3,12,677	3,47,841	3,96,282	4,51,483
Growth rate of GSDP	13.70	18.54	11.25	13.93	13.93
Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2012-13 are provisional and that for 2013-14 are Quick Estimates. The figures for 2014-15 furnished by the Director of Economics and Statistics of the State Government.					

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
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)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] \times 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] \times 100$
Interest spread	GSDP growth rate – Average Interest Rate
Quantum spread	Debt stock x Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] \times 100$
Revenue Deficit	Revenue Receipts – 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 Revenues (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt
Domar Gap	Nominal GSDP Growth Rate - Average interest Rate

³⁵ Base year 2004-05

Appendix 1.3

Part B : The Kerala Fiscal Responsibility Act

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 which came into force on 5 December 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or thereto.

The Thirteenth Finance Commission has prescribed a fiscal consolidation map which required the State to eliminate revenue deficit by 2014-15 and to achieve fiscal deficit of 3 *per cent* of GSDP by 2013-14. The State was also required to amend their Fiscal Responsibility Act to conform to the above fiscal reform path. Accordingly, the State Government passed the Kerala Fiscal Responsibility (Amendment) Act, 2011 (Act 17 of 2011) on 8 November 2011. According to the Act, the Government is committed to

- reduce the revenue deficit to 'nil' within a period of four years commencing on the 1 April 2011 and ending with the 31 March 2015 by reducing the revenue deficit in the years 2011-12, 2012-13, 2013-14 and 2014-15 in the order of 1.4 *per cent*, 0.9 *per cent*, 0.5 *per cent* and zero *per cent*, respectively, of the gross state domestic product,
- build up surplus amount of revenue and utilise such amount for discharging liabilities in excess of assets;
- reduce the fiscal deficit to 3 *per cent* of the estimated gross state domestic product within a period of three years commencing on the 1 April, 2011 and ending with the 31 March, 2014 by maintaining the fiscal deficit at a level not exceeding 3.5 *per cent* of the gross state domestic product in the years 2011-12 and 2012-13 and reducing it to 3 *per cent* in 2013-14;
- reduce the State's total debt liabilities to 29.8 *per cent* of the estimated gross domestic product within a period of four years commencing on the 1 April, 2011 and ending with the 31 March, 2015 by reducing the total debt liability in the years of 2011-12, 2012-13, 2013-14 and 2014-15 to the order of 32.3 *per cent*, 31.7 *per cent*, 30.7 *per cent* and 29.8 *per cent* respectively of the gross state domestic product;

Outcome indicators given in the Medium Term Fiscal Plan for 2014-15 to 2016-17 are given in the following table.

Outcome indicators set out in the Medium Term Fiscal Plan for the years 2014-15 to 2016-17

(₹ in crore)

Sl. No.	Item	2011-12 Accounts	2012-13 Accounts	2013-14 Revised Estimates	2014-15 Budget Estimates	Forward estimates	
						2015-16	2016-17
1.	Revenue Receipts	38010	44137	54966	64842	75418	87724
1 (a)	State's Own Tax Revenue	25719	30077	35543	42467	49687	58134
1 (b)	Non Tax Revenue	2592	4198	5613	6337	7288	8381
1 (c)	Resources from Centre	9700	9862	13810	16037	18443	21209
2.	Revenue Expenditure	46045	53489	61175	71974	82995	95165
2 (a)	Non-interest Revenue Expenditure	39751	46284	53004	62376	72569	83460
2 (b)	Interest	6294	7205	8172	9598	10426	11705
2 (c)	Salaries	16029	17257	19124	23133	27929	33454
2 (d)	Pensions	8700	8867	9770	11370	13502	16003
2 (e)	Non - SPI Revenue Expenditure	15022	20160	24110	27873	31138	34003
2 (e) (i)	Subsidies	1002	1265	1183	969	1065	1172
2 (e) (ii)	Power Subsidy	0	0	0	0	0	0
2 (e) (iii)	Maintenance and repairs	755	1118	955	837	920	1012
2 (e) (iv)	Devolution to LSGs	3897	4739	6264	7269	8474	9072
2 (e) (v)	Administrative Expenditure	1633	2036	2220	2828	3111	3422
2 (e) (vi)	Other Revenue Expenditure	7736	11001	13488	15970	17567	19324
3.	Revenue Surplus/Deficit	-8034	-9352	-6209	-7132	-7577	-7441
4.	Effective Revenue Surplus/Deficit	-5263	-6246	-1890	-2053	-2052	-2051
5.	Capital Expenditure	4851	5739	7089	7440	8848	11086
5 (a)	Capital outlay	3853	4603	5901	6636	7964	10114
5 (b)	Loan disbursements (Net)	999	1136	1188	804	884	972
5 (c)	Non Debt Capital Receipts	71	88	157	173	191	210
6.	Fiscal Deficit/Surplus	-12815	-15003	-13141	-14398	-16234	-18317
7.	Primary Fiscal Deficit/Surplus	-6521	-7798	-4970	-4800	-5808	-6612
8.	End of the period Debt	84046	96490	110069	124078	139566	156700
9.	Debt Service	6304	7205	8172	9598	10426	11705
10.	Salary + Pension + Interest	31023	33329	37065	44101	51857	61162
11.	Explicit Power subsidy	0	0	0	0	0	0
12.	Debt Stock	89418	103561	116577	131579	147554	165846
13.	Government Guarantees	8277	9100	9579			
14.	Interest/ Revenue (<i>per cent</i>)	16.56	16.32	14.87	14.8	13.82	13.34
15.	Debt/ Revenue (<i>per cent</i>)	235.25	234.63	212.09	202.92	195.65	189.05
16.	(Salary + Pension + Interest)/ Revenue (<i>per cent</i>)	81.62	75.51	67.43	68.01	68.76	69.72
17.	(Salary + Pension + Interest)/ GSDP (<i>per cent</i>)	10.08	9.54	9.2	9.48	9.74	10.03
18.	(Salary + Pension)/ GSDP (<i>per cent</i>)	8.03	7.48	7.17	7.42	7.78	8.11
19.	Revenue Deficit/ Revenue Receipt (<i>per cent</i>)	21.14	21.19	11.30	11.00	10.05	8.48
20.	RD/GSDP (<i>per cent</i>)	2.61	2.68	1.54	1.53	1.42	1.22
21.	FD/GSDP (<i>per cent</i>)	4.16	4.29	3.26	3.1	3.05	3
22.	Effective RD as percentage of GSDP	1.71	1.79	0.47	0.44	0.39	0.34
23.	Debt stock / GSDP (<i>per cent</i>)	29.04	29.64	28.93	28.29	27.71	27.2
24.	GSDP	307906	349338	402972	465073	532508	609722
25.	Nominal GSDP Growth Rate (<i>per cent</i>)	14.26	13.46	15.35	15.41	14.5	14.5
26.	Average Interest rate (<i>per cent</i>)	7.49	7.47	7.42	7.74	7.47	7.47
27.	Domar Gap	6.77	5.99	7.93	7.68	7.03	7.03

Appendix 1.4

Part A : Abstract of receipts and disbursements for the year 2014-15
(Reference: Paragraph 1.1.1; Page 2)

(₹ in crore)

Receipts			Disbursements						
2013-14			2014-15	2013-14	2014-15				
	Section – A: Revenue				Non-Plan	Plan	Total		
49176.93	I. Revenue Receipts		57950.47	60485.50	I. Revenue Expenditure	61463.84	10282.59	71746.43	71746.43
31995.01	Own Tax Revenue	35232.50		26605.09	General Services	31298.99	133.76	31432.75	
5575.03	Non-Tax Revenue	7283.69		20979.88	Social Services	17825.01	5893.10	23718.11	
7468.68	State's share of Union Taxes and Duties	7926.29		11709.85	Education, Sports, Art and Culture	11689.62	1100.57	12790.19	
1679.40	Non-Plan Grants	1984.10		3507.54	Health and Family Welfare	3065.39	969.71	4035.10	
1154.23	Grants for State Plan Schemes	4928.90		908.78	Water Supply, Sanitation, Housing and Urban Development	339.16	710.68	1049.84	
1304.58	Grants for Central Plan and Centrally Sponsored Plan Schemes	594.99		56.86	Information and Broadcasting	51.56	12.19	63.75	
				1639.81	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	297.40	1475.23	1772.63	
				632.77	Labour and Labour Welfare	332.44	430.16	762.60	
				2468.98	Social Welfare and Nutrition	1993.72	1194.56	3188.28	
				55.29	Others	55.72		55.72	
				7929.06	Economic Services	5941.84	4255.73	10197.57	
				3892.90	Agriculture and allied activities	2900.98	1420.64	4321.62	
				640.70	Rural Development	359.86	1945.19	2305.05	
				102.68	Special Areas Programmes		135.95	135.95	
				451.76	Irrigation and Flood control	362.85	28.90	391.75	
				225.70	Energy	84.50	20.26	104.76	
				349.13	Industry and Minerals	166.84	281.52	448.36	
				1750.27	Transport	1817.27	119.90	1937.17	
				112.13	Science, Technology and Environment	46.20	65.71	111.91	
				403.79	General Economic Services	203.34	237.66	441.00	
				4971.47	Grants-in-aid and Contributions	6398.00		6398.00	
11308.57	II. Revenue Deficit carried over to Section B		13795.96		Revenue Surplus carried over to Section B				
60485.50	Total - Section A		71746.43	60485.50	Total - Section A	61463.84	10282.59	71746.43	71746.43

Appendix 1.4 Part A – Contd.

(₹ in crore)

Receipts				Disbursements					
2013-14			2014-15	2013-14	2014-15				
	Section B: Others				Non-Plan	Plan	Total		
4692.73	III. Opening Cash Balance including Permanent Advances, Cash Balance Investment and Investment of earmarked funds		2279.82	0.00	III. Opening Overdraft from Reserve Bank of India			Nil	0
19.19	IV. Miscellaneous Capital Receipts		28.17	4294.33	IV. Capital Outlay	374.05	3880.54	4254.59	4254.59
				148.03	General Services	48.27	86.39	134.66	
				617.12	Social Services	16.66	858.60	875.26	
				199.28	Education, Sports, Art and Culture	7.08	300.25	307.33	
				130.32	Health and Family Welfare	0.63	192.57	193.20	
				75.36	Water Supply, Sanitation, Housing and Urban Development	8.95	119.35	128.30	
				1.89	Information and publicity		5.29	5.29	
				33.28	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		40.22	40.22	
				38.74	Social Welfare and Nutrition		50.30	50.30	
				138.25	Other Social Services		150.62	150.62	
				3529.18	Economic Services	309.12	2935.55	3244.67	
				245.70	Agriculture and allied activities	73.84	324.58	398.42	
				28.14	Other rural development programmes	58.27	159.94	218.21	
				342.39	Irrigation and Flood Control	21.81	248.43	270.24	
				3.40	Power projects		0.86	0.86	
				342.24	Industry and Minerals	1.25	258.98	260.23	
				1935.44	Transport	148.68	1756.03	1904.71	
				0.25	Science, Technology and Environment		0.30	0.30	
				631.62	General Economic Services	5.27	186.43	191.70	

Appendix 1.4 Part A – Concl'd.

(₹ in crore)

Receipts				Disbursements			
2013-14			2014-15	2013-14			2014-15
103.75	V. Recoveries of Loans and Advances		123.74	1464.17	V. Loans and Advances Disbursed		743.09
--	From Power Projects			0.00	For Power Projects	--	
59.87	From Government Servants	79.27		207.39	To Government Servants	208.55	
43.88	From Others	44.47		1256.78	To Others	534.54	
	VI. Revenue Surplus brought down			11308.57	VI. Revenue Deficit brought down		13795.96
14461.18	VII. Public Debt Receipts		18509.17	3244.81	VII. Repayment of Public Debt		5842.77
13950.24	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	15105.63		2774.30	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	2842.07	
118.93	Net transactions under Ways and Means Advances excluding overdraft	2651.07		118.93	Net transactions under Ways and Means advances excluding overdraft	2651.07	
392.01	Loans and Advances from Central Government	752.47		351.58	Repayment of Loans and Advances to Central Government	349.63	
	VIII. Appropriation from the Consolidated Fund				VIII. Appropriation to Contingency Fund		
	IX. Amount transferred to Contingency Fund		67.39	67.39	IX. Expenditure from Contingency Fund		
124374.44	X. Public Account Receipts		141521.71	120992.20	X. Public Account Disbursements		136242.59
29472.54	Small Savings, Provident Funds, etc.	35107.65		25240.68	Small Savings, Provident Funds, etc.	31342.88	
385.01	Reserve Funds	290.66		307.00	Reserve Funds	224.65	
9865.64	Deposits and Advances	11248.34		9678.20	Deposits and Advances	9883.84	
75728.65	Suspense and Miscellaneous	86166.80		76675.24	Suspense and Miscellaneous	86108.90	
8922.60	Remittances	8708.26		9091.08	Remittances	8682.32	
	XI. Closing Overdraft from Reserve Bank of India			2279.82	XI. Cash Balance at end		1651.00
				2.69	Cash in Treasuries	4.47	
				1.07	Local Remittances	1.02	
				-2.23	Deposits with Reserve Bank	-11.07	
				2.26	Departmental cash balance including Permanent Advance	2.09	
				764.31	Cash Balance Investment	147.05	
				1511.72	Investment from earmarked funds	1507.44	
143651.29	Total – Section B		162530.00	143651.29	Total – Section B		162530.00

Appendix 1.4
Part B : Summarised financial position of the Government of Kerala
as on 31 March 2015
(Reference: Paragraphs 1.1.1; Page 2 and 1.10.1; Page 36)

(₹ in crore)

As on 31 March 2014	Liabilities		As on 31 March 2015
76804.34	Internal Debt		89067.91
60183.33	Market Loans bearing interest	71960.10	
0.05	Market Loans not bearing interest	0.05	
2501.88	Loans from Life Insurance Corporation of India	2227.40	
274.48	Loans from General Insurance Corporation of India	253.00	
2027.39	Loans from National Bank for Agriculture and Rural Development	2254.32	
165.34	Loans from National Co-operative Development Corporation	333.32	
370.70	Loans from other institutions	233.86	
11281.17	Special securities issued to National Small Savings Fund of the Central Government	11805.86	
6662.22	Loans and Advances from Central Government		7065.05
1.16	Pre 1984-85 Loans	1.16	
24.08	Non-Plan Loans	22.04	
6636.98	Loans for State Plan Schemes	7041.85	
(*)	Loans for Central Plan Schemes	(*)	
-	Loans for Centrally Sponsored Plan Schemes		
32.61	Contingency Fund(Net)		100.00
35542.51	Small Savings, Provident Funds, etc.		39307.29
4702.40	Deposits		6066.92
1881.16	Reserve Funds		1947.16
1146.95	Suspense and Miscellaneous		1204.85
126772.19	Total		144759.18

(*) ₹ 7,000 only.

Appendix 1.4 – Part B Concl'd.

(₹ in crore)

As on 31 March 2014	Assets		As on 31 March 2015
33845.52³⁶	Gross Capital Outlay on Fixed Assets -		38071.94
5632.84	Investments in shares of Companies, Corporations, etc.	6085.13	
28212.68	Other Capital Outlay	31986.81	
11713.15³⁶	Loans and Advances -		12332.50
2661.64	Loans for Power Projects	2661.64	
8554.40	Other Development Loans	9044.93	
497.11	Loans to Government servants and Miscellaneous loans	625.93	
0.34	Advances		0.36
602.39	Remittance Balances		576.44
108.55	Adjustment on account of retirement/disinvestment		136.72³⁷
2279.82	Cash -		1651.00
3.76	Cash in Treasuries and Local Remittances	5.49	
-2.23	Deposits with Reserve Bank	-11.07	
1.93	Departmental Cash Balance	1.74	
0.33	Permanent Advances	0.35	
764.31	Cash Balance Investments	147.05	
1511.72	Reserve Fund Investments	1507.44	
78222.42	Deficit on Government Account -		91990.22
66933.02	Accumulated deficit at the beginning of the year	78222.42	
11308.57	Add: (i) Revenue Deficit of the current year	13795.96	
0.02	(ii) Miscellaneous Government account	0.01	
19.19	Less: Miscellaneous Capital Receipts	28.17	
126772.19	Total		144759.18

Explanatory Notes

The abridged accounts in Appendix 1.4 have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable, depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and others pending settlement, etc. There was a difference of ₹11.85 crore (debit) between the figures reflected in the accounts (credit item ₹11.07 crore) and that communicated by the Reserve Bank of India (credit item ₹0.78 crore). The net debit of ₹11.85 crore is under reconciliation.

³⁶ Balance as on 31 March 2014 differ from those shown in the previous year's account due to *pro forma* adjustment of ₹7.98 crore for conversion of loans into share capital which were explained in foot notes (b), (c) and (d) of Statement no.1 of Finance Accounts 2014-15.

³⁷ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital *vide* foot note (k) of Statement no.12 of Finance Accounts 2014-15.

Appendix 1.5
Time series data on the State Government finances
 (Reference: Paragraph 1.3; Page 8 and Paragraph 1.10.2; Page 36)

(₹ in crore)

Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
Part A: Receipts						
1.	Revenue Receipts	30991	38010	44137	49177	57950
(i)	Tax Revenue	21722 (70)	25719 (67)	30077 (68)	31995 (65)	35232 (61)
	Taxes on Agricultural Income	47 ³⁸	43 ³⁸	19 ³⁸	22 ³⁸	9 ³⁸
	Taxes on Sales, Trade, etc.	15833 (73)	18939 (74)	22511 (75)	24885 (78)	27908 (79)
	State Excise	1700 (08)	1883 (7)	2314 (8)	1942 (6)	1777 (5)
	Taxes on Vehicles	1331 (06)	1587 (6)	1925 (6)	2161 (7)	2365 (7)
	Stamps and Registration fees	2552 (12)	2987 (12)	2938 (10)	2593 (8)	2659 (8)
	Land Revenue	56 ³⁸	61 ³⁸	122 ³⁸	89 ³⁸	139 ³⁸
	Other Taxes	203 (01)	219 (1)	248 (1)	303 (1)	375 (1)
(ii)	Non Tax Revenue	1931 (6)	2592 (7)	4198 (10)	5575 (11)	7284 (12)
(iii)	State's share in Union taxes and duties	5142 (17)	5990 (16)	6841 (15)	7469 (15)	7926 (14)
(iv)	Grants in aid from Government of India	2196 (7)	3709 (10)	3021 (7)	4138 (9)	7508 (13)
2.	Miscellaneous Capital Receipts	25	16	15	19	28
3.	Recovery of Loans and Advances	44	55	74	104	124
4.	Total revenue and Non debt capital receipts (1+2+3)	31060	38081	44226	49300	58102
5.	Public Debt Receipts	7189	9799	13261	14461	18509
	Internal Debt (excluding Ways & Means Advances and Overdraft)	6828 (95)	9392 (96)	12709 (96)	13950 (96)	15106 (82)
	Net transactions under Ways and Means Advances excluding Overdraft	...	...	...	119 (1)	2651 (14)
	Loans and advances from Government of India	361 (5)	407 (4)	552 (4)	392 (3)	752 (4)
6.	Total receipts in the Consolidated Fund (4+5)	38249	47880	57487	63761	76611
7.	Contingency Fund Receipts	26	34	21		67
8.	Public Account receipts	73754	95830	105880	124374	141522
9.	Total receipts of State (6+7+8)	112029	143744	163388	188135	218200
Part B: Expenditure/Disbursement						
10.	Revenue Expenditure	34665 (89)	46045 (90)	53489 (90)	60486 (91)	71746 (93)
	Plan	4196 (12)	5327 (12)	6849 (13)	7074 (12)	10282 (14)
	Non-Plan	30469 (88)	40718 (88)	46640 (87)	53412 (88)	61464 (86)
	General Services (incl. Interest payment)	15418 (44)	20300 (44)	22787 (43)	26605 (44)	31433 (44)
	Social Services	12111 (35)	16224 (35)	18878 (35)	20980 (35)	23718 (33)
	Economic Services	4358 (13)	6132 (13)	7808 (15)	7929 (13)	10197 (14)
	Grants-in-aid and Contributions	2778 (8)	3389 (8)	4016 (7)	4972 (8)	6398 (9)
11.	Capital Expenditure	3364 (9)	3853 (8)	4603 (8)	4294 (7)	4255 (6)
	Plan	2766 (82)	3398 (88)	3466 (75)	3497 (81)	374 (9)
	Non-Plan	598 (18)	455 (12)	1137 (25)	797 (19)	3881 (91)
	General Services	119 (4)	162 (4)	147 (3)	148 (3)	135 (3)
	Social Services	479 (14)	595 (16)	562 (12)	617 (15)	875 (21)
	Economic Services	2766 (82)	3096 (80)	3894 (85)	3529 (82)	3245 (76)
12.	Disbursement of Loans and Advances	762 (2)	998 (2)	1136 (2)	1464 (2)	743 (1)
13.	Total (10+11+12)	38791	50896	59228	66244	76744

³⁸ Insignificant

Figures in brackets represent percentages (rounded) to total of each sub-heading.

Appendix 1.5- Contd.

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Part B: Expenditure/Disbursement					
14. Repayment of Public Debt	1975	2893	2804	3245	5843
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1667	2522	2478	2774	2842
Net transactions under Ways and Means Advances excluding Overdrafts	...	...	...	119	2651
Loans and Advances from Government of India	308	371	326	352	350
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	40766	53789	62032	69489	82587
17. Contingency Fund disbursements	34	21	...	67	...
18. Public Account disbursements	70558	91200	100456	120992	136243
19. Total disbursement by the State (16+17+18)	111358	145010	162488	190548	218830
Part C: Deficits					
20. Revenue Deficit (1-10)	3674	8035	9352	11309	13796
21. Fiscal Deficit (4-13)	7731	12815	15002	16944	18642
22. Primary Deficit (21-23)	2041	6521	7797	8679	8872
Part D: Other data					
23. Interest Payments (included in revenue expenditure)	5690	6294	7205	8265	9770
24. Financial Assistance to local bodies, etc.	9798	12099	13716	16138	19944
25. Ways & Means Advances/Overdrafts availed (days)	Nil	Nil	Nil	1	30
Ways and Means Advances availed (days)	Nil	Nil	Nil	1	23
Overdraft availed (days)	Nil	Nil	Nil	Nil	7
26. Interest on WMA/Overdraft	Nil	Nil	Nil	0.02	2
27. Gross State Domestic Product (GSDP) at current prices ³⁹	263773	312677	347841	396282	451483
28. Outstanding Fiscal Liabilities (year-end)	82420	93132	108477	124081	141947
29. Outstanding guarantees (year-end)	7426	8277	9099	9763	11127
30. Maximum amount guaranteed (during the year)	12625	11332	11482	12275	13123
31. Number of incomplete projects/works	241	263	215	228	229
32. Capital blocked in incomplete projects/works ⁴⁰	1117	484	539	759	959

³⁹ GSDP figures are communicated by the Director of Economics and Statistics Department of Government of Kerala. The figures for 2012-13 are provisional and that for 2013-14 are Quick Estimates.

⁴⁰ Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

Appendix 1.5- Concl.

(₹ in crore)

		2010-11	2011-12	2012-13	2013-14	2014-15
Part E: Fiscal Health Indicators						
I	Resource Mobilisation					
	Own Tax revenue/GSDP	8.2	8.2	8.6	8.1	7.8
	Own non-tax revenue/GSDP	0.7	0.8	1.2	1.4	1.6
	Central Transfers/GSDP	2.8	3.1	2.8	2.9	3.4
II	Expenditure Management					
	Total Expenditure/GSDP	14.7	16.3	17.0	16.7	17.0
	Total Expenditure/Revenue Receipts	125.2	133.9	134.2	134.7	132.4
	Revenue Expenditure/Total Expenditure	89.4	90.5	90.3	91.3	93.5
	Revenue Expenditure on Social Services/Total Expenditure	31.2	31.9	31.9	31.7	30.9
	Revenue Expenditure on Economic Services/Total Expenditure	11.2	12.0	13.2	12.0	13.3
	Capital Expenditure/Total Expenditure	8.7	7.6	7.8	6.5	5.5
	Capital Expenditure on Social and Economic Services/Total Expenditure.	8.4	7.3	7.5	6.3	5.4
III	Management of Fiscal Imbalances					
	Revenue deficit/GSDP	(-) 1.4	(-)2.6	(-)2.7	(-)2.9	(-)3.1
	Fiscal deficit/GSDP	(-) 2.9	(-)4.1	(-)4.3	(-)4.3	(-)4.1
	Primary Deficit /GSDP	(-) 0.8	(-)2.1	(-)2.2	(-)2.2	(-)2.0
	Revenue Deficit/Fiscal Deficit	47.5	62.7	62.3	66.7	74.0
IV	Management of Fiscal Liabilities					
	Fiscal Liabilities/GSDP	31.2	29.8	31.2	31.3	31.4
	Fiscal Liabilities/RR	265.9	245.0	245.8	252.3	244.9
	Primary deficit vis-à-vis quantum spread	2709	2792	(-)3885	(-)1303	(-)683
	Debt Redemption (Principal +Interest)/ Total Debt Receipts (in per cent)	91.9	88.8	82.3	86.5	87.6
V	Other Fiscal Health Indicators					
	Return on Investment (per cent)	2.0	1.6	1.1	1.8	1.2
	Balance from Current Revenue	(-) 910	(-)4974	(-)4867	(-)6694	(-)9038
	Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

Appendix 1.6
Receipt and utilisation of GoI Flagship Programmes
(Reference: Paragraph 1.2.2; Page 8)

(₹ in crore)

Sl. No.	Programme/ Scheme and implementing agency	Unutilised balance at the end of March 2014	Amount Received during the year		Interest/ Other receipts	Amount utilised during 2014-15	Unutilised balance at the end of March 2015
			From GoI	From the State			
1	Mahathma Gandhi National Rural Employment Guarantee Scheme – MGNREGS State Mission	16.23	1587.58	40.00	3.05	1599.25	47.61
2	Pradhan Mantri Gram Sadak Yojana – Kerala State Rural Roads Development Authority	31.94	151.41	8.00	3.65	183.88	11.12
3	Rural Housing – Indira Awas Yojana – Poverty Alleviation Unit (Commissioner for Rural Development)	147.53	160.75	53.59	20.29	307.59	74.57
4	Rashtriya Madhyamik Shiksha Abhiyan – Secondary Education Development Authority, Kerala	27.63	24.45	0.00	0.22	37.94	14.36
5	Ajeevika - State Poverty Eradication Mission (Kudumbashree)	20.14	21.78	8.93	0.94	39.29	12.50
6	National Horticulture Mission - Kerala State horticulture Mission	17.95	40.00	0.00	0.50	39.80	18.65
7	National Rural Drinking Water Programme – Kerala Water Authority	56.93	119.56	5.00	0.08	162.03	19.54
8	Sarva Shiksha Abhiyan – Primary Education Development Society of Kerala	41.51	218.44	140.99	4.32	271.64	133.62
9	Swarna Jayanthi Shahari Rozgar Yojana – State Poverty Eradication Mission (Kudumbashree)	26.93	0.00	7.50	2.45	4.18	32.70
10	National Rural Health Mission – State Health and Family Welfare Society	112.34	192.55	112.24	86.52	411.73	91.92
11	Rashtriya Swasthya Bima Yojana – Comprehensive Health Insurance Agency of Kerala	0.00	114.83	34.36	0.00	149.19	0.00
12	Integrated Watershed Management Programme – Poverty Alleviation Unit (Commissioner for Rural Development)	16.97	15.16	1.68	1.22	30.09	4.94
Total		516.10	2646.51	412.29	123.24	3236.61	461.53

Appendix 1.7
Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection
(Reference: Paragraph 1.3.3; Page 12)

(₹ in crore)

Sl. No.	Head of revenue	Year	Budget Estimate	Collection	Expenditure on collection of revenue	Percentage of expenditure to gross collection	All India average percentage of expenditure to gross collection
1.	Tax on sales, trade etc.	2010-11	15125.69	15833.11	115.61	0.73	0.75
		2011-12	19427.90	18938.83	166.55	0.88	0.83
		2012-13	23450.52	22511.09	162.05	0.72	0.73
		2013-14	28456.62	24885.25	178.23	0.72	0.88
		2014-15	31913.47	27908.33	210.16	0.75	Not available
2.	Stamps (non-judicial) and registration fees	2010-11	2095.43	2477.19	101.56	4.10	1.60
		2011-12	3148.42	2906.90	144.85	4.98	1.89
		2012-13	3775.71	2862.06	128.73	4.50	3.25
		2013-14	4086.44	2504.04	135.34	5.40	3.37
		2014-15	3612.37	2560.83	147.11	5.74	Not available
3.	State excise	2010-11	1836.21	1699.54	92.51	5.44	3.05
		2011-12	2059.05	1883.18	144.69	7.68	2.98
		2012-13	2550.65	2313.95	146.81	6.34	2.96
		2013-14	2801.75	1941.72	164.32	8.46	1.81
		2014-15	1513.36	1777.42	187.28	10.54	Not available
4.	Taxes on vehicles	2010-11	1301.88	1331.37	35.55	2.67	3.71
		2011-12	1410.73	1587.13	53.26	3.36	2.96
		2012-13	1694.49	1924.62	58.30	3.03	4.17
		2013-14	2570.65	2161.09	74.61	3.45	6.25
		2014-15	2799.82	2364.95	88.52	3.74	Not available

Appendix 1.8
Statement showing scheme-wise details of shortfall in GoI release
(Reference: Paragraph 1.6.3: Page 15)

(₹ in crore)

Sl. No.	Name of scheme Implementing department	Award amount	Amount released	Shortfall (percentage)	Reason for shortfall
1	Forests, The Additional Principal Chief Conservator of Forest (Development), Thiruvananthapuram	135.52	124.25	11.27 (8)	Non- attainment of NPRE projected in the guidelines during 2012-13 and non-submission of UC
2	Water sector management Irrigation	176.00	44.00	132.00 (75)	Only first instalment was received due to non-setting up of independent water regulatory authority and also due to non-attainment of minimum level recovery of water charges
3	Incentive for issuing UID Information Technology Department	49.60	4.96	44.64 (90)	Inability of the State to link UID data with BPL data
4	Preparation of Database of Employees and Pensioners, Finance Department	10.00	2.50	7.50 (75)	Non preparation of pensioner's database and non-integration of SPARK (employee database) with treasury
5	Maintenance of Roads and bridges PWD	953.00	721.00	232.00 (24)	NPRE for the year 2010-11 fell short by ₹21.85 crore against the projected NPRE of ₹574.12 crore
6	District Innovation Fund, District Collector	14.00	7.71	6.29 (45)	Delay in utilisation and submission of UC
7	Improvement of Statistical Systems Economics and Statistics Department	14.00	8.40	5.60 (40)	
8	Disaster Relief(Capacity Building), Revenue Department	20.00	16.00	4.00 (20)	Delay in utilisation and non-furnishing of UC
9	Improvement in Justice Delivery Registrar General of High Court Kerala, Director General of Prosecution, KELSA	140.06	43.09	96.97 (69)	Delay in sanctioning and setting up temporary courts, delay in completion of recruitment process for the appointment of court managers, delay in execution of conservation works of heritage court buildings, delay in setting up of ADR centres etc., resulted in non-attainment of required level of utilisation.
10	Upgradation of Police, Home Department	100.00	90.00	10.00 (10)	Non/delay in furnishing UC and completion certificate of civil works
11	Animal Husbandry, Dairy Development	150.0	74.90	75.10 (50)	
12	Inland Water Ways, Irrigation Department	100.00	72.05	27.95 (28)	

Sl. No.	Name of scheme Implementing department	Award amount	Amount released	Shortfall (percentage)	Reason for shortfall
13	Coastal Zone Management, Irrigation Department	100.00	84.73	15.27 (15)	Though, required documents for release of remaining grant was submitted, no funds were received from GoI.
14	Kuttanad Development, Agriculture Department	300.00	203.08	96.92 (32)	
15	Water Bodies, Irrigation Department	50.00	21.53	28.47 (57)	
16	Fisheries, Fisheries Department	200.00	94.66	105.34 (53)	
17	Upgradation of Prisons, Director General of Prison and Correctional Services	154.00	115.50	38.5 (25)	
18	Primitive Tribal Groups, Scheduled Tribes Development Department	148.00	133.20	14.8 (10)	
19	Health Infrastructure, DHS/DME	198.00	148.50	49.5 (25)	
20	Local Bodies (performance Grant) LSGD, Urban Affairs	926.40	792.06	134.34 (15)	
Total				1136.46	

Appendix 1.9
Release of funds by GoK in excess of GoI release
(Reference: Paragraph 1.6.4: Page 15)

Table A*(₹ in crore)*

Sl. No.	Scheme	Award amount	Release by GoI	Expenditure as of 31.3.2015	Expenditure in excess of GoI release	Remarks
1.	Local Bodies	2676.20	2732.14 ⁴¹	2901.77	169.63	UC had been furnished. But GoI did not release the fund
2.	Health Infrastructure	198.00	148.50	172.62	24.12	
3.	Fisheries	200.00	94.66	160.89	66.23	
4.	Upgradation of Prisons	154.00	115.50	153.09	37.59	
5.	Primitive Tribal Groups	148.00	133.20	136.11	2.91	
	Total	3376.2	3224	3524.48	300.48	

Table B

Sl. No.	Scheme	Award amount	Release by GoI	Expenditure as of 31.3.2015	Expenditure in excess of GoI release	Officer responsible for furnishing UC	Remarks
1.	Forest	135.52	124.25	133.10	8.85	Additional Principal Chief Conservator of Forest (Development)	Non-attainment of projected NPRE
2.	Maintenance of Roads and Bridges	953.00	721.00	728.64	7.64	Chief Engineer, Roads and Bridges	
3.	Water Sector Management	176.00	44.00	57.42	13.42	Non-setting up of independent Water Regulatory Authority	
4.	Incentive Grant for UID	49.60	4.96	14.88	9.92	Secretary to Government, Information Technology Department	Non/Delayed submission of UC
5.	Database for Employees and Pensioners	10.00	2.50	2.53	0.03	Principal Secretary to Government, Finance Department	

⁴¹ It includes ₹167.07 crore received on account of forfeited share of non-performing States (2011-2015)

Sl. No.	Scheme	Award amount	Release by GoI	Expenditure as of 31.3.2015	Expenditure in excess of GoI release	Officer responsible for furnishing UC	Remarks
6.	Upgradation of Police	100	90.00	91.90	1.90	Director General of Police and State Police Chief, Police Headquarters, Thiruvananthapuram	Non/Delayed submission of UC
7.	Animal Husbandry	150.00	74.90	149.80	74.90	Director, Dairy Development Department	
8.	Kuttanad Development	300.00	203.08	235.72	32.64	Project Director, Kuttanad Package	
9.	Water Bodies	50.00	21.53	34.73	13.20	Chief Engineer, Irrigation and Administration	
	Total	1924.12	1286.22	1448.72	162.50		
	Grand Total	5300.32	4510.22	4973.20	462.98		

Appendix 1.10
Funds remained un-utilised with Government/implementing agencies
against GoI release as on 31.3.2015
(Reference: Paragraph 1.6.5: Page 15)

(₹ in crore)

Sl. No	Name of scheme	Department	Total amount released	Unutilised funds with		Name of agency	Remarks
				Government	Implementing agency		
1	Renewable Energy	Power	12.5	12.5	0		₹ 12.50 crore received (March 2015) from GoI as incentive for 'Renewable Energy' has not been released so far. The department has not submitted any proposal claiming the amount
2	Improving Justice Delivery	High Court of Kerala, Ernakulam	43.09	2.43	1.54	Kerala legal services Authority	Funds received for setting up of ADR Centres, Legal aid and lok Adalats. Due to procedural delay fund remained unspent.
3	Incentive Grant for Reduction of IMR	Health and Family Welfare	38.38	38.38	0		₹ 14.84 crore received in 2012-13 and ₹10.96 crore in 2013-14 and ₹12.58 crore in 2014-15. Director, Health Services Department failed to claim this amount.
4	District Innovation Fund	District Collectors	7.71	0.71	0		Due to delay in implementation, UC for the first release of ₹ 7 crore was furnished to GoI only in March 2015. Balance of ₹0.71 crore received in March 2015 had not been released by GoK.
5	Improving Statistical Systems at Districts and State Level	Economics and Statistics	8.4	1.46	0		Due to non-attainment of required level of utilization the department surrendered the balance fund to GoK.

Sl. No	Name of scheme	Department	Total amount released	Unutilised funds with		Name of agency	Remarks
				Government	Implementing agency		
6	Disaster Relief - Capacity Building	Revenue Department	16	1.04	8.12	State Disaster Management Authority (₹2crore), SEOC(₹6.12 crore)	Fund released for establishment of IT infrastructure to SEOC. Agreement has not been signed so far. Fund transferred to SDMA for capacity building of officials in Municipalities/ Panchayats and Beach guards. Due to procedural delay the fund remained blocked up.
7	Incentive Grant for UID	General Administration	4.96	0	4.96	IT Mission (₹ 2.32 crore), Grama Panchayaths (₹2.64 crore)	Fund intended for disbursement to BPL beneficiaries remained undisbursed
8	Local Bodies Grant	Local Self Government	2565.03	0	198.33	Local Self Government Institutions	Fund blocked up with around 1000 Grama Panchayats/ Municipalities/Corporations
		Total	2696.07	56.52	212.95		
State Specific schemes							
9	Inland Waterways	Irrigation and Administration	72.05	27.5	0		Due to non-attainment of required level of utilization the department surrendered the balance fund to GoK.
10	Coastal Zone Management	Irrigation and Administration	84.73	5.37	0		
11	Health Infrastructure	Health and Family Welfare	148.50	0	4.06	Kerala Medical Services Corporation Ltd (KMSCL)	Fund transferred for purchase of equipment remained blocked up due to defective planning.
12	Upgradation of Police	Home	90	0	28.32	KPHCC	Fund transferred for civil works. Works are in progress. Fund blocked up due to procedural delay/delay in implementation
13	Primitive Tribal Groups	Scheduled Tribes	133.2	0	6.36	PVTG Project leader (₹5.37 crore), AHADS (₹0.99 crore)	
14	Fisheries	Fisheries	94.66	0	8.78	KSCADC	

Sl. No	Name of scheme	Department	Total amount released	Unutilised funds with		Name of agency	Remarks
				Government	Implementing agency		
15	Upgradation of Prisons	Home	115.50	0	15.63	PWD (₹13.54 crore), Prison Headquarters (₹2.09 crore)	Fund transferred for civil works. Works are in progress. Fund blocked up due to procedural delay/delay in implementation
16	Animal Husbandry	Animal Husbandry	74.90	0	9.47	Animal Husbandry Department (₹1.49 crore), Kerala State Poultry Development Corporation (₹4.8 crore), Dairy Development Department (₹3.18 crore)	
17	Kuttanad Development	Agriculture	203.08	0	3.00	Central Warehousing Corporation	
Grand Total			3712.69	89.39	288.57		

Appendix 2.1
Details showing savings in Grants/Appropriation during the year
(Reference: Paragraph 2.2: Page 48)

(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
Revenue – Voted				
1.	I State Legislature	78.65	72.88	5.77
2.	II Heads of States, Ministers and Headquarters Staff	539.61	397.82	141.79
3.	III Administration of Justice	493.80	461.75	32.05
4.	IV Elections	140.30	132.82	7.48
5.	V Agricultural Income Tax and Sales Tax	245.72	232.14	13.58
6.	VI Land Revenue	475.52	405.14	70.38
7.	VII Stamps and Registration	171.59	148.83	22.76
8.	VIII Excise	221.80	187.31	34.49
9.	IX Taxes on Vehicles	90.32	88.57	1.75
10.	X Treasury and Accounts	206.75	187.78	18.97
11.	XI District Administration and Miscellaneous	533.83	486.63	47.20
12.	XII Police	2584.03	2345.11	238.92
13.	XIII Jails	93.02	91.92	1.10
14.	XIV Stationery and Printing and Other Administrative Services	396.16	361.94	34.22
15.	XV Public Works	2376.82	2131.25	245.57
16.	XVI Pensions and Miscellaneous	16029.97	15915.29	114.68
17.	XVII Education, Sports, Art and Culture	14207.77	12922.39	1285.38
18.	XVIII Medical and Public Health	4348.49	3649.32	699.17
19.	XIX Family Welfare	545.48	396.96	148.52
20.	XX Water Supply and Sanitation	885.57	674.57	211.00
21.	XXI Housing	121.78	61.94	59.84
22.	XXII Urban Development	1264.88	316.05	948.83
23.	XXIII Information and Publicity	77.72	64.21	13.51
24.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	918.05	765.86	152.19
25.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2325.37	1791.43	533.94

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
26.	XXVI Relief on Account of Natural Calamities	416.81	380.45	36.36
27.	XXVII Co-operation	284.81	249.07	35.74
28.	XXVIII Miscellaneous Economic Services	134.54	119.12	15.42
29.	XXIX Agriculture	2472.99	1960.09	512.90
30.	XXX Food	1113.45	1087.51	25.94
31.	XXXI Animal Husbandry	507.31	458.33	48.98
32.	XXXII Dairy	190.72	181.93	8.79
33.	XXXIII Fisheries	379.48	305.13	74.35
34.	XXXIV Forest	486.99	447.24	39.75
35.	XXXV Panchayat	483.45	287.82	195.63
36.	XXXVI Rural Development	3102.30	2070.90	1031.40
37.	XXXVII Industries	550.37	459.09	91.28
38.	XXXVIII Irrigation	367.22	269.35	97.87
39.	XXXIX Power	177.38	104.76	72.62
40.	XL Ports	51.29	40.37	10.92
41.	XLI Transport	120.30	86.20	34.10
42.	XLII Tourism	151.96	145.35	6.61
43.	XLIII Compensation and Assignments	6475.03	6421.19	53.84
44.	XLVI Social Security and Welfare	3355.73	3054.61	301.12
Total		70195.13	62418.42	7776.71
Revenue – Charged				
1.	I State Legislature	1.24	0.98	0.26
2.	II Heads of States, Ministers and Headquarters Staff	140.50	125.58	14.92
3.	III Administration of Justice	84.76	81.03	3.73
4.	V Agricultural Income Tax and Sales Tax	0.25	0.07	0.18
5.	VI Land Revenue	0.01	0.01	(*)
6.	VII Stamps and Registration	0.01	0.00	0.01
7.	VIII Excise	0.10	0.00	0.10
8.	IX Taxes on Vehicles	(*)	0.00	(*)
9.	XI District Administration and Miscellaneous	1.05	1.03	0.02
10.	XII Police	0.08	0.02	0.06

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
11.	XIV Stationery and Printing and Other Administrative Services	(*)	0.00	(*)
12.	XV Public Works	1.26	1.18	0.08
13.	XVI Pensions and Miscellaneous	34.86	34.38	0.48
14.	XVII Education, Sports, Art and Culture	0.10	0.01	0.09
15.	XVIII Medical and Public Health	0.17	0.10	0.07
16.	XXI Housing	0.02	0.00	0.02
17.	XXIX Agriculture	0.10	0.01	0.09
18.	XXXIV Forest	0.05	0.00	0.05
19.	XXXVI Rural Development	(*)	0.00	(*)
20.	XXXVIII Irrigation	0.47	0.30	0.17
21.	XLI Transport	67.13	50.02	17.11
Total		332.16	294.72	37.44
Capital – Voted				
1.	XII Police	91.44	29.82	61.62
2.	XIV Stationery and Printing and Other Administrative Services	5.05	3.16	1.89
3.	XV Public Works	1836.15	1628.04	208.11
4.	XVII Education, Sports, Art and Culture	543.88	307.62	236.26
5.	XVIII Medical and Public Health	296.86	193.19	103.67
6.	XIX Family Welfare	0.01	0.01	(*)
7.	XX Water Supply and Sanitation	268.20	127.90	140.30
8.	XXI Housing	73.65	27.06	46.59
9.	XXII Urban Development	76.50	63.20	13.30
10.	XXIII Information and Publicity	7.45	5.33	2.12
11.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	153.40	150.62	2.78
12.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	285.93	40.26	245.67
13.	XXVII Co-operation	220.47	202.67	17.80
14.	XXVIII Miscellaneous Economic Services	1419.78	58.06	1361.72
15.	XXIX Agriculture	277.30	151.22	126.08
16.	XXX Food	75.00	69.65	5.35
17.	XXXI Animal Husbandry	25.30	11.37	13.93
18.	XXXII Dairy	1.93	0.00	1.93

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
19.	XXXIII Fisheries	165.68	124.29	41.39
20.	XXXIV Forest	65.47	42.52	22.95
21.	XXXV Panchayat	460.00	217.83	242.17
22.	XXXVI Rural Development	1.00	0.38	0.62
23.	XXXVII Industries	715.13	349.30	365.83
24.	XXXVIII Irrigation	820.88	175.85	645.03
25.	XXXIX Power	42.80	0.87	41.93
26.	XL Ports	94.32	48.45	45.87
27.	XLI Transport	764.03	645.42	118.61
28.	XLII Tourism	172.48	134.17	38.31
29.	XLV Miscellaneous Loans and Advances	212.00	209.24	2.76
30.	XLVI Social Security and Welfare	77.60	50.30	27.30
Total		9249.69	5067.80	4181.89
Capital-Charged				
1.	XV Public Works	26.35	26.06	0.29
2.	XVIII Medical and Public Health	0.21	0.00	0.21
3.	XXIX Agriculture	(*)	0.00	(*)
4.	XXXVIII Irrigation	6.98	3.14	3.84
5.	XLI Transport	3.32	3.32	(*)
6.	Public Debt Repayment	14192.36	5842.77	8349.59
Total		14229.22	5875.29	8353.93
Grand Total		94006.20	73656.23	20349.97

(*) insignificant/token provision

Appendix 2.2
Details of Grant-wise Plan/Non-plan savings (exceeding ₹100 crore) during the year
(Reference: Paragraph 2.2: Page 48)

(₹ in crore)

Sl. No	Grant No.	Original Grant	Supplementary Grant	Final Expenditure	Savings	Percentage of Saving
Revenue – Plan (Voted)						
1.	II	214.63	18.15	106.59	126.19	54.2
2.	XVII	1409.44	318.79	1167.10	561.13	32.5
3.	XVIII	516.23	557.78	670.65	403.36	37.6
4.	XIX	448.14	0.00	299.21	148.93	33.2
5.	XX	597.80	50.00	432.91	214.89	33.2
6.	XXII	1228.42	0.00	276.38	952.04	77.5
7.	XXIV	579.90	15.57	430.18	165.29	27.8
8.	XXV	1855.64	145.02	1476.50	524.16	26.2
9.	XXIX	1338.44	100.42	995.44	443.42	30.8
10.	XXXV	141.60	110.98	74.67	177.91	70.4
11.	XXXVI	257.57	2631.27	1871.71	1017.13	35.2
12.	XXXVII	241.63	145.71	282.55	104.79	27.1
13.	XLVI	1028.76	426.62	1196.75	258.63	17.8
Total		9858.20	4520.31	9280.64	5097.87	35.5
Revenue - Non-Plan (Voted)						
14.	XII	2510.12	20.76	2300.18	230.70	9.1
15.	XV	2308.77	0.83	2053.02	256.58	11.1
16.	XVII	12476.60	2.94	11755.29	724.25	5.8
17.	XVIII	3227.98	46.50	2978.67	295.81	9.0
Total		20523.47	71.03	19087.16	1507.34	7.3
Total Revenue		30381.67	4591.34	28367.80	6605.21	18.9
Capital – Plan (Voted)						
18.	XVII	186.43	216.00	300.55	101.88	25.3
19.	XX	239.20	0.00	118.95	120.25	50.3
20.	XXV	272.93	12.90	40.26	245.57	85.9
21.	XXVIII	1232.78	0.00	53.86	1178.92	95.6
22.	XXIX	195.29	60.58	136.18	119.69	46.8
23.	XXXV	75.00	310.00	159.56	225.44	58.6
24.	XXXVII	634.51	55.26	327.51	362.26	52.5
25.	XXXVIII	777.88	16.00	168.78	625.10	78.7
Total		3614.02	670.74	1305.65	2979.11	69.5
Capital – Non-Plan (Voted)						
26.	XV	399.77	0.00	167.40	232.37	58.1
27.	XVII	141.30	0.15	7.08	134.37	95.0
28.	XXVIII	187.00	0.00	4.20	182.80	97.8
Total		728.07	0.15	178.68	549.54	75.5
Total Capital		4342.09	670.89	1484.33	3528.65	70.4
Grand Total		34723.76	5262.23	29852.13	10133.86	25.3

Appendix 2.3
Statement of persistent savings for the last three years
(Reference: Paragraph 2.3.2, Page 50)

(₹ in crore)

Sl. No	Head of Account	Year	Allocation	Expenditure	Savings
Grant No. XX Water Supply and Sanitation – Revenue (Voted)					
1.	2215-01-190-99 Grant-in-Aid to the Kerala Water Authority(Plan)	2012-13	141.30	54.85	86.45
		2013-14	145.25	75.25	70.00
		2014-15	200.50	133.12	67.38
2.	2215-01-190-94 Replacement of old and unusable pipes(Plan)	2012-13	85.00	75.00	10.00
		2013-14	90.00	80.00	10.00
		2014-15	95.00	62.00	33.00
3.	2215-01-800-67 Add-on project of 'Jalanidhi' (Plan)	2012-13	109.82	40.00	69.82
		2013-14	193.92	100.00	93.92
		2014-15	200.00	150.00	50.00
Grant No. XXII Urban Development – Revenue (Voted)					
4.	2217-03-191-74 Urban Infrastructure Development Scheme for Small and Medium Towns (ACA)(Plan)	2012-13	129.21	0.00	129.21
		2013-14	162.49	0.00	162.49
		2014-15	184.55	42.52	142.03
5.	2217-05-191-80 Integrated Housing and Slum Development Programme (State Scheme)(Plan)	2012-13	12.00	0.00	12.00
		2013-14	15.00	0.00	15.00
		2014-15	17.14	0.00	17.14
6.	2217-05-192-81 Integrated Housing and Slum Development Programme (State Scheme) (Plan)	2012-13	28.00	13.90	14.10
		2013-14	35.31	12.84	22.47
		2014-15	40.00	4.41	35.59
7.	2217-05-800-89 Jawahar Lal Nehru National Urban Renewal Mission (Central Assistance) (Plan)	2012-13	374.67	66.62	308.05
		2013-14	471.17	25.00	446.17
		2014-15	535.13	85.59	449.54
8.	2217-05-800-83 Basic Services to the Urban Poor (BSUP) (Plan)	2012-13	57.28	43.14	14.14
		2013-14	72.03	0.00	72.03
		2014-15	81.81	42.86	38.95
9.	2217-80-192-91 Modernisation of Slaughter Houses (50% CSS)(Plan)	2012-13	15.00	0.00	15.00
		2013-14	10.00	6.45	3.55
		2014-15	10.00	0.00	10.00
10.	2217-80-800-91 Kerala Sustainable Urban Development Project(Plan)	2012-13	273.00	100.00	173.00
		2013-14	250.00	50.00	200.00
		2014-15	150.00	50.00	100.00
11.	2217-80-800-70 Rajiv Awaz Yojana (RAY) (50% CSS)(Plan)	2012-13	49.20	18.52	30.68
		2013-14	134.00	3.31	130.69
		2014-15	101.07	0.39	100.68

Sl. No	Head of Account	Year	Allocation	Expenditure	Savings
Grant No. XXXVIII Irrigation – Capital (Voted)					
12.	4701-80-800-77 Dam Rehabilitation and Improvement Project (DRIP) (Plan)	2012-13	42.50	0.01	42.49
		2013-14	40.00	2.49	37.51
		2014-15	30.00	6.47	23.53
13.	4701-80-800-79 AIBP - Support for other need based programme(Plan)	2012-13	141.50	0.00	141.50
		2013-14	50.00	0.00	50.00
		2014-15	231.50	0.00	231.50
14.	4711-01-103-90 Kuttanad Package (75% CSS)(Plan)	2012-13	200.00	100.96	99.04
		2013-14	200.00	30.68	169.32
		2014-15	200.00	68.56	131.44
Public Debt Repayment – Capital (Charged)					
15.	6003-00-110-99 Ways and Means Advances(Non-plan)	2012-13	3000.00	0.00	3000.00
		2013-14	3000.00	113.74	2886.26
		2014-15	5500.00	1422.40	4077.60
16.	6003-00-110-98 Special Ways and Means advances(Non-plan)	2012-13	3000.00	0.00	3000.00
		2013-14	3000.00	5.19	2994.81
		2014-15	4000.00	502.23	3497.77
17.	6003-00-110-97 Short Fall in Cash Balances(Non-plan)	2012-13	25.00	0.00	25.00
		2013-14	25.00	0.00	25.00
		2014-15	25.00	1.66	23.34
18.	6003-00-110-96 Overdrafts (Non-plan)	2012-13	1000.00	0.00	1000.00
		2013-14	1000.00	0.00	1000.00
		2014-15	1500.00	724.78	775.22

Appendix 2.4
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 51)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	13 Grants	Revenue-V	2,69,07,419	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-VIII	4,74,89,272	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XI	8,28,23,107	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XII	1,04,47,42,687	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIII	1,03,42,841	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XVI	5,70,16,88,879	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	48,86,93,678	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XXVIII	2,27,91,084	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XLI	14,90,73,882	Final copies of the notes received. Not discussed by PAC
		Capital-XII	11,81,652	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XIV	41,04,486	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XLII	9,58,81,595	Final copies of the notes received. Not discussed by PAC
		Capital-XLVI	1,15,740	Notes considered by PAC. Appropriation Act not yet passed.
	2 Appropriations	Revenue-II	2,55,30,919	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XII	3,01,000	Notes considered by PAC. Appropriation Act not yet passed.
2012-13	14 Grants	Revenue-I	21,53,117	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-V	9,77,56,867	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-IX	80,65,569	Final copies of the notes received. Not discussed by PAC
		Revenue – X	1,19,80,020	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue – XII	1,56,15,14,343	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue – XIII	51,88,792	Notes considered by PAC. Appropriation Act not yet passed.

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
		Revenue-XVI	2,62,56,55,607	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue – XVII	29,71,81,076	Initial notes not received. Not discussed by PAC
		Revenue -XXXI	4,79,92,489	Final copies of the notes received. Not discussed by PAC
		Revenue – XLII	3,92,53,979	Initial notes not received. Not discussed by PAC
		Capital- XVII	1,18,49,442	Initial notes not received. Not discussed by PAC
		Capital – XIX	40,760	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XX	16,91,06,000	Notes considered by PAC. Appropriation Act not yet passed.
		Capital – XXVIII	17,04,318	Notes considered by PAC. Appropriation Act not yet passed.
	one Appropriation	Revenue – I	6,73,466	Notes considered by PAC. Appropriation Act not yet passed.
2013-14	6 Grants	Revenue-I	32,74,452	Final copies of the notes received. Not discussed by PAC
		Revenue-IV	2,10,27,603	Final copies of the notes not received. Not discussed by PAC
		Revenue-XIII	3,74,75,050	Initial notes not received. Not discussed by PAC
		Revenue-XVI	3,71,23,54,719	Initial notes not received. Not discussed by PAC
		Capital-XV	72,52,76,458	Initial notes not received. Not discussed by PAC
		Capital-XXXII	19,774	Initial notes not received. Not discussed by PAC
	4 Appropriations	Revenue-I	7,79,857	Final copies of the notes received. Not discussed by PAC
		Revenue-Debt Charges	1,09,10,96,321	Final copies of the notes received. Not discussed by PAC
		Revenue-XV	27,21,676	Initial notes not received. Not discussed by PAC
		Revenue-XVI	1,27,63,774	Final copies of the notes not received. Not discussed by PAC
Total			18,18,85,73,770	

Appendix 2.5
Cases where supplementary provision (₹ one crore or more in each case) proved unnecessary

(Reference: Paragraph 2.3.6, Page 55)

(₹ in crore)

Sl. No.	Number and name of Grant	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Revenue – Voted					
1.	II Heads of States, Ministers and Headquarters staff	518.43	397.82	120.61	21.18
2.	III Administration of Justice	484.63	461.75	22.88	9.16
3.	VIII Excise	219.80	187.31	32.49	2.00
4.	XII Police	2558.62	2345.11	213.51	25.41
5.	XIV Stationery and Printing and Other Administrative Services	386.16	361.94	24.22	10.00
6.	XV Public Works	2321.39	2131.25	190.14	55.43
7.	XVII Education, Sports , Art and Culture	13886.03	12922.39	963.64	321.73
8.	XX Water Supply and Sanitation	835.57	674.57	161.00	50.00
9.	Welfare of Scheduled Castes, XXV Scheduled Tribes, Other Backward Classes and Minorities	2170.32	1791.43	378.89	155.05
10.	XXIX Agriculture	2370.85	1960.09	410.76	102.15
11.	XXXIV Forest	473.40	447.24	26.16	13.59
12.	XXXIX Power	127.01	104.76	22.25	50.38
Total		26352.21	23785.66	2566.55	816.08
Capital – Voted					
13.	XXI Housing	65.65	27.06	38.59	8.00
14.	Welfare of Scheduled Castes, XXV Scheduled Tribes, Other Backward Classes and Minorities	273.03	40.26	232.77	12.90
15.	XXIX Agriculture	216.72	151.22	65.50	60.58
16.	XXXI Animal Husbandry	23.30	11.37	11.93	2.00
17.	XXXII Dairy	0.00	0.00	0.00	1.93
18.	XXXIII Fisheries	148.80	124.29	24.51	16.88
19.	XXXVII Industries	634.51	349.30	285.21	80.62
20.	XXXVIII Irrigation	804.88	175.85	629.03	16.00
21.	XXXIX Power	37.80	0.87	36.93	5.00
22.	XL Ports	88.74	48.45	40.29	5.58
23.	XLVI Social Security and Welfare	73.60	50.30	23.30	4.00
Total		2367.03	978.97	1388.06	213.49
Grand Total		28719.24	24764.63	3954.61	1029.57

Appendix 2.6
Cases of excessive supplementary Grants/Appropriations
(Savings of ₹ one crore and above)
(Reference: Paragraph 2.3.6, Page 56)

(₹ in crore)

Sl. No.	Grant/Appropriation	Original provision	Final Expenditure	Additional funds required	Supplementary obtained	Excess supplementary
Revenue - Voted						
1.	IV Elections	104.31	132.82	28.51	36.00	7.49
2.	V Agricultural Income Tax and Sales Tax	229.10	232.14	3.04	16.62	13.58
3.	XI District Administration and Miscellaneous	451.66	486.63	34.97	82.16	47.19
4.	XIII Jails	84.77	91.92	7.15	8.25	1.10
5.	XVI Pensions and Miscellaneous	14380.72	15915.29	1534.57	1649.25	114.68
6.	XXVI Relief on Account of Natural Calamities	325.71	380.44	54.73	91.10	36.37
7.	XXVII Co-operation	245.81	249.07	3.26	39.00	35.74
8.	XXX Food	914.36	1087.51	173.15	199.10	25.95
9.	XXXII Dairy	160.76	181.93	21.17	29.96	8.79
10.	XXXIII Fisheries	296.53	305.14	8.61	82.95	74.34
11.	XXXVI Rural Development	461.56	2070.90	1609.34	2640.74	1031.40
12.	XXXVII Industries	396.67	459.09	62.42	153.70	91.28
13.	XLI Transport	58.57	86.20	27.63	61.73	34.10
14.	XLIII Compensation and Assignments	6237.14	6421.19	184.05	237.88	53.83
15.	XLVI Social Security and Welfare	2729.48	3054.61	325.13	626.26	301.13
Capital - Voted						
16.	XII Police	0.00	29.82	29.82	91.44	61.62
17.	XV Public Works	1306.52	1628.04	321.52	529.63	208.11
18.	XXII Urban Development	50.60	63.20	12.60	25.90	13.30
19.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	144.10	150.62	6.52	9.30	2.78
20.	XXVII Co-operation	64.07	202.66	138.59	156.40	17.81
21.	XXX Food	54.48	69.65	15.17	20.52	5.35
22.	XXXV Panchayat	150.00	217.83	67.83	310.00	242.17
23.	XLI Transport	604.06	645.42	41.36	159.97	118.61
Total		29450.98	34162.12	4711.14	7257.86	2546.72

Appendix 2.7

Unnecessary/Excessive/Insufficient re-appropriation of funds (in excess of ₹one crore)
(Reference: Paragraph 2.3.7; Page 57)

(₹ in crore)

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
Unnecessary re-appropriation				
2210-06-101-29-National Health Mission (NHM)-P-V	465.95	335.68	112.24	-242.51
2210-02-101-97-Other Hospitals and Dispensaries-NP-V	211.00	165.31	4.46	-50.15
2702-01-800-94-Minor Irrigation Projects Maintenance-NP-V	63.80	34.40	2.13	-31.53
2210-05-105-96-Allopathy Medical College, Kottayam-NP-V	96.49	76.57	2.56	-22.48
2070-00-104-99-Vigilance-NP-V	58.90	56.00	12.98	-15.88
2210-05-105-95-Allopathy Medical College, Alappuzha-NP-V	72.19	59.72	1.93	-14.39
6851-00-190-97-Loans to Kerala State Bamboo Corporation-P-V	0.00	0.00	5.60	-5.60
2515-00-800-14-Take over of Bhavanasree Loans-NP-V	26.39	26.39	4.09	-4.09
2015-00-103-99-Assembly and Parliament-NP-V	24.53	23.14	2.35	-3.74
2203-00-104-97-Private Polytechnics-NP-V	25.72	23.99	1.33	-3.06
2225-04-001-99-Direction-P-V	0.00	0.00	3.00	-3.00
2071-01-117-99-Government Contribution to National Pension System - All India Service Officers-NP-V	0.30	0.27	1.81	-1.84
4851-00-104-99-Assistance to Apex Organisations in the Handicrafts Sector-P-V	2.50	2.50	1.30	-1.30
Excessive re-appropriation				
5054-80-001-99-Establishment Charges transferred on percentage basis from '3054-Roads and Bridges'-P-V	83.65	173.35	127.88	-38.18
2210-05-105-52-Regional Cancer Centre-P-V	0.00	20.00	40.40	-20.40
4851-00-195-99-Investment in Capex as Share Capital Contribution-P-V	0.00	3.50	18.00	-14.50
2245-02-106-99-Repairs and restoration of damaged roads and bridges-NP-V	78.22	97.99	24.81	-5.04
2071-01-103-99-Compassionate allowances-NP-V	0.62	0.71	4.37	-4.28
2210-06-101-49-Surveillance and Control of Communicable Diseases-P-V	0.00	5.90	9.80	-3.90
5054-80-052-99-Tools and Plants charges transferred on percentage basis from '3054 Roads and Bridges'-P-V	5.85	12.13	8.95	-2.67
2202-02-001-94-Directorate of Higher Secondary Education (Plus Two)-NP-V	41.23	47.09	8.00	-2.14
4210-03-105-93-Medical College, College Hospital, College Hostel, Alappuzha - Land Acquisition and Buildings-P-V	5.00	8.20	4.95	-1.75

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/Savings(-)
2059-60-051-83-Kerala House,New Delhi-NP-V	1.50	1.52	1.77	-1.75
2071-01-101-99-Pension to Kerala Government Pensioners-NP-V	6025.70	6136.58	112.46	-1.58
4711-02-103-90-NABARD assisted scheme for construction of Groynes-P-V	0.00	6.08	7.38	-1.30
Insufficient re-appropriation				
2049-03-104-99-Interest on General Provident Funds-NP-C	1330.55	1442.54	78.32	33.67
2210-05-105-98-Allopathy Medical College, Thiruvananthapuram-NP-V	138.72	151.71	7.24	5.75
2210-05-105-97-Allopathy Medical College, Kozhikode-NP-V	100.46	112.56	7.14	4.96
2210-05-105-94-Allopathy Medical College, Thrissur-NP-V	60.77	66.69	1.06	4.86
2217-01-800-99-Capital Region Development Project-P-V	0.01	26.85	22.90	3.94
4210-01-110-78-Establishment of New Women and Children Hospitals-P-V	0.00	7.05	4.30	2.75
2210-05-105-47-Medical College Kochi, Ernakulam-NP-V	0.00	13.07	10.55	2.52
2071-01-105-99-Family Pension-NP-V	1208.81	1226.80	15.93	2.06
2210-05-101-95-Ayurveda Medical College, Thiruvananthapuram-NP-V	16.99	20.08	1.17	1.92
2210-02-101-99-Collegiate Hospitals and Maternity Ward, Thiruvananthapuram-NP-V	9.13	9.35	-0.95	1.17

Appendix 2.8
Heads in which entire budget allocation (₹ five crore and above) was surrendered
during the year
(Reference: Paragraph 2.3.8; Page 58)

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
1.	II	3451-00-090-96-V(P)-Incentive Grant for Unique Identification (UIDs) - XIII Finance Commission Recommendation	9.92	No expenditure incurred, hence the resumption
2.	II	3451-00-101-32- V(P)-Priority Scheme - Implemented by Kerala State IT Mission - Laptop to girls	5.25	No expenditure incurred, hence the resumption
3.	II	3451-00-101-51- V(P)-State Data Centre (other ACA)	13.34	No expenditure incurred, hence the resumption
4.	III	2014-00-800-88-V(NP)-Gram Nyayalayas	6.30	The Gram Nyayalayas did not start functioning during the year 2014-15, hence the savings
5.	VI	2506-00-103-93- V(P)-National Land Records Modernisation Programme (NLRMP-50% CSS)	7.40	Planned activities could not be carried out as envisaged due to non-release of central assistance to the anticipated level.
6.	VI	2506-00-103-94- V(P)-National Land Records Modernisation Programmes (NLRMP) Computerisation of Land Records (100% CSS)	9.93	Planned activities could not be carried out as envisaged due to non-release of central assistance to the anticipated level.
7.	XI	2053-00-800-87- V(P)-District Innovation Fund - XIII Finance Commission Recommendation	7.00	No expenditure incurred, hence savings.
8.	XVI	2071-01-117-95- V(NP)-Government backlog contribution to National Pension System - State Government Employees	10.00	No requirement of funds during the current financial year. Hence the resumption
9.	XVII	2203-00-105-80- V(P)-Community Colleges in Polytechnics (100% CSS)	6.00	The scheme could not be implemented due to administrative reasons
10.	XVII	3435-03-101-93- V(P)-Urban Environment Improvement Project	8.00	The scheme could not be implemented due to administrative reasons
11.	XVII	4202-01-203-80- V(P)-New Govt.Autonomous Colleges and New Govt.deemed Universities for Kerala	5.00	The scheme could not be implemented due to administrative reasons
12.	XVII	4202-01-203-83- V(P)-Colleges Infrastructure Upgradation Programme(CIUP)	20.00	The scheme could not be implemented due to administrative reasons
13.	XVII	4202-01-800-91- V(P)-Setting up of infrastructure facilities in G.V.Raja Sports School, Thiruvananthapuram and GVHSS Kannur (One time ACA)	8.00	Planned activities could not be implemented fully as envisaged due to administrative / technical reasons.

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
14.	XVII	4202-02-105-90- V(P)-Development of other Engineering Colleges	5.00	The payment for the works are made based on the completion or progress of the works sanctioned hence savings.
15.	XVII	4202-02-800-85- V(NP)-Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS)	10.00	The payment for the works are made based on the completion or progress of the works sanctioned hence savings.
16.	XVII	4202-03-102-99- V(NP)-Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS)	10.00	The payment for the works are made based on the completion or progress of the works sanctioned hence savings.
17.	XVIII	2210-01-110-12- V(P)-Tertiary Cancer Care centre scheme of NPCDCS in Medical College, Kozhikode	25.03	Funds could not be utilized due to administrative reasons
18.	XVIII	2210-01-110-69- V(P)-Kerala Emergency Medical Service (108 Ambulance) (One time ACA)	10.00	Funds could not be utilized due to administrative reasons
19.	XVIII	2210-05-105-82- V(P)-Government Medical College Thrissur (One time ACA)	6.50	No requirement of fund during the current financial year
20.	XVIII	2210-80-800-70- V(P)-Standardisation of Hospitals at District and General Hospitals - One time ACA	5.00	No requirement of fund during the current financial year
21.	XVIII	4210-02-110-81- V(NP)-Modernisation of Government Hospital, Pala	6.00	Due to the non-arrangement of work in time, fund could not be utilised, hence the resumption.
22.	XX	2215-01-102-99- V(P)-Completion of Rural Water Supply Schemes other than ARWSP	5.00	Due to administrative reasons fund could not be spent. Hence the savings.
23.	XXI	6216-80-190-98- V(P)-Saphalyam housing scheme for EWS/LIG category(Right to shelter scheme for houseless people to be implemented by Housing Board.)	10.00	Due to administrative reasons fund could not be spent. Hence the savings.
24.	XXII	2217-05-191-80- V(P)-Integrated Housing and Slum Development Programme (State Scheme)	17.14	Planned activities could not be implemented due to administrative reasons.
25.	XXII	2217-80-192-91- V(P)-Modernisation of Slaughter Houses (50% CSS)	10.00	Planned activities could not be implemented due to administrative reasons.
26.	XXII	2217-80-800-74- V(P)-Integrated low cost sanitation project (100% CSS)	5.00	Planned activities could not be implemented due to administrative reasons.
27.	XXII	2217-80-800-70- V(P)-Rajiv Awaz Yojana (RAY) (50% CSS)	100.68	Planned activities could not be carried out to the extent anticipated. Hence the savings.
28.	XXIV	2230-01-103-15- V(P)-Affordable housing for unorganised Labour Plantation Rehabilitation Scheme	10.00	Planned activities could not be implemented due to administrative reasons.

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
29.	XXIV	2230-01-103-66- V(P)-Universal CHIS Plus	10.00	Funds could not be utilized completely due to administrative reasons, Hence savings
30.	XXV	2225-04-283-99- V(P)-Housing scheme for divorced ladies from minority communities	5.00	Expenditure is less than anticipated.
31.	XXV	2225-03-800-86- V(P)-Assistance to voluntary organisation (90% CSS)	15.00	Expenditure is less than anticipated
32.	XXV	4225-01-277-89- V(P)-Construction of Medical College, Palakkad	150.00	Expenditure is less than anticipated
33.	XXIX	4435-01-101-94- V(P)-Agri Malls (One Time ACA)	5.00	No claim under this Head of Account, Hence the resumption.
34.	XXXI	2403-00-101-70- V(P)-Strengthening of veterinary services (ACA)	7.19	Scheme not implemented during the financial year 2014-15, Hence the savings.
35.	XXXV	2515-00-101-68- V(P)-Suchithwa Keralam	20.00	Expenditure could not be incurred due to administrative reasons, hence the savings.
36.	XXXV	2515-00-198-35- V(P)-Setting up of Slaughter Houses in selected Panchayats	10.00	Expenditure could not be incurred due to administrative reasons
37.	XXXVII	2851-00-102-42- V(P)-Seed Fund to Youth	5.00	Expenditure could not be incurred due to administrative reasons
38.	XXXVII	4851-00-101-93- V(P)-Small Industry cluster Development Programme (20% SS)	22.50	Expenditure could not be incurred due to administrative reasons
39.	XXXVII	6851-00-109-74- V(P)-Kerala State Co-operative Textile Federation (TEXFED)	8.98	Schemes not implemented during the current financial year.
40.	XXXVIII	4700-21-800-97- V(P)-Dam and Appurtenant Works	16.00	No expenditure during the current year and hence the saving.
41.	XXXVIII	4700-29-800-86-AIBP - V(P)- Assistance for Mullaperiyar Project	30.00	No expenditure during the current year and hence the saving.
42.	XXXVIII	4700-29-800-87- V(P)-NABARD Assisted (RIDF) Mullaperiyar Project	15.00	Expenditure is limited to actual requirements hence saving.
43.	XXXVIII	4700-29-800-97- V(P)-Dam and Appurtenant Works	5.00	No expenditure during the current year and hence the saving.
44.	XXXVIII	4701-25-800-97- V(P)-Dam and Appurtenant Works	10.00	No expenditure during the current year and hence the saving.
45.	XLII	5452-01-190-99- V(P)-Kerala Tourism Development Corporation	6.50	No expenditure during the current year and hence the saving.
46.	XLVI	2235-02-103-80- V(P)-Gender Park	6.60	No expenditure incurred, hence the resumption.
Total			699.26	

Appendix 2.9

**Surrender (₹ one crore or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.9; Page 59)**

(₹ in crore)

Sl. No.	Number and name of the Grant	Total Grant	Savings	Amount surrendered	Amount surrendered in excess
Revenue - Voted					
1.	V Agricultural Income Tax and Sales Tax	245.72	13.58	29.04	15.46
2.	VI Land Revenue	475.52	70.38	74.89	4.51
3.	VIII Excise	221.80	34.49	38.66	4.17
4.	XIII Jails	93.02	1.10	2.26	1.16
5.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	918.05	152.19	164.77	12.58
6.	XXVII Co-operation	284.81	35.74	40.82	5.08
7.	XXVIII Miscellaneous Economic Services	134.54	15.42	19.17	3.75
8.	XXX Food	1113.46	25.95	27.33	1.38
9.	XXXIV Forest	486.99	39.75	62.27	22.52
10.	XLII Tourism	151.96	6.61	8.15	1.54
Total		4125.87	395.21	467.36	72.15
Capital - Voted					
11.	XIV Stationery and Printing and Other Administrative Services	5.05	1.89	3.75	1.86
12.	XVII Education, Sports , Art and Culture	543.88	236.26	240.60	4.34
13.	XXX Food	75.00	5.35	6.74	1.39
Total		623.93	243.50	251.09	7.59
Capital - Charged					
14.	Public Debt Repayment	14192.36	8349.59	8359.11	9.52
Grand Total		18942.16	8988.30	9077.56	89.26

Appendix 2.10
Details of saving of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.10, Page 59)

(₹ in crore)

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings not surrendered
Revenue - Voted				
1.	I State Legislature	5.77	2.11	3.66
2.	II Heads of States, Ministers and Headquarters staff	141.79	99.78	42.01
3.	III Administration of Justice	32.04	27.56	4.48
4.	IV Elections	7.49	0.83	6.66
5.	VII Stamps and Registration	22.76	8.76	14.00
6.	XI District Administration and Miscellaneous	47.19	26.36	20.83
7.	XIV Stationery and Printing and Other Administrative Services	34.22	22.73	11.49
8.	XV Public Works	245.57	183.09	62.48
9.	XVI Pensions and Miscellaneous	114.68	113.45	1.23
10.	XVII Education, Sports , Art and Culture	1285.37	943.58	341.79
11.	XVIII Medical and Public Health	699.17	149.58	549.59
12.	XIX Family Welfare	148.52	17.75	130.77
13.	XXI Housing	59.84	37.21	22.63
14.	XXII Urban Development	948.83	945.74	3.09
15.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	533.94	469.86	64.08
16.	XXVI Relief on Account of Natural Calamities	36.36	29.87	6.49
17.	XXIX Agriculture	512.91	340.44	172.47
18.	XXXI Animal Husbandry	48.98	45.52	3.46
19.	XXXII Dairy	8.79	2.64	6.15
20.	XXXIII Fisheries	74.35	70.54	3.81
21.	XXXV Panchayat	195.62	169.82	25.80
22.	XXXVI Rural Development	1031.40	963.47	67.93
23.	XXXVII Industries	91.28	61.48	29.80
24.	XXXVIII Irrigation	97.87	36.77	61.10
25.	XXXIX Power	72.63	0	72.63
26.	XLI Transport	34.10	31.99	2.11
27.	XLVI Social Security and Welfare	301.13	144.71	156.42
Total		6832.60	4945.64	1886.96

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings not surrendered
Revenue -Charged				
28.	II Heads of States, Ministers and Headquarters staff	14.92	1.77	13.15
29.	XLI Transport	17.11	0.01	17.10
Total		32.03	1.78	30.25
Capital -Voted				
30.	XII Police	61.62	54.31	7.31
31.	XV Public Works	208.11	162.48	45.63
32.	XXI Housing	46.59	30.52	16.07
33.	XXII Urban Development	13.30	0.02	13.28
34.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	245.67	240.30	5.37
35.	XXVIII Miscellaneous Economic Services	1361.72	1171.15	190.57
36.	XXIX Agriculture	126.08	10.13	115.95
37.	XXXII Dairy	1.93	0	1.93
38.	XXXV Panchayat	242.17	225.69	16.48
39.	XXXVII Industries	365.83	153.92	211.91
40.	XXXVIII Irrigation	645.03	336.67	308.36
41.	XXXIX Power	41.93	2.74	39.19
42.	XLI Transport	118.61	97.07	21.54
43.	XLV Miscellaneous Loans and Advances	2.77	1.35	1.42
44.	XLVI Social Security and Welfare	27.30	11.34	15.96
Total		3508.66	2497.69	1010.97
Capital-Charged				
45.	XXXVIII Irrigation	3.85	0.11	3.74
Total		3.85	0.11	3.74
Grand Total		10377.14	7445.22	2931.92

Appendix 2.11
Cases of surrender of funds in excess of ₹10 crore on 31 March 2015
(Reference: Paragraph 2.3.10, Page 59)

(₹ in crore)

Grant No.	Major Head and Nomenclature	Budget Allocation	Amount Surrendered	Percent
II	3451 Secretariat-Economic Services	292.98	96.06	32.79
VI	2506 Land Reforms	17.33	17.33	100.00
XII	4055 Capital Outlay On Police	91.44	54.31	59.39
XVII	3435 Ecology And Environment	36.18	21.27	58.79
	4202 Capital Outlay On Education, Sports, Art And Culture	543.58	240.60	44.26
	3425 Other Scientific Research	136.46	36.31	26.61
XVIII	4210 Capital Outlay On Medical And Public Health	297.07	104.75	35.26
XX	6215 Loans For Water Supply And Sanitation	150.00	96.65	64.43
	4215 Capital Outlay On Water Supply And Sanitation	118.20	43.65	36.93
XXI	4216 Capital Outlay On Housing	34.25	16.52	48.23
	6216 Loans For Housing	39.40	14.00	35.53
	2216 Housing	121.80	37.21	30.55
XXII	2217 Urban Development	1264.88	945.74	74.77
XXV	4225 Capital Outlay On Welfare Of Scheduled Castes, Scheduled Tribes, Other Backward Classes And Minorities	285.83	240.20	84.04
XXVIII	5475 Capital Outlay On Other General Economic Services	1419.78	1171.15	82.49
XXX	3456 Civil Supplies	44.14	19.85	44.97
XXXI	4403 Capital Outlay On Animal Husbandry	15.30	12.20	79.74
XXXIV	4406 Capital Outlay On Forestry And Wild Life	65.47	23.30	35.59
XXXV	4515 Capital Outlay On Other Rural Development Programmes	460.00	225.69	49.06
	2515 Other Rural Development Programmes	483.45	169.82	35.13
XXXVI	2501 Special Programmes For Rural Development	319.60	135.65	42.44
	2505 Rural Employment	2372.51	744.02	31.36
XXXVII	4851 Capital Outlay On Village And Small Industries	79.20	38.63	48.78
	4885 Other Capital Outlay On Industries And Minerals	160.99	46.41	28.83
XXXVIII	4700 Capital Outlay On Major Irrigation	176.92	115.76	65.43
	4711 Capital Outlay On Flood Control Projects	213.21	82.78	38.83
	4701 Capital Outlay On Medium Irrigation	437.73	138.24	31.58
XL	5051 Capital Outlay On Ports And Light Houses	94.32	45.84	48.60
XLI	3075 Other Transport Services	64.91	21.60	33.28
	6003 Internal Debt Of The State Government	13842.95	8349.81	60.32
Total		23679.88	13305.35	

Appendix 2.12
Pendency in submission of Detailed Contingent bills against Abstract
Contingent (AC) bills drawn from 2013-14 to 2014-15
(Reference: Paragraph 2.4.1, Page 60)

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
1.	Accounts Officer, District Police Office, Thrissur (Rural)	October 2013	230000
		April 2014	653000
		September 2014	1000000
		October 2014	900000
		October 2014	400000
2.	Accounts Officer, District Police Office, Thrissur	February 2014	150000
3.	Accounts Officer, District Police Office, Thrissur City	September 2014	1200000
4.	Administrative Assistant, India Reserve Battalion, RV Puram, Thrissur	May 2014	204000
		September 2014	200000
5.	Accounts Officer, District Police Office, Ernakulam(Rural)	July 2014	740000
		September 2014	3033768
		October 2014	900000
6.	Tribal Extension Officer, Amballur	July 2014	10000
7.	Superintendent, District Jail Kollam	September 2014	100000
8.	Accounts Officer, District Police Office, Palakkad	October 2014	900000
9.	Assistant Soil Chemist, Soil Testing Laboratory, Thrissur	October 2014	75000
10.	Principal Agricultural Officer, Thrissur	November 2014	1500000
11.	Government Veterinary Poly Clinic, Kunnamangalam	November 2014	1380000
12.	Senior Veterinary Surgeon, Government Veterinary Hospital Pazhayannur	November 2014	51000
13.	Superintendent, Central Prison, Thiruvananthapuram	December 2014	75000
		January 2015	50000
		February 2015	1212560
		February 2015	300000
14.	Superintendent, Special Sub Jail, Neyyattinkara	December 2014	50000
		December 2014	20000
		February 2015	50000
		February 2015	20000
15.	Superintendent, District Jail, Kollam	December 2014	100000
16.	Superintendent, Women's Prison, Viyyur	December 2014	40000
17.	Child Development Project Officer, ICDS, Ottapalam	December 2014	18750

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
18.	Government Veterinary Dispensary, Venkitangu	January 2015	49000
19.	Superintendent, Special Sub Jail, Thiruvananthapuram	February 2015	50000
20.	Superintendent, District Jail, Thiruvananthapuram	February 2015	150000
21.	District Officer, Kerala Public Service Commission, Ernakulam	February 2015	100000
		February 2015	62000
22.	Joint Director, State Institute of Technical Teachers Training and Research, Kalamassery	March 2015	200000
23.	Superintendent, District Jail, Viyyur	March 2015	200000
24.	Superintendent, Special Sub Jail, Chittur	March 2015	50000
Total			16424078

Appendix 2.13
List of controlling officers where amounts exceeding ₹50 crore in each case
remained un-reconciled during 2014-15
(Reference: Paragraph 2.4.2, Page 61)

(₹ in crore)

Sl. No.	Name of the controlling officer	Amount not reconciled
1.	The Director, Public Instruction, Jagathy, Thiruvananthapuram	8031.95
2.	The Commissioner, Rural Development	2278.88
3.	The Director, Higher Secondary Education	1512.08
4.	The Director of Scheduled Caste Development	1065.98
5.	The Director of Panchayats	707.39
6.	The Director of Technical Education	590.36
7.	The Director of Animal Husbandry	522.13
8.	The Director of Scheduled Tribe's Development	515.03
9.	The Secretary, Transport Department	298.78
10.	The Secretary to Government, Social Justice Department	297.35
11.	The Director, Vocational Higher Secondary Education	265.48
12.	The Director, Sports and Youth Affairs	235.97
13.	The Director of Tourism	234.94
14.	The Secretary to Government, Health and Family Welfare Department	219.28
15.	The Director of Urban Affairs	198.70
16.	The Secretary, Local Self Government Department	190.51
17.	The Excise Commissioner, Commissionerate of Excise	187.31
18.	The Chief Engineer, Local Self Government Department	181.52
19.	The Director of Dairy Development	181.30
20.	The Director of Training, Industrial Training Department	165.22
21.	The Commandant General, Fire and Rescue Services	163.01
22.	The Chief Town Planner, Town and Country Planning Department	161.63
23.	The Director, Urban Affairs Department	141.08
24.	The Director of Backward Classes Development Department	136.21
25.	The Secretary, Planning and Economic Affairs Department	128.98
26.	Directorate of Coir Development	126.61
27.	The Chief Electoral Officer, Election Department	123.48
28.	The Secretary to Government, Science and Technology Department	122.49
29.	The Director, Directorate of Insurance Medical Services	122.22
30.	The Director, Survey and Land Records Department	117.22
31.	The Inspector General of Registration	107.74

Sl. No.	Name of the controlling officer	Amount not reconciled
32.	The Director of Employment	102.45
33.	The Secretary to Government, Power Department	93.62
34.	The Registrar, Cochin University of Science and Technology	85.08
35.	The Secretary to Government, Industries Department	70.09
36.	The District Collector, Kasaragod	68.69
37.	The Director, Regional Cancer Centre, Thiruvananthapuram	61.97
38.	The Secretary to Government, Cultural Affairs Department	58.09
39.	The Director of Ports	55.41
40.	The Director, Kerala State Audit Department	55.00
Total		19981.23

Appendix 3.1
Statement showing names of bodies and authorities, the accounts of
which had not been received as of March 2015
(Reference: Paragraph 3.1; Page 69)

(₹ in crore)

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grants received
1.	Kerala Agriculture University	2013-14	196.10
2.	Matsya Samrudhi (Matsya Keralam Project)	2013-14	4.00
3.	National Transportation Planning and Research Centre	2013-14	8.40
4.	Thenmala Eco Tourism Promotion Society	2013-14	1.09
5.	State Fisheries Resource Management Society	2013-14	13.16
6.	Agency for Non-Conventional Energy and Rural Technology	2013-14	22.94
7.	Malabar Botanical Garden Society	2013-14	0.80
8.	Kerala Khadi Workers Welfare Fund Board	2013-14	0.20
9.	State Agriculture Management and Extension Training Institute	2013-14	1.55
10.	Kerala State Veterinary Council	2013-14	0.15
11.	Kerala Veterinary and Animal Sciences University	2013-14	70.71
12.	Public Sector Restructuring and Internal Audit Board	2013-14	1.75

Appendix 3.2
Statement showing performance of Autonomous Bodies
(Reference: Paragraph 3.2; Page 69)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
1.	Kerala Khadi and Village Industries Board, Thiruvananthapuram	Up to 2017-18	2012-13	2012-13	2011-12	NA	01.12.2014	14 months
2.	Command Area Development Authority, Thrissur	Up to 2015-16	2013-14	2012-13	2011-12	NA	10.9.2015	11 months
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Upto 2016-17	2013-14	2013-14	Information not received		13.2.2015	7 months 12 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	For five years from 2012-13	2013-14	2012-13	Information not received		16.4.2015	9 months 15 days
5.	Kerala Building & Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards, Act enacted by Parliament	2013-14	2012-13	Information not received		28.5.2015	10 months 27 days
6.	Kerala State Human Rights Commission, Thiruvananthapuram	1998-99 onwards	2013-14	2013-14	Information not received		20.8.2014	1 month 19 days
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards	2013-14	2013-14	Information not received		13.2.2015	7 months 12 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards	2013-14	2012-13	Information not received		1.10.2015	15 months
9.	District Legal Services Authority, Kollam	1998-99 onwards	2012-13	2012-13	Information not received		14.8.2014	13 months 13 days
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards	2012-13	2012-13	Information not received		18.3.2015	20 months 17 days
11.	District Legal Services Authority, Alappuzha	1998-99 onwards	2013-14	2013-14	Information not received		13.7.2015	12 months 12 days
12.	District Legal Services Authority, Kottayam	1998-99 onwards	2014-15	2014-15	Information not received		15.6.2015	No delay
13.	District Legal Services Authority, Idukki	1998-99 onwards	2013-14	2013-14	Information not received		23.9.2014	2 months 22 days

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
14.	District Legal Services Authority, Ernakulam	1998-99 onwards	2011-12	2011-12	Information not received		20.02.2014	19 months 19 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards	2012-13	2012-13	Information not received		27.5.2015	22 months 26 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards	2010-11	2010-11	Information not received		13.10.2011	3 months 12 days
17.	District Legal Services Authority, Malappuram	1998-99 onwards	2013-14	2013-14	Information not received		9.3.2015	8 months 8 days
18.	District Legal Services Authority, Kozhikode	1998-99 onwards	2013-14	2013-14	Information not received		20.2.2015	7 months 19 days
19.	District Legal Services Authority, Wayanad	1998-99 onwards	2011-12	2011-12	Information not received		18.3.2015	32 months 17 days
20.	District Legal Services Authority, Kannur	1998-99 onwards	2010-11	2010-11	Information not received		29.3.2013	20 months 28 days
21.	District Legal Services Authority, Kasaragod	1998-99 onwards	2011-12	2011-12	Information not received		01.11.2013	16 months
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards	2013-14	2013-14	Information not received		8.5.2015	10 months 7 days
23.	Permanent Lok Adalath, Ernakulam	2011-12 onwards	2012-13	2012-13	Information not received		13.2.2015	19 months 12 days
24.	Kerala Water Authority	Till 2019-20	2012-13	2010-11	2007-08	6.3.2012	23.3.2015	20 months 22 days

Appendix 3.3
Statement of finalization of *pro forma* accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings
(Reference: Paragraph 3.3; Page 70)

(₹ in crore)

Sl.No.	Name of the undertaking	Accounts finalized up to	Government investment as per the last accounts finalized	Profit/loss as per the last accounts
1.	State Water Transport Department	2012-13	3.18	(-) 35.79
2.	Kerala State Insurance Department	2011-12	Nil	223.58
3.	Text Book Office ⁴²	2003-04	21.26	(-) 5.61

⁴² Government decided (December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 is pending with the Government (October 2013).

Appendix 3.4
Department/duration-wise break-up of cases of misappropriation, defalcation, etc.
(Reference: Paragraph 3.4; Page 70)

Sl. No.	Name of the Department	Upto 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years and above		Total number of cases	
1.	Agriculture	3	(23.73)	2	(5.39)	2	(10.55)	1	(0.16)	2	(5.76)			10	(45.59)
2.	Animal Husbandry			1	(0.35)									1	(0.35)
3.	Co-operation							1	(11.30)					1	(11.30)
4.	Cultural Affairs -Archives											1	(0.20)	1	(0.20)
5.	Finance-National Savings											1	(0.45)	1	(0.45)
6.	Finance – Treasuries			3	(2.49)	6	(115.78)	3	(39.21)	1	(0.07)	4	(2.19)	17	(159.74)
7.	Fisheries and Ports							1	(1.32)					1	(1.32)
8.	Forest and Wildlife														
9.	General Education	3	(10.84)	2	(1.73)	2	(10.34)	7	(1.27)	2	(0.16)	2	(4.52)	18	(28.86)
10.	Health and Family Welfare – Health Services	3	(20.52)	5	(11.75)	3	(151.16)	1	(4.02)	1	(0.69)	3	(2.23)	16	(190.37)
11.	Health and Family Welfare – Medical Education	1	(7.37)	1	(1.16)	2	(17.97)							4	(26.50)
12.	Health and Family Welfare - Indian Systems of Medicine	1	(9.30)					1	(1.85)					2	(11.15)
13.	Higher Education – Collegiate Education					1	(0.20)	1	(0.73)	1	(0.02)			3	(0.95)
14.	Home Department – Police											1	(0.38)	1	(0.38)
15.	Industries	1	(40.0)					1	(0.31)					2	(40.31)
16.	Legal Metrology														
17.	Local Self Government					4	(15.73)	2	(2.77)	1	(1.85)			7	(20.35)
18.	Public Works Department	1	(1.87)			3	(7.70)							4	(9.57)
19.	Revenue – Survey and Land Records											2	(5.63)	2	(5.63)
20.	Scheduled Castes and Scheduled Tribes Development	2	(2.52)									1	(0.17)	3	(2.69)
21.	Social Welfare			2	(9.25)									2	(9.25)
22.	Taxes – Lotteries									1	(2.61)			1	(2.61)
23.	Motor Vehicles					1	(7.93)							1	(7.93)
24.	Vigilance														
25.	Water Resources					16	(139.64)							16	(139.64)
Total		15	(116.15)	16	(32.12)	40	(477.00)	19	(62.94)	9	(11.16)	15	(15.77)	114	(715.14)

Figures in brackets indicate ₹ in lakh

Appendix 3.5
Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation and loss of Government material
(Reference: Paragraph 3.4; Page 70)

(₹ in lakh)

Name of Department	Theft		Misappropriation/ loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Agriculture			10	45.59	10	45.59
Animal Husbandry			1	0.35	1	0.35
Co-operation			1	11.30	1	11.30
Cultural Affairs -Archives			1	0.20	1	0.20
Finance-National Savings			1	0.45	1	0.45
Finance – Treasuries			17	159.74	17	159.74
Fisheries and Ports			1	1.32	1	1.32
Forest and Wildlife						
General Education	9	1.05	9	27.81	18	28.86
Health and Family Welfare – Health Services	2	2.16	14	188.21	16	190.37
Health and Family Welfare - Medical Education			4	26.50	4	26.50
Health and Family Welfare – Indian Systems of Medicine			2	11.15	2	11.15
Higher Education – Collegiate Education	2	0.22	1	0.73	3	0.95
Home Department – Police			1	0.38	1	0.38
Industries			2	40.31	2	40.31
Legal Metrology						
Local Self Government			7	20.35	7	20.35
Public Works Department			4	9.57	4	9.57
Revenue – Survey and Land Records			2	5.63	2	5.63
Scheduled Castes and Scheduled Tribes Development			3	2.69	3	2.69
Social Welfare	1	0.32	1	8.93	2	9.25
Taxes – Lotteries			1	2.61	1	2.61
Motor Vehicles			1	7.93	1	7.93
Vigilance						
Water Resources	1	0.55	15	139.09	16	139.64
Total	15	4.30	99	710.84	114	715.14

