

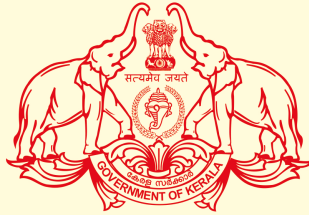


**STATE FINANCES AUDIT REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

for the year ended 31 March 2022



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



**Government of Kerala
Report No. 1 of the year 2023**

Presented to the Legislature
on 15 February 2024

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COMPTROLLER AND AUDITOR GENERAL
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Government of Kerala

Report No. 1 of the year 2023

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PREFACE

1. This Report is 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, II and III of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, of the State Government for the year ended 31 March 2022. Information has also been obtained from the Government of Kerala, wherever necessary.
3. Chapter IV on ‘Quality of Accounts and Financial Reporting Practices’ provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures and directives with regard to completeness, transparency, measurement and disclosure.
4. Chapter V presents the financial performance of State Public Sector Undertakings.
5. 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 22nd in the country with an area of 38,863 sq.km. The State has a population of 3.56 crore (14th in the country) and is ranked as the sixth most densely populated State with a density of 917.15 persons per sq.km. The decadal growth rate of population is 5.92 *per cent*, which is the second lowest among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian states. The Gross State Domestic Product (GSDP) in 2021-22 of the State at current prices was ₹9,01,997.83 crore.

The Report

Based on the audited accounts of the Government of Kerala for the year ended 31 March 2022, this Report provides an analytical review of the finances of the State Government. The Report is structured in five chapters.

Chapter I – Overview - This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

Chapter II – Finances of the State – This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

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

Chapter IV – Quality of Accounts and Financial Reporting Practices - This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

Chapter V – Financial performance of State Public Sector Undertakings. This chapter presents the summary of financial performance of PSUs as revealed from their latest finalised accounts, their contribution to the GSDP of the State and makes an analysis of the operating efficiency of the State PSUs.

The Report also includes appendices of additional data collected from several sources in support of these findings.

Audit findings

Fiscal position

The fiscal position of the State is viewed in terms of three key fiscal parameters – Revenue Deficit, Fiscal Deficit and the ratio of Outstanding Debt to GSDP.

As per State Government accounts, the ratio of fiscal deficit to GSDP increased from 3.83 *per cent* in 2017-18 to 5.10 *per cent* in 2021-22. Further, on post audit analysis it was concluded that the Revenue and Fiscal deficit of the State were understated by ₹468.08 crore and ₹16,369.43 crore, respectively thereby increasing the fiscal deficit to GSDP ratio to 6.92 *per cent* in 2021-22.

The State did not achieve any of the targets fixed in its Medium-Term Fiscal Plan or the Kerala Fiscal Responsibility Act during the year 2021-22. Though the fiscal deficit to GSDP ratio was to be anchored at four *per cent* as per KFR (Amendment) Act, 2022 against which the State registered a fiscal deficit to GSDP ratio of 5.10 *per cent* during 2021-22.

The overall debt of the State including off-budget borrowings (outstanding liabilities of KIIFB, KSSPL and deferred liabilities through BDS) is ₹3,83,267.15 crore. The effective total liabilities after excluding the GST compensation of ₹14,505.31 crore received as back to back loan would be ₹3,68,761.84 crore. If the Government continues to borrow year after year, it would lead to the accumulation of debt and the Government would have to pay more and more by way of interest. These interest payments themselves contribute to the debt. Increase in debt over the years not only reduces the capital formation and growth but also acts as a burden on future generations.

(Chapter I)

Finances of the State

The State Government registered an increase of 19.49 *per cent* in its Revenue Receipts during 2021-22 compared to the previous year.

Revenue Resources

Revenue receipts of the State increased from ₹83,020.14 crore in 2017-18 to ₹1,16,640.24 crore in 2021-22, recording a growth of 40.50 *per cent* during the last five years. The State's own tax revenue, being the main source of revenue in revenue receipts increased by only 25.57 *per cent* during the period and its share in revenue receipts decreased from 55.96 *per cent* in 2017-18 to 50.02 *per cent* in 2021-22 indicating poor collection of tax revenue during the pandemic period.

Revenue Expenditure

Revenue Expenditure of the State increased from ₹99,948.35 crore in 2017-18 to ₹1,46,179.51 crore in 2021-22 recording a growth of 46.26 *per cent* during the five-year period. Revenue expenditure as a percentage of total expenditure ranged between 88.88 and 91.88 *per cent* during the period showing predominance of revenue expenditure in total expenditure. Share of committed expenditure in revenue expenditure was 65.66 *per cent* during 2021-22 and it consumed 82.29 *per cent* of the revenue receipts during the year. Interest payments consumed 19.98 *per cent* of revenue receipts during 2021-22 and is a matter of concern for the State Government.

Quality of Expenditure

Capital Expenditure of the State increased from ₹8,748.87 crore in 2017-18 to ₹14,191.73 crore in 2021-22 recording a growth of 62.21 *per cent* during the five-year. The State Government invested ₹9,767.48 crore in Statutory Corporations, Government Companies, other Joint Stock Companies and Co-operatives, average return on these investments was 1.57 *per cent* in the last five years while the Government paid an average interest rate of 7.34 *per cent* on its borrowings during 2017-18 to 2021-22. The interest receipt on loans and advances given by State Government was 0.26 *per cent* of outstanding loans and advances during 2021-22 against the average cost of borrowing of 7.00 *per cent*.

Reserve Funds and Liabilities

The Consolidated Sinking Fund was constituted with the aim to amortize the outstanding liabilities of the Government, but the Government did not contribute to the fund during 2021-22. Similarly, the Government has to constitute a Guarantee Redemption Fund for crediting guarantee commission collected for meeting future liabilities arising out of guarantees given by the Government. The Guarantee Redemption Fund has not been constituted so far and guarantee commission of ₹1,697.92 crore collected during 2003-04 to 2021-22 was not credited to the Fund. The State Disaster Response Fund (SDRF) had an accumulated balance of ₹333.27 crore by the end of March 2022. As per the guidelines issued by GoI, accretions to SDRF have to be invested in GoI Securities/Treasury Bills by the State Executive Committee constituted for the management of the fund. However, this was not done.

Off- Budget Borrowings

The State Government resorted to off-budget borrowings amounting to ₹15,914.50 crore during 2021-22.

These off-budget borrowing will have an impact of increasing the liabilities of the State Government, leading to a debt trap over a period of time. As these borrowings are not disclosed in the budget, the Legislature is unaware of

creation of such liabilities. Non - disclosure of off-budget borrowings through KIIFB (₹13,066.18 crore), KSSPL (₹11,206.49 crore) and bill discounting system (₹1,601.72 crore) in the State budget led to an understatement of Government liabilities by ₹25,874.39 crore.

(Chapter II)

Budgetary Management

Variations between the total grants/ appropriation and expenditure incurred led to savings which indicate improper scrutiny of budget estimates at various levels of Government and poor budget management. During 2021-22, against the original provision of ₹2,15,813.79 crore, expenditure of ₹2,05,451.40 crore was incurred and supplementary provision of ₹21,202.33 crore was also made.

The accounts depicted an overall savings of ₹31,833.19 crore offset by excess of ₹268.47 crore during 2021-22 resulting in a net savings of ₹31,564.72 crore. Against the Budgeted receipts of ₹2,14,478.66 crore, the actual receipts available for meeting the budgeted expenditure of ₹2,37,016.12 crore were only ₹1,99,125.54 crore. This implied that the savings and the surrender on the estimated expenditure are notional, as the funds were not actually available for expenditure indicating weak budget formulation leading to an inflated budget.

In view of the overall net savings, the supplementary provision of ₹1,948.99 crore in 22 cases of 16 grants and one appropriation proved unnecessary as the original provisions were not exhausted.

There has been a persistent non-utilisation of budget provision from 7.89 *per cent* in 2017-18 to 11.52 *per cent* in 2020-21 which further increased to 13.32 *per cent* in 2021-22. There was an excess disbursement of ₹268.47 crore over the authorisation made by State Legislature under nine grants during the financial year 2021-22. An excess disbursement of ₹10,277.93 crore pertaining to the years 2016-17 to 2020-21 is yet to be regularised by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in the management of public resources.

A rush in expenditure has been noticed as 55 schemes witnessed the entire expenditure being incurred in March alone during the year 2021-22.

(Chapter III)

Quality of Accounts and Financial Reporting Practices

There was persistent trend of cess/ royalty/ fund not being credited to Consolidated Fund of the State

There were cases of regulators maintaining 'Fund' outside Public Account of the State (Funds of the Kerala State Electricity Regulatory Commission).

Non-reconciliation of balances in PD accounts is fraught with the risk of misuse of public funds, fraud and misappropriation.

Six utilisation certificates for ₹1.19 crore were not received by PAG(A&E).

Autonomous bodies (23 numbers) were to render Annual Accounts to C&AG. The arrears in submission of accounts ranged from one to eight years.

Bill discounting system (BDS) is a form of short term borrowing resorted by the State Government as a measure to overcome the paucity of funds. As per BDS, the State Government issues promissory notes to the contractors who opts for BDS against their pending bills. The contractors can get prompt payment of the bills by discounting it with their banks. As against promissory notes amounting to ₹2,652.94 crore issued during the year, the promissory notes settled during the year were ₹1,051.22 crore. The promissory notes pending settlement as on 31 March 2022 is ₹1,601.72 crore. BDS is another form of short-term borrowing whereby the payments are deferred to a future date against which the State Government bears a certain amount of settlement charges in the form of discount charges.

There were delays in initiating departmental action, fixing liability, issuing orders of recovery, *etc.*, in respect of cases of misappropriation/ loss of public money.

(Chapter IV)

Financial Performance of State Public Sector Undertakings

There are 150 State Public Sector Undertakings (PSUs) in Kerala as on 31 March 2022. This comprises 146 Government Companies and four Statutory Corporations. Of these 127 are functional and the remaining 19 are non-functional. As per the latest finalised accounts, 55 Companies had made a profit of ₹ 654.99 crore and 63 Companies made a net loss of ₹4,065.38 crore. The turnover of State PSUs for the year 2021-22 was ₹ 35,767.90 crore as against ₹34,769.57 crore during the previous year.

As on 31 March 2022, the total equity investments by State Government in 131 State PSUs were ₹9,817.46 crore against which only three Companies declared/paid dividend of ₹3.23 crore.

As per the latest finalised accounts submitted till 30 September 2022, out of the 131 working State PSUs, 75 had an aggregate accumulated loss of ₹19,169.12 crore. Of these 75 State PSUs, 63 State PSUs incurred loss of ₹4,065.38 crore as per their latest finalised accounts.

The networth of 46 out of these 75 State PSUs had been completely eroded by accumulated loss and their networth was negative. The networth of these 46 State PSUs was (-)₹12,460.21 crore against equity investment of ₹6,081.18 crore.

(Chapter V)



CHAPTER I
OVERVIEW

CHAPTER I

OVERVIEW

1.1 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 22nd in the country with an area of 38,863 sq.km. The State has a population of 3.56 crore (14th in the country) and is ranked as the sixth most densely populated State with a density of 917.15 persons per sq.km. The decadal growth rate of population was 5.92 *per cent*, which is the second lowest among Indian States. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian States. The Gross State Domestic Product (GSDP) in 2021-22 of the State at current prices was ₹9,01,997.83 crore. The general data relating to the State is given in **Appendix 1.1**.

1.2 Gross State Domestic Product of Kerala

Gross Domestic Product (GDP) is the value of all the goods and services produced within the boundaries of a country in a given period of time; whereas Gross State Domestic Product (GSDP) is the value of goods and services produced in a State.

Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period. Though the GSDP increased from ₹7,99,571.11 crore in 2020-21 to ₹9,01,997.83 crore recording a growth rate of 12.81 *per cent* in 2021-22, it was lower as compared to the growth rate of GDP. Growth rate of GSDP and GDP for the period from 2017-18 to 2021-22 are shown in **Table 1.1**.

Table 1.1: Trends in GSDP compared to GDP (at current prices)

SI No	Year	2017-18	2018-19	2019-20	2020-21	2021-22(PE)
1	GDP (₹ in crore) (2011-12 Series)	1,70,90,042.36	1,88,99,668.44	2,00,74,855.79	1,98,00,913.82	2,36,64,636.99
2	Growth rate of GDP over previous year (in <i>per cent</i>)	11.03	10.59	6.22	(-)1.36	19.51
3	GSDP (₹ in crore) (2011-12 Series)	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
4	Growth rate of GSDP over previous year (in <i>per cent</i>)	10.51	12.36	4.58	(-)3.01	12.81

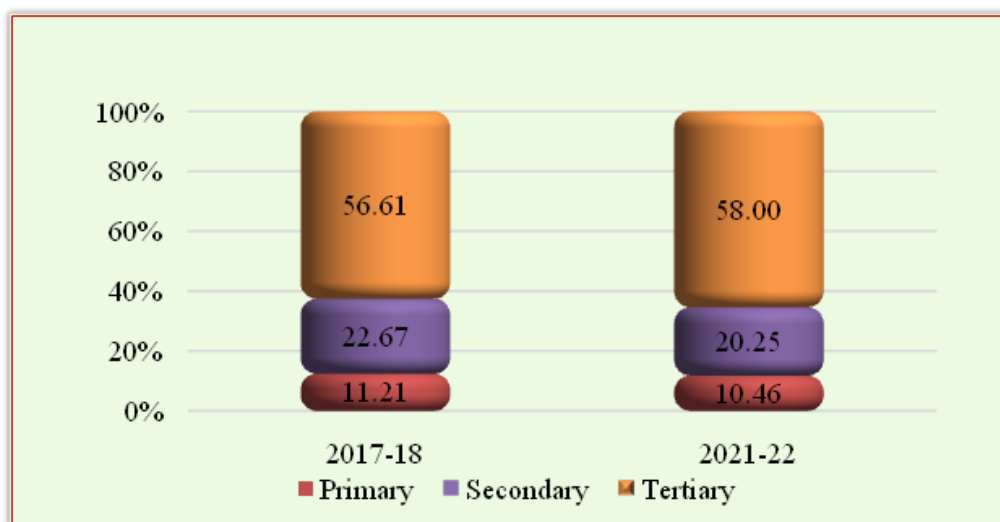
Source : Ministry of Statistics and Programme Implementation website as on 15/03/2022 and Directorate of Economics and Statistics, PE-Provisional Estimate.

Kerala ranked 11th among all the States in the contribution to National GDP. During the five-year period from 2017-18 to 2021-22, the growth of GSDP was highest in the year 2021-22 (12.81 per cent). The significant growth in the year 2021-22 was mainly due to the fall in the GSDP in the previous year (negative growth) due to COVID 19 pandemic.

1.2.1 Sectoral Contribution to GSDP

The economic activities are generally divided into Primary sector consisting of agriculture, mining, forestry, fishing *etc.*, Secondary sector consisting of manufacturing, construction *etc.*, and Tertiary sector consisting of services. A graphical presentation of sectoral contribution to GSDP during 2021-22 as compared to 2017-18 is shown below in **Chart 1.1**.

Chart 1.1: Sectoral contribution to GSDP 2017-18 and 2021-22



Source: Details furnished by Directorate of Economics and Statistics, Kerala.

Note : This excludes the Taxes and Subsidies on products which constitute 9.51 per cent and 11.29 per cent of GSDP for the year 2017-18 and 2021-22 respectively.

The comparison of sectoral contribution to GSDP over the years from 2017-18 to 2021-22 is given in **Table 1.2** below:

Table 1.2: Sectoral contribution to GSDP

(in per cent)

Sl No.	Sectors	2017-18	2018-19	2019-20	2020-21	2021-22
1	Primary	11.21	10.26	9.98	10.93	10.46
2	Secondary	22.67	21.58	20.09	19.95	20.25
3	Tertiary	56.61	56.48	58.84	58.46	58.00
4	Total*	90.49	88.32	88.91	89.34	88.71

Source : Details furnished by Directorate of Economics and Statistics, Kerala.

* Taxes and subsidies excluded.

The Tertiary sector continues to be the prime mover of Kerala economy and its contribution to GSDP increased from 56.61 *per cent* to 58 *per cent* of GSDP during the five-year period. The contribution of Primary and Secondary Sectors to GSDP decreased from 11.21 *per cent* and 22.67 *per cent* in 2017-18 to 10.46 *per cent* and 20.25 *per cent* in 2021-22 respectively. Sectorwise growth of GSDP in 2021-22 compared to 2020-21 and percentage contribution of some major economic activities to GSDP is given in the **Table 1.3** below:

Table 1.3 : Some major economic activities and their contribution to GSDP

(₹ in crore)

Sl No.	Sectors	Components	2020-21 (QRE)	2021-22 (PE)	Percentage increase/decrease	Percentage contribution to GSDP
A	Primary	Agriculture, forestry and fishing	84,700.00	91,024.99	7.47	10.09
		Mining and quarrying	2,709.79	3,314.51	22.32	0.37
B	Secondary	Industries- Manufacturing	61,765.61	71,916.51	16.43	7.97
		Construction	87,418.34	99,489.38	13.81	11.03
		Electricity, gas, water supply & other utility services	10,300.27	11,207.88	8.81	1.24
C	Tertiary	Trade, repair, hotels and restaurants	1,49,346.46	1,69,930.94	13.78	18.84
		Real estate, ownership of dwelling & professional services	1,21,417.44	1,35,983.85	12.00	15.08
		Others + Taxes on Products - Subsidies	2,81,913.20	3,19,129.77	13.20	35.38
D		GSDP	7,99,571.11	9,01,997.83	12.81	100.00

Source: Details furnished by Directorate of Economics and Statistics, Kerala.
QRE- Quick Revised Estimate, PE - Provisional Estimate

In the Primary Sector, substantial growth rate was recorded by the Mining and quarrying (22.32 *per cent*), when compared to previous year. The major components in GSDP such as Agriculture and Industries Sectors which are crucial in determining the development, continue to lag far behind among the sectors. The Secondary sector recorded a positive growth in 2021-22 due to sharp increase in all the components in the sector viz. Manufacturing (16.43 *per cent*), Construction (13.81 *per cent*) and Electricity, gas, water supply & other utility services (8.81 *per cent*).

1.3 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

The Principal Accountant General (Accounts and Entitlement) prepares the Finance Accounts and Appropriation Accounts of the State annually from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

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

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-a-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Offices of the Principal Accountants General (Audit I & II);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

An entry meeting was held with Finance Secretary, Finance Department, Government of Kerala, wherein the audit approach was explained, and the draft report was forwarded to the State Government for comments. An exit conference was also held and the replies of the Government, are incorporated in this Report at appropriate places.

1.4 Report Structure

The State Finances Audit Report is structured into the following five Chapters:

Chapter - I	<p>Overview</p> <p>This Chapter provides an overview of the finances of the State including macro-fiscal analysis of key indices and State’s fiscal position including the deficits.</p>
Chapter - II	<p>Finances of the State</p> <p>This Chapter provides a detailed analysis of the revenue and expenditure of the State and is based on the Finance Accounts of the State.</p>
Chapter - III	<p>Budgetary Management</p> <p>This Chapter reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management. It is based on Appropriation Accounts.</p> <p>Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are also detailed in this Chapter.</p>
Chapter - IV	<p>Quality of Accounts & Financial Reporting Practices</p> <p>This Chapter comments on the quality of accounts rendered by various authorities of the State Government like completeness, non-discharge of liabilities etc.</p>
Chapter - V	<p>Financial performance of Public Sector Undertakings</p> <p>This Chapter presents the summary of financial performance of PSUs as revealed from their latest finalised accounts, their contribution to the GSDP of the State and makes an analysis of the operating efficiency of the PSUs.</p>

1.5 Overview of Government Accounts

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

1. Consolidated Fund of the State {Article 266(1) of the Constitution of India}

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries

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

2. Contingency Fund of the State {Article 267(2) of the Constitution of India}

This Fund is in the nature of an imprest which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

3. Public Accounts of the State {Article 266(2) of the Constitution}

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Annual Financial Statement, a statement of estimated receipts and expenditures of the Government in respect of every financial year constitutes the main budget document. The budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consists of tax revenue, non-tax revenue, share of Union Taxes/ Duties, and grants from Government of India.

Revenue Expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of :

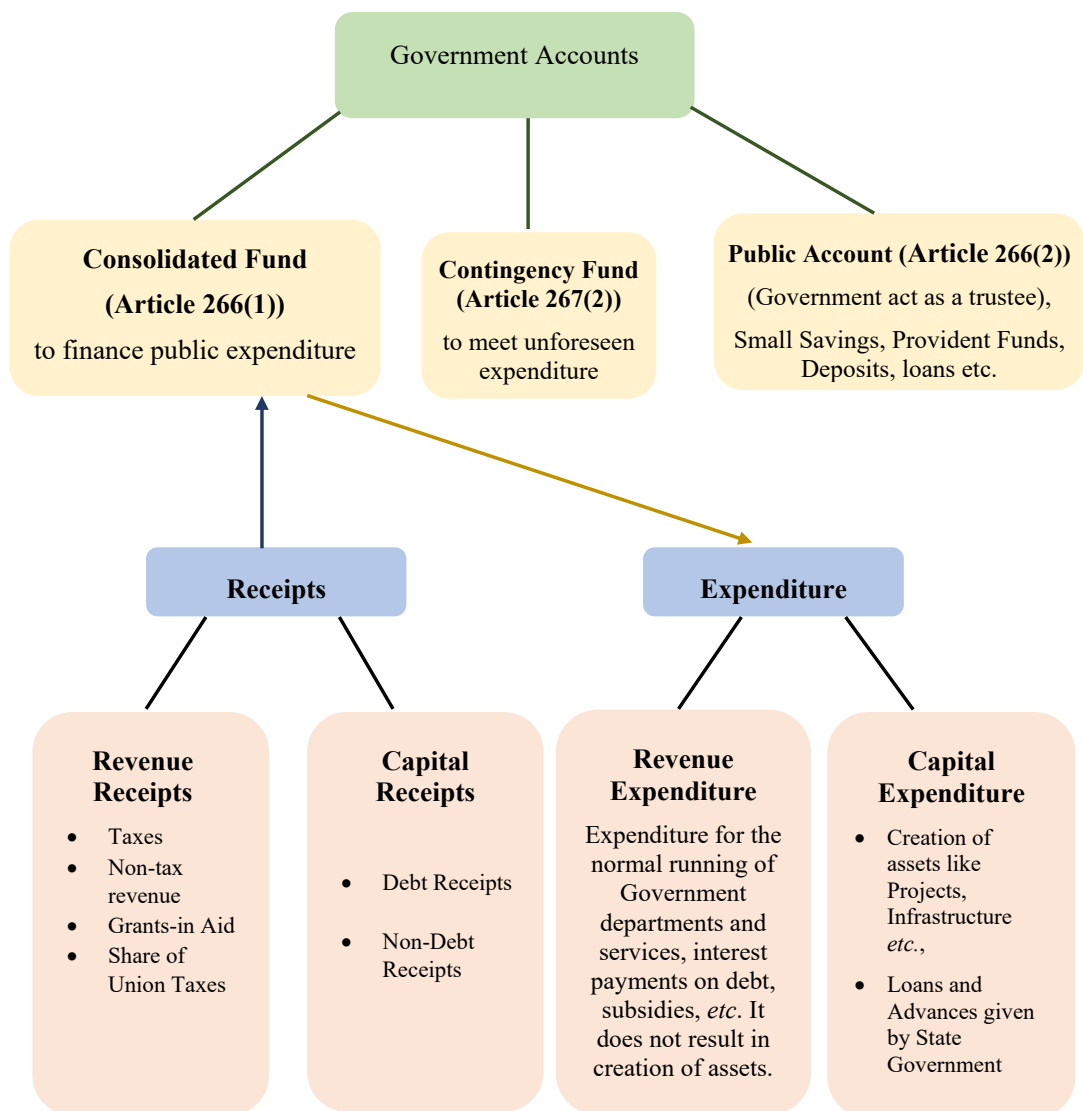
- **Debt receipts** : Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;

- **Non-debt receipts** : Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to PSUs and other parties.

A pictorial representation of the structure of Government accounts is given in **Chart 1.2** below:

Chart 1.2: Structure of Government Accounts



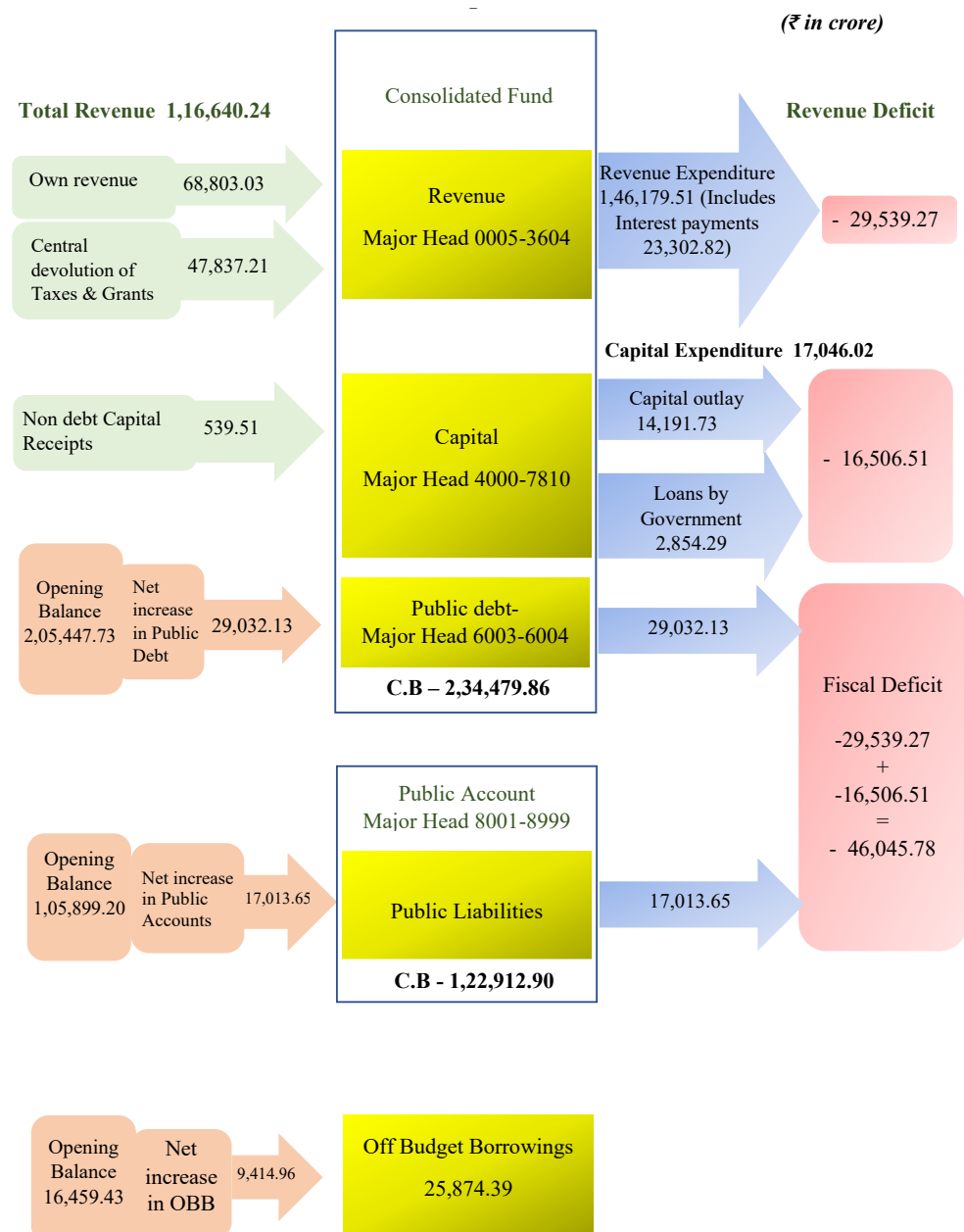
1.6 Snapshot of the Finances of State Government

A snapshot of the various aspects of the finances of the State Government are as follows.

1.6.1 Snapshot of Financial Results 2021-22

A snapshot of the details of the actual financial results for year 2021-22 is given in **Chart 1.3** below:

Chart 1.3 : Snapshot of Financial results



Total liabilities as on 31/03/2022	(₹ in crore)
(2, 34,479.86+1, 22,912.90+25,874.39)	= 3,83,267.15
Effective total liabilities after excluding GST compensation	= 3,68,761.84
Revenue Deficit = Revenue Expenditure - Revenue Receipts	= 29,539.27
Fiscal Deficit = Total Revenue - Total Expenditure	= 46,045.78
Primary Deficit = Fiscal Deficit - Interest payments	= 22,742.96

1. On post audit analysis, the Fiscal deficit and Revenue deficit increased to ₹62,415.21 crore and ₹30,007.35 crore respectively as detailed in Paragraph 1.8.1 of this Chapter. This may be read in conjunction with ₹8,739.31 crore received as back-to-back loan in lieu of GST compensation.
2. The outstanding liabilities increased to ₹3,83,267.15 crore on account of the off-budget borrowing by KIIFB, KSSPL and through bill discounting system as detailed in paragraph 1.8.2. Effective outstanding liabilities would be ₹3,68,761.84 crore after excluding GST compensation of ₹14,505.31 crore received as back to back loan.

1.6.2 Snapshot of the Finances

Table 1.4 provides the details of Actuals *vis-a-vis* Budget Estimates for the year 2021-22 *vis-a-vis* actuals of 2020-21. Details of five years is given in **Appendix 1.2**.

Table 1.4 : Snapshot of the Finances

(₹ in crore)						
Sl. No.	Components	2020-21 (Actuals)	2021-22 (Budget Estimate)	2021-22 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals (2021-22) to GSDP
1.	Tax Revenue	59,221.24	84,645.36	76,160.61	89.98	8.44
i	Own Tax Revenue	47,660.84	71,833.28	58,340.52	81.22	6.47
ii	Share of Union taxes / duties	11,560.40	12,812.08	17,820.09	139.09	1.98
2	Non-Tax Revenue	7,327.31	14,335.79	10,462.51	72.98	1.16
3.	Grants-in-aid and Contributions	31,068.28	31,999.91	30,017.12	93.80	3.33
4.	Revenue Receipts (1+2+3)	97,616.83	1,30,981.06	1,16,640.24	89.05	12.93
5.	Recovery of Loans and Advances	263.82	303.64	479.24	157.83	0.05
6.	Other Receipts	34.15	50.10	60.27	120.30	0.01
7.	Borrowings and other Liabilities	40,969.69	30,697.59	46,045.78	150.00	5.10

Sl. No.	Components	2020-21 (Actuals)	2021-22 (Budget Estimate)	2021-22 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals (2021-22) to GSDP
8.	Capital Receipts (5+6+7)	41,267.66	31,051.33	46,585.29	150.03	5.16
9	Total Receipts (4+8)	1,38,884.49	1,62,032.39	1,63,225.53	100.74	18.10
10.	Revenue Expenditure	1,23,446.33	1,47,891.18	1,46,179.51	98.84	16.21
11.	Interest payments (included in Sl. No.10)	20,975.36	21,940.20	23,302.82	106.21	2.58
12.	Capital Expenditure	15,438.16	14,141.21	17,046.02	120.54	1.89
13	Capital outlay	12,889.65	12,596.27	14,191.73	112.67	1.57
14	Loans and advances	2,548.51	1,544.94	2,854.29	184.75	0.32
15	Total Expenditure (10+12)	1,38,884.49	1,62,032.39	1,63,225.53	100.74	18.10
16	Revenue Deficit (4-10)	25,829.50	16,910.12	29,539.27	174.68	3.27
17	Fiscal Deficit {15-(4+5+6)}	40,969.69	30,697.59	46,045.78	150.00	5.10
18	Primary Deficit (17-11)	19,994.33	8,757.39	22,742.96	259.70	2.52

Source: Statement 2 of Finance Accounts for 2020-21 and 2021-22.

The State received total compensation of ₹12,594.86 crore on account of loss of revenue arising out of the implementation of GST during 2021-22. Out of this, ₹3,855.55 crore was received by the State as grants under revenue receipts. However, during the year 2021-22, the State also received back to back loan of ₹8,739.31 crore under debt receipts of the State Government with repayment obligations from the cess collected in GST compensation Fund and not from any other resources of the State. Due to this arrangement, the revenue deficit of ₹29,539.27 crore and the fiscal deficit of ₹46,045.78 crore during the year 2021-22 may be read in conjunction with debt receipt of ₹8,739.31 crore in lieu of GST compensation.

Though revenue receipts of the State increased by ₹19,023.41 crore (19.49 per cent) during 2021-22 as compared to the previous year, there was a considerable increase in revenue expenditure by ₹22,733.18 crore (18.42 per cent) which led to an increase in revenue deficit by ₹3,709.77 crore during the year. Fiscal deficit also increased by ₹5,076.09 crore during 2021-22.

1.6.3 Abstract of Receipts and Disbursements 2021-22

Table 1.5 below provides details of Receipts and disbursements during the year 2021-22.

Table 1.5: Abstract of Receipts and Disbursements 2021-22

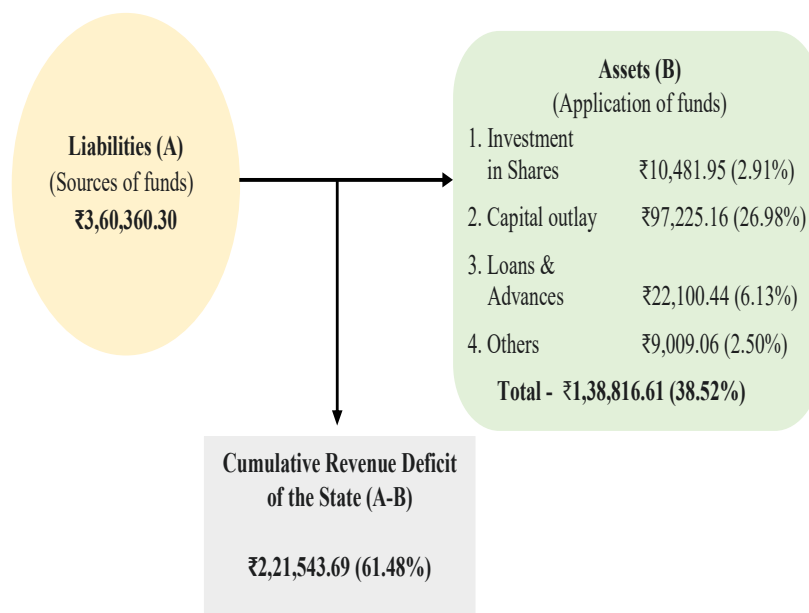
(₹ in crore)

Sl. No.	Receipts	Amount	Disbursement	Amount
	Section A			
1	Revenue Receipts	1,16,640.24	Revenue Expenditure	1,46,179.51
2	Revenue Deficit	29,539.27		
3	Total	1,46,179.51	Total	1,46,179.51
	Section B			
4	Opening Balance of Cash	4,967.98	Revenue Deficit brought down	29,539.27
5	Miscellaneous Capital Receipts	60.27	Capital Outlay	14,191.73
6	Recoveries of Loans and Advances	479.24	Loans and Advances Disbursed	2,854.29
7	Public Debt Receipts	64,932.14	Public Debt Repayment	35,900.00
8	Public Account Receipts	3,55,961.24	Public Account Disbursement	3,36,440.12
9			Closing Balance of Cash	7,475.46
10	Total	4,26,400.87	Total	4,26,400.87

Source : Statement No.2 of Finance Accounts 2021-22.

1.6.4 Snapshot of Assets and Liabilities as on 31 March 2022

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 capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Table 1.6**, **Chart 1.4** give an abstract of such assets and liabilities as on 31 March 2022. While the liabilities consist mainly of internal borrowings, loans and advances from GoI, and receipts from the Public Account, the assets mainly comprises the capital outlay and loans and advances given by the State Government and its cash balances.

Chart 1.4: Position of Assets and Liabilities*(₹ in crore)*

State Government has an accumulation of liabilities of ₹3,60,360.30¹ crore for its activities as on 31 March 2022. Against which only ₹1,07,707.11 crore (29.89 *per cent*) was used for capital creation. ₹2,21,543.69 crore (61.48 *per cent*) was used for meeting the cumulative revenue deficit of the State. In other words, in each financial year more than 61 *per cent* of additional liabilities are being created to meet its revenue expenditure. The same pattern is repeated in 2021-22, wherein 61.48 *per cent* of the additional liabilities created is for meeting the revenue deficit of the State.

Table 1.6 : Statement of Assets and Liabilities as on 31 March 2022*(₹ in crore)*

Sl. No.	Liabilities	Amount	Assets	Amount
1	Consolidated Fund Liabilities	2,34,479.86	Consolidated Fund Assets	1,29,807.55
2	Contingency Fund	100.00	Public Account, Cash Balance, Investments etc.	9,009.06
3	Public Account Liabilities	1,25,780.44	Accumulated deficit up to previous year	1,92,003.62
4			Add deficit for the year	29,540.07
5	Total Liabilities	3,60,360.30	Total Assets	3,60,360.30

¹ This differs from the total liabilities (₹3,57,392.76 crore) mentioned in paragraph 1.7 due to inclusion of Contingency Fund (₹100 crore), Investments from earmarked funds (₹2,545.51 crore) and Suspense and Miscellaneous (₹322.03 crore).

Summarised position of Assets and Liabilities is given in **Appendix 1.3 (Part A and Part B)** Capital assets increased by 15.10 *per cent* in 2021-22. The total liabilities increased by 15.73 *per cent* during the year. The cash balance of the State at the end of the year increased by 50.47 *per cent* to ₹7,475.46 crore.

1.7 Fiscal Balance: Achievement of deficit and total debt target

When a Government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture Government deficit.

The trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-a-vis* targets set under the Kerala Fiscal Responsibility Act (KFR) for the financial year 2021-22 are detailed below.

1.7.1 Revenue Deficit

Revenue Deficit is the difference between revenue expenditure and revenue receipts in the Consolidated fund. When the Government incurs a revenue deficit, it implies that the Government is dissaving and is using up the savings of the other sectors of the economy to finance a part of its consumption expenditure. The revenue deficit for the year 2021-22 is ₹29,539.27 crore as compared to ₹25,829.50 crore in 2020-21. The revenue deficit of the State increased by ₹3,709.77 crore (14.36 *per cent*) in the year 2021-22 when compared to 2020-21. This indicates that for day-to-day affairs, the Government have to resort to borrowings.

1.7.2 Fiscal Deficit

Fiscal deficit (FD) is the gap between total receipts (excluding borrowings) and total expenditure in the Consolidated fund. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. The fiscal deficit for the year was ₹46,045.78 crore as compared to ₹40,969.69 crore in 2020-21. In the year 2021-22, fiscal deficit which represents the total borrowings of the Government increased by ₹5,076.09 crore (12.39 *per cent*) in comparison to previous year. During the current year the FD/GSDP ratio stood at 5.10 *per cent* against 5.12 *per cent* in the previous year. The State had a fiscal deficit of ₹46,045.78 crore in the year 2021-22 and is the highest during the five-year period 2017-18 to 2021-22. This increase in deficit led to borrowings and eventually increased the overall debt liabilities of the State.

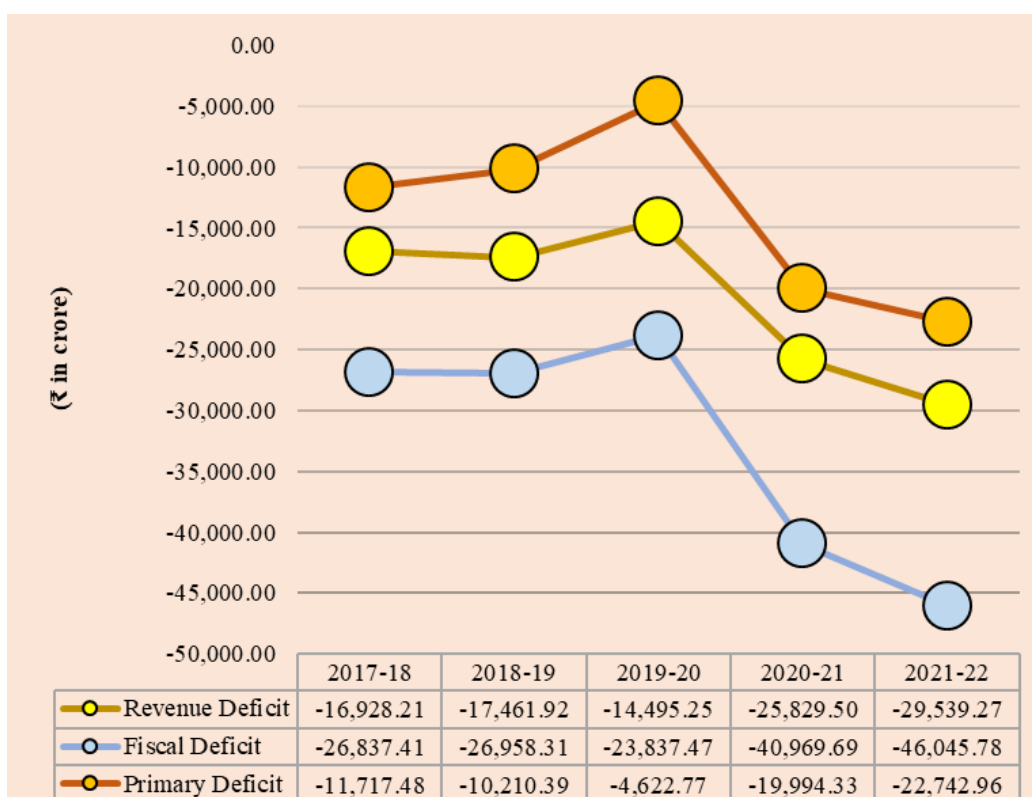
1.7.3 Primary Deficit

Primary deficit refers to the fiscal deficit minus the interest payments. The primary deficit for the year 2021-22 was ₹22,742.96 crore which highlights that

out of fiscal deficit of ₹46,045.78 crore, the amount available for growth and developmental activities was only ₹22,742.96 crore. Primary deficit increased by ₹2,748.63 crore (13.75 per cent) from ₹19,994.33 crore in 2020-21 to ₹22,742.96 crore in 2021-22. This indicates that the borrowing requirement of the State Government has increased over the years.

The trend of deficits over the period 2017-18 to 2021-22 are presented in **Appendix 1.4** and **Chart 1.5** presents the trends in deficit indicators over the period 2017-18 to 2021-22.

Chart 1.5: Trends in Deficit Parameters



Source: Finance Accounts of respective years.

1.7.4 Manner of Financing Deficits

Deficits must be financed by borrowings, which lead to Government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the Government continues to borrow year after year, it leads to the accumulation of debt and the Government must pay more and more by way of interest. These interest payments themselves contribute to the debt. Fiscal liabilities of the State comprises of Consolidated Fund liabilities and Public Account liabilities. Details for the year 2021-22 compared to previous year are given in **Table 1.7** below:

Table 1.7 Fiscal liabilities of the State

	Fiscal liabilities	₹ in crore)		
		2020-21	2021-22	Difference Increase(+) Decrease(-)
A	Total Consolidated Fund liabilities	2,05,447.73	2,34,479.86	29,032.13
i	Market loans	1,65,402.04	1,83,522.04	18,120.00
ii	Loans from the GoI	14,973.64*	23,688.27*	8,714.63
iii	Other Loans	25,072.05	27,269.55	2,197.50
B	Off Budget Borrowings	16,459.43	25,874.39	9,414.96
C	Total Public Account liabilities	1,02,938.28	1,22,912.90	19,974.62
i	Small Savings, PF etc.	97,219.13	1,15,666.60	18,447.47
ii	Interest bearing obligations	719.89	472.25	(-)247.64
iii	Non-interest-bearing obligations like Deposits and other earmarked funds	4,999.26	6,774.05	1,774.79
	Total (A+B+C)	3,24,845.44	3,83,267.15	58,421.71

* Effective Loans and Advances from GoI for the year 2021-22 would be ₹9,182.96 crore (₹23,688.27 crore - ₹5,766 crore - ₹8,739.31 crore) as the Department of Expenditure, GoI had decided that GST compensation of ₹14,505.31 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

The Consolidated fund liabilities increased by 14.13 per cent and the Public Account Liabilities increased by 19.40 per cent when compared to 2020-21.

1.7.5 Achievement of fiscal targets

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. The State Government amended its Fiscal Responsibility Act from time to time keeping in view the fiscal parameters prescribed by successive Finance Commissions.

As per KFR, (Amendment) Act 2022, Government shall eliminate the Revenue deficit completely during the period from 2021-22 to 2025-26 and shall make Revenue Surplus in the order of 0.50 per cent, 0.80 per cent, 1.20 per cent, 1.70 per cent and 2.50 per cent of the GSDP in the respective years. However, it was observed that during 2021-22, the RD/ GSDP ratio stood at (-)3.27 per cent which is an indication of the fact that the State is far from achieving the KFR Act targets.

Major fiscal parameters as targeted in the KFR (Amendment) Act, 2022 along with actuals thereof are given in **Table 1.8**.

Table 1.8: Compliance with provisions of KFR Act

Sl. No.	Fiscal Parameters	Fiscal targets	Actuals				
			2017-18	2018-19	2019-20	2020-21	2021-22
1	Revenue Deficit	zero	(-)16,928.21	(-)17,461.92	(-)14,495.25	(-)25,829.50	(-)29,539.27
2	Fiscal Deficit (as percentage of GSDP)	3 per cent (up to 2019-20)	3.83	3.42	2.89	-	-
3		5 per cent in 2020-21 and 4 per cent in 2021-22	-	-	-	5.12	5.10
4	Ratio of total outstanding debt to GSDP (in per cent)	34.70 per cent in 2021-22 ²	30.58	30.65	32.19	37.85	38.01

Source: Statement 2 of Finance Accounts and KFR Act.

The ratio of total outstanding debt to GSDP (38.01 per cent) during 2021-22 has been arrived at after excluding GST compensation of ₹14,505.31 crore given to the State as back-to-back loan under debt receipts from the total outstanding liabilities as the Department of Expenditure, GoI had decided that it would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

The State Government had not made any disclosure on the Off budget borrowings through KIIFB (₹13,066.18 crore), KSSPL (₹11,206.49 crore) and also the Bill Discounting System (₹1,601.72 crore) in the State budget, which led to an understatement of Government liabilities by ₹25,874.39 crore. Taking into account the off-budget borrowing of the State (including deferred liabilities

² 30.40 per cent in 2017-18, 30.01 per cent in 2018-19, 29.67 per cent in 2019-20 and 2020-21.

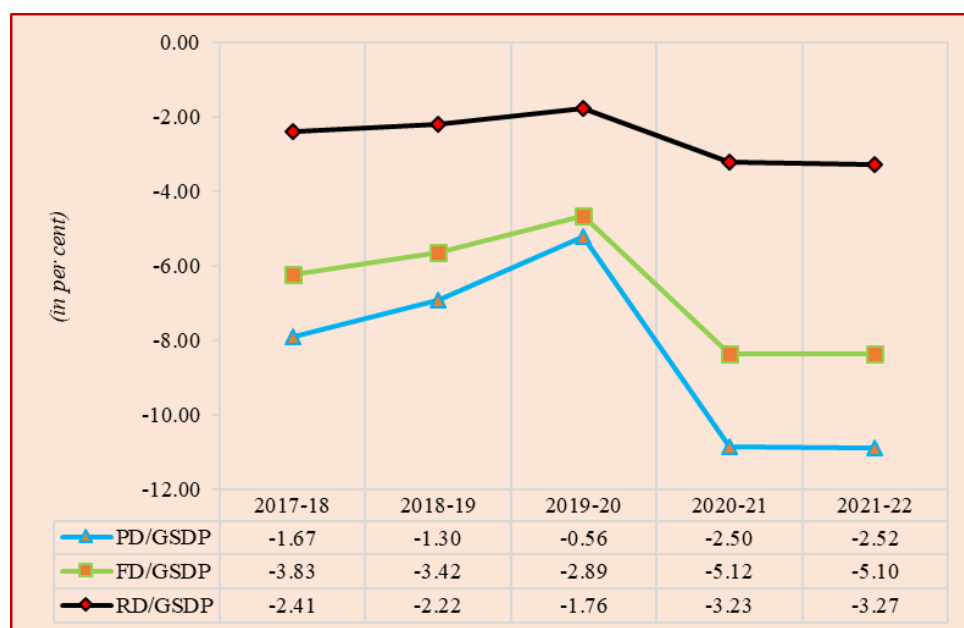
under Bill Discounting System), the Debt / GSDP ratio stands at 40.88 *per cent* (excluding back to back loan of ₹14,505.31 crore).

Though the target prescribed in KFR Act over the years was to eliminate Revenue deficit completely and to achieve revenue surplus during 2017-18 to 2021-22, the State continued to be revenue deficit during the period. The State did not achieve the fiscal target set out in the Act during the period 2017-18 to 2021-22 except for the year 2019-20. The ratio of total outstanding debt to GSDP also remained beyond the target fixed in the Act during the period.

The State did not achieve any of the fiscal targets prescribed in the KFR (Amendment) Act, 2022 during 2021-22.

Chart 1.6 provides the trends in deficit indicators relative to GSDP for the period from 2017-18 to 2021-22.

Chart 1.6: Trends in deficit indicators relative to GSDP



Source: Compiled from Finance Accounts of respective years

From the above, it can be seen that the ratio of revenue deficit and primary deficit to GSDP increased in 2021-22 as compared to the previous year. The post audit deficit figures are higher as explained in paragraph 1.8.

The fiscal deficit as a percentage to GSDP was recorded at 5.10 *per cent* during 2021-22 which is beyond the fiscal deficit target of four *per cent*. This is mainly attributable to the fact that the revenue expenditure has exceeded the revenue receipts by 25 *per cent* during the current year. Further, the increase in GSDP was also not proportionate to the increase in expenditure. When compared to national GDP growth rate of 19.51 *per cent* the GSDP growth rate was merely 12.81 *per cent*.

In accordance with the Kerala Fiscal Responsibility Act, 2003 the State Government presents the Medium-Term Fiscal Policy (MTFP) and Strategy Statement (included as **Appendix 1.5**) before the State Legislature every year.

A comparison of targets for fiscal parameters projected in MTFP presented to the State Legislature with actuals for the current year is given below in **Table 1.9**.

Table 1.9 : Actuals vis-a-vis projection in MTFP for 2021-22

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2021-22)	Variation (in per cent) with reference to Projections as per MTFP
1	Own Tax Revenue	71,833.28	58,340.52	(-)18.78
2	Non-Tax Revenue	14,335.79	10,462.51	(-)27.02
3	Resources from Centre (Share of Central taxes and Grant-in-aid from GoI)	44,811.99	47,837.21	6.75
4	Revenue Receipts (1+2+3)	1,30,981.06	1,16,640.24	(-)10.95
5	Revenue Expenditure	1,47,891.18	1,46,179.51	(-)1.16
6	Revenue Deficit (-) (4 - 5)	(-)16,910.12	(-)29,539.27	74.68
7	Fiscal Deficit (-)/ Surplus (+)	(-)30,697.59	(-)46,045.78	50.00
8	Debt-GSDP ratio (per cent)	37.39	38.01*	
9	GSDP growth rate at current prices (per cent)	6.60	12.81	

Source: Statement No.2 of Finance Accounts and Medium-Term Fiscal Policy.

* The back to back Loan (₹14,505.31crore) received from GoI in lieu of GST compensation has not been considered as Debt for working out the indicator.

The above table shows that the State could not achieve any of the targets fixed by the State Government in its MTFP during 2021-22. This indicates that the fiscal parameters achieved by the State during 2021-22 stands clearly outside the fiscal policies and indicators as laid out in the MTFP.

1.8 Deficits and total debt after examination in Audit

Audit examination has revealed misclassification in accounts and off-budget fiscal operations which impact the total deficit and debt figures. The deficit and debt figures after examination by audit is explained below.

1.8.1 Post audit - Deficits

Misclassification of revenue expenditure as capital and off-budget fiscal operations impacts deficit figures. Besides, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, sinking and redemption funds, *etc.* also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities need to be rectified.

Table 1.10: Revenue and Fiscal Deficit post examination by Audit

(₹ in crore)

Sl No.	Particulars	Revenue Deficit	Fiscal Deficit	Paragraph reference	
1	Pre Audit deficit	29,539.27	46,045.78		
2	Audit findings having an impact on deficit ^{\$}				
a	Off budget fiscal operations KIIFB - 7,762.78 KSSPL - 6,550.00 Bills Discounting System - 1601.72		(+)15,914.50	2.9.1	
b	Non-contribution to Guarantee Redemption Fund	Contribution 183.00 Commission 230.76	(+)413.76	(+)413.76	2.9.2 2.9.2.1
c	Grants-in-aid booked under Capital section instead of Revenue	(+)20		3.3.1(a)	
d	Grants-in-aid booked under Revenue section instead of Capital	(-)6.85		3.3.1(b)	
e	Non discharge of Interest liabilities • Interest on NPS – 0.01 • Interest on State Compensatory Afforestation Fund - 2.37 • Interest on SDRF - 38.79	(+)41.17	(+)41.17	2.4.2.1 2.5.2.1 2.5.2.2	
3	Total of all post audit findings	468.08	16,369.43		
4	Post Audit deficit* (1+3)	30,007.35	62,415.21		

Source: Compiled from Finance Accounts and audit analysis.

\$ Understated (+) and overstated (-).

* This may be read in conjunction with ₹8,739.31 crore received as back-to-back loan in lieu of GST compensation during the year.

The Revenue and Fiscal deficit of the State are understated by ₹468.08 crore and ₹16,369.43 crore respectively. On post audit analysis, the fiscal deficit as percentage of GSDP was 6.92 per cent.

1.8.2 Post audit - Total Public Debt

The State Government resorted to off-budget borrowing of ₹15,914.50 crore through Kerala Infrastructure Investment Fund Board (KIIFB) (₹7,762.78 crore), Kerala Social Security Pension Limited (KSSPL) (₹6,550.00 crore) and through bill discounting system (₹1,601.72 crore) in 2021-22. It was in addition to the

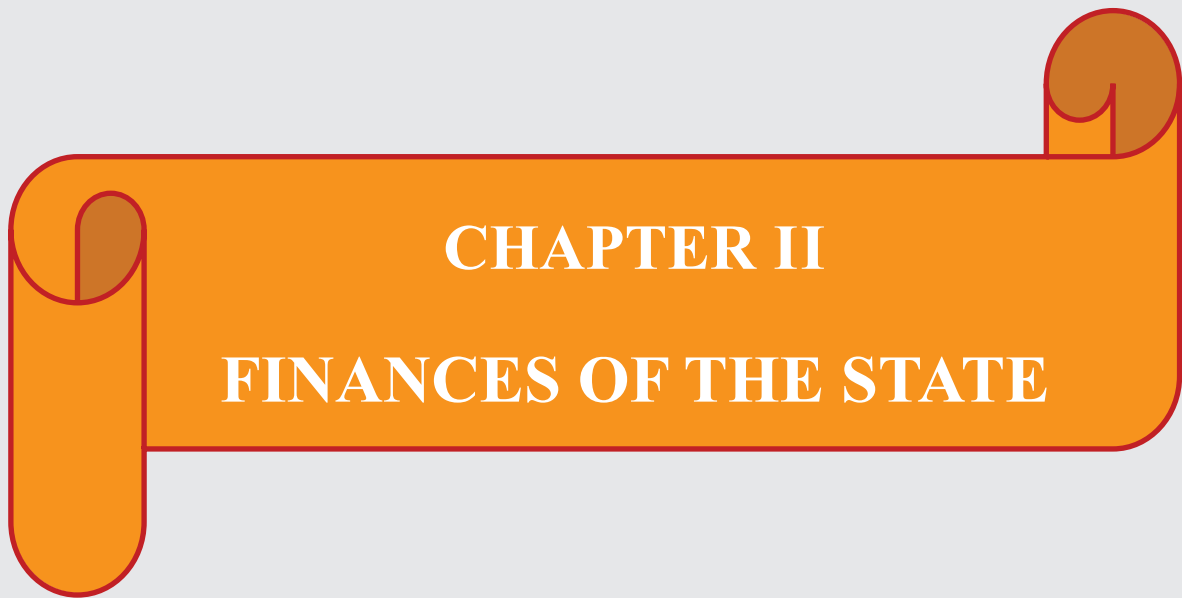
liabilities of ₹3,57,392.76 crore as mentioned in Finance Accounts 2021-22. As on 31 March 2022, KIIFB and KSSPL together have an outstanding liability of ₹24,272.67 crore (Chapter II). Thus, the overall debt of the State increased by ₹25,874.39 crore (including deferred liabilities under BDS) from ₹3,57,392.76 crore to ₹3,83,267.15 crore as on 31 March 2022. Taking into account these off-budget borrowing of the State, the Debt / GSDP ratio stands at 40.88 *per cent* (excluding back to back loan of ₹14,505.31 crore).

1.9 Conclusions

1. The contributions from Agriculture and Manufacturing Sectors which are the main stay of the economy have declined from 11.21 *per cent* and 22.67 *per cent* in 2017-18 to 10.46 *per cent* and 20.25 *per cent* in 2021-22 respectively. This indicates that the State is relying more on the Service sector.
2. The revenue deficits have been on an increasing trend during the last five years and as compared to 2020-21, it increased by 14 *per cent*. Fiscal deficit to GSDP ratio has also increased considerably during the last five years. The State could not even achieve the FD-GSDP target of four *per cent* and it stood at 5.10 *per cent*. The Debt-GSDP ratio is way above the target of 34.70 *per cent* and it stood at 38.01 *per cent*. Thus, none of the fiscal parameters set in the Kerala Fiscal Responsibility Act were achieved.

1.10 Recommendations

1. *The Government needs to strive for a balanced growth by taking measures to improve the Agriculture and Manufacturing Sector.*
2. *The Government should adopt a fiscal consolidation path so that the targets fixed for revenue and fiscal deficits in the Kerala Fiscal Responsibility Act could be achieved.*



CHAPTER II
FINANCES OF THE STATE

CHAPTER II

FINANCES OF THE STATE

This Chapter analyses the Finance Accounts of the State for the year 2021- 22 to unravel the underlying causes of deficit and areas of fiscal concern as well as positive trends.

2.1 Major Changes in Key Fiscal Aggregates *vis-a-vis* 2020-21

The major changes in key fiscal aggregates of the State during the year 2021-22, compared to the previous year are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21

(₹ in crore)

		Particulars	2020-21	2021-22	Increase (+)/ Decrease (-)
A	Revenue Receipts	Revenue Receipts	97,616.83	1,16,640.24	19.49
		Own Tax Revenue	47,660.84	58,340.52	22.41
		Non-Tax Revenue	7,327.31	10,462.51	42.79
		State's share of Union taxes and duties	11,560.40	17,820.09	54.15
		Grants- in-aid from Govt. of India	31,068.28	30,017.12	(-) 3.38
		Revenue Receipts of the State increased by ₹19,023.41 crore mainly due to increase in Own tax Revenue by ₹10,679.68 crore followed by State's share of Union Taxes and duties by ₹6,259.69 crore.			
B	Revenue Expenditure	Revenue Expenditure	1,23,446.33	1,46,179.51	18.42
		Social Services	44,832.44	50,695.61	13.08
		Economic Services	18,760.72	15,713.81	(-) 16.24
		General Services	50,360.72	70,110.00	39.22
		Grants-in-aid	9,492.45	9,660.09	1.77
		The revenue expenditure under General Services increased by ₹19,749.28 crore contributing to an increase of ₹22,733.18 crore in the total revenue expenditure of the State.			

	Particulars	2020-21	2021-22	Increase (+)/ Decrease (-)	
C	Capital Expenditure	Capital Outlay	12,889.65	14,191.73	10.10
		Social Services	2,277.90	3,342.63	46.74
		Economic Services	10,351.91	10,580.84	2.21
		General Services	259.84	268.26	3.24
		An increase of ₹1,064.73 crore in the Social Services Sector contributed to an increase of ₹1,302.08 crore in the Capital expenditure of the State.			
D	Loans and Advances	Disbursement of Loans and Advances	2,548.51	2,854.29	12.00
		Recovery of Loan & Advances	263.82	479.24	81.65
		Though there has been an increase in the recovery of Loans and Advances, the amount recovered was only 2.17 per cent of the outstanding loan balance			
E	Public Debt	PD Receipts*	69,735.36	64,932.14	(-) 6.89
		PD Disbursement	38,927.85	35,900.00	(-) 7.78
F	Public Account	PA Receipts	3,50,861.94	3,55,961.24	1.45
		PA Disbursement	3,37,817.00	3,36,440.12	(-) 0.41
		The net accretions in the Public Account increased from ₹13,044.94 crore to ₹19,521.12 crore.			
G	Cash balance	Closing Balance	4,967.98	7,475.46	50.47

*Effective Public Debt Receipts for the year 2021-22 would be ₹56,192.83 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹8,739.31 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. The Public Debt Receipts for 2020-21 was ₹63,969.36 crore and the GST compensation received as back to back loan for the year was ₹5,766.00 crore.

The major pattern evolving from these aggregates are.

1. The revenue receipts of the State including GoI transfers could fund only 80 per cent of the revenue expenditure. Thus, the State is forced to depend on borrowings to meet the increased revenue expenditure.
2. Only 10 per cent of the total expenditure was spent on creation of capital assets. This was due to the insufficiency of revenue receipts to fund the revenue expenditure.

2.2 Sources and Application of Funds

The components of the sources and application of funds of the State during the financial year compared to the previous year is given below in **Table 2.2**.

Table 2.2 : Details of Sources and Application of funds during 2020-21 and 2021-22

(₹ in crore)

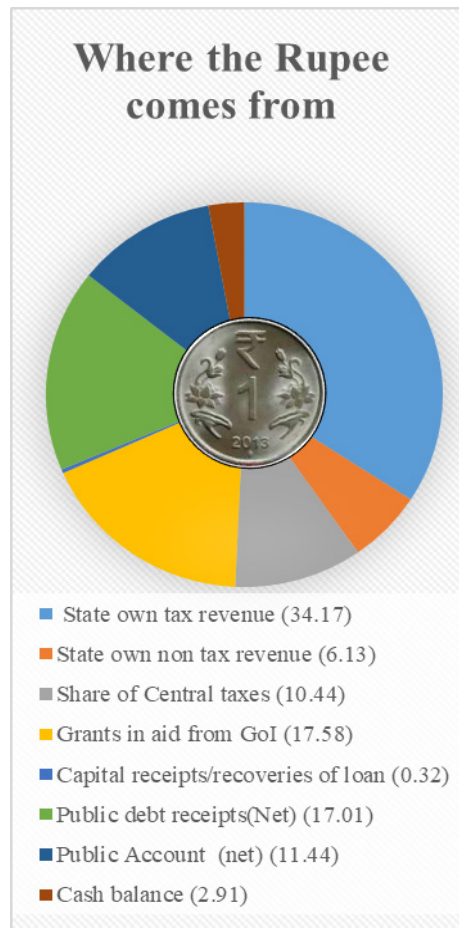
Particulars		2020-21	2021-22	Increase (+)/ Decrease (-) (in per cent)
Sources	Opening Cash Balance	2,010.22	4,967.98	147.14
	Revenue Receipts	97,616.83	1,16,640.24	19.49
	Capital Receipts	34.15	60.27	76.49
	Recoveries of Loans and Advances	263.82	479.24	81.65
	Public Debt Receipts (Net) *	30,807.51	29,032.14	(-)5.76
	Public Account Receipts (Net)	13,044.94	19,521.12	49.65
	Contingency fund	75.00	0.00	
	Total	1,43,852.47	1,70,700.99	
Application	Revenue Expenditure	1,23,446.33	1,46,179.51	18.42
	Capital Expenditure	12,889.65	14,191.73	10.10
	Disbursement of Loans and Advances	2,548.51	2,854.29	12.00
	Closing Cash Balance	4,967.98	7,475.46	50.47
	Contingency fund	0.00	0.00	
	Total	1,43,852.47	1,70,700.99	

Source: Finance Accounts for 2020-21 and 2021-22

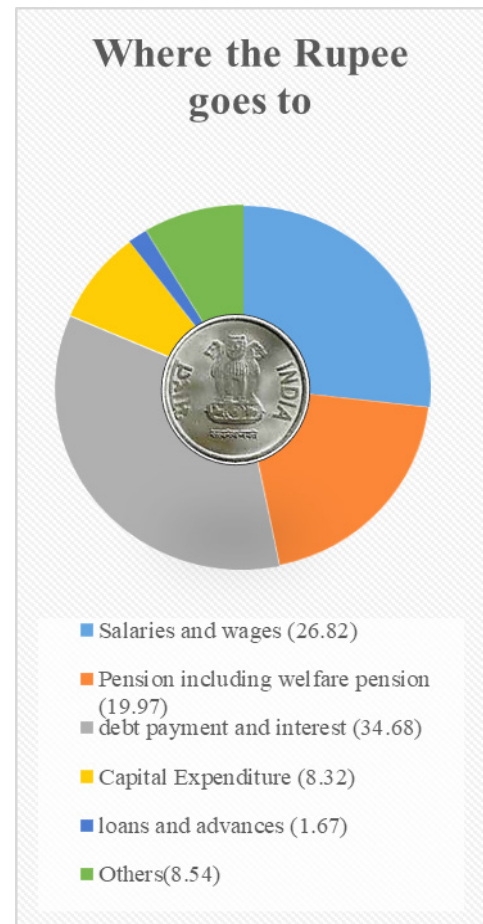
* Effective Public Debt Receipts (Net) for the year 2021-22 would be ₹20,292.83 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹8,739.31 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. The Public Debt Receipts (Net) for 2020-21 was ₹25,041.51 crore and the GST compensation received as back to back loan for the year was ₹5,766 crore.

The details of the sources and application of funds of the State during the financial year 2021-22 is given in **Chart 2.1** and **Chart 2.2** as ‘where the rupee comes from’ and ‘where the rupee goes to’.

**Chart 2.1 Composition of resources
(in per cent)**



**Chart 2.2 Application of resources
(in per cent)**

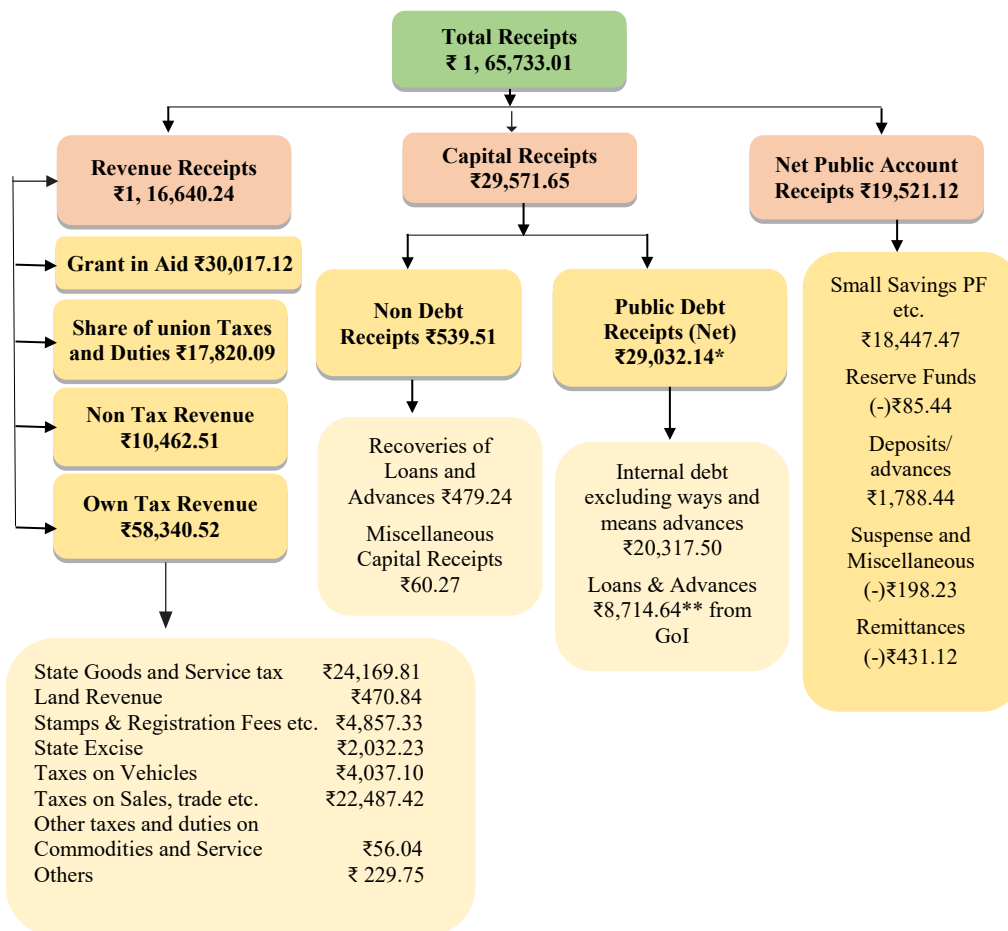


2.3 Resources of the State

The resources of the State come mainly from Revenue receipts, Capital receipts and from net Public Account receipts. 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. This is supplemented by Capital receipts (debts and loans). Besides the Capital and Revenue Receipts, funds available in the Public Account are also utilised by the Government to finance its deficit. Fiscal Responsibility and Budget Management (FRBM) Act defines revenue deficit as the excess of revenue expenditure over revenue receipts in a given financial year. The composition of the receipts of the State is as given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2021-22

₹ in crore)



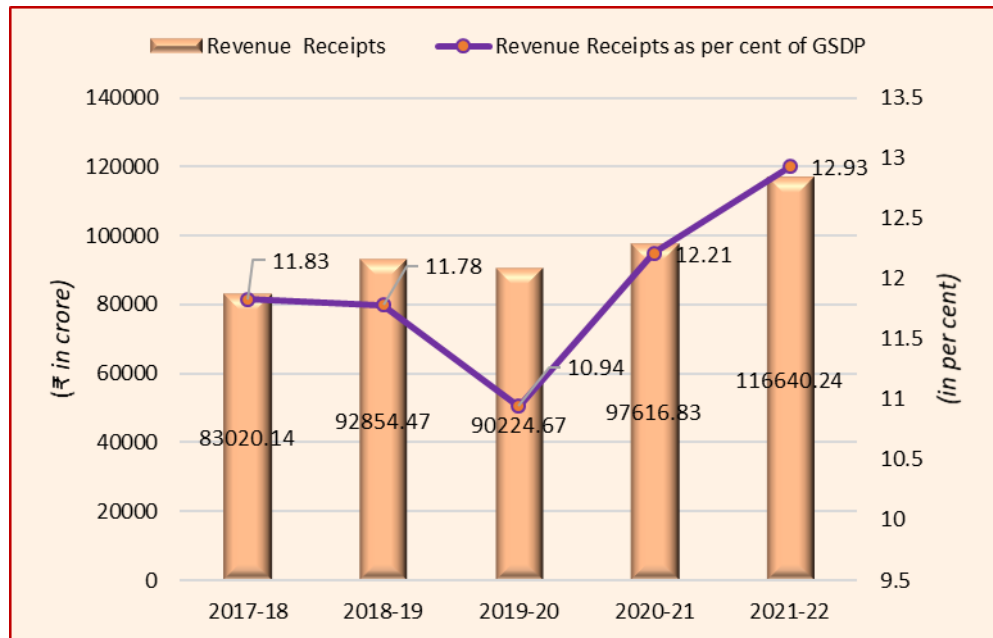
* Effective Public Debt Receipts (Net) would be ₹20,292.83 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹8,739.31 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

** Effective Loans & Advances from GoI would be (-) ₹24.67 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹8,739.31 crore given to the State as back to back loan under debt receipts (6004-Loans and Advances from GoI) would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

2.3.1 State's Revenue Receipts

The paragraph gives the trend of the revenue receipts, its components and its relation with GSDP for a period of five years (2017-2022) as shown in **Chart 2.4**.

Chart 2.4: Trend of Revenue Receipts



2.3.1.1 Trends and growth of Revenue Receipts

The total revenue receipts of the State during 2021-22 was ₹1,16,640.24 crore. There was an increase of ₹19,023.41 crore (19.49 *per cent*) when compared to ₹97,616.83 crore in 2020-21. When compared to the year 2018-19 (pre-covid period) the total revenue receipts increased by 25.62 *per cent*.

A major portion (59 *per cent*) of revenue receipts during 2021-22 came from State's own revenue. The trends of components of revenue receipts is given in **Table 2.3** below.

Table 2.3: Trend in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
Rate of growth of RR (per cent)	9.80	11.85	(-) 2.83	8.19	19.49
Own Tax Revenue	46,459.61	50,644.10	50,323.14	47,660.84	58,340.52
Non-Tax Revenue	11,199.61	11,783.24	12,265.22	7,327.31	10,462.51
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	11.15	8.27	0.26	(-) 12.14	25.12
Gross State Domestic Product (₹ in crore)	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
Rate of growth of GSDP (per cent)	10.51	12.36	4.58	(-) 3.01	12.81
RR/GSDP (per cent)	11.83	11.78	10.94	12.21	12.93
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	0.93	0.96	(-) 0.62	(-) 2.72	1.52
State's Own Revenue Buoyancy w.r.t GSDP	1.06	0.67	0.06	4.04	1.96

Source: Finance Accounts of respective years; for GSDP, Ministry of Statistics and Programme Implementation website as on 15/03/2022.

- During 2021-22, Own Revenue (tax plus non-tax) of the State increased by ₹13,814.88 crore recording a growth rate of 25.12 per cent compared to the previous year.
- The revenue receipts as a percentage of GSDP showed a meagre increase from 12.21 per cent in 2020-21 to 12.93 per cent in 2021-22.

2.3.2 State's own revenue

State's revenue consists of own tax revenue and non-tax revenue.

2.3.2.1 Own tax revenue

Own tax revenue of the State consists of State specific taxes like State GST, Excise etc. The trend of own tax revenue and analysis of its components during the period 2017-2022 is shown in **Table 2.4**.

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Table 2.4: Components of States' own tax revenue

Sl No.	Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	As Percentage of total Own Tax revenue during 2021-22
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Goods and Services tax	12,007.69	21,014.71	20,446.95	20,028.31	24,169.81	41.43
2	Taxes on Sales, Trade etc.	24,577.82	19,225.75	19,649.64	17,689.17	22,487.42	38.55
3	Stamps and Registration Fees	3,452.56	3,693.17	3,615.01	3,489.59	4,857.33	8.33
4	State Excise	2,240.42	2,521.40	2,255.28	2,329.22	2,032.23	3.48
5	Taxes on Vehicles	3,662.85	3,708.61	3,721.14	3,386.28	4,037.10	6.92
6	Land Revenue	162.17	202.78	332.42	493.35	470.84	0.81
7	Other Taxes and Duties on Commodities and Services	99.58	37.57	39.31	48.80	56.04	0.10
8	Others	256.52	240.11	263.39	196.12	229.75	0.39
9	Total	46,459.61	50,644.10	50,323.14	47,660.84	58,340.52	100.00
10	Growth rate (in per cent)	10.16	9.01	(-)0.63	(-)5.29	22.41	

Source: Statement 3 of Finance Accounts of respective year.

- State's own tax revenue increased by ₹10,679.68 crore from ₹47,660.84 crore in 2020-21 to ₹58,340.52 crore in 2021-22 marking a growth of 22.41 per cent. If compared with the pre-covid period, i.e. 2018-19, the growth rate was 15 per cent. The significant increase is attributable to the negative growth rates during the last two pandemic years. But as percentage to Revenue receipts, it was 56 per cent during 2017-18 while during 2021-22, it was 50 per cent, thus indicating that in real terms, the own tax revenue has not grown much like it grew in pre-covid period.
- The revenue collection under State Excise decreased by ₹489.17 crore (19.40 per cent) from ₹2,521.40 crore in 2018-19 (pre covid period) to ₹2,032.23 crore in 2021-22.
- The growth rate of revenue collection under Land revenue declined sharply from 48.41 per cent in 2020-21 to (-) 4.56 per cent in 2021-22. Out of the total collection of ₹470.84 crore in 2021-22, ₹239.48 crore (51 per cent) was the receipts collected under the Kerala Conservation of Paddy and Wetland (Amendment) Act, 2018.

2.3.3 Analysis of arrears of revenue and assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate a potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

2.3.3.1 Arrears of revenue

Audit noticed that there were huge arrears of revenue in 16 cases in ten departments pending realisation as detailed in **Table 2.5**.

Table 2.5 : Arrears of revenue as on 31 March 2022

(₹ in crore)

Sl. No	Name of Department / Heads of Account	Amount
1	State Goods and Services Tax Department	13,410.12
2	Motor vehicles Department (MH 0041)	2,868.47
3	Taxes and duties on electricity (MH 0043)	3,118.50
4	Registration Department (MH 0030)	590.86
5	Forest Department (MH 0406)	377.07
6	Police Department (MH 0055)	346.64
7	Excise Department (MH 0039)	281.63
8	Mining and Geology Department *	133.23
9	Kerala State Audit Department (MH 0070)	85.72
10	Printing	58.32
11	Stationery (MH 0058)	29.95
12	Factories and Boilers (MH 0230)	2.58
13	Labour Department	1.98
14	Kerala Maritime Board (Erstwhile Department of Ports)	1.42
15	Finance Department-Arrears in interest receipts (MH 0049)	5,979.91
16	Finance Department-Arrears in Guarantee commission (MH 0075)	306.22
	Total arrears	27,592.62

Source : Information collected from Departments

* Information from seven districts awaited

In addition to the above, Land revenue department failed to furnish the details of arrears of revenue pending realisation as on 31 March 2022. The arrears

of revenue pending realisation by this department as on 31 March 2021 was ₹397.59 crore.

2.3.3.2 Arrears of Assessment

The particulars regarding the arrears in assessments, such as cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year 2020-21 were furnished by the Departments (April 2022) as given in **Appendix 2.1**.

Non-reporting of arrears by the departments concerned and improper follow up by the Revenue departments resulted in accumulation of arrears of revenue.

2.3.3.3 Evasion of tax detected by the department.

The cases of evasion of taxes detected by the department, cases finalised and demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The promptness in disposal of these cases is an important indicator of performance of the departments concerned.

The details of cases of evasion of tax detected by four departments, cases finalised and demands for additional tax raised, as reported by the departments are given in **Table 2.6** below:

Table 2.6 : Details of evasion of tax

Sl No	Particulars		0030- Stamps & Registration fees	0041-Taxes on Vehicles	0406 Forestry and Wildlife	SGST
1	Number of Cases pending as on 31 March 2021		1,47,699	48	3	3,080
2	Number of Cases detected during 2021-22		9,188	6	0	21,078
3	Total		1,56,887	54	3	24,158
4	Cases in which assessment/ investigation completed and additional demand with penalty <i>etc.</i> raised	Number of cases	9,493	16	0	11,803
		Amount of demand (₹ in crore)	14.57	0.50	0	3,272.03
5	Number of cases pending for finalisation as on 31 March 2022		1,47,394	38	3	12,355

Source: Information collected from departments

The details of cases of evasion of tax detected by the departments were called for by Audit from 16 departments out of which six⁴ departments did not detect any case of evasion of tax. The details from Transport, Health, Agriculture, Land revenue, Electrical Inspectorate, Printing Department have been called for (September 2022), their remarks are awaited.

2.3.4 Non-Tax Revenue

Non-Tax revenue consists of State lotteries, dividends and profits, Forestry and wildlife, interest receipts, *etc.* as shown in **Table 2.7**. Receipts under State Lotteries is the major non-tax revenue of the State and its share in non-tax revenue was 68.20 *per cent* during the year.

Table 2.7: Main components of State's non-tax revenue

(₹ in crore)

Sl No	Revenue Heads	2017-18	2018-19	2019-20	2020-21	2021-22
1	State Lotteries	9,034.17	9,264.66	9,973.67	4,873.01	7,134.93
2	Dividends and profits	126.48	132.12	100.33	110.19	227.98
3	Forestry and Wildlife	245.42	287.21	255.85	236.61	200.57
4	Interest receipts	144.50	132.38	84.95	246.64	177.05
5	Other non-tax receipts	1,649.04	1,966.87	1,850.42	1,860.86	2,721.98
6	Non Tax revenue	11,199.61	11,783.24	12,265.22	7,327.31	10,462.51
7	Total Revenue Receipts	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
8	Non-tax revenue as a percentage of revenue receipts	13.49	12.69	13.59	7.51	8.97
9	GSDP	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
10	Non Tax revenue as a percentage of GSDP	1.60	1.49	1.49	0.92	1.16
11	Share in Non-tax revenue (in per cent)					
12	Share of Lotteries	80.67	78.63	81.32	66.50	68.20
13	Share of Dividends / Profits	1.13	1.12	0.82	1.50	2.18
14	Share of Forestry & Wildlife	2.19	2.44	2.09	3.23	1.92
15	Share of Interest receipts	1.29	1.12	0.69	3.37	1.69
16	Other non-tax receipts	14.72	16.69	15.08	25.40	26.01

Source: Statement 14 of Finance Accounts of respective years

The non-tax revenue which ranged between 7.51 *per cent* to 13.59 *per cent* of the own revenue of the State during the last five years increased by ₹3,135.20 crore (42.79 *per cent*) during 2021-22 over the previous year. This increase in non-tax revenue in 2021-22 was mainly due to increase in the receipts under the head State Lotteries (₹2,261.92 crore).

⁴ Excise Department, Stationary Department, PWD Roads, PWD Bridges, Animal Husbandry Department, Department of Lotteries

The non-tax revenue which is collected on the basis of services rendered is showing a declining trend over the years. Thus, the major potential source of revenue like Forestry and wildlife, mining *etc.*, are left untapped by the State.

2.3.4.1 State Lotteries

Lotteries yield GST on the sales value, as well as non-tax revenue on the sales value of tickets as shown in **Table 2.8** below:

Table 2.8: Revenue from State Lotteries for the period 2017-2022

(₹ in crore)

Sl No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Sales Revenue	9,034.17	9,264.66	9,973.67	4,873.01	7,134.93
2	GST	841.69	1,111.52	1,273.56	1,375.03	2,000.47
3	Total Revenue	9,875.86	10,376.18	11,247.23	6,248.04	9,135.40

Lotteries organised by GoI or Government of a State is a Union subject but the tax on sale of such lotteries is a State subject. States are allowed to organise the lotteries subject to observance of the provisions in the ‘Lotteries Regulation Act, 1998’ and rules made there under. Against the actual sale proceeds of ₹7,134.93 crore during 2021-22, the GST collected on sales value is ₹2,000.47 crore. Thus, revenue from State lotteries is a very important source of own revenue of the Government contributing ₹9,135.40 crore.

2.3.5 State’s performance in mobilisation of resources

The State’s actual tax and non-tax revenue for the year 2021-22 *vis-a-vis* projections made by XV-FC and Budget Estimates are presented in **Table 2.9** below.

Table 2.9: Tax and Non-Tax receipts *vis-a-vis* projections for the year 2021-22

(₹ in crore)

Particulars	XV-FC Projections	Budget Estimates	Actual	Percentage variation of actual over	
				FC Projections	Budget Estimates
Own Tax Revenue	64,233.00	71,833.28	58,340.52	(-)9.17	(-)18.78
Non-Tax Revenue	3,529.00	14,335.79	10,462.51	196.47	(-)27.02
Total	67,762.00	86,169.07	68,803.03	1.53	(-) 20.15

Source: XV-FC report, Annual Financial Statement and Statement 2 of Finance Accounts of 2021-22

The actual tax revenue of the State in 2021-22 was lower than the projections made in the XV-FC and budget estimates. Though the actuals of non-tax revenue was lower than the budget estimates it was higher than XV-FC projections.

As seen from the table above XV-FC projections in respect of own tax revenue was not achieved with variations being 9.17 *per cent* against FC projections and 18.78 *per cent* against budget estimates.

A major part of the State's tax and non-tax revenue is collected from few commodities like Petroleum, Alcoholic Beverages, Lotteries *etc.* As per the budget estimate of the State, the total own revenue of the State was estimated at ₹86,169.07 crore, whereas the total own revenue collected during the year was ₹68,803.03 crore which is 20.15 *per cent* less than the budget estimates. Significant decrease in the Own tax revenue of the State when compared to the budget estimate was noticed in State Goods and Services Tax (34.54 *per cent*) and State Excise (24.75 *per cent*). In respect of non-tax revenue, the major reduction was in revenue collected under State Lotteries which is less by 38.90 *per cent* of the budget estimate. Kerala State Beverages Corporation (KSBC) is the single largest source of revenue which contributed 22 *per cent* of tax revenue (₹12,706.95 crore) in 2021-22.

Table 2.10: Analysis of Own Revenue of the State for the year 2021-22 in comparison with the Budget Estimates

Sl No	Particulars	Budget Estimate	Actual	Difference	
A	Own Tax Revenue		(₹ in crore)		(in per cent)
1	State Goods and Services Tax	36,922.45	24,169.81	(-)12,752.64	(-)34.54
2	Land Revenue	440.00	470.84	30.84	7.01
3	Stamps and Registration Fees	4,156.24	4,857.33	701.09	16.87
4	State Excise	2,700.67	2,032.23	(-)668.44	(-)24.75
5	Taxes on Sales, Trade etc.	23,101.38	22,487.42	(-)613.96	(-)2.66
6	Taxes on vehicles	4,179.32	4,037.10	(-)142.22	(-)3.40
7	Other Taxes and Duties on Commodities and Services	45.00	56.04	11.04	24.53
8	Others	288.22	229.75	(-)58.47	(-)20.29
9	Total (1 to 8)	71,833.28	58,340.52	(-)13,492.76	(-)18.78

Sl No	Particulars	Budget Estimate	Actual	Difference	
B	Non-Tax Revenue				
10	State Lotteries	11,677.00	7,134.93	(-)4,542.07	(-)38.90
11	Dividends and profits	109.49	227.98	118.49	108.22
12	Forestry and Wildlife	343.09	200.57	(-)142.52	(-)41.54
13	Interest receipts	214.42	177.05	(-)37.37	(-)17.43
14	Other non-tax receipts	1,991.79	2,721.98	730.19	36.66
15	Total (10 to14)	14,335.79	10,462.51	(-)3,873.28	(-)27.02
16	Grand Total (9+15)	86,169.07	68,803.03	(-)17,366.04	(-)20.15

Source: Annual Financial Statement and Statement 2 of Finance Accounts of 2021-22

2.3.6 Capital Receipts

Capital receipts comprise of public debt receipts and non-debt receipts. The share of public debt receipts to capital receipts stood at 98.73 per cent in 2021-22 as shown in Table 2.11.

Table 2.11: Trends in growth and composition of Capital receipts

(₹ in crore)

Sl No	Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
1	Capital Receipts	24,278.53	24,004.84	24,984.68	40,810.58	42,597.17
2	Non-Debt Receipts	380.26	257.04	322.80	297.97	539.51
3	<i>Miscellaneous Capital Receipts</i>	29.28	46.50	27.48	34.15	60.27
4	<i>Recovery of Loans and Advances</i>	350.98	210.54	295.32	263.82	479.24
5	Public Debt Receipts*	23,898.27	23,747.80	24,661.88	40,512.61	42,057.66
6	<i>Internal Debt</i>	23,453.50	23,295.63	22,511.19	33,493.87	32,592.64
7	<i>Loans and advances from GoI</i>	444.77	452.17	2,150.69	7,018.74	9,465.02
8	Rate of growth of Debt Capital Receipts (in per cent)	14.20	(-) 0.63	3.85	64.27	3.81
9	Rate of growth of Non-Debt Capital Receipts (in per cent)	17.92	(-) 32.40	25.58	(-) 7.69	81.06

Sl No	Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
10	GSDP	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
11	Rate of growth of GSDP (in per cent)	10.51	12.36	4.58	(-) 3.01	12.81
12	Debt Receipts/Capital Receipts (in per cent)	98.43	98.93	98.71	99.27	98.73
13	Rate of growth of Capital Receipts (in per cent)	14.26	(-) 1.13	4.08	63.34	4.38

Source: Statement 2 and 6 of Finance Accounts of respective years; for GSDP, Ministry of Statistics and Programme Implementation website as on 15/03/2022.

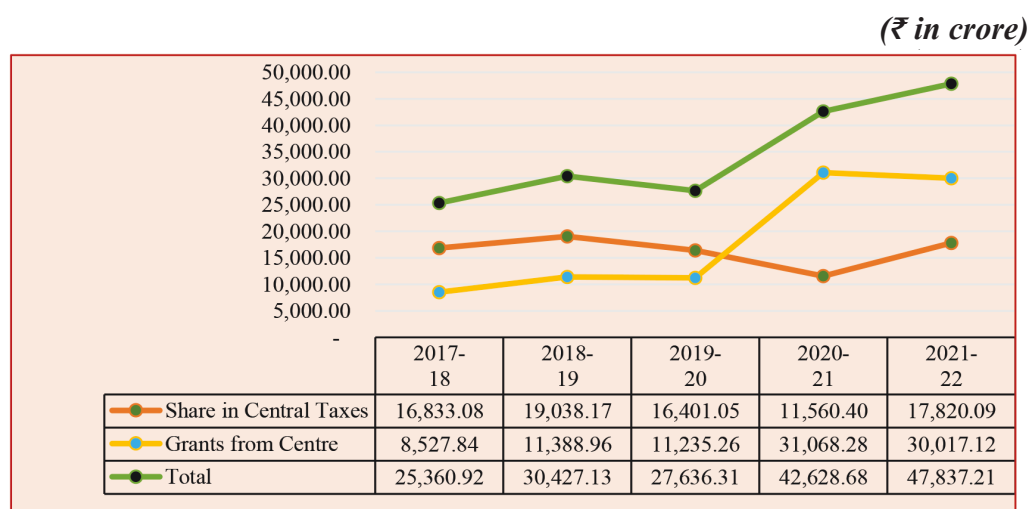
*excluding ways and means advance

Capital Receipts increased by 75.45 per cent from ₹24,278.53 crore in 2017-18 to ₹42,597.17 crore in 2021-22. During 2021-22, 76.51 per cent of Capital Receipts came from net internal debt.

2.3.7 Transfers from the Centre

Transfers from Government of India including State's share of Union taxes and Grants-in-aid from Government of India during the period from 2017-18 to 2021-22 are shown in **Chart 2.5**.

Chart 2.5: Transfers from the Centre

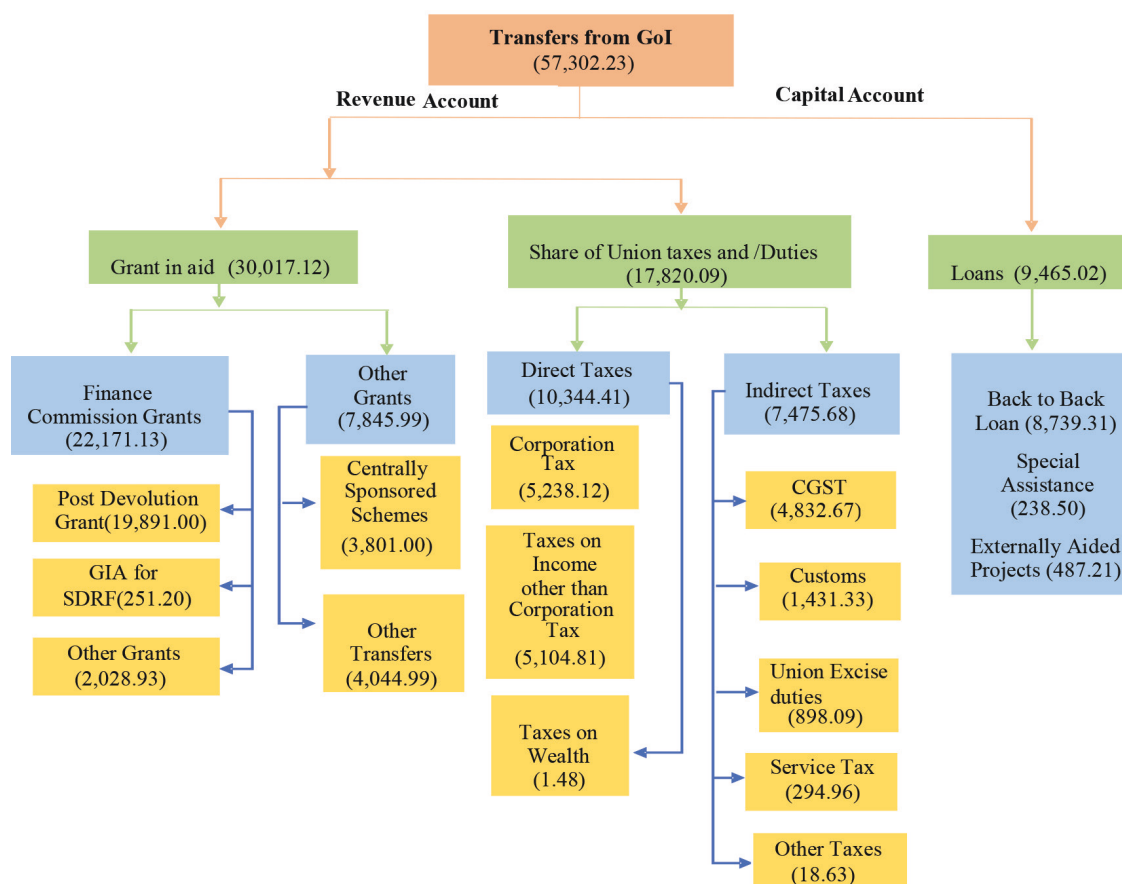


Source: Statement 2 of Finance Accounts of respective years

Component wise transfers from GoI for the year 2021-22 are given in **Chart 2.6**.

Chart 2.6: Component wise transfer of funds from the Centre

(₹ in crore)



The transfers from Centre increased by 88.63 per cent from ₹25,360.92 crore in 2017-18 to ₹47,837.21 crore in 2021-22. The share of transfers from Centre as percentage of revenue receipts peaked from 30.55 per cent in 2017-18 to 43.67 per cent in 2020-21 and marginally dipped to 41.01 per cent in 2021-22.

2.3.7.1 Share of Central Tax

The XV Finance Commission recommended an aggregate share of 41 per cent of the net proceeds of Union taxes (divisible pool) to be devolved to States in the year 2021-22. Inter se share of Kerala in the net proceeds of the taxes (divisible pool) as recommended by the Commission is 1.925 per cent out of the 41 per cent of the net proceeds of Union taxes. The XIV Finance Commission (FC) had recommended the State's share of Central taxes as 42 per cent and Kerala's share in the net proceeds of Central tax and Service tax was fixed at 2.500 per cent and 2.526 per cent respectively for the award period 2015-20. Further details of Central tax transfers to the State during the 2017-18 to 2021-22 are given in **Table 2.12**.

Table 2.12: Details of divisible share of Central Tax to the State**(₹ in crore)**

Sl No.	Head	2017-18	2018-19	2019-20	2020-21	2021-22
1	Direct taxes					
2	Corporation Tax	5,156.64	6,621.02	5,592.06	3,546.02	5,238.12
3	Taxes on Income other than Corporation Tax	4,354.40	4,876.10	4,381.76	3,642.70	5,104.81
4	Taxes on Wealth	(-) 0.15	2.44	0.25	0	1.48
5	Total of Direct Taxes (A)	9,510.89	11,499.56	9,974.07	7,188.72	10,344.41
6	Indirect taxes					
7	Central Goods and Services Tax (CGST)	239.98	4,699.14	4,654.19	3,325.63	4,832.67
8	Integrated Goods and Services Tax (IGST)	1,699.96	375.00	0	0	0
9	Customs	1,699.40	1,349.57	1,039.60	591.59	1,431.33
10	Union Excise Duties	1,776.40	897.00	722.80	380.78	898.09
11	Service Tax	1,906.55	174.00	0	62.54	294.96
12	Other Taxes ⁵	0	44.31	10.39	11.14	18.63
13	Total of Indirect Taxes (B)	7,322.19	7,538.61	6,426.98	4,371.68	7,475.68
14	Central Tax transfers (A+B)	16,833.08	19,038.17	16,401.05	11,560.40	17,820.09
15	Percentage of increase over previous year	10.56	13.10	(-) 13.85	(-) 29.51	54.15
16	Percentage of Central tax transfers to Revenue Receipts	20.28	20.50	18.18	11.84	15.28

Source: Statement 3 of Finance Accounts of respective years

The Central tax transfers stood at ₹17,820.09 crore in 2021-22, registering an increase of 54.15 per cent (₹6,259.69 crore) over the previous year, due to increase in the direct taxes and indirect taxes by ₹3,155.69 crore (43.90 per cent) and ₹3,104.00 crore (71 per cent) respectively. Of the total Central tax transfers, the direct tax transfers were ₹10,344.41 crore and indirect tax transfers was ₹7,475.68 crore which included the Central Goods and Services Tax of ₹4,832.67 crore. The components received under the GST regime, increased by 45.32 per cent over the previous year.

2.3.7.2 Grants-in-aid from GoI

Grant-in-aid (GIA) received from the Government of India contributed to 25.73 per cent of the revenue receipts of the State during 2021-22. Details of GIA received by the State Government from GoI during 2017-18 to 2021-22 is given in **Table 2.13**.

⁵ Include Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services.

Table 2.13 : Grants-in-aid from Government of India*(₹ in crore)*

SI No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Grants for Plan Schemes	(-)0.47	(-)0.97	--	--	(-) 0.74
2	Grants for Centrally Sponsored Schemes	3,213.58	3,771.07	3,262.65	5,141.92	3,801.74
3	Finance Commission Grants	3,182.04	1,646.22	2,343.01	18,048.80	22,171.13
4	Other transfers/ Grants to States/ Union Territories with Legislature	2,132.69	5,972.64	5,629.60	7,877.56	4,044.99
5	Total	8,527.84	11,388.96	11,235.26	31,068.28	30,017.12
6	Percentage of increase over the previous year	0.21	33.55	(-) 1.35	176.52	(-) 3.38
7	Percentage of GIA to Revenue Receipts	10.27	12.27	12.45	31.83	25.73

Source: Statement 3 of Finance Accounts of respective years.

During the year 2021-22 the Grants-in-aid from GoI decreased by ₹1,051.16 crore (3.38 per cent) over the previous year. The Finance Commission grants increased by ₹4,122.33 crore, Grants for Centrally Sponsored Schemes and other transfers/ Grants to States/ Union Territories with Legislature decreased by ₹1,340.18 crore and ₹3,832.57 crore respectively.

2.3.7.3 Fifteenth Finance Commission award amount in 2021-22

The Fifteenth Finance Commission (XV-FC) was constituted by the President of India under Article 280 of the Constitution of India and was mandated to make recommendations on i) the distribution of net proceeds of taxes between the Union and the States, ii) the Principles which should govern the Grants-in-aid of the revenues of the States and iii) the measures needed to augment the Consolidated Fund of the State to supplement the resources of Local Bodies.

Later, the XV-FC was mandated to submit two reports, one for the year 2020-21 and the final Report for the period 2021-22 to 2025-26. The XV-FC submitted its first Report covering the financial year 2020-21 to the President on 5th December 2019.

The Grants-in-aid for the State of Kerala recommended by the XV-FC under Article 275 of the Constitution of India for 2021-22 amounted to ₹22,559 crore.

State's share in Union taxes and duties: Actual devolution *vis-a-vis* Finance Commission projections are given in **Table 2.14**. When compared to the pre covid period (2018-19), the transfer from Centre during 2021-22 increased by 57.22 *per cent*. Transfer from Centre constituted 41.01 *per cent* of the total revenue receipts.

Table 2.14 : State's share in Union taxes and duties: Actual devolution *vis-a-vis* Finance Commission projections

(₹ in crore)

Sl No.	Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference	
					Amount	In <i>per cent</i>
1	2015-16	42 per cent of net proceeds of all shareable taxes excluding service tax and 2.526 per cent of net proceeds of sharable service tax (As per recommendations of XIV-FC)	14,482	12,691	(-)1,791	(-) 12.37
2	2016-17		16,711	15,225	(-)1,486	(-) 8.89
3	2017-18		19,308	16,833	(-)2,475	(-)12.82
4	2018-19		22,336	19,038	(-)3,298	(-)14.77
5	2019-20		25,869	16,401	(-)9,468	(-)36.60
6	2020-21	41 <i>per cent</i> of net proceeds of Union taxes (As per recommendations of XV-FC)	16,616	11,560	(-)5,056	(-)30.43
7	2021-22		12,679	17,820	5,142	40.56

Source: Reports of the XIV-FC, XV-FC and Statement 2 of Finance Accounts.

The State was not able to achieve the projections made by the Finance Commission in any of the years since 2015-16 except during 2021-22. The percentage of short collection ranged from nine to thirty-seven *per cent* which is indicative of lapses in planning and mobilisation of revenue. The projections of FC enable the State to improve their fiscal position.

The XV-FC recommended transfer of funds in respect of four types of grants viz. Revenue deficit grant, grants to local bodies, disaster management grants and grant for health sector. The Grants-in-aid recommended by XV-FC and the grants released to the State is shown in **Table 2.15**.

Table 2.15: Grants recommended by XV-FC for the State of Kerala in 2021-22*(₹ in crore)*

SI No.	Particulars	Award amount for 2021-22	Amount Released
1	Revenue deficit grant	19,891.00	19,891.00
2	Grants to Local Bodies	1,795.00	1,539.00
3	Disaster Management Grants	314.00	314.00
4	Grant for Health Sector	559.00	427.13
	Total	22,559.00	22,171.13

Source: Statement 2 of Finance Accounts of respective years

During the award period 2021-22, the State received an amount of ₹22,171.13 crore and the shortfall in release is ₹387.87 crore (Local bodies ₹256 crore and Health Sector ₹131.87 crore) than the amount recommended by the XV-FC.

The State Government replied (February 2023) that an amount of ₹350.30 crore was released by GoI in 2022-23.

2.4 Application of Resources

The State Government is vested with the responsibility of improving the quality of life of its citizens by spending its resources on health, education, agriculture, industry, infrastructure *etc.* An analysis of growth and composition of expenditure is detailed in the succeeding paragraphs.

2.4.1 Trend of expenditure

State's total expenditure consists of Revenue Expenditure, Capital Outlay and disbursement of loans and advances as given in the **Table 2.16**.

The total expenditure showed a steady increase from ₹1,10,237.81 crore in 2017-18 to ₹1,63,225.53 crore in 2021-22, except 2019-20. The annual growth rate increased from 7.67 *per cent* to 17.53 *per cent* during the period. The decline in 2019-20 can be attributed to various austerity measures in the wake of Covid-19 like stoppage of leave-encashment *etc.* The growth of capital expenditure in 2019-20 (13.78 *per cent*) was due to the additional expenditure for Jal Jeevan mission, Rebuild Kerala *etc.*

Table 2.16: Total Expenditure and its compositions

(₹ in crore)

Sl No.	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
1	Total Expenditure (TE)	1,10,237.81	1,20,069.82	1,14,384.94	1,38,884.49	1,63,225.53
2	Change (in per cent)	7.67	8.92	(-4.73)	21.42	17.53
3	Revenue Expenditure (RE)	99,948.35	1,10,316.39	1,04,719.92	1,23,446.33	1,46,179.51
4	Change (in per cent)	9.72	10.37	(-5.07)	17.88	18.42
5	Capital Expenditure (CE)	8,748.87	7,430.54	8,454.80	12,889.65	14,191.73
6	Change (in per cent)	(-13.60)	(-15.07)	13.78	52.45	10.10
7	Loans and Advances	1,540.59	2,322.89	1,210.22	2,548.51	2,854.29
8	Change (in per cent)	32.78	50.78	(-47.90)	110.58	12.00

Source: Statement 2 of Finance Accounts of respective years

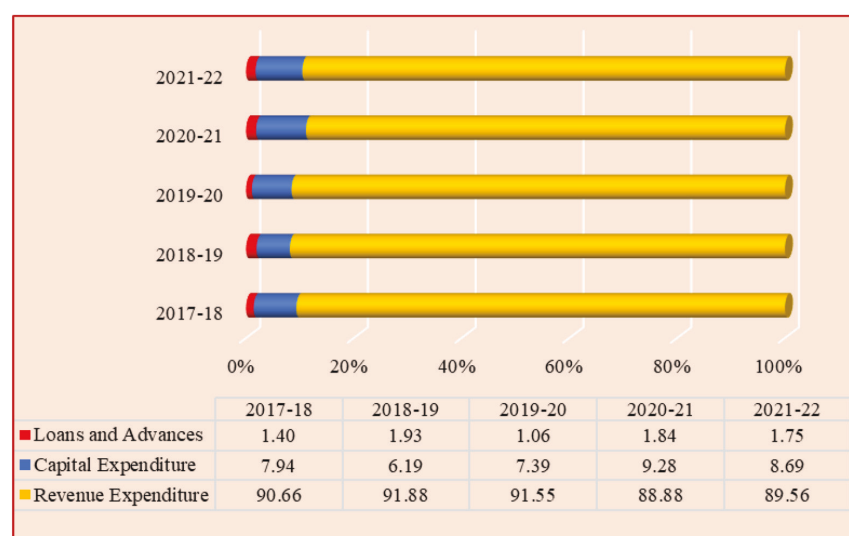
In 2021-22, the rate of growth of revenue expenditure was 18.42 per cent while that of Capital expenditure was 10.10 per cent.

2.4.1.1 Trend of growth of Components of Expenditure

The focus of the expenditure remained on revenue expenditure rather than the development activities and disbursement of loans and advances to PSUs, ABs, other bodies *etc.*, over the years.

The share of Revenue Expenditure, Capital Expenditure and Loans and Advances for the years 2017-18 to 2021-22 are given in **Chart 2.7**.

Chart 2.7: Total Expenditure: Trends in share of its components



Source: Statement 2 of Finance Accounts of respective years.

Table 2.17: Expenditure in relation to GSDP

Sl No	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
1	GSDP (₹ in crore)	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
2	TE/GSDP	15.71	15.23	13.88	17.37	18.10
3	RE/GSDP	14.25	13.99	12.70	15.44	16.21
4	CE/GSDP	1.25	0.94	1.03	1.61	1.57
5	Loans and advances/GSDP	0.22	0.29	0.15	0.32	0.32

Source: Compiled from Finance Accounts of respective years; for GSDP Ministry of Statistics and Programme Implementation website as on 15/03/2022.

In 2021-22, though the TE to GSDP ratio of the State increased to 18.10 *per cent*, the capital expenditure to GSDP ratio declined during the period.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and to pay for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network.

The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-a-vis* GSDP and Revenue Receipts are indicated in **Table 2.18** and the sectoral distribution of Revenue expenditure pertaining to 2021-22 is given in **Chart 2.8**.

Table 2.18: Revenue expenditure – Basic parameters

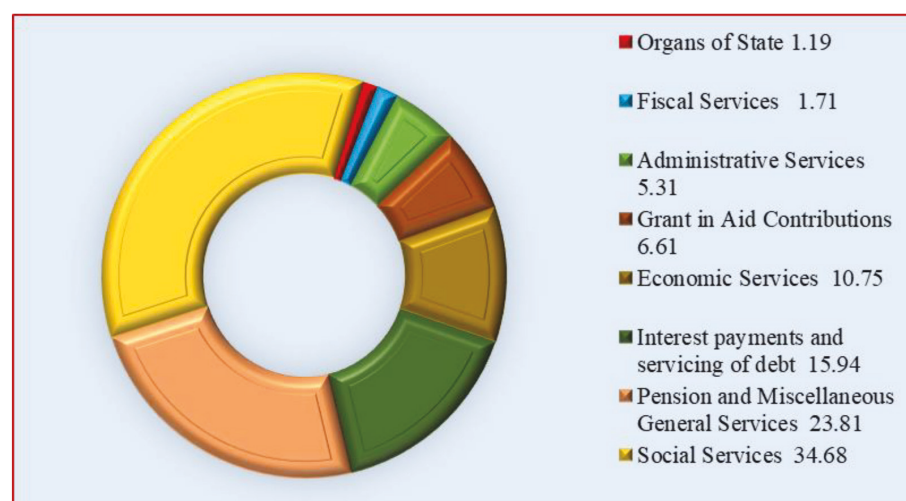
Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	1,10,237.81	1,20,069.82	1,14,384.94	1,38,884.49	1,63,225.53
Revenue expenditure (RE)	99,948.35	1,10,316.39	1,04,719.92	1,23,446.33	1,46,179.51
Rate of Growth of RE (<i>per cent</i>)	9.72	10.37	(-)5.07	17.88	18.42
Revenue Receipts (RR)	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
Rate of growth of Revenue Receipts	9.80	11.85	(-)2.83	8.19	19.49
GSDP	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
Rate of growth of GSDP	10.51	12.36	4.58	(-)3.01	12.81
Revenue expenditure as percentage to TE	90.67	91.88	91.55	88.88	89.56
RE as percentage of RR	120.39	118.81	116.07	126.46	125.33
RE/GSDP (<i>per cent</i>)	14.25	13.99	12.70	15.44	16.21

Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.92	0.84	(-)1.11	(-) 5.94	1.44
Revenue Receipts (ratio)	0.99	0.88	1.79	2.18	0.94

Source: Finance Accounts of respective years; for GSDP Ministry of Statistics and Programme Implementation website as on 15/03/2022.

Chart 2.8: Sector-wise distribution of revenue expenditure

(in per cent)



Source: Finance Accounts

- The expenditure pattern of the State revealed that, revenue expenditure hovered around 89 to 92 *per cent* of the total expenditure during the period (2017-18 to 2021-22) leaving inadequate resources for creation of assets.
- The share of revenue expenditure in total expenditure during 2021-22 was 89.56 *per cent* compared to 88.88 *per cent* in 2020-21, indicating no improvement in priority assigned for capital expenditure during the year.
- The revenue receipts were not sufficient to meet its revenue expenditure during the year. The State had to resort to borrowed funds for meeting the revenue expenditure which is not a good indicator of a prudent fiscal path.
- The revenue expenditure for the year 2021-22 increased by ₹22,733.18 crore (18.42 *per cent*) when compared to 2020-21.
- When compared to 2020-21, during 2021-22 Social Services (Revenue Sector) increased by ₹5,863.17 crore (13.08 *per cent*) mainly due to increase in expenditure in the components 'Education, Sports, Art and Culture' (50.34 *per cent*), 'Health and Family Welfare' (37.03 *per cent*),

and 'Labour & Labour Welfare'(11.25 per cent) which was partly set off by decrease in expenditure in the components 'Water Supply, sanitation, Housing and Urban Development' (30.22 per cent), Information and Broad casting (12.45 per cent), Welfare of SC/ ST (2.45 per cent), Social Welfare and Nutrition (34.97 per cent) and Others (35.62 per cent).

- During 2021-22, there was increase under General Services (Revenue Sector) by 39.22 per cent (₹19,749.28 crore) when compared to 2020-21. Expenditure under all the components in General Services increased during the year viz. 'Pension and Miscellaneous General Services'(64.19 per cent), 'Administrative Services'(51.80 per cent), 'Organs of State' (34.22 per cent), 'Fiscal Services' (40.56 per cent), interest payment and servicing of debt (11.10 per cent).
- Economic Services (Revenue Sector) decreased by ₹3,046.91 crore (16.24 per cent) during the year 2021-22.
- The buoyancy of revenue expenditure with reference to GSDP is 1.44 per cent and with reference to revenue receipts is 0.94 per cent.

Table 2.19 shows the eight major heads of account where there was significant variation (₹1,000 crore and above) with regard to revenue expenditure of the State during the current year and the previous year.

Table 2.19: Variations in Revenue Expenditure during 2021-22 compared to 2020-21

(₹ in crore)					
Sl No.	Major Head of Account	2020-21	2021-22	Increase (+)/ Decrease(-)	Variation (in per cent)
1	2049 - Interest Payment	20,975.36	23,302.82	2,327.46	11.10
2	2055 - Police	3,245.58	4,962.07	1,716.49	52.89
3	2071 - Pension and Other Retirements Benefits	18,942.85	26,898.69	7,955.85	42.00
4	2202 - General Education	15,199.63	23,258.38	8,058.74	53.02
5	2075 - Miscellaneous General Services	2,257.44	7,910.31	5,652.87	250.41
6	2210 - Medical and Public Health	8,013.18	10,910.66	2,897.48	36.16
7	2235 - Social Security and Welfare	13,572.74	8,661.04	(-) 4,911.70	(-)36.19
8	2408 - Food, Storage and Warehousing	5,955.04	3,656.16	(-) 2,298.87	(-)38.60

Source: Statement 15 of Finance Accounts

Increase in Revenue Expenditure in all the above Heads of Account is mainly due to the increase in Salaries and Pension, consequent on revision of pay and allowances of State Government employees. The increase in Major head '2075' is mainly due to increase of expenditure under 'Lotteries' by ₹2,037.34 crore.

2.4.2.1 Committed expenditure

Interest payments, expenditure on salaries and wages, pension *etc.* have the first charge on the Government resources as committed expenditure. Higher the committed expenditure leaves the Government with lesser flexibility for development sector.

Table 2.20 presents the trends in the components of committed expenditure during 2017-18 to 2021-22. Percentage of component wise committed expenditure in Revenue Expenditure during 2017-18 to 2021-22 is given in **Chart 2.9**.

Table 2.20: Components of Committed Expenditure

(₹ in crore)

Sl No	Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Salaries & Wages	32,242.99 (13.64)	32,520.66 (0.86)	32,942.28 (1.30)	28,767.46 (-12.67)*	45,780.08 (59.14)
2	Expenditure on Pensions	19,938.41 (30.51)	19,011.94 (-4.65)	19,064.29 (0.28)	18,942.85 (-0.64)	26,898.69 (42.00)
3	Interest Payments	15,119.93 (24.79)	16,747.92 (10.77)	19,214.70 (14.73)	20,975.36 (9.16)	23,302.82 (11.10)
4	Total	67,301.33 (20.68)	68,280.52 (1.45)	71,221.27 (4.31)	68,685.67 (-3.56)	95,981.59 (39.74)
As a percentage of Revenue Receipts						
5	Revenue Receipts (RR)	83,020.14 (9.80)	92,854.47 (11.85)	90,224.67 (-2.83)	97,616.83 (8.19)	1,16,640.24 (19.49)
(a)	State's Own Revenue	57,659.22 (11.15)	62,427.34 (8.27)	62,588.36 (0.26)	54,988.15 (-12.14)	68,803.03 (25.12)
(b)	Revenue from Centre	25,360.92 (6.85)	30,427.13 (19.98)	27,636.31 (-9.17)	42,628.68 (54.25)	47,837.21 (12.22)
6	Salaries & Wages	38.84	35.02	36.51	29.47	39.25
7	Expenditure on Pensions	24.02	20.47	21.13	19.40	23.06
8	Interest Payments	18.21	18.04	21.30	21.49	19.98
9	Total	81.07	73.53	78.94	70.36	82.29

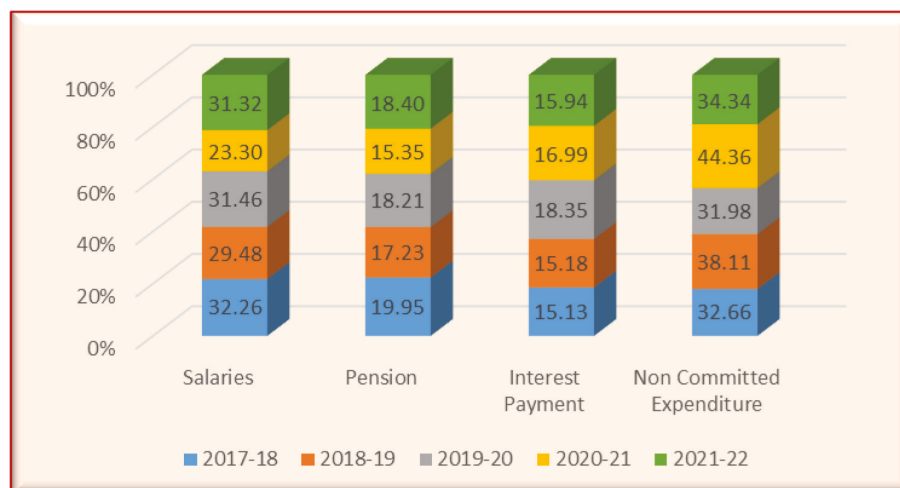
Sl No	Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
As a percentage of Revenue Expenditure						
10	Revenue expenditure (RE)	99,948.35 (9.72)	1,10,316.39 (10.37)	1,04,719.92 (-5.07)	1,23,446.33 (17.88)	1,46,179.51 (18.42)
11	Salaries & Wages	32.26	29.48	31.46	23.30	31.32
12	Expenditure on Pensions	19.95	17.23	18.21	15.35	18.40
13	Interest Payments	15.13	15.18	18.35	16.99	15.94
14	Total	67.34	61.90	68.01	55.64	65.66

Source: Statement 2 and 4 of Finance Accounts of respective years.
Figures in brackets shows the yearly percentage change in the amount.

* The decrease in salaries and pension during 2020-21 is attributed to deferment of pay and allowances and freezing of leave surrender during the Pandemic period.

Chart 2.9: Share of Salaries, Pension & Interests in RE

(in per cent)



Source: Compiled from Finance Accounts of respective years.

Salaries, Pension and Interests expenditure constituted over 65.66 per cent of the revenue expenditure of the State in 2021-22, while it accounted for over 82.29 per cent of the revenue receipts during the year. As a percentage of revenue expenditure, the committed expenditure showed a fluctuating trend from 2017-18 to 2021-22. The committed expenditure increased by ₹27,295.92 crore (39.74 per cent) in 2021-22 as compared to the previous year.

The components of committed expenditure are discussed in the succeeding paragraphs.

Salaries and wages

Expenditure on Salaries & wages increased by ₹17,012.62 crore (59.14 *per cent*) during the year 2021-22 when compared to 2020-21. It contributed to 31.32 *per cent* of the total revenue expenditure. Salaries and wages as a percentage of revenue receipts increased from 29.47 *per cent* in 2020-21 to 39.25 *per cent* in 2021-22.

The drastic increase in salaries and wages (59.14 *per cent*) and pension (42 *per cent*) is due to the revision of pay and allowances and pension (paid from April 2021), as per the 11th State pay revision commission recommendations. The State revises the pay and allowances of its employees once in five years and the next revision is due in the year 2024. The increase in financial burden on account of salaries and pension in 2021-22 was ₹24,968.46 crore. Thus, the pay revision has scaled up the committed expenditure from ₹47,710.31 crore to ₹72,678.77 crore and the own revenue of the State of ₹68,803.03 crore was not sufficient to meet the committed expenditure ₹72,678.77 crore on Salary, wages and Pension. Hence, the Government has to resort to borrowings to meet its committed liability, which has a consequent impact on the interest payment as well. The interest payment of the State had increased by 54 *per cent* during the last five years. Thus, the overall committed expenditure involving payment of salaries and wages, pension and interest payments mounted from ₹68,685.67 crore to ₹95,981.59 crore.

Pensions

The expenditure during the year 2021-22 on pension and other retirement benefits to employees of State Government, Aided institutions, personal staff of Ministers *etc.* was ₹26,898.69 crore (23.06 *per cent* of Revenue Receipts), showing an increase of ₹7,955.84 crore when compared to ₹18,942.85 crore for the year 2020-21. This increase was due to revision of pension on account of pay revision taking place once in every five years.

The expenditure on pensions during 2021-22 includes ₹11,966.12 crore to 3,25,697 State Government pensioners, ₹4,785.35 crore to 1,07,690 pensioners of State Aided institutions, ₹8.22 crore to 1,386 Personal Staff of Ministers, Leader of opposition and Government Chief Whip *etc.*

Interest Payments

Interest payments of the State comprise interest on internal debt including Market Loans, National Small Savings Fund *etc.*, interest on small savings, provident funds *etc.* including deposit in Treasury Savings bank accounts, interest on Loans and Advances from GoI and interest on Reserve Funds.

Interest payments increased from ₹20,975.36 crore in 2020-21 to ₹23,302.82 crore in 2021-22. The increase in interest paid on market loan stood at 5.75 *per cent* (₹1,340.52 crore) of the total interest payment; while on Small Savings, Provident Fund *etc.* accounted for 4.50 *per cent* (₹1,049.78 crore) of the total interest payment.

During 2021-22, interest payment on market loans was 57.60 *per cent* of the total interest payments while interest on Small Savings, Provident Fund *etc.* stood at 31.80 *per cent* of the total interest payments. The expenditure on interest payment as percentage of revenue receipts decreased from 21.49 *per cent* in 2020-21 to 19.98 *per cent* in 2021-22 due to increase in Revenue receipts by ₹19,023.41 crore during the year.

2.4.2.2 Undischarged liabilities in National Pension System

The Government of Kerala introduced the Defined Pension Scheme Contribution, (NPS) to all new entrants joining the State Government Service on or after 01 April 2013.

As per the guidelines of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depositories Limited (NSDL)/ Trustee Bank. The employees' and employer's contribution are initially credited to Public Account and then transferred to designated fund manager through NSDL/ Trustee Bank.

During the year 2021-22, the State Government collected ₹1,668.41 crore on account of Government's contribution and as share of employees' contribution (₹833.42 crore) towards NPS in respect of 1,69,636 employees. The State Government transferred/ remitted ₹1,668.23 crore to NSDL leaving a balance of ₹0.35 crore under the Head of Account as on 31 March 2022.

During the year 2021-22, ₹830.85 crore has been debited from the revenue expenditure head '2071-00-117' towards Government contribution to NPS, but the amount credited under the Public Account under '8342-00-117' during the year was ₹834.99 crore. Excess credit of ₹4.14 crore to the Public Account needs to be reconciled.

As per Finance Accounts, ₹0.01 crore was the interest due on the balance amount. Non-payment of interest resulted in understatement of revenue and fiscal deficit by ₹0.01 crore. Uncollected, unmatched and untransferred amounts, with accrued interest, represent outstanding liabilities under the New Pension Scheme.

2.4.2.3 Subsidies

Subsidies are the benefits offered by the Government to the people and it results in reduction in value of the subsidised product. The reduction in value is reflected in the State Accounts as revenue expenditure. The subsidies as a percentage of both revenue receipts and revenue expenditure recorded a decreasing trend from 2017-18 to 2021-22 except for the year 2020-21. The expenditure on payment of subsidies decreased by ₹2,393.51 crore from ₹6,547.48 crore in 2020-21 to ₹4,153.97 crore in 2021-22 as detailed in **Table 2.21** below:

Table 2.21: Expenditure on subsidies during 2017-2022

<i>(₹ in crore)</i>						
Sl No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Subsidies	1,583.84	1,663.01	1,429.01	6,547.48	4,153.97
2	Revenue Receipts	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
3	Revenue Expenditure	99,948.35	1,10,316.39	1,04,719.92	1,23,446.33	1,46,179.51
4	Subsidies as percentage of Revenue Receipts	1.91	1.79	1.58	6.71	3.56
5	Subsidies as percentage of Revenue Expenditure	1.58	1.51	1.36	5.30	2.84

Source: Statement 2 of Finance Accounts of respective years

The main items of subsidies given during the year 2021-22 included Grant to Kerala State Civil Supplies Corporation Limited for market intervention operations (₹1,825.19 crore), Ration Subsidy (₹1,068.16 crore), Paddy Procurement through Kerala State Civil Supplies Corporation and Other Agencies. (₹759.86 crore), Interest Subsidy to Kerala Urban and Rural Development Finance Corporation (KURDFC) towards the loan availed from Housing & Urban Development Corporation (HUDCO) for the implementation of Life-Parppida Mission (₹184.01 crore).

2.4.2.4 Financial assistance to Local Bodies and Others

Financial assistance is provided by the State Government to Local Bodies and Other Institutions by way of Grants-in-aid and loans to meet the pay and allowances, other miscellaneous expenses and for creation of capital assets. The quantum of assistance provided by way of grants and loans to Local Bodies, and other institutions during 2017-18 to 2021-22 is presented in **Table 2.22**.

Table 2.22: Financial assistance to Local Bodies, Educational Institutions etc.*(₹ in crore)*

SI No	Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
1	(A) Local Bodies					
2	Municipal Corporation and Municipalities	3,178.62	3,287.46	2,296.24	3,653.02	2,584.33
3	Panchayati Raj Institutions	11,335.87	10,426.56	5,711.11	8,692.14	7,601.76
4	Total (A)	14,514.49	13,714.02	8,007.35	12,345.16	10,186.09
5	(B) Others					
6	Public Sector Undertakings (Government Companies and Statutory Corporations)	1,862.03	1,879.81	1,489.07	2,966.98	3,584.48
7	Educational Institutions (Universities)	1,483.81	1,524.64	1,564.63	1,569.61	1,713.01
8	Cooperative Institutions	76.56	64.70	50.50	193.97	139.56
9	Other Institutions	1,616.71	2,199.45	1,020.49	3,429.13	3,489.70
10	Total (B)	5,039.11	5,668.60	4,124.69	8,159.69	8,926.75
11	Total (A +B)	19,553.60	19,382.62	12,132.04	20,504.85	19,112.84
12	Revenue Expenditure	99,948.35	1,10,316.39	1,04,719.92	1,23,446.33	1,46,179.51
13	Assistance as percentage of Revenue Expenditure	19.56	17.57	11.59	16.61	13.07

Source: Statement 7 and 10 of Finance Accounts of respective years

As can be seen from the table above, financial assistance to PSUs and other Institutions increased over the five-year period respectively from ₹1,862.03 crore and ₹1,616.71 crore in 2017-18 to ₹3,584.48 crore and ₹3,489.70 crore in 2021-22.

The financial assistance to local bodies and other institutions decreased from ₹20,504.85 crore in 2020-21 to ₹19,112.84 crore in 2021-22. The table above shows that the percentage of assistance with reference to revenue expenditure was 13.07 *per cent* during 2021-22 as compared to 16.61 *per cent* in 2020-21. Grants in respect of Local Bodies during 2021-22 decreased when compared to the previous year.

2.4.2.5 Allocation of expenditure booked under Centrally Sponsored Scheme

The total expenditure booked under Centrally Sponsored Schemes (CSS) as on 31 March 2022 is ₹3,859.50 crore (Revenue expenditure ₹ 2,632.03 crore and Capital expenditure ₹1,227.47 crore), which includes expenditure out of Central Assistance and State share for CSS.

2.4.2.6 State Finance Commission

The State Finance Commission is constituted by Government of Kerala⁶ to study the financial position of the Panchayats and Urban Local Bodies and to make recommendations to the Governor.

Starting with the first SFC formed in 1994, State is in the middle of the sixth State Finance Commission (latest) which started functioning from November 2019. The Finance Commission would review the financial position of the Panchayats and Municipalities and make recommendations on devolution aspects and non-devolution aspects which were to be given by December 2020 and August 2021 respectively.

Pursuant to the above, the sixth SFC made recommendations vide first report of December 2020 and second report of September 2021.

State Government approved the recommendations of the second report of sixth State Finance Commission on 22 June, 2022 with amendments.

2.4.3 Capital Expenditure

Capital Expenditure is the expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges *etc.* The overall capital expenditure, its growth over previous year and its percentage to GSDP during the last five years (2017-2022) are indicated in **Table 2.23**.

Table 2.23 : Trend of Capital Expenditure during the last five years (2017-22)

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Capital expenditure (CE)	8,748.87	7,430.54	8,454.80	12,889.65	14,191.73
Growth in CE (in per cent)	(-)13.60	(-)15.07	13.78	52.45	10.10
Total expenditure	1,10,237.81	1,20,069.82	1,14,384.94	1,38,884.49	1,63,225.53
CE/TE in per cent	7.94	6.19	7.39	9.28	8.69
GSDP	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
CE/GSDP	1.25	0.94	1.03	1.61	1.57

Source: Statement 2 of Finance Accounts of respective years

Capital expenditure increased from ₹8,748.87 crore in 2017-18 to ₹14,191.73 crore in 2021-22 except for a decrease in 2018-19. Of the total capital expenditure of ₹14,191.73 crore incurred in 2021-22, ₹3,373.66 crore (23.77 per cent) was spent on 'Other General Economic Services' followed by ₹3,270.99 crore

⁶ Under clause 1 of Article 243 (I) and (Y) of the Constitution of India read with sections 186 of the Kerala Panchayat Raj Act, 1994 and Section 205 of the Kerala Municipalities Act, 1994

(23 per cent) on Roads and Bridges. The capital expenditure incurred over these five years ranged between 0.94 to 1.61 per cent of the GSDP.

Capital Expenditure (₹14,191.73 crore) during the current year increased by ₹1,302.08 crore (10.10 per cent) over the previous year (₹12,889.65 crore).

2.4.3.1 Major changes in Capital Expenditure

Significant variations under various Heads of Account with regard to Capital Expenditure of the State during the current year and the previous year is given in **Appendix 2.2**.

The Capital expenditure on ‘Education, Sports, Arts and Culture’ was at variance when compared to the previous year by ₹102.02 crore which was attributed mainly due to increase in the expenditure on infrastructure development such as buildings, hostels *etc.* of educational institutions.

There was a surge in the capital expenditure under the component ‘Water Supply and Sanitation in 2021-22 as compared to previous year. This was due to the increase in the expenditure of ₹1,045.65 crore under the project ‘Jal Jeevan Mission ((NRDWP)-50% CSS).

The major increase in the outlay on Other General Economic Services was attributed to assistance to KIIFB on repayment and redemption of obligations amounting to ₹322.07 crore during 2021-22. Further, Government incurred an additional expenditure of ₹286.70 crore for post-flood projects under Rebuild Kerala Initiative Project. A detailed analysis on Rebuild Kerala Initiative is included in Chapter III of this report.

2.4.3.2 Quality of Capital Expenditure

This section presents an analysis of Investments and other Capital Expenditure undertaken by the Government.

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-a-vis* previous years. **Table 2.24** shows the return on investments from 2017-18 to 2021-22.

Table 2.24: Return on investments

	(₹ in crore)				
Investment/ return/ cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year (₹ in crore)	7,981.81	8,246.22	8,775.35	9,354.02	9,767.48
Return (₹ in crore)	126.48	132.12	100.33	110.19	227.98
Return (in per cent)	1.58	1.60	1.14	1.18	2.33
Average rate of interest on Government Borrowings (in per cent) ⁷	7.48	7.34	7.58	7.31	7.00
Difference between interest rate and return (in per cent)	5.90	5.74	6.44	6.13	4.67
Difference between interest on Government borrowings and return on investment (₹ in crore) ⁸	470.93	473.33	565.13	573.40	456.14

Source: Statement 8 of Finance Accounts of respective years.

During 2021-22 the Government invested ₹37.46 crore in Statutory Corporations, ₹278.28 crore in Government Companies, ₹105.11 crore in Joint Stock Companies and ₹34.49 crore in Co-operative Banks and Societies. Progressive expenditure on investments decreased by ₹76.02 crore in Government Companies and ₹60.27 crore in Co-operative Banks and Societies. The State Government's investment increased by ₹1,785.67 crore from ₹7,981.81 crore in 2017-18 to ₹9,767.48 crore in 2021-22.

The average return on investments during 2017-22 in these Companies/ Corporations / Institutions was 1.57 per cent while the Government paid an average interest of 7.34 per cent on its borrowing during the same period.

2.4.3.3 Loans and Advances by the State

In addition to investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Societies, the Government also provides loans and advances to these institutions. Table 2.25 presents the status of loans and advances disbursed, recoveries of loan and interest received *vis-a-vis* interest paid by the State Government on its borrowings during 2017-18 to 2021-22.

⁷ Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) / 2] *100.

⁸ Investment at the end of the year *Difference between interest rate and return.

Table 2.25: Quantum of loans disbursed and recovered during five years

(₹ in crore)

Sl No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Opening Balance of loans outstanding	13,877.23 ⁹	15,163.04 ¹⁰	16,557.18 ¹¹	17,472.08	19,725.39 ¹²
2	Amount advanced during the year	1,540.59	2,322.89	1,210.22	2,548.51	2,854.29
3	Amount recovered during the year	350.98 ¹³	210.54 ¹⁴	295.32 ¹⁵	263.82 ¹⁶	479.24 ¹⁷
4	Closing Balance of the Loans Outstanding	15,066.84	17,275.39	17,472.08	19,756.77	22,100.44
5	Net addition	1,189.61	2,112.35	914.90	2,284.69	2,375.05
6	Interest received	37.53	40.81	50.59	42.83	53.36
7	Interest rate on loans and Advances given by the Government ¹⁸ (in per cent)	0.26	0.25	0.30	0.23	0.26
8	Rate of Interest paid on the outstanding borrowings of the Government (in per cent)	7.48	7.34	7.58	7.31	7.00
9	Difference between the rate of interest paid and interest received (in per cent)	7.22	7.09	7.28	7.08	6.74

Source: Statement 7 of Finance Accounts of respective years.

2.4.3.4 Arrears in recoveries of loans

Government gives loans and advances to various departments/ institutions by raising loans from various sources including market loans. There is also

⁹ Difference of ₹0.71 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 2017-18.

¹⁰ 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. 18 of Finance Accounts 2018-19.

¹¹ Difference of ₹718 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no. 18 of Finance Accounts 2019-20.

¹² Decreased *pro forma* due to reclassification of conversion of loan into equity for Kerala Electrical and Allied Engineering Company Limited (₹31.38 crore).

¹³ Includes ₹0.30 crore being the irrecoverable loans written off.

¹⁴ Includes ₹0.40 crore being the irrecoverable loans written off.

¹⁵ Includes ₹0.30 crore being the irrecoverable loans written off.

¹⁶ Includes ₹0.23 crore being the irrecoverable loans written off.

¹⁷ Includes ₹0.15 crore being the irrecoverable loans written off.

¹⁸ Interest Received / (Opening balance + Closing balance of Loans and Advances)/2)*100

huge arrears of recoveries of loans and advances. During the year, the State Government had released an amount of ₹2,854.29 crore as loans and advances to various institutions. Outstanding loans at the end of March 2022 was ₹22,100.44 crore. During the year ₹479.24 crore was received as loan recovery, which was only 2.43 *per cent* of the outstanding loan balance in the beginning of the year. Interest received on loans during 2021-22 was ₹53.36 crore.

Though the institutions are bound to repay the loans with interest in stipulated installments, they have defaulted in this regard and arrears in repayment at the end of March 2022 from 64 such organisations were ₹18,171.99 crore (principal ₹12,198.21 crore and interest ₹5,973.78 crore). About 72 *per cent* of the arrears pertain to the following four institutions/organisations as shown in **Table 2.26**.

Table 2.26: Major defaulting institutions in loan repayment

Sl. No.	Loanee entity	Amount of arrears as on 31 March 2022 (₹ in crore)			Earliest period to which arrears relate
		Principal	Interest	Total	
1	Kerala State Electricity Board	1,137.34	657.36	1,794.70	1970-71
2	Kerala State Road Transport Corporation	4,293.52	1,301.90	5,595.42	1983-84
3	Kerala Water Authority	2,332.63	1,597.19	3,929.82	2007-08
4	Kerala State Housing Board	1,165.21	590.31	1,755.52	1980-81
Total		8,928.70	4,146.76	13,075.46	

Source: Statement 18 of Finance Accounts.

2.4.3.5 Expenditure Priorities

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 aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Table 2.27 analyses the fiscal priority of the State Government with regard to Health, Education and Capital Expenditure during 2017-18 and 2021-22.

Table 2.27: Expenditure priority of the State with regards to Health, Education and Capital expenditure

(in per cent)

	TE / GSDP	CE /TE	Education /TE	Health & FW / TE
States other than North Eastern and Himalayan States (2017-18)	16.13	15.56	15.17	4.76
Kerala	15.71	9.33	16.96	5.98
Tamil Nadu	13.28	13.73	15.03	5.36
Karnataka	13.37	20.06	12.17	4.55
States other than North Eastern and Himalayan States (2021-22)	15.84	14.41	14.66	6.20
Kerala	18.10	10.44	15.27	7.32
Tamil Nadu	14.27	13.80	13.02	6.45
Karnataka	12.76	19.92	11.53	5.87

TE- Total Expenditure, CE- Capital Expenditure,

Source: Information furnished by Economic Advisor and based on Finance Accounts.

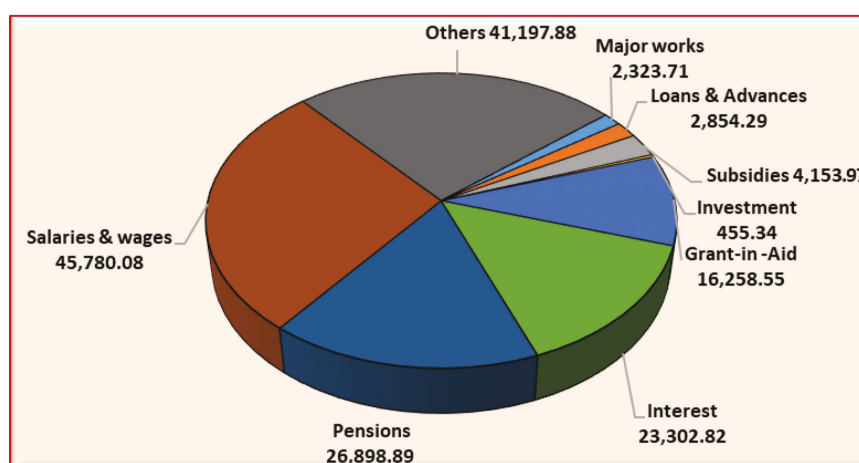
In 2021-22, the percentage of total expenditure to GSDP for the State was more than that of the States other than North Eastern and Himalayan States whereas the percentage of Capital Expenditure to Total Expenditure for the State was less. The State's share of expenditure on Education and Health in the total expenditure was more than that of States other than North Eastern and Himalayan States.

2.4.3.6 Object head wise expenditure

The Total Expenditure for the year 2021-22 was ₹1,63,225.53 crore. The **Chart 2.10** below gives information about object / purpose of the expenditure.

Chart 2.10: Object head wise expenditure

(₹ in crore)



From the above Table, it can be seen that out of the total expenditure, the expenditure on salaries and wages were the highest followed by pension and interest payments.

2.5 Public Accounts

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

2.5.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as on 31 March 2022 are shown below in **Table 2.28**.

Table 2.28: Components-wise net balances

(₹ in crore)

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds <i>etc.</i>	Small Savings Provident Funds	7,206.84	9,619.21	8,274.11	11,547.96	18,447.47
J. Reserve Funds	(a) Reserve Funds bearing Interest	171.22	1,826.90	(-)1,478.41	83.97	(-)247.82
	(b) Reserve Funds not bearing Interest	137.76	154.12	127.99	260.08	162.38
K. Deposits and Advances	(a) Deposits bearing Interest	(-)1.32	(-)0.30	0.23	(-)0.15	0.17
	(b) Deposits not bearing interest	267.23	392.70	584.93	497.22	1,786.29
	(c) Advances	0	(-)0.23	(-)59.42	(-)2.19	1.98
L. Suspense and Miscellaneous	(b) Suspense	691.76	(-)534.98	17.05	(-)328.46	814.09
	(c) Other Accounts	510.92	(-)226.68	(-)270.19	967.49	(-)1,011.51
	(d) Accounts with Government of Foreign Countries	0	0	0	0	0
	(e) Miscellaneous	(-)0.15	(-)0.57	(-)0.06	(-)20.39	(-)0.81
M. Remittances	(a) Money Orders, and other Remittances	(-)61.62	(-)90.82	35.18	86.49	(-)460.35
	(b) Inter Governmental Adjustment Account	(-)104.35	39.30	82.36	(-)47.08	29.23
Total		8,818.29	11,178.65	7,313.77	13,044.94	19,521.12

Source: Statement 21 of Finance Accounts of respective years.

The net receipts from the Public Account increased by ₹6,476.18 crore (49.65 *per cent*) from ₹13,044.94 crore in 2020-21 to ₹19,521.12 crore in 2021-22, mainly due to increase under Small Savings, PF *etc.* (₹6,899.51 crore).

2.5.2 Reserve Funds

Reserve funds are created for specific and defined purposes under the Public Account of the State Government. These Funds are met from contribution of grants from the Consolidated Fund of the State.

Details of Significant Reserve funds are given below:

Reserve Funds bearing Interest:

2.5.2.1 State Disaster Risk Management Fund (SDRMF)

On the recommendation of XV Finance Commission the SDRMF was divided into State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF) for addressing the full cycle of disaster management needs- response and relief, recovery and reconstruction, preparedness, capacity building and mitigation. The SDRF receives 80 *per cent* of the total SDRMF while the State Disaster Mitigation Fund (SDMF) receives 20 *per cent* of the allocation.

State Disaster Response Fund (SDRF)

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, Auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks. However, this was not done till date.

The size of the Fund for Kerala for the year 2021-22 fixed by XV Finance Commission is ₹335.20 crore, 75 *per cent* of which was to be contributed by the Central Government and 25 *per cent* by the State Government.

During the year, an amount of ₹436.29 crore was credited to the Fund, Central share of ₹251.20 crore, ₹84 crore of State share and ₹101.09 crore on account of interest on uninvested balances for the years 2020-21. In the beginning of the year 2021-22 there was a balance of ₹646.47 crore in the Fund. After setting off the expenditure for disaster relief operations to the extent of ₹749.49 crore, the balance in SDRF as on 31 March 2022 is ₹333.27 crore.

As per Finance Accounts, ₹38.79 crore was the interest due on the opening balance (₹646.47 crore) of the fund. Non-payment of interest resulted in understatement of Revenue and Fiscal deficit by ₹38.79 crore.

State Disaster Mitigation Fund (SDMF)

State Disaster Mitigation Fund was constituted (2021-22) in the Public Account under Reserve Fund bearing interest in the Major Head 8121-General and Other Reserve Funds-130-State Disaster Mitigation Fund in the accounts of the State. As per guidelines, the State Government shall invest the SDMF as per provisions in the guidelines and pay interest to SDMF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI for the amount not invested from SDMF. The size of the Fund for the State of Kerala for the year 2021-22 fixed by the XV Finance Commission is ₹83.80 crore, 75 per cent of which is contributed by the Central Government in the form of grant and balance 25 per cent is contributed by the State Government.

During the year 2021-22, ₹83.80 crore consisting of Government of India share of ₹62.80 crore and State Government share of ₹21.00 crore was credited to SDMF. No expenditure was incurred on mitigation measures during the year. The balance in SDMF as on 31 March 2022 was ₹83.80 crore.

2.5.2.2 State Compensatory Afforestation Fund

The Compensatory Afforestation Fund Act, 2016, is an Act to provide for the establishment of funds under the Public Accounts of India and the Public Accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980, constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations), assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto

The monies received by the State Governments from the user agencies is credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Account of the State below the Major Head 8336-Civil Deposits. Further as per Section 3(4) of the Act, 90 per cent of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Funds in Public Account of the State and balance 10 per cent to be credited to the National Fund on yearly basis.

No amount was received from Central Fund during the year 2021-22. The total balance in the State Compensatory Afforestation Fund as on 31 March 2022 was ₹54.67 crore. As per Finance Accounts, ₹2.37 crore was the interest due on the opening balance in the fund. Non-payment of interest resulted in understatement of Revenue and Fiscal deficit by ₹2.37 crore.

Reserve Funds not bearing Interest:

2.5.2.3 Consolidated Sinking Fund

In line with the recommendations of the XII Finance Commission, the State Government set up Consolidated Sinking Fund (CSF) with effect from the financial year 2007-2008. The Fund is to be utilised as an amortisation fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The State Government may contribute to the Fund on a modest scale of at least 0.50 *per cent* of the outstanding liabilities as at the end of the previous year.

2.5.3 Management of Cash Balance

As per agreement with the Reserve Bank of India, State Government has to maintain a minimum daily cash balance of ₹1.66 crore with the Bank. The amount over and above the minimum cash balance on a day is invested in short term treasury bills by RBI. The interest earned from such investments are credited as receipts under the head '0049-Interest Receipts'. During the year 2021-22, interest of ₹14.80 crore was earned against short term investments with a closing balance of ₹5,230.30 crore in 14 days treasury bills.

If the daily cash balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Drawing Facility (SDF) / Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government during the year 2021-22 was ₹1,944 crore.

- During the year the State Government resorted to WMA of ₹22,874.48 crore and paid an interest of ₹13.90 crore. The State Government was able to maintain a minimum cash balance of ₹1.66 crore for 255 days during 2021-22 without taking any advance. However, the State Government had to resort to Ways and Means Advance (₹18,099.25 crore) for 106 days, Special Drawing Facility (₹1,513.90 crore) for four days to maintain minimum cash balance. There was a shortfall from the agreed minimum cash balance amounting to ₹9.96 crore.
- Overdraft (₹3,251.37 crore) was taken on 14 days.
- The State Government repaid the amount of ₹22,874.48 crore obtained under Special Drawing Facility, Ways and Means Advances *etc.* leaving no amount to be repaid.

The cash balance and Investments of cash balances made by the State Government during the year are shown in **Table 2.29**.

Table 2.29: Cash balance and Investment of cash balance**(₹ in crore)**

Sl No.	Particulars	Opening balance on 01 April 2021	Closing Balance on 31 March 2022
	A. General Cash Balance		
1	Cash in treasuries	37.06	35.92
2	Deposits with Reserve Bank of India	(-)244.42	(-)330.31 ¹⁹
3	Deposits with other Banks ²⁰		
4	Remittance in transit-Local	0.94	0.54
	Total	(-)206.42	(-)293.85
	Investment held in Cash Balance investment account (14 days Treasury bills)	2,809.86	5,230.30
	Total (A)	2,603.44	4,936.45
	B. Other Cash Balances and Investments		
1	Cash with departmental officers viz., Public Works, Forest Officers	(-)7.63	(-)7.63
2	Permanent advances for contingent expenditure with department officers	0.53	1.13
3	Investment in earmarked funds	2,371.64	2,545.51
	Total (B)	2,364.54	2,539.01
	Total (A+B)	4,967.98	7,475.46
	Interest realised	4.05	14.80

Source: Statement 2 of Finance Accounts

No investments were made in Long term GoI Securities by the State Government for the past several years being a Revenue Deficit State.

2.6 Profile of Public debt and Public Account Liabilities

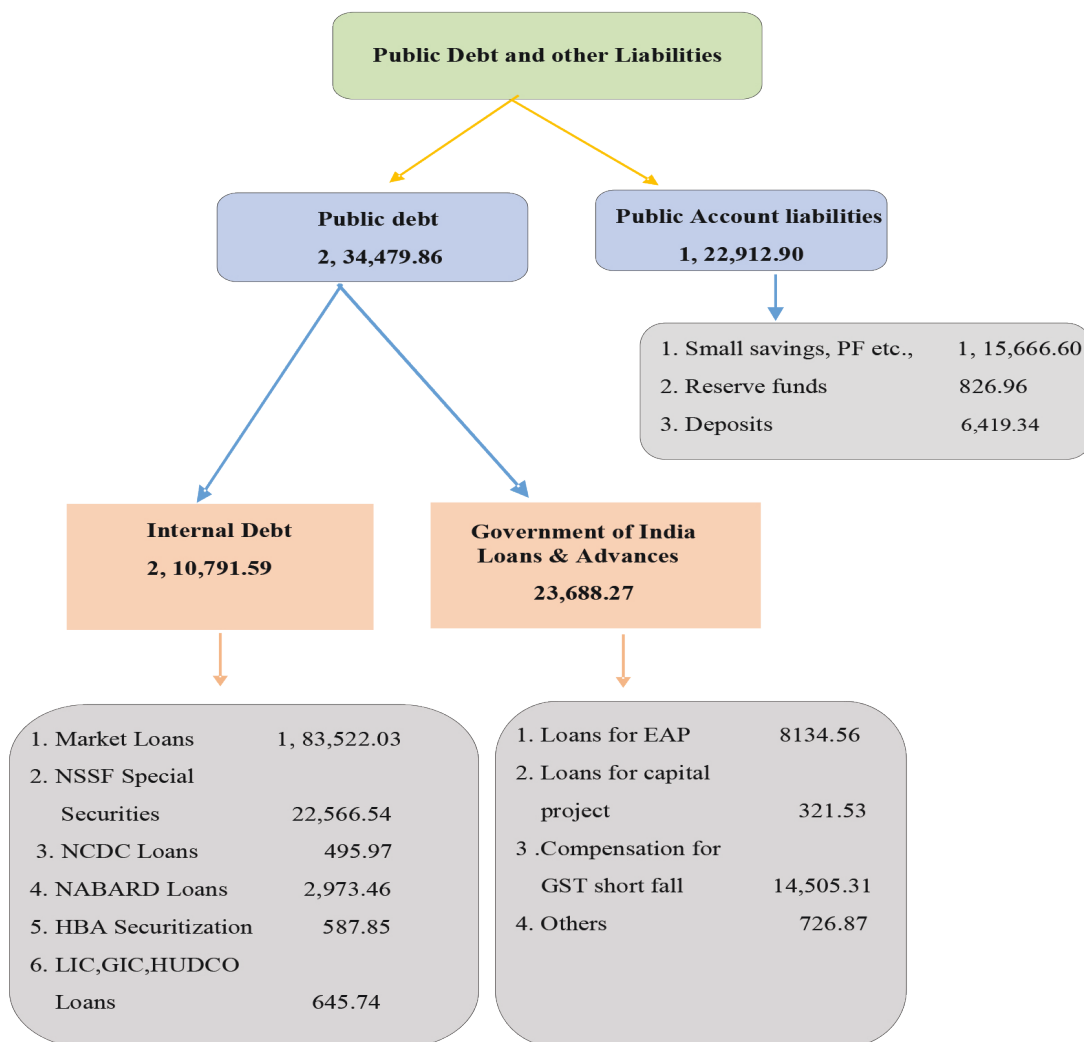
Total debt of the State Government typically comprises Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government and Public Account Liabilities.

¹⁹ There was a difference of ₹332.10 crore (debit) between the figures reflected in accounts (credit item ₹330.31 crore) and that communicated by Reserve Bank of India (credit item ₹1.79 crore) as on 31 March 2022. Out of the difference, an amount of ₹192.24 crore (net credit) was cleared in 2022-23. The balance difference of ₹139.87 crore (net debit) is under reconciliation.

²⁰ Represents cash held with State Bank of India (amount negligible).

Chart 2.11 Profile of Public Debt and Public Account Liabilities

(₹ in crore)



2.6.1 Outstanding Public debt and Public Account liabilities

Total Public debt and public account liabilities of the State as on 31 March 2022 was ₹3,57,392.76 crore as shown in **Table 2.30**.

Table 2.30: Public debt and other Public Account Liabilities from 2017-18 to 2021-22*(₹ in crore)*

Sl No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Liabilities of Public Debt-Total	1,42,984.52	1,58,234.45	1,74,640.22	2,05,447.73	2,34,479.86
a	Increase	17,101.67	15,249.93	16,405.77	30,807.51	29,032.13
b	<i>Per cent</i>	13.59	10.67	10.37	17.64	14.13
2	Liabilities of Public Account	71,533.70	83,380.06	90,722.14	1,02,938.28	1,22,912.90
a	Increase	7,648.30	11,846.06	7,342.08	12,216.14	19,974.62
b	<i>Per cent</i>	11.97	16.56	8.81	13.47	19.40
3	Total Liabilities	2,14,518.22	2,41,614.51	2,65,362.36	3,08,386.01	3,57,392.76
a	Increase	24,749.67	27,096.29	23,747.85	43,023.65	49,006.75
b	<i>Per cent</i>	13.04	12.63	9.83	16.21	15.89
4	Population	3.60	3.63	3.54	3.56	3.56
5	Per capita Debt (₹)	59,588.48	66,560.47	74,961.12	86,625.28	1,00,391.22
6	GSDP	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
7	Per capita GSDP (₹)	1,94,885.63	2,17,158.56	2,32,874.07	2,24,598.63	2,53,135.53

Total public debt and public account liabilities of the State grew between 9.83 *per cent* and 16.21 *per cent* during the five-year period 2017-2022.

2.6.2 Receipts and Payments during the year 2021-22

During the year, the total receipts were ₹2,40,321.38 crore and payments were ₹1,91,314.62 crore leading to a net increase of ₹49,006.75 crore. This was used to finance the fiscal deficit. Outstanding liabilities under the Public Debt and Public Account as on 31 March 2022 is shown in **Table 2.31**.

Table 2.31: Outstanding Liabilities under Public Debt and Public Account as on 31 March 2022*(₹ in crore)*

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22			
	CB	CB	CB	CB	Receipt	Repayment	Net	CB
Public Debt	1,42,984.52	1,58,234.45	1,74,640.22	2,05,447.73	64,932.13	35,900.00	29,032.13	2,34,479.86
Public Account	71,533.70	83,380.06	90,722.14	1,02,938.28	1,75,389.25	1,55,414.63	19,974.62	1,22,912.90
Total Liabilities	2,14,518.22	2,41,614.51	2,65,362.36	3,08,386.01	2,40,321.38	1,91,314.63	49,006.75	3,57,392.76

2.7 Liabilities Upon Consolidated Fund

The Public Debt consists of Internal debt and Loans and Advances from the Central Government. The internal debt comprises of Market loans, Loans from Special Securities issued to National Small Savings Fund of the Central Government, loans from banks / financial institutions and Ways & Means advances from RBI. The amount outstanding under various components of Public Debt as well as receipts and payments during the year 2021-22 are given in **Table 2.32**.

Table 2.32: Outstanding loans under various components of Public Debt*(₹ in crore)*

Sl No	Particulars	2021-22				
		OB	Receipt	Repayment	Net	CB
1	A. Internal Debt					
2	Market Loans	1,65,402.03	27,000.00	8,880.00	18,120.00	1,83,522.03
3	Special Securities issued to National Small Savings Fund of the Central Government	19,833.71	4,996.03	2,263.20	2,732.83	22,566.54
4	National Co-operative Development Corporation	523.60	76.77	104.40	(-)27.63	495.97
5	NABARD	3,103.71	519.84	650.09	(-)130.25	2,973.46
6	Loans from Bank - Securitisation of House Building Advance	736.07	0.00	148.22	(-)148.22	587.85
7	Loans from Banks/ Financial Institutions	874.97	0.00	229.23	(-)229.23	645.74
8	Ways and Means Advances from the RBI	0.00	22,874.48	22,874.48	0.00	0.00
9	Total (A)	1,90,474.09	55,467.12	35,149.62	20,317.50	2,10,791.59

Sl No	Particulars	2021-22				
		OB	Receipt	Repayment	Net	CB
10	B Loans and Advances from Central Government					
11	Loans for Externally Aided Projects	8,151.61	487.21	504.25	(-)17.04	8,134.56
12	Loans for Capital Projects	83.03	238.50	0.00	238.50	321.53
13	Loans for shortfall in GST Compensation	5,766.00	8,739.31	0.00	8,739.31	14,505.31
14	Others	973.00	0.00	246.13	(-)246.13	726.87
15	Total (B)	14,973.64	9,465.02	750.38	8,714.64	23,688.27
16	Total (A+B)	2,05,447.73	64,932.14	35,900.00	29,032.14	2,34,479.86

2.7.1 Trend of Public Debt

The details relating to total outstanding Debt, repayment of debt and the actual quantum of debt available to the State during the five-year period 2017-18 to 2021-22 are given in the **Table 2.33**.

Table 2.33: Trend of Public Debt

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Outstanding Public Debt	1,42,984.52	1,58,234.45	1,74,640.22	2,05,447.73	2,34,479.86 ²¹
2	Rate of growth of outstanding debt (<i>per cent</i>)	13.59	10.67	10.37	17.64	14.13
3	Total Public Debt receipts	30,233.76	33,445.92	60,407.05	69,735.36	64,932.13
4	Total Public Debt repayments	13,132.10	18,196.00	44,001.28	38,927.85	35,900.00
5	Interest on Public Debt	10,937.67	12,086.29	13,273.79	14,409.57	15,774.79
6	Net Public Debt available	6,163.99	3,163.63	3,131.98	16,397.94	13,257.34
7	Debt Repayments (including interest) / Debt receipts (<i>per cent</i>)	79.61	90.54	94.82	76.49	79.58

²¹ Effective outstanding Public Debt as on 31 March 2022 would be ₹2,19,974.55 crore (₹1,99,681.73 crore as on March 2021) as the Department of Expenditure, GoI had decided that GST compensation of ₹8,739.31 crore (₹5,766 crore for 2020-21) given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Total outstanding Public Debt of the State grew from ₹1,42,984.52 crore to ₹ 2,34,479.86 crore during the five year period 2017-2022. The outstanding debt as on 31 March 2022 grew by 15.89 *per cent* when compared to the previous year. The total public debt raised during the year decreased by ₹4,803.23 crore (6.89 *per cent*) which is a positive indicator of the Government depending lesser on debt to meet the rising expenditure from ₹1,38,884.49 crore in 2020-21 to ₹1,63,225.53 crore in 2021-22. However, from the **Table 2.32**, it is obvious that 76.49 *per cent* to 94.82 *per cent* of the debt receipts were utilised for repayment of outstanding Debt. This indicates a poor debt management by the State Government.

2.8 Liabilities Upon Public Account

Public Account liabilities is the liabilities outstanding under the sectors Small Savings, Provident Fund *etc.*, Deposits, Reserve Funds. Component-wise outstanding balances under these sectors in Public Account as on 31 March 2022 is given in **Table 2.34**.

Table 2.34: Outstanding liabilities in Public Account as on 31 March 2022

(₹ in crore)

Sectors	OB	Addition	Decrease	Net	CB
Small Savings Provident Funds	97,219.13	1,67,886.07	1,49,438.60	18,447.47	1,15,666.60
Reserve Funds	1,086.27	1,505.69	1,765.00	(-) 259.31	826.96
Deposits	4,632.88	5,997.49	4,211.03	1,786.46	6,419.34
Total	1,02,938.28	1,75,389.25	1,55,414.63	19,974.62	1,22,912.90

Source Statement No.6 of Finance Accounts 2021-22

Trend of Public Account Liabilities of the above sectors from 2017-18 to 2021-22 is given in **Table 2.35**.

Table 2.35: Trend of Public Account Liabilities from 2017-18 to 2021-22

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Small Savings, Provident Fund	67,777.85	77,397.06	85,671.17	97,219.13	1,15,666.60
2	Reserve Funds	597.60	2,432.35	915.16	1,086.27	826.96
3	Deposits	3,158.25	3,550.65	4,135.81	4,632.88	6,419.34
4	Total	71,533.70	83,380.06	90,722.14	1,02,938.28	1,22,912.90

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
5	Additions	89,994.00	1,13,053.44	1,23,102.16	1,76,045.51	1,75,389.25
6	Repayment	82,346.00	1,01,207.08	1,15,760.08	1,63,829.37	1,55,414.63
7	Net Increase	7,648.00	11,846.36	7,342.08	12,216.14	19,974.62
8	<i>Per cent</i> increase	11.97	16.56	8.81	13.47	19.40
9	Interest Paid	4,158.08	4,812.35	5,911.47	6,531.40	7,510.29

Total outstanding Public Account liabilities of the State grew from ₹71,533.70 crore to ₹1,22,912.90 crore during the five year period 2017-2022. The outstanding Public Account as on 31 March 2022 grew by 19.40 *per cent* when compared to the previous year.

2.9 Other Liabilities of the State

The State Government also has liabilities such as, off budget borrowings, guarantees given by the Government on repayment of principal and interest on loans raised by Statutory Corporations/ Government Companies, Local Bodies, Joint Stock Companies, Cooperative Institutions *etc.* Details of other liabilities for 2020-21 and 2021-22 are shown in **Table 2.36**.

Table 2.36: Details of Other liabilities

(₹ in crore)

Sl. No.	Particulars	2020-21	2021-22
1	Off-budget borrowings	16,459.44	25,874.39
2	Guarantees	36,600.99	44,369.85
3	Pending/incomplete works	1,362.35	1,199.78
	Total	54,422.78	71,444.02

The other liabilities of the State increased by ₹17,021.24 crore (31.28 *per cent*) from ₹54,422.78 crore in 2020-21 to ₹71,444.02 crore in 2021-22.

2.9.1 Off budget borrowing

The borrowings by State Public Sector Companies/ Corporations, Special purpose vehicles (SPVs) and other equivalent instruments, where principal and/ or interest are to be serviced out of the State Budgets and/ or by assignment of taxes/ cess or any other State's revenue, shall be considered as borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India.

As per the recommendations of the XV Finance Commission, all committed expenditures and developmental expenditures should be met from the augmented borrowing space recommended for the State Governments, without resorting to off-budget or any non-transparent means of financing for any expenditures.

State Government resorted to off-budget borrowings for infrastructural projects through KIIFB and for social security and welfare pensions through KSSPL. The outstanding balance of loans as on 31 March 2022 borrowed by KIIFB was ₹13,066.18 crore (**Appendix 2.3 - Part A**) and KSSPL ₹11,206.49 crore (**Appendix 2.4 - Part A**). Total off-budget borrowing of the above two institutions comes to ₹24,272.67 crore. The off-budget borrowings of the State Government have not been disclosed in the State Budget. The entity wise details of off budget borrowings are shown in **Table 2.37**.

Table 2.37: Entity-wise details of off-budget borrowings

(₹ in crore)

Name of the Entity	Outstanding Off Budget Borrowings as on 31 March 2021	Off Budget Borrowings during 2021-22	Repayment during 2021-22		Closing Balance
			Principal	Interest	
Kerala Infrastructure Investment Fund Board	5,610.82	7,762.78	307.42	739.66	13,066.18
Kerala Social Security Pension Limited	10,848.61	6,550.00	6,192.12	743.94	11,206.49
Total	16,459.43	14,312.78	6,499.54	1,483.60	24,272.67

Source: Information furnished by KIIFB and KSSPL

Off-budget borrowing through KIIFB and KSSPL are explained in the succeeding paras:

2.9.1.1 Kerala Infrastructure Investment Fund Board (KIIFB)

The Kerala Infrastructure Investment Fund Board (KIIFB) is a statutory body constituted (November 1999) and controlled by the State Government under the Kerala Infrastructure Investment Fund Act to manage the Kerala Infrastructure Investment fund with the objective of providing investment for critical and large infrastructure projects in Kerala. The State Government undertakes for the payment of principal and interest of the loans raised by Kerala Infrastructure Investment Fund Board as per section 9 (1) of the Kerala Infrastructure Investment Fund (Amendment) Act, 2016. Thus, the loan taken by KIIFB are the direct liabilities of the State Government, and are therefore, off-budget borrowings for the State. The State Government has allotted the petroleum cess and 50 per cent of the Motor Vehicle Tax for servicing the loans of KIIFB.

During the year 2021-22, KIIFB raised off-budget loans amounting to ₹7,762.78 crore from various sources as detailed in **Appendix 2.3 (Part B)**.

Government (February 2023) replied that KIIFB's borrowings are neither on budget or off budget borrowings of Government of Kerala but are done by KIIFB as part of its agency function to build infrastructure projects for Government of Kerala. It was also stated that there is no liability/contingency associated with KIIFB's borrowing liabilities on the State Government.

The contention of the Government is not acceptable, as KIIFB has no revenue of its own and the State Government has to defray the debt obligations of KIIFB by transferring its own revenue through budget every year.

2.9.1.2 Kerala Social Security Pension Limited (KSSPL)

Kerala Social Security Pension Limited was incorporated in August 2018 under the Companies Act 2013. The Company is wholly owned by the Government of Kerala under Finance Department and the Company was formed with the objective of improving the disbursement of various Social Security and welfare pensions to the beneficiaries in Kerala.

As per the Government Order G.O. (Ms) No 232/2018/FIN dated 26 June 2018 of Finance (SS) Department, anticipated expenditure for Social Security Pension would be provided through Budget every year and amount from Government of India under National Social Assistance Programme (NSAP) would also be infused into the Company. The Government would bear the repayment liabilities of the Company arising on account of pension disbursement. The Company is also authorised to raise funds from the Public, Public Sector Undertakings and other institutions through suitable financial instruments including deposits and loans which would be serviced/ redeemed with the funds provided by the Government through its budget. The funds required for repayment of loans are mobilised through short term financial instruments and financial assistance from the Government.

As the loans raised by KSSPL were for meeting the liability of the State Government and the repayment of loan and interest are from the Consolidated Fund of the State, the loan raised by KSSPL is an off-budget borrowing of the State Government. During 2021-22 KSSPL raised off-budget loans amounting to ₹6,550.00 crore as detailed in **Appendix 2.4 (Part B)**.

The year-wise details of Government Grants given to KSSPL for the last four years is shown in **Table 2.38**.

Table 2.38: Year-wise details of Grants given to KSSPL from 2018-19 to 2021-22
(₹ in crore)

Sl. No.	Year	Grant
1	2018-19	5,579.28
2	2019-20	2,100.00
3	2020-21	11,924.14
4	2021-22	6,939.00
Total		26,542.42

As per the information received from KSSPL, an amount of ₹11,206.49 crore is outstanding as on 31 March 2022 as detailed in **Appendix 2.4 (Part B)**. Since KSSPL is a Government company, the outstanding loan of ₹11,206.49 crore is also an additional liability of the Government.

Non-disclosure of off-budget borrowing has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

2.9.1.3 Borrowings under Bill discounting system

The State Government also resorted to short term borrowings for settling the pending bills of contractors through bill discounting system. The promissory notes issued during the year amounting to ₹1601.72 crore, remained unsettled, but was not reflected in the Accounts. This has consequently, resulted in deferment of clear-cut liabilities to the next financial year with an avoidable interest liability.

These off-budget borrowings have increased the overall liabilities of the State from ₹3,57,392.76 crore²² to ₹3,83,267.15 crore as on 31 March 2022.

The debt-GSDP ratio for the year 2021-22 was 38.01²³ per cent against the targeted ratio of 34.70 per cent. Taking into account the off-budget borrowings of the State Government, the Debt-GSDP ratio stands at 40.88 per cent.

2.9.2 Guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended.

²² Effective outstanding Public Debt would be ₹ 2,19,974.55 as the Department of Expenditure, GoI had decided that GST compensation of ₹ 8,739.31 crore in 2021-22 and ₹ 5,766 crore for 2020-21 given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

²³ After excluding GST compensation of ₹14,505.31 crore given to the State as back to back loan.

The Government provides guarantees for repayment of loans, *etc.*, raised by Statutory Corporations, Government Companies, Co-operative Banks and Societies *etc.* In terms of the Section 3 of Government Guarantees Act, 2003, amended vide Kerala Finance (No.2) Act, 2018, the total outstanding Government Guarantees as on the first day of April of any year shall not exceed five *per cent* of the Gross State Domestic Product (GSDP) of the State as calculated by the Department of Economics and Statistics for the respective financial year. The outstanding guarantees of ₹44,369.85 crore (Principal plus interest) as on 31 March 2022 works out to 4.92 *per cent* of the GSDP of the year 2021-22 (₹9,01,997.83 crore) which was within the limit of five *per cent* of the GSDP for the year.

As per the Act, 0.75 *per cent* of outstanding guarantee at the beginning of the year should be collected as guarantee commission every year. While ₹230.76 crore was received as guarantee commission during the year, ₹306.22 crore of guarantee commission was pending collection from various institutions as on 31 March 2022. Major defaulters are shown in **Appendix 2.5**.

2.9.2.1 Non-Constitution of Guarantee Redemption Fund

As per the recommendations of the Twelfth Finance Commission (2005-2010), State Governments are required to constitute a Guarantee Redemption Fund (GRF) to be utilised for meeting the payment of obligations arising out of the guarantees issued by the Government. The Fund is operated outside the State Government account and administered by the Reserve Bank of India.

Under the guidelines, the State Government is required to make minimum annual contribution of 0.50 *per cent* of outstanding guarantee at the beginning of the year. The amount to be contributed by the State Government in the Fund during the year is ₹183.00 crore.

In terms of the Kerala Ceiling on Government Guarantees Act 2003, the guarantee commission received annually are to be transferred to the Public Account and these contributions shall form the corpus of the Guarantee Redemption Fund under Public Account of the State. As the State Government has not constituted GRF, Guarantee commission of ₹1,697.92 crore collected from 2003-04 to 2021-22 was credited under the revenue receipts head ‘0075-108-Guarantee Fee’.

2.10 Cost of Public Debt and other liabilities

The cost of debt is the effective interest rate that the Government is required to pay on its long-term debt obligations. Interest paid on Public Debt and other liabilities during the last five year period are shown in **Table 2.39**.

Table 2.39 : Cost of debt and other liabilities**(₹ in crore)**

Sl No.	Item	2017-18	2018-19	2019-20	2020-21	2021-22
1	Outstanding Public Debt	1,42,984.52	1,58,234.45	1,74,640.22	2,05,447.73	234,479.86
2	Interest on Market loans	8,824.25	9,996.20	11,159.82	12,203.37	13,543.89
3	Interest on other debt	2113.42	2090.09	2113.97	2206.20	2230.90
4	Total Interest on Public Debt	10,937.67	12,086.29	13,273.79	14,409.57	15,774.79
5	Average interest rate on Public Debt*	8.14	8.02	7.98	7.58	7.17
6	Outstanding Public Account	71,534.00	83,380.00	90,722.00	1,02,938.00	1,22,913.00
7	Interest paid on Public Account	4,158.08	4,812.35	5,911.47	6,531.40	7,510.29
8	Average interest rate on public Accounts *	6.14	6.21	6.79	6.75	6.48
9	Total Interest Paid	15,095.75	16,898.64	19,185.26	20,940.97	23,285.08#
10	Revenue Receipts	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
11	Interest paid on total debt as percentage of revenue receipts (9÷10)	18.18	18.20	21.26	21.45	19.96

* Average interest rate = Interest payment / (Average of opening and closing balance of debt) * 100

Interest payment is not inclusive of charges for management of debt. The amount for the year 2021-22 is ₹30.23 crore.

Although, the average interest rate on debt showed a declining trend, the actual interest paid on debt consistently increased across the five-year period. The interest paid in 2017-18 was ₹10,938 crore which increased to ₹15,775 crore in 2021-22, an increase of 44 per cent over the five-year period, due to increase in Public Debt. The interest on Public Account also increased from ₹4,158.08 crore in 2017-18 to ₹7,510.29 crore in 2021-22. Out of ₹7,510.29 crore, interest paid on Treasury Savings Bank Deposits was ₹4,205.03 crore, State Provident Fund ₹2,522.81 crore, Insurance and Pension Fund ₹681.36 crore and SDRF ₹101.09 crore. On an average, about 20 per cent of the revenue receipts are utilised for payment of interest on overall debt of the State alone.

2.11 Net Borrowing Ceiling

GoI had fixed Net Borrowing Ceiling of the State for 2021-22 in line with the recommendations of Finance Commission at four per cent of projected GSDP. The projected GSDP for Kerala for the year 2021-22 was ₹9,02,166 crore. Out of the normal NBC of four per cent of projected GSDP for the year 2021-22, borrowings ceiling of 0.50 per cent of the projected GSDP was earmarked for the incremental capital expenditure incurred by the State during 2021-22. Kerala

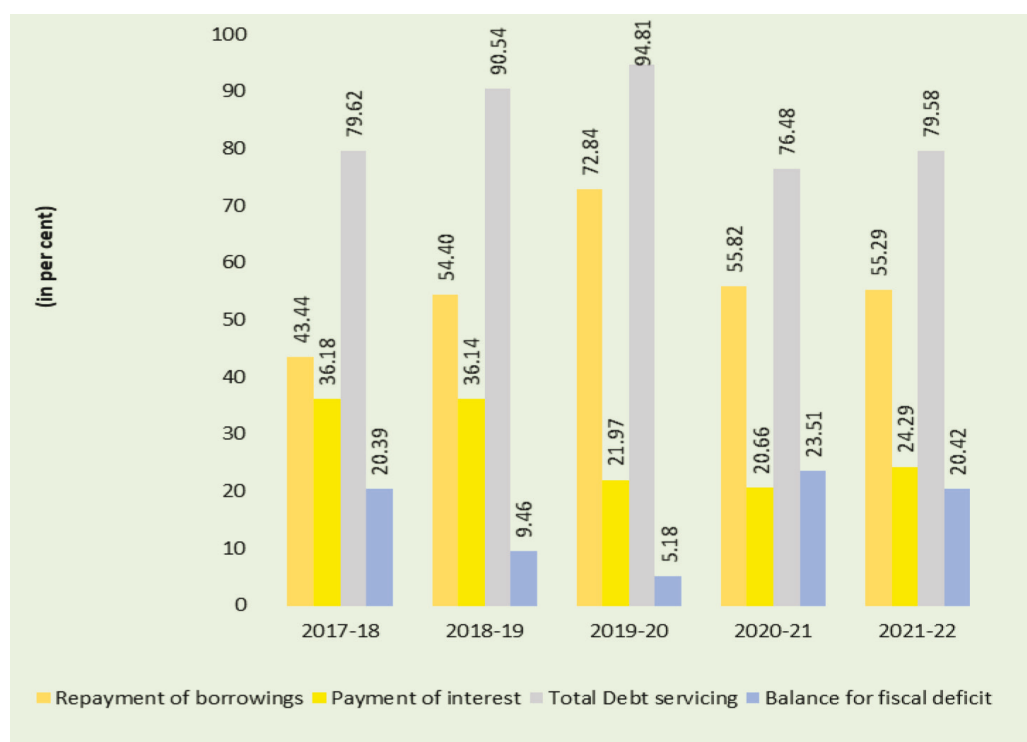
was allowed to borrow additional 0.50 *per cent* of GSDP, as the State achieved the target set by the Ministry of Finance for the capital expenditure.

The NBC for Kerala at the rate of four *per cent* of projected GSDP for the year 2021-22 as communicated by Ministry of Finance was ₹36,087 crore. Government of Kerala had borrowed ₹46,045.78 crore (fiscal deficit) including accretions on Public Account during 2021-22. After excluding the back-to-back loan of ₹8,739.31 crore in lieu of GST compensation and ₹238.50 crore as interest free loan for Capital expenditure received during the year, net borrowing comes to ₹37,067.97 crore, which is ₹980.97 crore more than the admissible amount of ₹36,087 crore.

2.12 Utilisation of borrowed funds

During 2021-22, Government had borrowed ₹64,932.13 crore. Details of utilisation of borrowed funds are given in **Chart 2.12** below.

Chart 2.12: Trends of Utilisation of borrowed funds



In all the five years, major portion of the borrowed funds is utilized for repayment of borrowings. Borrowed funds should ideally be used to fund capital creation and development activities. During 2021-22, 80 *per cent* of the borrowed funds was utilised for debt servicing. Net borrowed funds available for developmental activities after servicing of debt was only 20 *per cent*. Use of borrowed funds for meeting current consumption and debt servicing of outstanding loan is not a prudent financial management practice.

2.13 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Debt Sustainability Analysis considers the feasibility of meeting debt related financial obligations during a period beginning with the present, and is a crucial aspect for assessing financial health of an economy. The cornerstone of DSA is the Debt-GSDP ratio. A sustainable fiscal policy is one where the debt to GSDP ratio is stable or declining over the long term.

2.13.1 Debt Stabilisation – Debt Sustainability Indicators

This section assesses the sustainability of the debt of the Government in terms of rate of growth of public debt, ratio of total outstanding debt to GSDP, ratio of interest payment to revenue receipt, debt repayment to debt receipt, net debt available to the State *etc.* Trends in fiscal variables determining the debt stabilisation are shown in **Table 2.40**.

Table 2.40: Trends in Debt Sustainability Indicators

Sl. No.	Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
1	Outstanding Public Debt (₹ in crore)	1,42,984.52	1,58,234.45	1,74,640.22	2,05,447.73	2,34,479.86
2	Rate of Growth of outstanding Public Debt	13.59	10.67	10.37	17.64	14.13
3	GSDP (₹ in crore)	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
4	Rate of Growth of GSDP	10.51	12.36	4.58	(-)3.01	12.81
5	Public Debt/GSDP	20.38	20.07	21.18	25.69	26.00
6	Interest paid on Public Debt (₹ in crore)	10,937.67	12,086.29	13,273.79	14,409.57	15,774.79
7	Average interest rate of outstanding Public Debt ²⁴	8.14	8.02	7.98	7.58	7.17
8	Percentage of Interest payment to Revenue Receipt	13.17	13.02	14.71	14.76	13.52
9	Percentage of Revenue Receipt to outstanding debt	58.06	58.68	51.66	47.51	49.74
10	Net debt available to State ²⁵ (₹ in crore)	6,164.00	3,163.64	3,131.98	16,397.94	13,257.35
11	Debt repayment to Debt receipt	43.44	54.40	72.84	55.82	55.29

²⁴ Average interest rate - Interest paid / (OB of Public Debt + CB of Public Debt) / 2 x 100.

²⁵ Net Debt available=Public debt receipt during the year-repayment of principal amount -Interest paid on public debt.

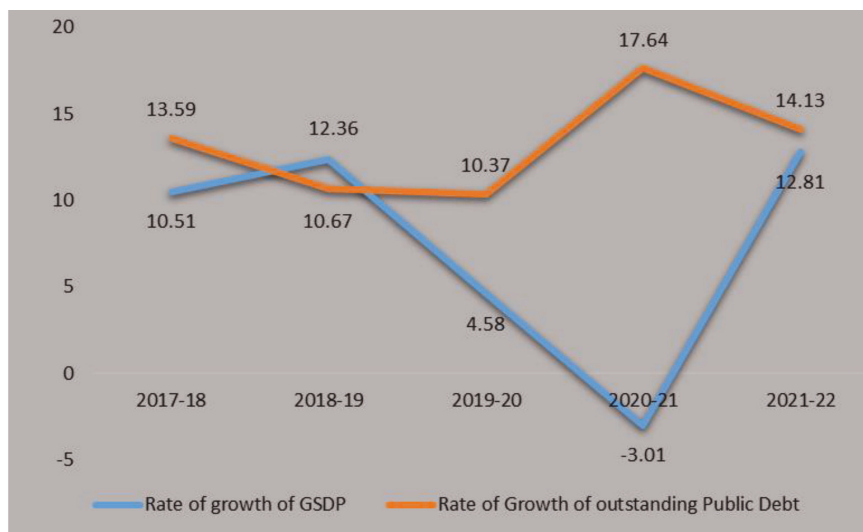
Sl. No.	Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
12	Interest Spread ²⁶	2.37	4.34	(-)3.40	-10.59	5.64
13	Quantum Spread ²⁷	3,388.73	6,867.38	(-)5,937.77	(-)21,756.91	13,224.66
14	Fiscal deficit (₹ in crore)	(-)26,837.41	(-)26,958.31	(-)23,837.47	(-)40,969.69	(-)46,045.78
15	Primary deficit (₹ in crore)	(-)11,717.48	(-)10,210.39	(-)4,622.78	(-)14,228.33	(-)22,742.96
16	Debt Stabilisation (Quantum spread + Primary Deficit) (₹ in crore)	(-)8,328.75	(-)3,343.01	(-)10,560.55	(-)35,985.24	(-)9,518.30

The sustainability of the debt of the State is analysed through the following Debt Sustainability Indicators.

2.13.1.1 Rate of growth of outstanding Public Debt

Rate of growth of outstanding public debt should be lower than the rate of growth of nominal GSDP. High levels of public debt could be detrimental to growth and low economic growth could itself lead to high levels of public debt. Rate of growth of Public Debt and rate of growth of GSDP for the period from 2017-18 to 2021-22 are given in **Chart 2.13**.

Chart 2.13: Rate of Growth of Outstanding Public Debt vis-a-vis Rate of Growth of GSDP



From the chart, it can be seen that the rate of growth of debt was more than the rate of growth of GSDP during the five-year period 2017-2022, except for the year 2018-19. The gap between these two ratios was very high in 2020-21.

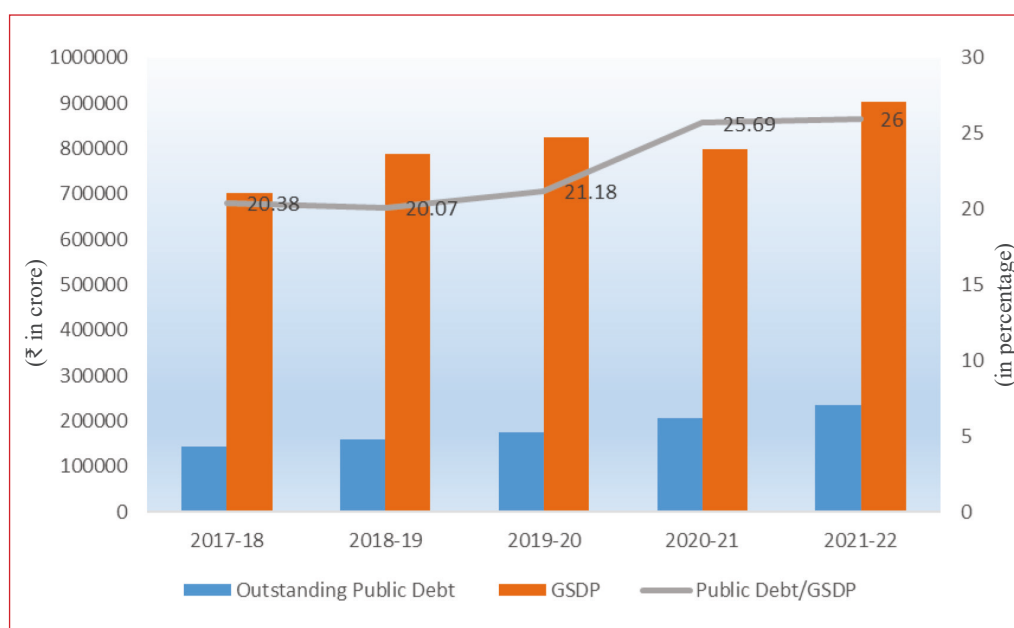
²⁶ Interest Spread = Rate of Growth of GSDP – Average interest rate of outstanding Public Debt.

²⁷ Quantum Spread = Outstanding Public Debt x Interest Spread / 100

2.13.1.2 Ratio of outstanding debt to GSDP

The debt-to-GSDP ratio is the metric comparing a State’s public debt to its Gross State Domestic Product. By comparing what a State owes with what it produces, the debt-to-GSDP ratio reliably indicates the State’s ability to pay back its debts. A low debt-to-GDP ratio indicates that an economy produces goods and services sufficient to pay back debts without incurring further debt. A falling debt-to-GSDP ratio can be considered as leading towards stability. If debt-to-GSDP ratio increases rapidly and goes above a threshold, then the current level of the primary balance is not sufficient to stabilize the debt-to-GSDP ratio. The debt to GSDP ratio for the period from 2017-18 to 2021-2022 is given in **Chart 2.14**.

Chart 2.14 : Ratio of total outstanding debt to GSDP



The debt-to-GSDP ratio is steadily increasing from 20.38 *per cent* in 2017-18 to 26.00 *per cent* in 2021-22, except for a slight decline in 2018-19.

2.13.1.3 Ratio of Revenue receipts to total outstanding debt

If ratio of revenue receipts to total outstanding debt is increasing, it would be easier for the Government to repay its debt using its own resources. Though revenue receipts increased from ₹83,020.14 crore in 2017-18 to ₹1,16,640.24 crore in 2021-22, the percentage of revenue receipts to total outstanding debt decreased from 58.06 *per cent* in 2017-18 to 49.74 *per cent* in 2021-22. This will put more stress on the State Government for meeting the debt obligations.

2.13.1.4 Cost of Public borrowings to growth of GSDP and primary balance:

The rate of interest payable on the outstanding debt should be lower than the rate of growth of GSDP and there should be a primary surplus. If the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. It can be seen from **Table 2.40** that during last five years, except in 2019-20 and 2020-21, the rate of growth of economy (rate of growth of GSDP) exceeded the interest rate or cost of public borrowings. However, throughout the five-year period the primary balances (primary deficit) remained highly negative resulting in non-fulfilment of necessary condition of debt stabilisation.

From the above it can be seen that the conditions for debt sustainability were not fulfilled in most of the period.

2.13.1.5 Domar's approach towards debt stability

Fiscal liabilities are considered sustainable if the Government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. The Domar model is one of the models for analysis of public debts, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt. **Table 2.41** provides the Domar sustainability condition:

Table 2.41 : The dynamics of public debt depending on the interest rate, the growth rate of GDP and the primary budget balance

$g-r$ (g : real economic growth rate; r : real interest rate), called Domar gap	$s < 0$ (primary deficit)	$s > 0$ (primary surplus)
$g-r > 0$ (strong economic growth)	Public debt as a percentage of GSDP tends towards a stable value and is therefore sustainable. Depending on the stock of debt, it will either increase or decrease in time to reach a stable level greater than zero.	Public debt as a percentage of GSDP should converge to a stable level less than zero leading to public savings
$g-r < 0$ (slow economic growth)	Public debt as a percentage of GSDP will increase indefinitely, without converging to a stable level	Undefined situation

Applying the Domar analysis to Kerala showed that fiscal liabilities should converge to a stable level, as shown in the following **Table 2.42**.

Table 2.42 : Public Debt Sustainability-real growth and real interest

Year	Real economic growth (g)	Real Interest rate (r)	Domar gap (g-r)	Primary deficit (-)/ Surplus(+)
	(in per cent)		(₹ in crore)	
2017-18	6.36	1.48	4.88	(-) 11,717.48
2018-19	7.37	2.44	4.93	(-) 10,210.39
2019-20	2.22	1.48	0.74	(-) 4,622.77
2020-21	-9.20	1.31	(-)10.51	(-) 19,994.33
2021-22	7.10	3.00	4.10	(-) 22,742.96
<ul style="list-style-type: none"> • Real economic growth rate has been calculated for real GSDP (i.e., at constant prices*). • Real interest rate is calculated as average interest rate on fiscal liabilities minus inflation. Average inflation** has been obtained from RBI. 				

* Information furnished by Directorate of Economics and Statistics.

** As published by RBI on November 19, 2022.

During 2017-22, the primary deficit of the State ranged between ₹4,622.77 crore and ₹22,742.96 crore. The Domar gap (g-r) was positive during the period from 2017-18 to 2021-22, except in 2020-21. Therefore, in view of the debt sustainability conditions under Domar model as detailed in Table 2.41, the fiscal liabilities of the State Government satisfied the condition of debt sustainability ($g-r > 0$), except during 2020-21.

The Domar gap should further be viewed with the fact that 45.43 per cent of internal debt²⁸ was borrowed at interest rates of more than eight per cent against average real interest rate of three per cent during 2021-22. Moreover, other factors such as public account liabilities, force majeure events and/or any other un-inventoried losses of revenue also have to be reckoned in assessing the debt sustainability/stability of the State²⁹.

2.14 Maturity and Repayment of Public Debt

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. As per Finance Accounts for the year 2021-22, the maturity profile of the public debt is as shown in **Table 2.43**.

²⁸ Internal debt constitutes 58.98 per cent of fiscal liabilities.

²⁹ As these cannot be determined statistically, they have not been factored in the analysis.

Table 2.43: Debt Maturity profile

Sl. No.	Year of Maturity	Maturity Profile	Amount (₹ in crore)			Per cent of total Public Debt
			Internal Debt	Loans & Advances from GoI	Total	
1	By 2022-23	0-1 year	17,499.90	364.74	17,864.64	7.62
2	Between 2023-24 & 2024-25	1-3 years	36,055.94	1,385.34	37,441.28	15.97
3	Between 2025-26 & 2026-27	3-5 years	39,698.78	1,236.31	40,935.09	17.46
4	Between 2027-28 & 2028-29	5-7 years	33,456.17	953.99	34,410.16	14.68
5	2029-2030 onwards	Above 7 years	73,719.72	4,054.13	77,773.85	33.16
6	Amount for which Maturity profile details not yet reconciled.		10,361.08	15,693.76	26,054.84	11.11
Total			2,10,791.59	23,688.27	2,34,479.86	100.00

Source: Finance Accounts

The debt maturity profile showed that ₹1,30,651.17 crore (56 per cent) of the debt is repayable within the next seven years and ₹77,773.85 crore (33 per cent) repayable beyond seven years.

2.14.1 Trend of repayment of principal and interest of outstanding debt stock in the next 10 years

The total debt outstanding as on 31 March 2022 was ₹2,34,479.86 crore. Repayment of principal and interest of Debt stock in the next ten years from 2022-23 is shown in the **Table 2.44** and **Chart 2.15**.

Table: 2.44: Trend of repayment of principal and interest of outstanding debt stock from 2022-23 to 2031-32

(₹ in crore)

Period	Repayment of Public Debt						Grand Total (Principal + Interest)
	Principal			Interest			
Year	Internal Debt*	Loans from GOI	Total	Internal Debt*	Loans from GoI**	Total	
2022-23	18,405.59	750.36	19,155.95	13,922.65	100.61	14,023.26	33,179.21
2023-24	18,863.31	692.67	19,555.98	12,695.79	73.06	12,768.85	32,324.83
2024-25	18,714.31	692.67	19,406.98	1,12,74.02	45.49	11,319.51	30,726.49
2025-26	20,124.95	735.18	20,860.13	9,980.45	19.02	9,999.47	30,859.60

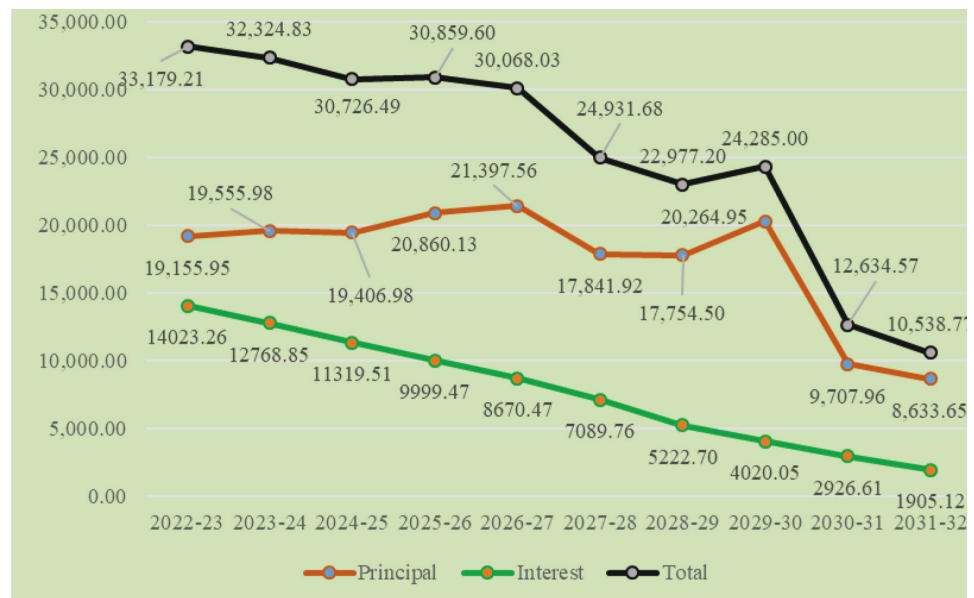
Period	Repayment of Public Debt						
	Principal			Interest			Grand Total (Principal + Interest)
	Internal Debt*	Loans from GOI	Total	Internal Debt*	Loans from GOI**	Total	
2026-27	20,896.43	501.13	21,397.56	8,657.54	12.93	8,670.47	30,068.03
2027-28	17,354.48	487.44	17,841.92	7,081.43	8.33	7,089.76	24,931.68
2028-29	17,287.95	466.55	17,754.50	5,217.97	4.73	5,222.70	22,977.20
2029-30	19,820.81	444.14	20,264.95	4,017.45	2.6	4,020.05	24,285.00
2030-31	9,271.25	436.71	9,707.96	2,925.49	1.12	2,926.61	12,634.57
2031-32	8,208.32	425.33	8,633.65	1,904.90	0.22	1,905.12	10,538.77
Total	1,68,947.40	5,632.18	1,74,579.58	77,677.69	268.11	77,945.80	2,52,525.38

* Does not include interest on LIC, GIC, NCDC, NABARD, NSSF, Other Financial institutions etc.

** Does not include interest on Back-to-back loans

Chart 2.15: Trend of repayment of principal and interest

(₹ in crore)



Out of the total outstanding debt of ₹2,34,479.86 crore, 74.45 per cent of the debt are repayable within next ten years.

2.15 Conclusions

1. Revenue resources

Revenue receipts of the State increased from ₹83,020.14 crore in 2017-18 to ₹1,16,640.24 crore in 2021-22, recording a growth of 40.49 *per cent* during the last five years. The State's own tax revenue, being the main source of revenue in revenue receipts increased by 25.57 *per cent* during the period 2017-22 and as compared to previous year, it grew by 22.41 *per cent*. Its share in revenue receipts decreased from 55.96 *per cent* in 2017-18 to 50.02 *per cent* in 2021-22, the reason of which is attributable to pandemic in 2019-20 and 2020-21.

2. Revenue expenditure

Revenue Expenditure of the State increased from ₹99,948.35 crore in 2017-18 to ₹1,46,179.51 crore in 2021-22 recording a growth of 46.26 *per cent* during the five-year period. Revenue expenditure as a percentage of total expenditure ranged between 88.88 and 91.88 *per cent* during the period showing predominance of revenue expenditure in total expenditure. Share of committed expenditure in revenue expenditure was 65.66 *per cent* during 2021-22 and it consumed 82.29 *per cent* of the revenue receipts during the year. Interest payments consumed 19.98 *per cent* of revenue receipts during 2021-22.

3. Quality of expenditure

Capital expenditure during the current year has increased by 10.10 *per cent* over the previous year but was less than the budget estimate by 38 *per cent*, which is indicative of the fact that the Government's resources were not sufficient enough to sponsor the budgeted capital projects especially. It is pertinent to mention here that the Committed Revenue Expenditure of the Government accounts for 82.29 *per cent* of the State's Revenue Receipts, which leaves little space for the Government to finance the capital projects. Thus, the priority assigned for capital expenditure had not shown significant improvement during the current year, especially when compared with the previous year when the Capital expenditure grew by 52 *per cent*.

The State Government invested ₹9,767.48 crore in Statutory Corporations, Government Companies, other Joint Stock Companies and Co-operatives. The average return on these investments was 1.57 *per cent* in the last five years while the Government paid an average interest rate of 7.34 *per cent* on its borrowings during 2017-18 to 2021-22. The interest receipt on loans and advances given by State Government was 0.26 *per cent* of outstanding loans and advances during 2021-22 against the average cost of borrowing of 7.00 *per cent*.

4. Reserve Funds and liabilities

The State Disaster Response Fund (SDRF) had an accumulated balance of ₹333.27 crore by the end of March 2022. As per the guidelines issued by GoI, accretions to SDRF have to be invested in GoI Securities/Treasury Bills by the State Executive Committee constituted for the management of the fund, which was not done.

5. Borrowed Funds

The Borrowed funds were not utilised prudently resulting in higher cost of debt than the return from the funds. Significant share of the borrowed funds were utilised for meeting the revenue expenditure. Public Debt was above the threshold of current fiscal balances and was not in proportion to the GSDP. The Government have no policy envisaging the rate of return, creation of assets and potential of increase in revenue resources.

2.16 Recommendations

- 1. The Government may take measures to improve its own tax revenue.*
- 2. Rules with regard to administration and investment pattern of various reserve funds are required to be framed. In addition, action to initiate/maintain proper accounting of the Fund balances should be put in place in the State's IFMS application so that the State's dues as well as Central dues are properly accounted for.*
- 3. The Government may take measures to improve its capital expenditure to augment its growth and development. The State Government should rationalise its investments so as to maximise the return on investment.*



CHAPTER III

BUDGETARY MANAGEMENT

CHAPTER III BUDGETARY MANAGEMENT

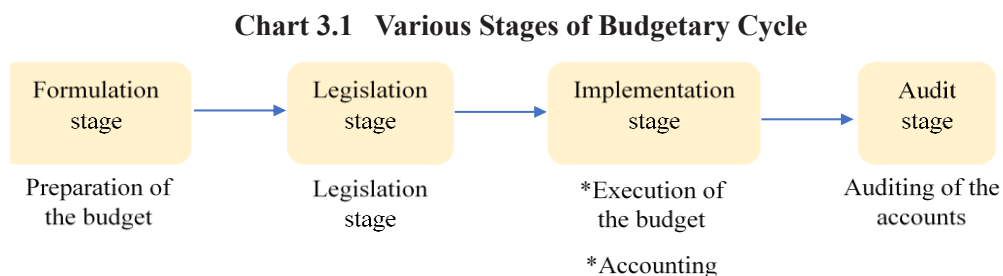
3.1 Introduction

As per Article 202 of the Constitution of India, the Governor of a State shall, cause to be laid before the House or Houses of the Legislature of the State a statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipt and expenditure for a financial year named in the Constitution as the ‘Annual Financial Statement’ is commonly known as ‘Budget’.

The Finance Minister of Kerala presented the ‘Revised Budget’ for the State for the financial year 2021-22 on June 4, 2021 after the State elections in May 2021. An earlier budget was presented on 15th January by the former Finance Minister. Due to the impact of COVID-19, the previous year 2020-21 was not a standard year with respect to the performance of the economy and Government finances.

3.1.1 Budgetary Cycle

Normally, the budget preparing process starts in the third quarter of the financial year. The various stages as per Para 3 to 5 of Kerala Budget Manual (KBM) are as given in **Chart 3.1**.



a. Stages of budget preparation

The budget preparation occurs in stages *viz.*, (1) Estimates of expenditures and revenues, (2) First estimate of deficit, (3) Narrowing of deficit and (4) Budget is ready for presentation in the Legislature.

b. Execution of budget

This is a purely executive function undertaken jointly by the Finance department and the Administrative department. The focus is on the control of expenditure and control of appropriation.

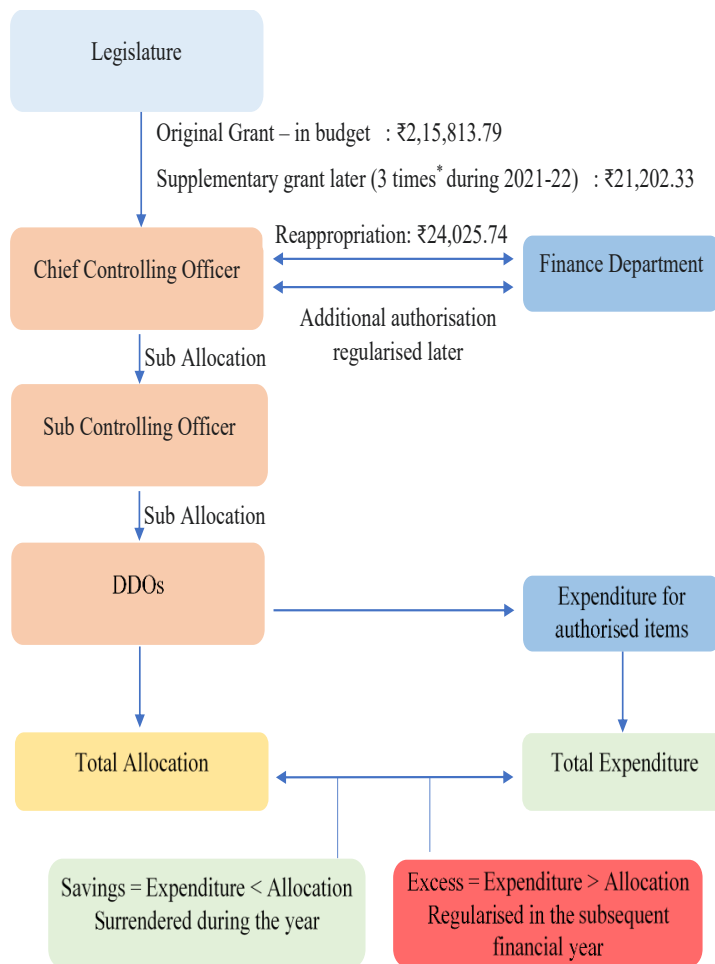
3.1.2 Budgetary documents

Apart from the Annual Financial Statement, the Budget has a number of other accompanying documents/ reports/ statements. The list of all the budgetary documents is given in **Appendix 3.1**.

3.1.3 Understanding the various measures for allocation and reallocation of funds

The flow of Allocation and the format of Appropriation Accounts is shown in **Chart 3.2** below:

Chart 3.2 Flow of Allocation



* Supplementary Demand for Grant (SDG) obtained on August 2021, October 2021 & March 2022

3.1.4 Audit of Budgetary Management through Appropriation Accounts

At the end of the financial year, the office of the Principal Accountant General (A&E) prepares Appropriation Accounts along with Finance Accounts. Appropriation Accounts are accounts of expenditure during a financial year compared with the sums specified in the schedules to Appropriation Act passed under Article 204 and 205 of the Constitution. Appropriation Accounts thus facilitate the understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Appropriation Accounts are prepared on a gross basis without accounting for recoveries, whereas Finance Accounts are prepared on a net basis. Though the Government Accounts are presented in six tier classification, the Appropriation Accounts displays classification only up to four tier.

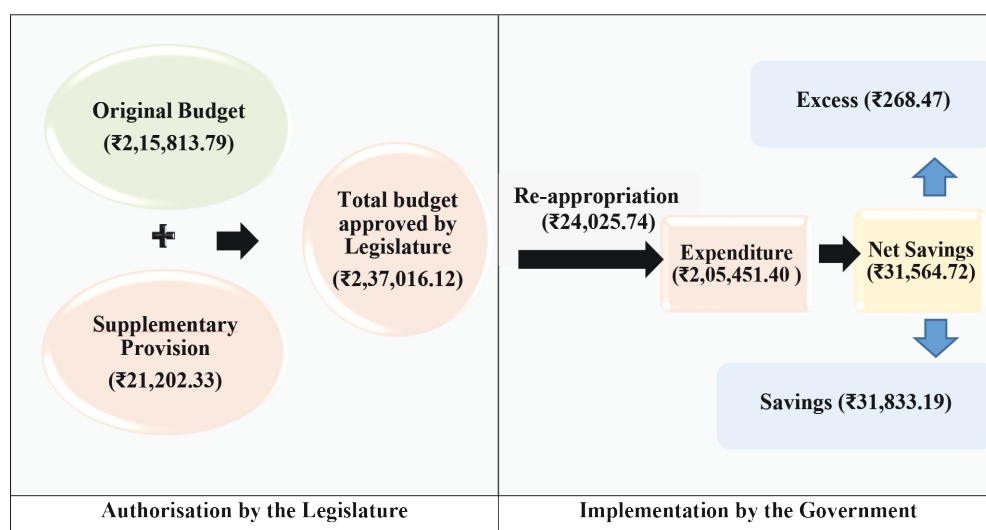
This chapter is based on the audit of Appropriation Accounts of the State which compares the allocative priorities in the various schedules of the Appropriation Act with actual expenditure.

3.2 Summary of Appropriation Accounts 2021-22

The various components of expenditure authorised by the Legislature and implemented by the Government are depicted in **Chart 3.3**.

Chart 3.3 : Expenditure authorised by the Legislature and actual implementation by the Government

₹ in crore)



Source: Appropriation Accounts.

The accounts depicted an overall savings of ₹31,833.19 crore offset by excess of ₹268.47 crore during the year 2021-22 resulting in net savings of ₹31,564.72 crore. However, in reality these savings were notional as there were no actual receipts / funds for surrender as explained below:

Against the Budgeted receipts of ₹2,14,478.66 crore, the actual receipts were ₹1,99,125.53 crore only, as shown in **Table 3.1**.

Table 3.1 : Budget vs Actuals

(₹ in crore)

SI No.	Items	Budgeted	Actual	Variation
1	Total Receipts	2,14,478.66	1,99,125.53	15,353.13
2	Total Expenditure	2,37,016.12	2,05,451.40 (- 6,325.87*)	31,564.72

*Net expenditure after deducting recoveries is ₹1,99,125.53 crore

It was further observed that the authorisation of additional amount of ₹21,202.33 crore through supplementary demands for grant was without actual availability of funds, indicating improper budgeting. Thus, the savings and the surrender on the estimated expenditure were notional, as the funds were not actually available for expenditure indicating an inflated budget.

3.2.1 Reconciliation between Finance Accounts and Appropriation Accounts

As the grants and appropriation in Appropriation Accounts are for gross amounts required for expenditure, the expenditure figures shown against them do not include recoveries of overpayments (ROP) pertaining to previous years adjusted in the accounts in reduction of expenditure. However, these ROPs are taken in the Finance Accounts, as such only the net expenditure figures are shown in the Finance Accounts.

As per Para 3.10 and 4.3 of General Directions contained in List of Major and Minor Heads (LMMH) of Controller General of Accounts, Recoveries of Overpayments pertaining to previous year(s) under Revenue Expenditure are to be recorded under the distinct minor head 'Deduct Recoveries of Overpayments (code 911)', below the concerned Major/ Sub Major head and in the case of Capital Expenditure 'Deduct-Receipts and Recoveries on Capital Account' are to be opened, wherever necessary below the relevant minor head under various Capital Major/Sub Major heads where the expenditure was initially incurred.

The reconciliation between the total expenditure as per Appropriation Accounts for the year 2021-22 and that shown in the Finance Accounts for that year is given in **Table 3.2** below:

Table 3.2 : Comparison of figures in Appropriation Accounts and Finance Accounts*(₹ in crore)*

Particulars	Revenue Voted	Capital Voted	Revenue Charged	Capital Charged	Total
Figures as per Appropriation Accounts	1,28,469.90	17,040.51	23,872.72	36,068.27	2,05,451.40
Deduct recoveries	6,144.61	162.58	18.50	0.18	6,325.87
Figures as per Finance Accounts	1,22,325.29	16,877.93	23,854.22	36,068.09	1,99,125.53*

*This includes an amount of ₹35,900 crore disbursed as repayment of public debt.

3.2.2 Summary of total budget provision, actual disbursements and savings/ excess during the financial year

The State was authorised to incur expenditure through 45 Grants and two Appropriations during 2021-22. Grants include either revenue or capital heads of expenditure or both. While 19 out of 45 Grants contain only voted items of expenditure, 26 Grants contained both voted and charged items of expenditure. Of the two charged appropriations, debt charges are revenue in nature whereas Public debt repayment are capital in nature. A summarised position of total budget provision and disbursement with its further bifurcation into voted/ charged during the year 2021-22 is given below in **Table 3.3**.

Table 3.3 : Number of Grants/Appropriations operated by the State in 2021-22*(₹ in crore)*

SI No.	Description	Total No. of Grants/ Appropriations	Items of Expenditure Voted/ Charged	Revenue	Capital	Budget Provision	Disbursements
A	Grants	45	Voted	44	29	1,60,240.49	1,45,510.41
			Charged	24	12	783.33	725.68
B	Appropriations	02	Charged	1	1	75,992.30	59,215.31
Total (A+B)						2,37,016.12	2,05,451.40

Source: Appropriation Accounts

The overall savings of ₹31,833.19 crore, when offset by excess of ₹268.47 crore in certain Grants/ Appropriations, led to a net savings of ₹31,564.72 crore under 38 Grants/ Appropriations. The savings/ excess under Grants/ Appropriations can be further split up into revenue/ capital account of expenditure as given below in **Table 3.4**.

Table 3.4: Grants and Appropriations with excesses and savings

Description	Savings			Excess			Net Savings
	Revenue	Capital	Total amount (₹ in crore)	Revenue	Capital	Total amount (₹ in crore)	(₹ in crore)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (4)-(7)
Grants	38	25	31,833.19	6	3	268.47	31,564.72
Appropriations	25	12		-	-		

Source: Summary of Appropriation Accounts

3.2.3 Charged and Voted Disbursements

The details of disbursements classified under charged and voted category during the five-year period from 2017-18 to 2021-22 are furnished in **Table 3.5** and **Table 3.6** respectively.

Table 3.5: Charged disbursements during the five-year period 2017-2022

(₹ in crore)

Sl No.	Year	Provisions	Disbursements	Savings (-)/ Excess (+)	Variation (in per cent)
		Charged	Charged	Charged	
(1)	(2)	(3)	(4)	(5)	(6)
1	2017-18	28,407.77	28,928.85	(+) 521.08	1.83
2	2018-19	31,423.72	35,697.89	(+) 4,274.17	13.60
3	2019-20	63,398.06	63,641.53	(+) 243.47	0.38
4	2020-21	65,727.38	60,440.56	(-) 5,286.82	(-) 8.04
5	2021-22	76,775.63	59,940.99	(-) 16,834.64	(-) 21.93

Source: Appropriation Accounts for the respective years

Total disbursement of charged appropriations increased by 107.20 per cent from ₹28,928.85 crore in 2017-18 to ₹59,940.99 crore in 2021-22. There was significant variation in disbursements as compared to the provisions during 2021-22, which clearly indicates that the budgeted amount for the charged items of expenditure were highly inflated during the year.

**Table 3.6 : Voted disbursements during the five-year period
from 2017-18 to 2021-22**

(₹ in crore)

Sl No.	Year	Provision	Disbursement	Savings (-) / Excess (+)	Variation (in per cent)
		Voted	Voted	Voted	
(1)	(2)	(3)	(4)	(5)	(6)
1	2017-18	1,16,474.17	1,04,528.12	(-) 11,946.05	(-) 10.26
2	2018-19	1,28,951.18	1,08,023.71	(-) 20,927.47	(-) 16.23
3	2019-20	1,31,064.55	1,00,174.27	(-) 30,890.28	(-) 23.57
4	2020-21	1,43,219.41	1,24,436.83	(-) 18,782.58	(-) 13.11
5	2021-22	1,60,240.49	1,45,510.41	(-) 14,730.08	(-) 9.19

Source: Appropriation Accounts for the respective years

Total disbursement of voted Grants increased by 39.21 per cent from ₹1,04,528.12 crore in 2017-18 to ₹1,45,510.41 crore in 2021-22.

Though the savings under the voted items of expenditure decreased during 2021-22, the overall savings, i.e., both charged and voted items of expenditure taken together increased by 1.80 per cent from 11.52 per cent in 2020-21 to 13.31 per cent in 2021-22.

3.2.4 Audit of Appropriation Accounts

Audit of Appropriations by the CAG of India seeks to ascertain

- whether the expenditure actually incurred under various Grants is in accordance with the authorisation given in the Appropriation Act.
- whether the expenditure required to be charged under the provisions of the Constitution is so charged.
- whether the expenditure incurred is in confirmation with laws, relevant rules, regulations and instructions.

The results of audit scrutiny of Appropriation Accounts are detailed in the subsequent paragraphs.

3.3 Accounting and budgetary processes

3.3.1 Misclassification of Expenditure in Government Accounts

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure. Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/ understatement of revenue expenditure and revenue deficit/ surplus. The

misclassification of the above nature observed in audit during the year 2021-22 are detailed below:

a. Misclassification of Revenue expenditure as Capital expenditure

Misclassification refers to accounting an income/ expenditure under wrong head of account.

As per Indian Government Accounting Standards (IGAS -2), Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. These assistances disbursed by the grantor to a grantee shall be classified and accounted as revenue expenditure in the financial statement of the grantor irrespective of the purpose for which the funds are disbursed.

During the year 2021-22, an amount of ₹20 crore provided as financial assistance for the payment of gratuity liabilities of Kerala State Cashew Development Corporation (KSCDC) was misclassified under capital section under the head of account '4860-60-190-94—Modernisation and partial mechanisation of cashew factories of KSCDC' instead of revenue section. This was pointed out in the Notes to Account of Finance Accounts 2021-22.

Booking of financial assistance given to KSCDC as capital expenditure instead of revenue expenditure is inconsistent with the principles laid down in IGAS 2 which prescribes principles of accounting and classification of Grants-in-aid in the Financial Statements of the Government both as a grantor and as a grantee. This misclassification has resulted in overstatement of investment by ₹20 crore and understatement of revenue expenditure during 2021-22 in the Government Accounts.

Audit had pointed out similar misclassification in the previous years also. Though State Government rectified the anomaly by reclassifying the misclassification of previous years to a new revenue head of account '2852-08-600-79'- (P)(V)- 'Assistance for disbursing gratuity arrears to cashew workers' during 2021-22, the misclassification reoccurred in 2021-22.

b. Major works budgeted under Revenue Section instead of Capital

The object head '16 Major works' is of capital nature and should not have been opened under the revenue expenditure head. However, Audit noticed that the object head '16 Major works' was operated under the head '3054-Roads & Bridges 80- General-800 Other Expenditure- 95 Road Safety works' during 2021-22. An expenditure of ₹6.85 crore was incurred under Revenue Major Head '3054' against a budget provision of ₹7.83 crore during 2021-22. This misclassification has overstated the revenue deficit of the State by ₹6.85 crore.

3.3.2 Supplementary Demand for Grants

During the course of the year, the Government asks the Legislature for sums over and above the sums already granted by the Legislature vide Article 205 of the Constitution. This may be for

- a particular service/ function over and above the amount already authorised by it during the current year,
- or to meet expenditure on some ‘new service’ not contemplated in the Annual Financial Statement (budget) for the year.

Such sums sanctioned by the legislature are called supplementary grant as per para 87 of KBM.

During the year 2021-22, supplementary demands for grants amounting to ₹21,202.32 crore in 80 cases of 40 Grants and two Appropriations were obtained on three occasions viz. August 2021, October 2021 and March 2022. Audit scrutiny found that such supplementary demands were not based on accurate estimate of expenditure incurred so far or after proper estimation of the needs. Hence it was either in excess of the requirement or totally unnecessary in several cases. Cases of supplementary provision proved unnecessary/ excess of the requirement are given in **Table 3.7**.

Table 3.7 : Cases of supplementary provision proved unnecessary/ excess of the requirement

(₹ in crore)

Sl. No.	Supplementary provision	No. of grants/ appropriations	Cases	Amount	Savings
1	Unnecessary	17	22	1,948.99	22,237.33
2	Excess (where Supplementary provision > ₹25 crore)	18	21	13,722.09	2,326.18
	Total	35	43	15,671.08	24,563.51

Source: Compilation from VLC data

a. Unnecessary supplementary demand for grant

In 22 cases of supplementary demands in 17 Grants/ Appropriation, these demands were totally unnecessary as the savings from original allocation was much higher than the supplementary demands. Thus, the legislature had to authorise ₹1,948.99 crore, when there was a savings of ₹20,288.31 crore. The details of cases where supplementary provision proved unnecessary are given in **Appendix 3.2**.

This indicated the failure of the CCOs mentioned in **Appendix 3.2** as well as Secretary Finance to exercise the checks envisaged in the KBM sections.

As per para 89(1) of KBM, the primary responsibility in respect of proposals for supplementary appropriations is that of the Chief Controlling Officer, who should, therefore, act with utmost caution in submitting such proposals. If, after the close of the financial year, it is found that the supplementary grant obtained was wholly unnecessary or far in excess of actual requirements, it may occasion an adverse comment in the Audit Report, which will be examined by the Public Accounts Committee. The Chief Controlling Officer should, therefore while submitting proposals, explain to the satisfaction of Government that the expenditure could not be foreseen at the time the original estimates were framed and that the expenditure cannot, in the public interest, be postponed to the next financial year.

As per para 89 (2) of KBM, if a supplementary appropriation is required solely on account of insufficiency of the original appropriation placed at the disposal of the Controlling Officer, and there are resumed savings under the Grant known to the Finance Department, the Finance Department will, if convinced of its necessity, provide the additional funds required by revoking the resumption order, to the extent necessary, and re-appropriation of the funds so released.

Appendix 3.2 also shows that there were sufficient savings in the original budget allocation for these Grants. Hence, the option of re-appropriation of funds within the Grant/ Appropriation (between heads of account where savings are noticed and heads of accounts which require funds) could have been resorted to by the Chief Controlling Officers instead of proposing Supplementary Demands for Grants. This has led to huge savings under these Grants.

b. Excessive Supplementary Demand for Grant

General directions given in paragraph 14 of the Kerala Budget Manual stipulates that the estimates are neither inflated nor under pitched, but as accurate as possible and to be restricted to the amount required for actual expenditure during the year.

In 21 cases under 18 Grants/ Appropriation, the supplementary provision of more than ₹25 crore obtained was in excess of actual expenditure. The details of cases where supplementary provision proved excessive are given in **Appendix 3.3**.

Supplementary demand should only be resorted to in exceptional and urgent cases. While obtaining a supplementary grant, the department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds.

Unnecessary or excessive Supplementary Demand for Grants indicates that the Chief Controlling Officers did not properly evaluate the actual requirement of funds for the remaining period of the financial year and monitor the progress of expenditure through the monthly statements of expenditure prescribed in the Budget Manual. This has resulted in huge savings under these Grants.

3.3.3 Re-appropriation

As per Para 83 of Kerala Budget Manual, 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. However, considerable re-appropriation from one sub-head to another must always be avoided and the process of re-appropriation should not be merely used to rectify omissions and lack of foresight.

Audit scrutiny of re-appropriations of above ₹ one crore in schemes having savings/ excess of above ₹25 crore disclosed unnecessary/ excess/ insufficient re-appropriations indicating inaccurate and unrealistic budgeting as shown below:

a. Insufficient Re-appropriations

Appropriation Accounts for the year 2021-22, disclosed insufficient re-appropriations in two schemes included under two Grants as shown in the **Table 3.8**.

Table 3.8 : Details of cases of insufficient re-appropriation

(₹ in crore)

Sl. No.	Grant No.	Head of accounts	Original	Supplementary	Re-appropriation	Total	Actual expenditure	Final Excess (+) Saving (-)
1	2	3	4	5	6	7=4+5+6	8	9=8-7
1	XVI	2075-00-800-72- Miscellaneous Payments and Other Liabilities (V) (P)	0	1,051.00	3,172.83	4,223.83	4,419.30	195.47
2	XVII	2202-03-103-99- Arts and Science Colleges (V) (NP)	440.23	0	150.27	590.50	765.31	174.81
Total			440.23	1,051.00	3,323.10	4,814.33	5,184.61	370.28

Source: Compilation from VLC data

The details for the reasons for providing entire allocation through re-appropriation are called for.

b. Unnecessary re-appropriations

It was also observed that amount of re-appropriations ordered in four schemes included under three Grants were unnecessary as the expenditure under these schemes did not come up to the level of original provision as shown in the **Table 3.9** below.

Table 3.9 : Details of cases of Unnecessary re-appropriation

(₹ in crore)

Sl. No.	Grant No.	Head of Accounts	Original	Supplementary	Re-appropriation	Total	Actual expenditure	Final Excess (+) Saving (-)
1	2	3	4	5	6	7=4+5+6	8	9=8-7
1	XXIX	2401-00-109-65-Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS) (V) (P)	87.25	0	20.25	107.50	59.66	(-) 47.84
2		2702-01-001-99-Establishment (V) (NP)	143.54	0	14.80	158.34	131.66	(-) 26.69
3	XXXVI	2515-00-102-35-National Rurban Mission (NRuM) (60% CSS) (V) (P)	50	0	11.28	61.28	31.63	(-) 29.65
4	XLIII	3604-00-200-81-Funds for Development Expenditure -6th SFC Recommendations (V) (NP)	4,768.00	0	58.00	4,826.00	4,523.35	(-)302.65
Total			5,048.79	0	104.33	5,153.12	4,746.30	(-)406.83

Source: Compilation from VLC data

c) Excess re-appropriation

The augmentation of funds through re-appropriation in seven schemes under five Grants were in excess of actual requirement as shown in the **Table 3.10** below.

Table 3.10 : Details of cases of Excess re-appropriation*(₹ in crore)*

Sl No	Grant No:	Schemes	Original	Supplementary	Re-appropriation	Total	Actual	Excess (+) Saving (-)
1	XII	2055-00-109-99- District Force (V) (NP)	3,004.06	25.01	498.50	3,527.57	3,482.18	(-) 45.39
2		3054-80-191-37- Maintenance of Road Assets as per Sixth SFC Recommendations (V)NP)	65.52	0	77.01	142.53	104.58	(-) 37.95
3	XV	3054-80-800-92- Kerala Road Fund (V) (P)	0	0	435.20	435.20	175.21	(-) 259.99
4		5054-04-337-80- Payment of Compensation for Land Acquisition (V) (P)	0	142.00	75.00	217.00	142.02	(-) 74.97
5	XVII	2202-01-102-99- Teaching Grant (V) (NP)	4,759.27	0	722.81	5,482.08	5,453.49	(-) 28.59
6	XXIX	2401-00-001-96- Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension (V) (NP)	415.61	0	46.69	462.30	436.01	(-) 26.29
7	XLVI	2235-02-102-47- Integrated Child Development Service (60 per cent CSS) (V) (P)	470.00	0	46.77	516.77	481.28	(-) 35.50
Total			8,714.46	167.01	1,901.98	10,783.45	10,274.77	(-) 508.68

Source: Compilation from VLC data

The injudicious re-appropriations at various stages and incurring expenditure without provisions, clearly indicate the weak internal controls/ monitoring mechanism at both the budget allocation levels and the re-appropriation stage.

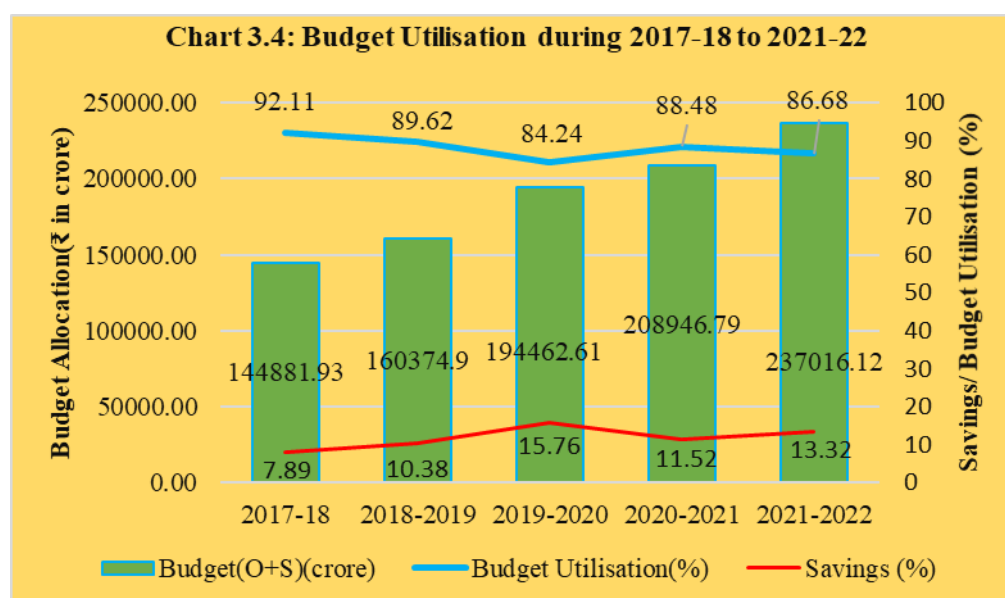
3.3.4 Unspent amount in Grants

As per para 14 of Kerala Budget Manual, the estimates should always receive the careful personal attention of the officers who submit them, who should ensure that they are neither inflated nor underpitched, but as accurate as practicable. This is possible only if the Estimating Officers keep themselves thoroughly acquainted with the flow of revenue and expenditure. While provision should be made for all items that can be foreseen, it is essential that it is restricted to the amount required for actual expenditure during the year. The general tendency to underestimate expenditure should be avoided, and a realistic picture of the finances of the department should be presented.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation/ weak internal controls promote release of funds towards the end of the financial year, and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds which they could have utilised.

3.3.4.1 Budget Utilisation during 2017-18 to 2021-22

Chart 3.4 shows the budget utilisation for the period from 2017-18 to 2021-22.



Source: Compilation from VLC data

From the **Chart 3.4** above, it is evident that the utilisation of budget provision ranged from 92.11 per cent in 2017-18 to 86.68 per cent in 2021-22. The highest percentage of utilisation was recorded in 2017-18 (92.11 per cent). There has been a persistent non-utilisation of budget provision from 7.89 per cent in 2017-18 to 11.52 per cent in 2020-21 which further increased to 13.32 per cent in 2021-22.

3.3.4.2 Total Savings in Grants/ Appropriations

During 2021-22, out of 45 Grants and two Appropriations, there were net savings of ₹31,564.72 crore in 38 Grants/ Appropriations, of which a total amount of ₹30,251.32 crore was surrendered. **Table 3.11** shows the details of savings/ surrender.

Table 3.11: Details of Savings/ surrender

							(₹ in crore)
SI No.	Grant / App	No.	Provision	Expenditure	Savings	Surrender	Savings excluding surrender
1	Grant	45	1,61,023.82	1,46,236.09	14,787.73	13,692.73	1,095.00
2	Appropriations	2	75,992.30	59,215.31	16,776.99	16,558.59	218.40
	Total	47	2,37,016.12	2,05,451.40	31,564.72	30,251.32	1,313.40

Source: Compilation from VLC data

Distribution of the number of Grants/ Appropriations grouped by the percentage of utilisation along with total savings are given in **Table 3.12**.

Table 3.12 : Grants/ appropriations grouped by the percentage of utilisation

								(₹ in crore)
SI No.	Category (Budget Utilisation in per cent age)	No. of Grant/ Appropriation	Provision	Expenditure	Savings	Surrender	Balance	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Less than 30	0	0	0	0	0	0	
2	30-50	2	7,742.68	2,784.74	4,957.94	4,847.10	110.84	
3	50-70	1	52,458.58	35,899.99	16,558.59	16,558.59	0	
4	70-90	17	53,103.83	44,120.03	8,983.80	8,321.87	661.93	
5	90-100	23	84,016.99	82,728.36	1,288.63	511.59	777.04	
6	Above 100	4	39,694.04	39,918.27	(-)224.24	12.17		
	Total	47	2,37,016.12	2,05,451.39	31,564.72	30,251.32	1,549.81	

Source: Compilation from VLC data

Table 3.12 shows that there was no Grant with Budget utilisation of less than 30 per cent. However, under two Grants namely XXII-Urban Development and XXXVI-Rural Development, the percentage of utilisation was between 30 and 50 per cent.

a. Grant No XXII – Urban Development

The Grant relates to implementation of various urban development schemes. The GoI/ State Government has implemented many programmes for the urban

development in the State which covers infrastructure for education, Health, Solid waste management, cultural heritage protection, markets etc.

There were persistent savings ranging between 38 *per cent* and 62 *per cent* in Grant 22 – Urban Development during all the past five years as shown in **Table 3.13** below:

Table 3.13 : Persistent saving under Grant XXII-Urban Development

(₹ in crore)

Sl No	Grant No,	Year	Budget allocation	Expenditure	Savings	Percentage Savings to Budget allocation
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	XXII-Urban Development	2017-18	1,815.18	681.13	1,134.05	62.48
		2018-19	2,976.25	1,192.24	1,784.01	59.94
		2019-20	2,208.59	1,093.98	1,114.61	50.47
		2020-21	2,564.54	1,590.94	973.60	37.96
		2021-22	2,102.18	956.00	1,146.18	54.52

Source: Compilation from VLC data

As improving urban infrastructure is a challenge faced by the State, the repeated low utilisation of budgeted amount under the Grant is a cause for concern.

b. Grant No. XXXVI -Rural Development

The Grant relates to implementation of rural development programmes for meeting the needs of the rural people in matters of sustainable economic activity, shelter and hygiene concerns, rural infrastructure and connectivity.

Audit noticed that there was persistent savings ranging between 46 *per cent* and 75 *per cent* in Grant 36 – Rural Development during all the past five years as shown in **Table 3.14** below:

Table 3.14 : Persistent saving under Grant XXXVI –Rural Development

(₹ in crore)

Sl No	Grant No,	Year	Budget allocation	Expenditure	Savings	Percentage to Budget allocation
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	XXXVI-Rural Development	2017-18	4,047.19	1,013.85	3,033.34	74.95
		2018-19	3,871.93	1,182.11	2,689.82	69.47

Sl No	Grant No,	Year	Budget allocation	Expenditure	Savings	Percentage to Budget allocation
		2019-20	5,466.53	1,550.72	3,915.81	71.63
		2020-21	5,366.38	2,881.35	2,485.03	46.31
		2021-22	5,640.50	1,828.74	3,811.76	67.58

Source: Compilation from VLC data

It is evident from the Table above that unrealistic estimation of the anticipated expenditure continued over the years resulting in huge savings under the Grant.

The reasons for repeated low utilisation in these Grants may be examined by Government, and corrective action may be taken.

3.3.4.3 Grants having large savings

The analysis on savings in Grants/ Appropriations grouped under categories viz. Grants having savings greater than ₹100 crore and Grants (divided into revenue/ capital and voted/ charged) having savings more than 50 per cent of the budget allocation are given in **Table 3.15** below:

Table 3.15 : Details of savings in Grants/ Appropriations

(₹ in crore)								
Sl No.	Category	Grant/ App	No.	Provision	Expenditure	Savings	Surrender	Savings excluding surrender
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Savings > ₹100 crore	Grant	19	64,954.02	51,212.70	13,741.32	12,604.83	1,136.49
		Appropriation	1	52,458.58	35,900.00	16,558.58	16,558.58	0
		Total	20	1,17,412.60	87,112.70	30,299.90	29,163.41	1,136.49
2	Saving >50 per cent of Budget allocation (Grants categorised into revenue/ capital and voted/ charged)	Grant	13	6,640.26	2,109.04	4,531.22	4,479.11	52.11
		Appropriation	0	0	0	0	0	0
		Total	13	6,640.26	2,109.04	4,531.22	4,479.11	52.11

Source: Compilation from VLC data

- Audit observed that in 19 Grants and one appropriation having savings exceeding ₹100 crore each, the budget allocation amounting to ₹30,299.91 crore remained un-utilised in Revenue and Capital Sections. Out of this, an amount of ₹29,163.41 crore (96.25 per cent) was surrendered as shown in **Appendix 3.4**.
- On further scrutinising the Grants/ Appropriations on the basis of revenue/ capital account and as voted/ charged items of expenditure, it was observed that in 13 grants involving two Revenue Voted, eight Revenue Charged and six Capital Voted items of expenditure, the utilisation of budgeted amount was less than 50 per cent as shown in **Appendix 3.5**.

3.3.4.4 Persistent savings under Grants

Under 34 Grants, there were persistent savings during the last five years as indicated in **Appendix 3.6**. The percentage of savings ranged between 0.61 per cent to 94 per cent.

3.3.4.5 Savings under Centrally Sponsored Schemes and welfare schemes intended for weaker sections

The scrutiny of appropriation accounts revealed that in 72 schemes related to seven Grants the utilisation of budgeted amount was very low as indicated in **Appendix 3.7**. Thus, as against a total budget provision of ₹6,646.52 crore in these seven Grants, the total utilisation was only ₹1,127.31 crore (16.96 per cent). Under these seven Grants, the list of CSS and other welfare schemes of the State as extracted from **Appendix 3.7** are shown in **Table 3.16** below:

Table 3.16 List of CSS and other welfare schemes

(₹ in crore)

Sl No.	Schemes	No. of Schemes	Budget	Expenditure	Percentage of Utilisation
1	Centrally Sponsored Schemes	17	2,428.71	816.89	33.63
2.	Housing	3	597.41	61.95	10.37
3.	Women	1	15.50	1.71	11.02
4.	SC/ST development	2	14.00	6.53	46.64
	Total	23	3,055.62	887.08	29.03

Source: Compilation from VLC data

The huge savings under the above schemes indicated that the targeted beneficiaries were deprived of the intended benefits.

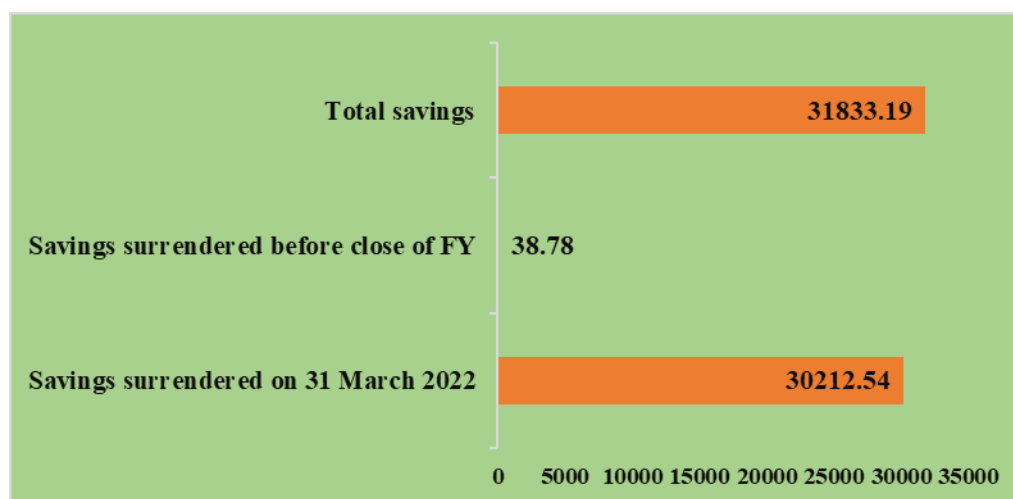
Various reasons given by the departments for the savings under these seven Grants and one appropriation included the restrictions prevailed in the State during the second phase of the pandemic period, fewer conduct of cultural and public activities post pandemic period, non-approval of scheme by State Government etc.

3.3.4.6 Surrender of Savings

As per para 91 of KBM, all anticipated savings should be surrendered to the Finance Department, through the Administrative Department, explaining the reason therefore, immediately as they are foreseen, without waiting till the end of the year, unless they are required to meet excesses under other units, which are definitely foreseen at the time. In contravention to the above provision of KBM, out of the total savings of ₹31,833.19 crore, an amount of ₹38.78 crore only was surrendered before the close of the financial year and a huge amount of ₹30,212.54 crore was surrendered on 31 March 2022 as shown in **Chart 3.5**.

Chart 3.5: Savings and surrenders before close of financial year 2021-22

(₹ in crore)



Source: VLC data and details collected from A&E office

*An amount of ₹1,581.87 crore was not surrendered at the close of the financial year

3.3.5 Excess expenditure and its regularisation

Article 204(3) of the Constitution provides that subject to the provisions of Articles 205 and 206, no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the

Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over Grants/ Appropriations regularised by the State Legislature for the financial year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature over utilisation of public money by the Executive.

3.3.5.1 Excess expenditure relating to financial year 2021-22

As per para 97(1) of Kerala Budget Manual, it is always the responsibility of the department administering a grant to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature. If expenditure over and above this amount becomes unavoidable, it is open to the department to obtain a supplementary grant before the close of the financial year. As such, excess expenditure which comes to notice after the expiry of the financial year is always looked upon as an irregularity.

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

A summary of excess disbursements over Grants/ Appropriations during 2021-22 are furnished in **Table 3.17** and scheme-wise details of excess disbursements (₹ five crore and above) over the authorisation from the Consolidated Fund of the State during 2021-22 are given in **Appendix 3.8**.

Table: 3.17 : Summary of excess disbursements over Grants/ Appropriations during the year 2021-22

(₹ in crore)

Sl No.	Name of Department / Grant	Voted	
		Revenue	Capital
1	VII-Stamps and Registration	4.10	
2	XIII-Jails	17.69	
3	XVI-Pensions and Miscellaneous	190.28	
4	XXVIII-Miscellaneous Economic Services	0.83	
5	XXXI-Animal Husbandry	24.34	
6	XL-Ports	0.45	
7	XII-Police		14.81

Sl No.	Name of Department / Grant	Voted	
		Revenue	Capital
8	XVII-Education, Sports, Art and Culture		15.77
9	XXXIV-Forest		0.20
	Total Excess	237.69	30.78
	Grand Total		268.47

Source: Summary of Appropriation Accounts

Excess expenditure incurred in six Grants (Revenue Voted ₹237.69 crore) and three Grants (Capital Voted ₹30.78 crore) amounting to a total of ₹268.47 crore requires regularisation. The reasons given by the departments under various Grants in this regard are given in **Table 3.18**.

Table 3.18 : Reasons furnished by departments for excess expenditure

Sl No.	Name of Department/ Grant	Reasons for excess expenditure
1	XII-Police	Excess expenditure incurred primarily under components such as salary, wages, office expenses, rent, other charges, POL and vehicle hire charges. This included the following: <ul style="list-style-type: none"> Expenditure on fuel charges increased due to increased police patrolling in handling of pandemic situation in the State. Hiring of large number of vehicles during Legislative Assembly elections. Salary component increased due to the payment of deferred salaries to the employees.
2	XIII-Jails	Revision of pay and allowances of the employees as per the eleventh pay revision commission.
3	XVI-Pensions and Miscellaneous	<ul style="list-style-type: none"> Due to increase in rate of Medical allowances as per State Government orders on 11th pension revision. Consequent on the implementation of 11th pay revision. For clearing the pending claims under Karunya Benevolent Fund For settling Land Acquisition Related (LAR) claims
4	XXVIII-Miscellaneous Economic Services	<ul style="list-style-type: none"> Hike in Salary and DA due to the 11th Pay Revision. For meeting the expenditure in connection with infusing the share capital subscription (15% share) by the State Government in Kerala Gramin Bank for recapitalisation For settling the claims of works executed by the KSTP under the Rebuild Kerala Initiative projects aided by the KFW. Tax devolution to KIIFB to bridge the shortfall for 2021-22 in its Asset and Liability Management (ALM) projection calculated at an annual growth of 10% over its revenues from Petrol/Diesel cess and share of Motor Vehicle tax. For settling claims of LAC-ADS* expected during the financial year 2021-22.

Source: Compiled from the replies received from various departments

*Legislative Assembly Constituency – Asset Development Scheme

Out of nine Grants, departments relating to five Grants did not furnish any specific reasons for the excess expenditure.

The excess expenditure incurred by departments for foreseeable items of expenditure such as expenditure relating to implementation of 11th pay revision indicates that the budget estimates were not prepared on realistic basis.

Incurring expenditure in excess of Grants approved by the State Legislature is in violation of the Article 205 of the Constitution which provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. As such, it is mandatory for a State Government to get excesses over grants/ appropriations regularised by the State Legislature at the earliest and, in future, such un-voted expenditure may be completely stopped as this vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.3.5.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining without regularisation for extended periods dilutes legislative control over the executive.

The excess expenditure relating to previous years (2016-17 to 2020-21) which were not regularised up to the year ending 31 March 2021 are shown in **Table 3.19**.

Table 3.19: Abstract of pendency of regularisation

(₹ in crore)

Sl No.	Year	Number of Grants/ Appropriations	Excess expenditure to be regularised
1	2016-17	8	141.17
2	2017-18	9	3,545.44
3	2018-19	6	4,463.16
4	2019-20	3	665.37
5	2020-21	14	1,462.79
6	Total	40	10,277.93

Source: Details collected from Public Accounts Committee(PAC) section

Excess expenditure of previous financial years in respect of 29 Grants and 11 Appropriations amounting to ₹10,277.93 crore from the year 2016-17 to 2020-21 as detailed in **Appendix 3.9** are yet to be regularised.

3.4 Comments on transparency of budgetary and accounting process

3.4.1 Irregular use of system of token provision

As per para 9(6) of Kerala Budget Manual, Sub-heads form the 4th tier of classification in Government accounts, and generally reflect the schemes or activities undertaken under a programme (represented by the minor head). For example, the programme for the prevention and control of diseases may consist of schemes for the eradication of Malaria, control of Tuberculosis, eradication of Smallpox, control of Leprosy, and the like. Accordingly, the sub-heads under the minor head “Prevention and control of diseases may” include “National Malaria Eradication Programme”, “B. C. G. Vaccination”, “Smallpox Eradication”, and “Leprosy Control Schemes—S. E. T. Centres”.

As per Appendix 3 of General Financial Rules 2017, provision for a ‘token demand should not be made in the Budget Estimates for the purpose of seeking approval in principle for big schemes without the full financial implications being worked out and got approved by the appropriate authorities. In accordance with instructions contained in Paragraph (VIII) of Appendix (5), a ‘token’ demand can be made during the course of a year for a project/ scheme when the details thereof are ready and funds are also available for undertaking it but it cannot be started without parliament’s approval, it being in the nature of a ‘New Service/ New Instrument of Services’. However, token provision for 355 schemes have been provided in the Budget estimate for the year 2021-22. The Grants provided with maximum numbers of token provision during 2021-22 are given in **Table 3.20**.

Table 3.20: Grants with maximum number of token provisions

Sl No.	Grant No.	Grant Description	No. of Sub-heads (schemes)
1	XVII	Education, Sports, Art and Culture	32
2	XVIII	Medical and Public Health	30
3	XVI	Pension and Miscellaneous	28
4	XXXVII	Industries	26
5	XV	Public Works	19
6	XXV	Welfare of Scheduled Caste, Scheduled Tribes, Other Backward Classes and Minorities	19

Source: Compilation from VLC data

Practice of meeting expenditure with an anticipation of savings in other heads was indicative of poor budgetary process.

Audit also noticed that out of these 355 schemes, in 304 schemes (86 per cent) no expenditure was incurred. In 51 schemes, expenditure was incurred by way of Supplementary grant/ re-appropriation. This indicates that token provision was provided in these cases without assessing the actual requirement of funds for the

schemes. As such, the need for token provision should be reviewed by the State Government where provision for token demand are made in the Budget Estimates repeatedly over the years for the purpose of seeking in principle approval for big schemes without the full financial implications being worked out.

3.5 Comments on effectiveness of budgetary and accounting process

3.5.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for the achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

Summarised position of Actual Expenditure *vis-a-vis* Budget (Original/ Supplementary) provisions during the financial year is given below in **Table 3.21**.

Table 3.21 : Summarised position of Actual expenditure and Budget

(₹ in crore)

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net of Savings (-)	Surrender during March	Per cent of expenditure to Provision
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Voted	I. Revenue	1,26,690.59	12,905.52	1,39,596.10	1,28,469.90	(-) 11,126.20	10,465.08	92.03
	II. Loans and Advances	1,544.94	1,167.10	2,712.04	2,830.51	118.47	221.08	104.57
	III. Capital Voted	12,580.84	5,351.50	17,932.35	14,210.00	(-) 3,722.35	2,946.96	79.24
Total		1,40,816.37	19,424.12	1,60,240.49	1,45,510.41	(-) 14,730.08	13,633.12	90.81
Charged	Revenue Charged	22,518.07	1,603.35	24,121.42	23,872.72	(-) 248.70	36.31	98.97
	Public Debt	52,446.25	12.33	52,458.58	35,900.00	(-) 16,558.59	16,558.58	68.43
	Loans and Advances Charged	0	23.78	23.78	23.78	0	0	100.00
	Capital Charged	33.10	138.75	171.85	144.49	(-) 27.36	23.31	84.08
Total		74,997.42	1,778.21	76,775.63	59,940.99	(-) 16,834.64	16,618.20	78.07
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total		2,15,813.79	21,202.33	2,37,016.12	2,05,451.40	(-) 31,564.72	30,251.32	86.68

Source: Appropriation Accounts

The trend in overall savings against the overall provision in the budget during 2017-18 to 2021-22 is shown in **Table 3.22**.

Table 3.22 : Trends in overall savings against overall provision

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	1,33,897.86	1,42,809.88	1,60,613.01	1,70,431.18	2,15,813.79
Supplementary Budget	10,984.08	17,565.02	33,849.60	38,515.61	21,202.33
Total Budget	1,44,881.94	1,60,374.90	1,94,462.61	2,08,946.79	2,37,016.12
Actual Expenditure	1,33,456.97	1,43,721.60	1,63,815.80	1,84,877.39	2,05,451.40
Savings	11,424.97	16,653.30	30,646.81	24,069.40	31,564.72
Percentage of Savings	7.89	10.38	15.76	11.52	13.32

Source: Appropriation Accounts

Although, the supplementary provision of ₹21,202.33 crore during the year constituted only nine *per cent* of the original provision as against 22 *per cent* in the previous year (2020-21), yet the overall savings against the overall provision increased from 11.52 *per cent* in 2020-21 to 13.32 *per cent* in 2021-22.

3.5.2 Missing/ incomplete explanation for variation from the budget

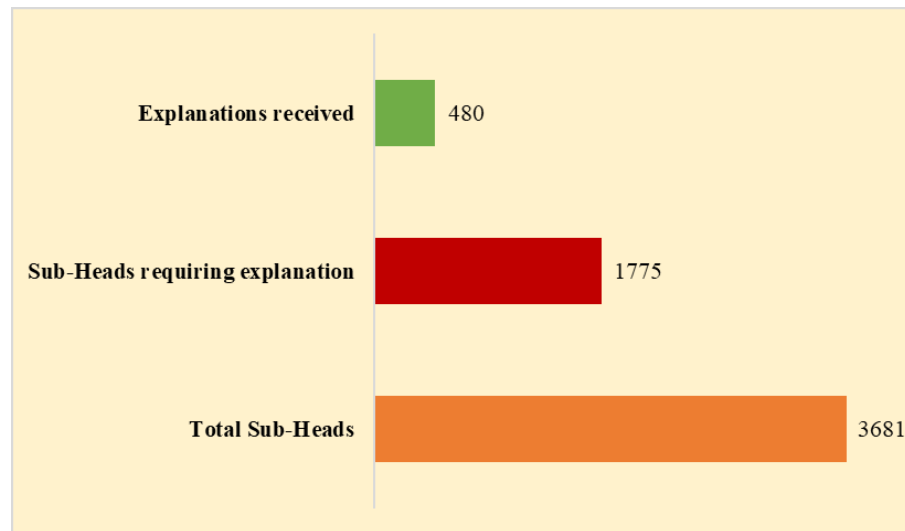
Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision including supplementary provision.

The threshold levels for inclusion of detailed comments in the Appropriation Accounts are as per the limits approved by the PAC. The norms for selection of sub-heads for comments and for detailed comments are given in the introductory portion of the Appropriation Account of the respective years.

In audit of Appropriation Accounts of 2021-22, it was noticed that the Controlling Officers have not provided explanation/specific reasons for the variations in the expenditure *vis-a-vis* budgeted allocation in about 73 *per cent* of the cases.

Out of the total 3,681 Sub-heads, explanation for variation were required in respect of 1,775 Sub-heads. However, appropriate reasons for variations in 1,295 Sub-heads were not furnished by the Controlling Officers of Government Departments. In respect of the Sub-heads involved, the total number of Sub-heads in the accounts, those requiring explanation for variation, and the Sub-heads where explanation was received for variations from allocations, are given in **Chart 3.6**.

Chart 3.6: Summary of Explanation for Variation in Appropriation Accounts



Source: Appropriation Accounts

Absence of explanation for variation between the budgeted allocation and its utilisation, limits legislative control over budget as a means of ensuring financial accountability of the Government.

3.5.3 Performance Budgeting

As per para 53 of Kerala Budget Manual, Performance budgeting is essentially a technique of presenting the operations of Government in both financial and physical terms, thus enabling evaluation of the performance of each department. It provides a meaningful classification of the activities of Government, that serves to establish a proper relationship between inputs and outputs.

The Public Accounts Committee (PAC), in its 140th report for the period 2008-11, has recommended to introduce the Performance budgeting in all the departments in dealing with development activities in a time bound basis. Subsequently, the State Government as per orders of January 2014 decided to introduce the performance budgeting in six departments as an initial step and this was also included in the Statement of Action Taken on the recommendation of the PAC. However, it is seen that performance budget of only three departments namely Agriculture Development & Farmers Welfare Department, Forest & Wildlife Department and Water Resources Department is prepared and presented along with the budget papers as against the recommendation of 140th report of PAC. The matter has been referred to State Government for remarks.

Thus, even after a lapse of 12 years since the recommendations of the PAC, the State Government had implemented the Performance budgeting documents along with the Budget only for three departments, indicating a lackadaisical approach being taken by the Government in implementing the recommendations of the PAC.

3.5.4 Withdrawal of Supplementary provision through re-appropriation

Re-appropriation by a competent authority allows the transfer of savings from one unit of appropriation to another within the same Grant. Though Supplementary Grants voted by the Assembly during the course of the year is for a definite purpose, so as to ensure that a Supplementary Grant shall be used for the purpose for which it is voted, Audit noticed that in the following schemes shown in **Table 3.23** the entire amounts given through supplementary provisions were withdrawn through re-appropriation.

Table 3.23: Re-appropriation made after obtaining supplementary provision

(₹ in crore)

Sl. No	Grant No.	Head of account	Schemes	Supplementary provision	Re-appropriation
1	XVII- Education, Sports, Art And Culture	2202-03-102-99 (V)(NP)	Kerala University	20.00	(-) 20.00
		4202-04-800-87 (V)(P)	Thakazhi Memorial Museum	5.00	(-) 5.00
2	XVIII-Medical And Public Health	2210-05-105-49 (V)(NP)	Medical College, Painav, Idukki	1.50	(-) 2.47
		2210-05-105-98 (V)(NP)	Allopathy Medical College, Thiruvananthapuram	3.00	(-) 22.65
3	XIX-Family Welfare	2211-00-003-95 (V)(P)	Basic Training for ANMs/ LHV's-(CSS- 60:40)	1.00	(-) 3.38
		2211-00-003-96 (V)(P)	Maintenance And Strengthening of Health and Family Welfare Training Centres(HFWTCs)-(CSS-60:40)	1.00	(-) 1.60
4	XXVIII-Miscellaneous Economic Services	3454-02-203-98 (V)(P)	Setting up of a Computer Division in the Directorate	0.06	(-) 0.31
5	XXXVII-Industries	4851-00-800-99 (C)(NP)	Payment of compensation in LAR cases	75.00	(-) 75.00
			Total	106.56	(-) 130.41

Source: Compilation from VLC data

Withdrawal of supplementary provision, through re-appropriation orders, has defeated the objective of supplementary grant.

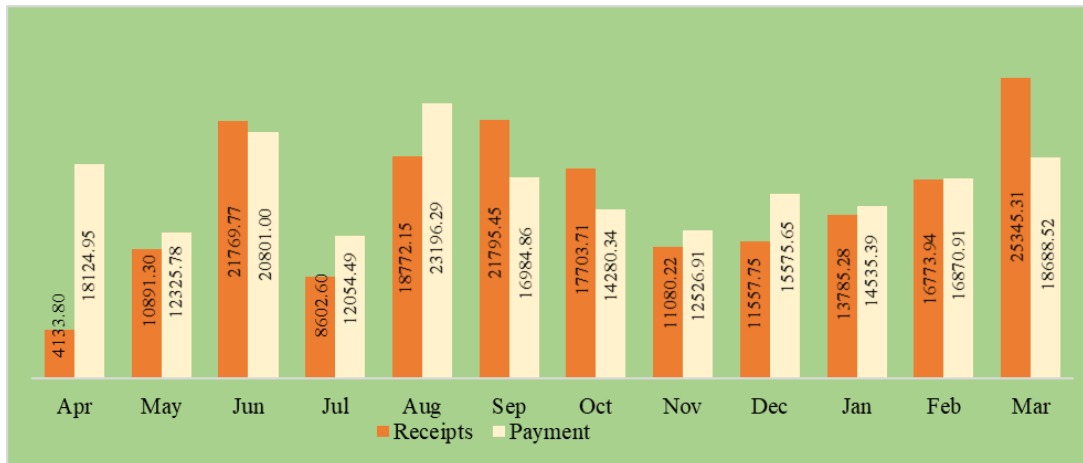
3.5.5 Rush of Expenditure

Government funds should be spent evenly throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety.

As per para 91 (2) of the Kerala Budget Manual, the flow of expenditure should be so regulated throughout the year that there is no rush of expenditure, particularly during the closing months of the financial year.

Chart 3.7: Monthly receipts and expenditure during the financial year for the State

(₹ in crore)



Source: Monthly Civil Accounts 2021-22

From **Chart 3.7**, it can be seen that for 2021-22, the monthly spread of receipts and expenditure of the State were not generally even across all the months.

Audit observed that for three Grants shown in **Table 3.24**, more than 25 per cent of the expenditure was incurred in March alone.

**Table 3.24: Grants with more than 25 per cent of expenditure in March alone
(Descending order of percentage)**

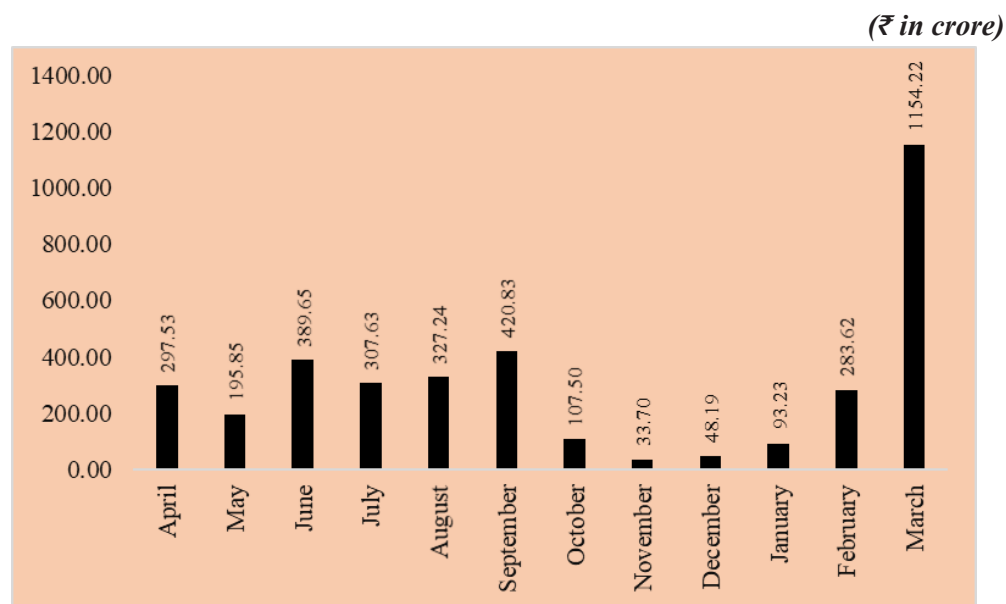
(₹ in crore)

Sl. No	Grant No.	Description	Ist Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	XXVIII	Miscellaneous Economic Services	883.04	1,055.70	189.39	1,583.54	3,711.67	1,154.22	31.10
2	XLIII	Compensation and Assignments	893.52	1,732.96	2,382.57	4,651.04	9,660.09	2,814.59	29.14
3	XV	Public Works	971.70	1,255.01	1,368.65	2,751.54	6,346.90	1,783.61	28.10

Source: Compilation from VLC data

The month wise expenditure of Grant XXVIII-Miscellaneous Economic Services with very high percentage of expenditure in March is shown in **Chart 3.8** below:

Chart 3.8: Month wise expenditure of Miscellaneous Economic Services with very high percentage of expenditure in March



Source: Compilation from VLC data

Further, the scheme wise analysis of expenditure of ₹one crore or more, as mentioned in **Appendix 3.10**, has revealed that the entire expenditure was incurred in March during the year 2021-22 in 55 schemes, the incurrence of expenditure in March was very high in three schemes viz. two schemes in Grant No. XXVIII Miscellaneous Economic Services (₹447.07 crore) and one scheme

in Grant No. XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹159 crore).

3.6 Gender Budgeting in Kerala

Gender Budget of the State discloses the expenditure proposed to be incurred within the overall budget on schemes which are designed to benefit women fully or partly. Government of Kerala started placing the Gender Budget statement as a separate document along with the budget papers in the Legislature from 2017-18 onwards. Kerala Gender Budget has two Parts: Part A includes 90 to 100 *per cent* women specific schemes and Part B includes 30 to 90 *per cent* women specific schemes.

The total allocation earmarked for women across different departments for the period 2017-18 to 2021-22 under Part A and Part B along with their percentage to total State Plan outlay is shown in **Table 3.25**.

Table 3.25 : Gender Budget Statement: Allocation of State Plan/ Budgetary Resources for Girls/ Women (with a specific allocation for Transgenders) from 2017-18 to 2021-22

(₹ in crore)

Year	Total State Plan outlay*	Total Part 'A' allocation**	Total Part 'B' allocation	Percentage of allocation in Part A to total State Plan outlay	Percentage of allocation in Part B of total State Plan outlay
2021-22	20,607.00	1,346.91	2,678.49	6.54	13.00
2020-21	20,707.00	1,509.33	2,300.54	7.29	11.11
2019-20	23,110.00	1,420.15	2,461.48	6.15	10.65
2018-19	22,150.00	1,267.28	1,973.05	5.72	8.91
2017-18	20,273.00	916.50	1,399.32	4.52	6.90

Source : Gender budget document and Annual Plan (Volume I)

* Excludes allocation to Local Bodies

** Includes allocation for Transgenders: ₹ five crore in 2019-20 to 2021-22, ₹ four crore in 2018-19 and ₹ three crore in 2017-18

Table 3.25 shows that the growth in allocation under Part A schemes have been slower from 2017-18 to 2021-22 as compared to Part B schemes.

Audit examined the following women specific schemes (90-100 *per cent*) under the Grant XLVI-Social Security and Welfare. It was noticed that there were

savings from 2017-18 to 2021-22 under these schemes, aggregate of which ranged between 15 per cent and 79 per cent of the total allocation as shown in Table 3.26 below:

Table 3.26 : Details of women specific schemes (90-100 per cent)

(₹ in crore)

Sl No.	Head of Account	Schemes	Items	2017-18	2018-19	2019-20	2020-21	2021-22	Total
1	2235-02-103-80-V(P)	Gender Park	Budget allocation	11.00	12.10	10.50	14.59	15.50	63.69
			Expenditure	0.00	0.90	7.80	2.72	1.71	13.12
			Savings	(-) 11.00	(-) 11.20	(-) 2.70	(-) 11.87	(-) 13.80	(-) 50.57
			Percentage of savings	100.00	92.53	25.76	81.39	88.98	79.40
2	2235-02-103-90-02-V(P)	Gender awareness programme implemented by Kerala Women's Development Corporation	Budget allocation	1.00	1.00	1.85	1.70	1.40	6.95
			Expenditure	1.00	0.00	0.25	0.75	0.75	2.75
			Savings	0.00	(-)1.00	(-)1.60	(-)0.95	(-)0.65	(-)4.20
			Percentage of savings	0.00	100.00	86.49	55.88	46.43	60.43
3	2235-02-103-90-03-V(P)	Gender awareness programme implemented by Kerala Womens' Commission.	Budget allocation	1.35	1.50	2.14	2.14	2.13	9.26
			Expenditure	0.80	0.81	1.29	1.59	2.03	6.52
			Savings	(-)0.55	(-)0.69	(-)0.85	(-)0.55	(-)0.10	(-)2.74
			Percentage of savings	40.78	45.97	39.62	25.63	4.81	29.58
4	2235-02-103-89-00-V(P)	Programme on Finishing School for Women	Budget allocation	1.75	1.50	1.75	1.25	1.34	7.59
			Expenditure	1.25	0.25	0.25	1.60	1.00	4.35
			Savings	(-)0.50	(-)1.25	(-)1.50	0.35	(-)0.34	(-)3.24
			Percentage of savings	28.57	83.33	85.71	28.18	25.37	42.66
5	2235-60-200-72-03-V(P)	Rehabilitation of Unwed Mothers and their Children (Sneha Sparsham)	Budget allocation	2.50	2.50	2.50	5.03	2.00	14.53
			Expenditure	2.50	2.50	1.09	4.26	2.00	12.34
			Savings	0	0	(-) 1.41	(-) 0.78	0	(-) 2.19
			Percentage of savings	0	0	56.50	15.46	0	15.07

Source : Compiled from VLC data.

Audit noticed that in the Part A schemes identified above, there were neither much improvement in the budgetary allocation over the years nor the utilisation was achieved to the full extent, resulting in persistent savings over the years in the schemes.

It was envisaged in the gender budget of 2019-20 to present a Statement on the Financial Performance of the Gender Budget schemes of previous year together with a Gender audit of major schemes to take stock of what the schemes have achieved on the ground. It was, however, noticed that the State Government has not reported on the performance of Gender Budget schemes during 2020-21 or 2021-22 to gauge the effectiveness of the schemes targeted to benefit women.

In reply to audit enquiry, the Finance Department stated that performance reporting of schemes included in Gender Budget has not been taken up by the department as the same was intended to be taken up by the Kerala State Planning Board. The matter has been referred to State Planning Board for specific remarks on non-reporting of performance of Gender Budget schemes.

It is imperative that the State Government should insist that the respective Departments submit performance reports along with the proposal for Gender Budget of current year to bring about transparency in public spending for the socio-economic empowerment of women in the State through various schemes.

Several deficiencies were observed in one of the schemes for Women empowerment in Kerala, which was featured in the CAG's Audit Report No. 4 of 2018, Government of Kerala, wherein the Kudumbashree programme for empowerment of women was poorly implemented. There was no effective monitoring of the working of Micro Enterprises for ensuring sustained operation and profitability of the ventures. Works were awarded to Programme Implementation Agencies by following an opaque selection process. Kudumbashree did not tender works and ensure the selection of competent agencies resulting in the schemes not being able to deliver the intended results. Financial Management was poor and the audited Statements of Accounts carried material mis-statements. Internal control systems were weak. The programme mentioned above for empowerment of women is a one off case and the Government should proactively look into other such schemes where the intended benefits could not be extended to the targeted women beneficiaries. Unless the provisions and allocations for gender budgeting are translated into effective implementation of the schemes followed by robust monitoring mechanism, the entire objective of gender budgeting would remain defeated.

Review of Selected Grant - Review on Budgetary Process and Appropriation Control

Introduction

A review of Budgetary Procedures followed, and methodology employed for control over expenditure in respect of two selected grants over a three-year period from 2019-20 to 2021-22 was conducted for this report. These grants are

1. Grant No. XXVIII-Miscellaneous Economic Services
2. Grant No. XXVI- Relief on Account of Natural Calamities

3.7 Review of Grant No. XXVIII-Miscellaneous Economic Services

Grant No. XXVIII provides for allocation of ₹4,390.57 crore during 2021-22 under the following functional Major Heads

3454 – Census Survey and Statistics: ₹143.69 crore

3475 – Other General Economic Services: ₹99.72 crore

5465 – Investment in General Financial and Trading Institutions: 0

5475 – Capital Outlay on Other General Economic Services: ₹ 4,147.16 crore

Grant No. XXVIII is a General Grant controlled by eight³⁰ Chief Controlling Officers. The Controlling Officers are responsible for ensuring appropriation control in each unit of appropriation of the Grant. The review on budgetary process and appropriation control was conducted in respect of schemes implemented by two controlling officers viz., Principal Secretary, Planning and Economic Affairs and Additional Chief Secretary, Finance Department based on quantum of expenditure incurred by them.

3.7.1 Budget allocation, Expenditure and Savings

Capital Expenditure constitutes the major portion of the allocation under this Grant. Budget allocation and expenditure under revenue and capital sections of Grant XXVIII during the last three years are given in **Table 3.27**.

³⁰ Principal Secretary, Planning and Economic Affairs Department; Additional Chief Secretary, Finance Department; Secretary, State Land Board; Inspector General of Registration; Chief Engineer, Building and Local Works; Director of Economic and Statistics; Controller, Legal Metrology; and Director of Panchayats.

Table 3.27: Budget allocation and expenditure for the last three years*(₹ in crore)*

Year	Category	Budget allocation	Expenditure	Savings (-)/ Excess (+)	Percentage of Savings/ Excess
2019-20	Revenue	402.70	167.20	(-)235.50	58.48
	Capital	5,782.45	2,218.48	(-)3,563.97	61.63
2020-21	Revenue	192.59	155.29	(-)37.30	19.37
	Capital	4,457.28	3,254.60	(-)1,202.68	26.98
2021-22	Revenue	243.41	244.24	0.83	0.34
	Capital	4,147.16	3,470.03	(-)677.13	16.32
Total	Revenue	838.70	566.73	(-) 271.97	32.43
	Capital	14,386.89	8,943.11	(-) 5,443.78	37.84

Source : Appropriation Accounts 2019-20 to 2021-22

From **Table 3.27** it can be seen that there were significant savings under this Grant over the years except under revenue during 2021-22. The percentage of savings under capital head ranged between 16 per cent to 62 per cent during the period 2019-20 to 2021-22.

Almost the entire capital allocation under the grant is for three major initiatives as given in **Table 3.28**.

Table 3.28 : Capital allocation under Grants*(₹ in crore)*

Year	Rebuild Kerala Initiative			Major Infrastructural Development Projects			Payment to KIIFB		
	Budget Allocation	Expenditure	(-) Savings/ (+) Excess	Budget Allocation	Expenditure	(-) Savings/ (+) Excess	Budget Allocation	Expenditure	(-) Savings/ (+) Excess
2019-20	1,000.00	7.34	(-)992.66	2,543.30	0	(-)2,543.30	2,200.00	2,200.00	0
2020-21	1,000.00	611.60	(-)388.40	1,000.00	0	(-)1,000.00	2,420.00	2,172.86	(-) 247.14
2021-22	1,830.00	898.30	(-)931.70	790.00	0	(-)790.00	1,500.00	2,390.15	(+) 890.15
Total	3,830.00	1,517.24	(-)2,312.76	4,333.30	0	(-)4,333.30	6,120.00	6,763.01	(+)643.01

Source: Detailed Appropriation Accounts 2019-20 to 2021-22

3.7.1.1 Post Flood Projects under the Rebuild Kerala Initiative

State Government formed Rebuild Kerala Initiative (RKI) vide G.O.(P) No.16/2018/P&EA dated 09 November 2018 with detailed framework and separate mechanism to co-ordinate various activities/ administrative measures that aim to rebuild Kerala in a speedy and effective manner in the aftermath of the disaster caused by rain and floods in August 2018. With support from World Bank Agencies, RKI has developed a holistic plan to rebuild Kerala through Rebuild Kerala Development Programme (RKDP). The RKI is the dedicated State level institutional modality for formulating and co-ordinating the implementation of a resilient Kerala, and is mandated to develop, co-ordinate, facilitate and monitor the RKDP through a participatory and inclusive process. The entire rebuilding process of post flood Kerala comes under the framework of Rebuild Kerala Initiative.

As per the guidelines for operational strategy and institutional framework of Rebuild Kerala Initiative, RKI will focus on building assets that are most resilient to natural calamities like floods. RKI also envisages implementation of smart technologies in utilities, early warning systems, setting up predictive tools for disaster management, improved technology solution for relief work etc to improve the overall responsiveness of the State to tackle any such disaster in future and to improve the efficiency of delivery of civic services during such catastrophes.

External Loan and its Utilisation under RKI

Government of Kerala availed loan from World Bank - ‘First Resilient Kerala Program Development Policy Financing’ amounting to ₹1,779.58 crore during September 2019 and another loan from German Bank (KfW) ‘Climate Loan Kerala (Programme)’ amounting to ₹868.45 crore in March 2021 for enhancing the State’s resilience against the impact of natural disasters and climate change. In addition, State Government also entered into another agreement with KfW for an assistance of 170 million Euros for Climate Resilient Reconstruction after flooding in Kerala in November 2019 which is in reimbursement mode.

(i) Utilisation of First resilient Kerala Program Development Policy Financing loan and Climate Loan Kerala (Programme) – ‘5475-00-115-94’

State Government received an amount of ₹1,779.58 crore as loan component of Additional Central Assistance for Externally Aided Projects- ‘First Resilient Kerala Program Development Policy Financing’ in September 2019 for the implementation of Rebuild Kerala Development Programme (World Bank Loan). State Government also received an amount of ₹868.45 crore as loan component of Additional Central Assistance for Externally Aided Projects-‘Climate Loan Kerala’ in March 2021(German Bank KfW

loan). The funds received are being provided to RKI by debiting the head of account '5475-00-115-94 -Post Flood Projects under the Rebuild Kerala Initiative'.

Year-wise receipt of loan from GoI and expenditure incurred for the period from 2019-20 to 2021-22 are shown in **Table 3.29**.

Table 3.29 : Utilisation of funds under RKI

(₹ in crore)

Year	Source	Loan received	Date of receipt of loan	Budget Provision	Expenditure
2019-20	World Bank	1,779.58	4 September 2019	1,000.00	7.34
2020-21	KfW	868.45	24 March 2021	1,000.00	511.60
2021-22	-	-	-	1,830.00	773.30
Total		2,648.03		3,830.00	1,292.24

Source: Appropriation Accounts 2019-20 to 2021-22, Details collected from Finance Department

Scrutiny revealed that even though an amount of ₹2,648.03 crore has been received as World Bank and KfW loans for implementation of Rebuild Kerala Development Programme during 2019-20 to 2021-22, an amount of ₹1,292.24 crore only was released to RKI as on March 2022 indicating slow progress in implementation of the scheme. The State Government replied (March 2023) that RKI is a multi-sector and multi-year programme involving several Government departments and agencies, and these projects undergo various stages *viz.* preparation of DPR, Administrative sanction, technical sanction, tendering *etc.* before entering into actual implementation. The expenditure was very less during 2019-20 as only a very few projects were in the implementation stage. However, the expenditure had gained momentum during 2020-21 and 2021-22. The funds are allocated on a quarterly basis to various implementing agencies and departments considering the progress and necessity.

The reply is not tenable as even after a lapse of three years of receipt of funds by the State Government, there has not been much progress in the implementation of the scheme.

The component wise details of expenditure incurred under '5475-00-115-94' indicate that the utilisation of funds under RKDP was very poor as

given in **Appendix 3.11**. Road works under this scheme were implemented by Project Management Unit (RKI), Engineering Wing of Local Self Government Department, Kerala State Transport Project (KSTP) and Public Works Department. Status of road works as on 31 March 2022 are given in **Appendix 3.12**.

(ii) Utilisation of Loan for Climate Resilient Reconstruction after flooding in Kerala- ‘5475-00-115-93’

Government of Kerala also entered into an agreement with German Bank, KfW in November 2019 whereby a total loan of €170 million would be provided by the bank for the reconstruction of flood damaged roads in Kerala. The loan is in reimbursement mode. A new sub head ‘5475-00-115-93- Post Flood Projects under the Rebuild Kerala Initiative (KfW aided)’ was opened in October 2020 for the classification of expenditure relating to the scheme implemented under the RKI with the assistance of KfW. State Government provided funds amounting to ₹225 crore under the above head of account during 2020-21 and 2021-22 through reappropriation from the head of account ‘5475-00-115-94-01 Roads of Local Self Government (RKI)’ as shown below in **Table 3.30**.

Table 3.30 : Details of funds provided for implementation of Projects with assistance of KfW

(₹ in crore)

Schemes	Year	Budget allotment	Amount given by Re-appropriation
5475-00-115-93 Post Flood Projects under the Rebuild Kerala Initiative (KfW Aided-RKDP Project Loan)	2020-21	0	100
	2021-22	0	125

Source: Appropriation Accounts of the respective years

State Government transfer credited the amounts to the Plan Scheme Treasury Savings Bank (PSTSB) Account No. 799012700000152 of Kerala State Transport Project (KSTP) for implementing the scheme. KSTP incurred an expenditure of ₹93.35 crore (41 *per cent*) by utilising the funds as on 31 March 2022. The status of the works is given in **Appendix 3.13**.

The slow progress in implementation of Rebuild Kerala Development Programme by RKI had adversely affected the post flood projects in the State which were required to be implemented urgently in the State. RKI replied that the majority of RKI projects were at the initial stages of Administrative and Technical sanctions in 2019-20 which led to the large savings in 2019-20. It was also replied that most of the projects were multiyear and multi sector projects and there was increase in the expenditure for RKI projects in 2020- 21 and 2021-22. The reply is not tenable as the works have not been completed even after a lapse of three years of receipt of funds.

3.7.1.2 Major Infrastructure Development Projects ‘5475 -00 -115-99’

The State Government is providing lumpsum amount for implementation of various infrastructure development projects falling under several Grants under a single head of account ‘5475-00-115-99(P)- Major Infrastructure Development Projects’.

The year wise details of lumpsum provision made under the head of account ‘5475-00-115-99- Major Infrastructure Development Projects’ are given below in **Table 3.31**.

Table 3.31 : Details of Lumpsum Provision provided under ‘5475-00-115-99-Major Infrastructure Development Projects’

(₹ in crore)

Financial Year	Total Funds provided under 5475-00-115-99	Amount Re-appropriated	Amount Surrendered
2019-20	2,543.30	--	2,543.30
2020-21	1,000.00	--	1,000.00
2021-22	790.00	118.28	671.72

Source: Appropriation Accounts 2019-20 to 2021-22, Government of Kerala, Details collected from Finance Department

Lumpsum Provision is a budgetary provision without identifying the exact object of expenditure. As per para 14 of the Kerala Budget Manual, except when unavoidable, as in the case of repairs and maintenance of buildings, lumpsum demand should not be made. However, lumpsum provision is being provided under the head of account ‘5475-00-115-99 (P) Major Infrastructural Development Projects’ to avoid lapse of funds at the end of each year while providing funds separately for various high priority schemes under different heads of account. As the Heads of Accounts pertaining to various schemes fall under different Grants, re-appropriation of funds is not technically possible and

hence, Finance Department would issue orders reallocating the funds to various Departments for implementing the Infrastructure Projects and the expenditure for the Projects are met through additional authorisation. The expenditure met from additional authorisation would be subsequently regularised by re-appropriation/supplementary demands for grants. The entire lumpsum provision provided under the head of account 5475-00-115-99 under Grant XXVIII would be shown as surrendered at the end of the year. This Head of Account is controlled and operated by Secretary, Planning and Economic Affairs Department.

A scrutiny of records relating to the allocation of funds from this head of account revealed that funds are being allocated for various ongoing infrastructure Projects like Cochin Metro Rail Project (Grant XLI), Vizhinjam International Sea Port (Grant XL), Kannur International Airport Ltd (Grant XLI) etc. All these items of expenditure should have been met from the budget provision of respective Grants. Making Lumpsum Provision under the head of account is in violation of provisions contained in Kerala Budget Manual. As the entire budget allocation is showed as surrendered in the Accounts, the quantum of funds that has been allocated from this head of account and the various infrastructure projects for which funds were allocated could not be ascertained. This has also resulted in over estimation of budget provision under Grant XXVIII and resultant inclusion of comments in Appropriation Accounts every year.

3.7.1.3 Financial Assistance to KIIFB

The Kerala Infrastructure Investment Fund Board is a statutory body constituted (November 1999) and controlled by State Government under the Kerala Infrastructure Investment Fund Act, 1999 with the objective of providing investment for critical and large infrastructure projects in the State. Every year, State Government sets apart petroleum cess and a share of motor vehicle tax collected to KIIFB through regular budget provision under capital account. In addition to the petroleum cess and share of motor vehicle tax, the State Government has also provided additional funds to KIIFB as assistance for repayment and redemption of obligations during 2021-22. The year wise details of budget provision and release of funds to KIIFB during 2019-20 to 2021-22 are shown in **Table 3.32** below:

Table 3.32 : Year-wise details of budget provision and release of funds to KIIFB*(₹ in crore)*

Sl No	Scheme	year	Budget	Expenditure	Savings (-)/ Excess (+)
1	5475-00-115-96-Assistance to KIIFB on repayment and redemption of obligations	2021-22	0	322.07	(+)322.07
2	5475-00-115-97- Share of KIIFB from cess on petrol and diesel	2019-20	550.00	550.00	0
		2020-21	605.00	539.00	(-)66.00
		2021-22	500.00	500.00	0
3	5475-00-115-98- Share of KIIFB from motor vehicle tax	2019-20	1,650.00	1,650.00	0
		2020-21	1,815.00	1,633.85	(-)181.15
		2021-22	1,000.00	1,568.08	(+)568.08

Source: Detailed Appropriation Accounts 2019-20 to 2021-22

Excess amount of ₹322.07 crore was provided through re appropriation under '5475-00-115-96' during 2021-22 to bridge the shortfall in its Asset Liability Management projection calculated at an annual growth rate of 10 per cent over its revenues from motor vehicle tax and petrol and diesel cess. An amount of ₹568.08 crore was also provided by re appropriation under '5475-00-115-98' in 2021-22 to provide the balance fund towards the share of motor vehicle tax as stipulated in Section 7(1) of Kerala Infrastructure Investment Fund Act.

3.7.1.4 Other Issues noticed

Expenditure incurred without budget provision

A scrutiny of the detailed Appropriation Accounts for the years 2020-21 and 2021-22 has revealed that there were three schemes in which expenditure was incurred without any original/ supplementary budget provision in the financial year as shown in the **Table 3.33** given below.

Table 3.33 : Expenditure incurred without any budget provision*(₹ in crore)*

Sl.No	Schemes	Year	Budget allotment	Expenditure
<i>Additional Chief Secretary, Finance Department</i>				
1	5475-00-115-96 Assistance to KIIFB on Repayment and Redemption of Obligation	2021-22	0	322.07

Sl.No	Schemes	Year	Budget allotment	Expenditure
2	5465-01-190-96-01(V/NP) Participation in the issue of shares in the Regional Rural Banks	2021-22	0	94.12
Principal Secretary, Planning and Economic Affairs				
3	5475-00-115-93 Post Flood Projects under the Rebuild Kerala Initiative (KfW Aided- RKDP Project Loan)	2020-21	0	100.00
		2021-22	0	125.00

Source: Detailed Appropriation Accounts of the respective years

The funds for expenditure were brought through reappropriation orders for incurring of expenditure for schemes without original budget provision, which could have been foreseen while proposing budget estimates, is in contravention to the provisions of budget manual (Para 95 of the Kerala Budget Manual).

Surrender in excess of actual savings

As per Paragraph 91 of the Kerala Budget Manual, the Administrative Department should surrender all anticipated savings before the close of the financial year to the Finance Department as and when they are foreseen, unless they are required to meet excesses under other units of appropriation. During the financial year, if it is found that the budget grant cannot be utilized in full, the funds in excess of requirements are to be surrendered by the disbursing officers. Subsequently, the Chief Controlling Officer has to remit back the savings of the Grant to the Finance Department. Due care must be taken to submit surrender proposals accurately in time to have optimal allocation of available funds between schemes.

On a scrutiny of Appropriation accounts, it is seen that excess surrender led to excess expenditure over and above the budget allocation in one scheme as detailed in **Table 3.34** given below:

Table 3.34 : Surrender in excess of actual savings

(₹ in lakh)

Sl No	Schemes	Year	Budget provision	Amount Surrendered	Net Budget	Expenditure	Excess Expenditure
Principal Secretary, Planning and Economic Affairs Department							
1	5475-00-190-99(P) Vision Varkala Infrastructure Development Corporation (VIVID)	2020-21	350.00	116.66	233.34	250.00	16.66

Source: Detailed Appropriation Accounts 2020-21, Compilation from VLC data

The injudicious surrender indicated inadequate appropriation checks exercised by departmental officers in the above mentioned head of account.

3.7.2 Grant No. XXVI- Relief on Account of Natural Calamities

Grant No. XXVI- Relief on Account of Natural Calamities covers the functional Major head 2245- Relief on Account of Natural Calamities. The Grant is meant for providing immediate relief to victims of natural disasters. There are 28 schemes under the Grant.

The Grant is controlled by one Controlling Officer viz., Principal Secretary to Government, Revenue and Disaster Management Department. Budget allocation and expenditure in respect of Grant No.XXVI for the last three years are given in **Table 3.35**.

Table 3.35 : Budget allocation and expenditure

(₹ in crore)

Year	Category	Budget allocation	Expenditure	Savings (-) / Excess (+)	Percentage of Savings/ Excess	No. of Schemes
2019-20	Revenue	1,935.22	2,044.32	109.10	5.64	28
2020-21	Revenue	1,282.79	958.25	(-)324.54	25.30	28
2021-22	Revenue	1,287.05	1,233.97	(-)53.08	4.12	29
	Total	4,505.06	4,236.54	(-)268.52	5.96	

Source: Appropriation Accounts 2019-20 to 2021-22, Compilation from VLC data

3.7.2.1 Savings

Scrutiny of Appropriation Accounts for the years 2019-20 to 2021-22 showed that in 20 schemes, utilisation of budget provision is less than 50 per cent as shown in **Appendix 3.14**. Scrutiny also revealed that five schemes have savings greater than ₹25 crore as shown in **Table 3.36** below:

Table 3.36 : Schemes where savings were greater than ₹ 25 crore

(₹ in crore)

SI No	Scheme	Year	Budget Allocation	Expenditure	Savings
02- Floods. Cyclones etc.					
1	2245-02-113-99 Assistance for Repairs/ Reconstruction of Houses (V)(NP)	2020-21	360.31	63.71	296.60

Sl No	Scheme	Year	Budget Allocation	Expenditure	Savings
2	2245-02-122-99(V)(NP) Repairs and Restoration of Damaged Irrigation and Flood Control Works	2020-21	219.60	0.40	219.20
3	2245-02-101-94(V)(NP) Other items	2019-20	313.38	248.59	64.79
4	2245-02-106-99(V)(NP) Repairs and Restoration of Damaged Roads and Bridges	2019-20	77.35	28.36	48.99
		2020-21	77.35	47.43	29.92
5	2245-02-101-98 (V)(NP) Food and Clothing	2021-22	50.00	13.71	36.29

Source : Detailed Appropriation Accounts 2019-20 to 2021-22, Compilation from VLC data

All these schemes are to be implemented by utilizing assistance received from State Disaster Response Fund (SDRF) for providing immediate relief to victims of various natural disasters like cyclone, drought, fire, flood, landslide etc. (refer to para 2.5.2.1). Disaster Management Department replied that heavy floods in 2019-20 and covid pandemic and lock down in 2020-21 adversely affected the progress of works under ‘2245-02-106-99 Repairs and Restoration of Damaged roads and Bridges’. The reply is not acceptable as State Disaster Response Fund is meant for providing immediate relief to the victims of natural disasters. The poor utilisation of SDRF had resulted in denial of benefits of various schemes to the intended beneficiaries.

3.7.2.2 Persistent savings

Audit scrutiny revealed that there was persistent savings during 2019-20 to 2021-22 in 10 schemes as given in **Appendix 3.15**. Savings year after year indicated failure of the Controlling Officers and Finance Department in making a realistic assessment of the budgetary requirement based on the expenditure of the previous year and the inability of the department to utilize the funds allotted.

3.7.2.3 Unspent provision not surrendered

During the course of the financial year, if it is found that the budget grant cannot be utilized in full, then the funds in excess of requirements are to be surrendered by the Disbursing Officers. Subsequently, the Chief Controlling Officer has to remit back the savings of the Grant to the Finance Department. Scrutiny of the detailed Appropriation Accounts for the years 2019-20, 2020-21 and 2021-22 revealed that the budget grant which cannot be utilized in full and the funds in excess of requirement has not been surrendered in the financial year in respect of three schemes as shown in **Table 3.37**.

Table 3.37 : Schemes in which unspent budget provision not surrendered
(₹ in lakh)

Sl. No	Schemes	Year	Net Budget	Expenditure	Balance to be surrendered
Secretary to Government, Revenue and Disaster Management Department					
1	2245-02-113-99(NP) Assistance for Repairs/ Reconstruction of Houses	2019-20	67,604.08	67,420.84	183.24
		2020-21	6,410.42	6,371.28	39.14
		2021-22	9,183.54	9,169.13	14.41
2	2245-80-102-95 (NP) Cyclone Risk Mitigation Infrastructure (75 % CSS)	2021-22	5,824.88	4,400.17	1,424.71
3	2245-80-800-80 (NP) Other Miscellaneous Relief Expenditure	2021-22	9.22	1.39	7.83

Source: Detailed Appropriation Accounts 2019-20 to 2021-22 and Compilation from VLC data

Non surrendering of the savings is in violation of provisions contained in Paragraph 91 of Kerala Budget Manual.

3.7.2.4 Expenditure incurred without budget provision

A scrutiny of the detailed Appropriation Accounts for the period 2019-20 and 2020-21 has revealed that there were two schemes in which expenditure was incurred without any original/supplementary budget provision in the financial year as shown in the **Table 3.38** given below.

Table 3.38 : Expenditure incurred without any budget provision

(₹ in lakh)

Sl. No.	Schemes	Year	Budget allotment	Expenditure
Secretary to Government, Revenue and Disaster Management Department				
1	2245-80-102-93 Other Disaster Management Programmes (Including School Safety)-ODMS (100% CSS)	2019-20	0	4.20
		2020-21	0	39.64

Sl. No.	Schemes	Year	Budget allotment	Expenditure
2	2245-80-102-94 Training of Community Volunteers in Disaster Response in selected 30 most flood prone districts of India (Aapda Mitra) in Kottayam District (Plan-100%CSS)	2019-20	0	21.21

Source: Detailed Appropriation Accounts 2019-20, 2020-21 and 2021-22

The funds for expenditure were brought through reappropriation orders for incurring of expenditure for schemes without original budget provision, which could have been foreseen while proposing budget estimates, is in contravention to the provisions of Budget Manual (Para 95 of the Kerala Budget Manual).

Conclusions

- *Poor Implementation of Rebuild Kerala Development Programme adversely affected the Post Flood Projects in the State which were required to be implemented urgently.*
- *Expenditure incurred without budget provision through reappropriation orders indicated the failure of officials concerned in assessing actual requirements of funds.*
- *Savings year after year shows laxity on the part of Government officials to formulate a realistic budget based on the needs of the Departments and their capacity to utilise the allocated resources.*

3.8 Conclusions

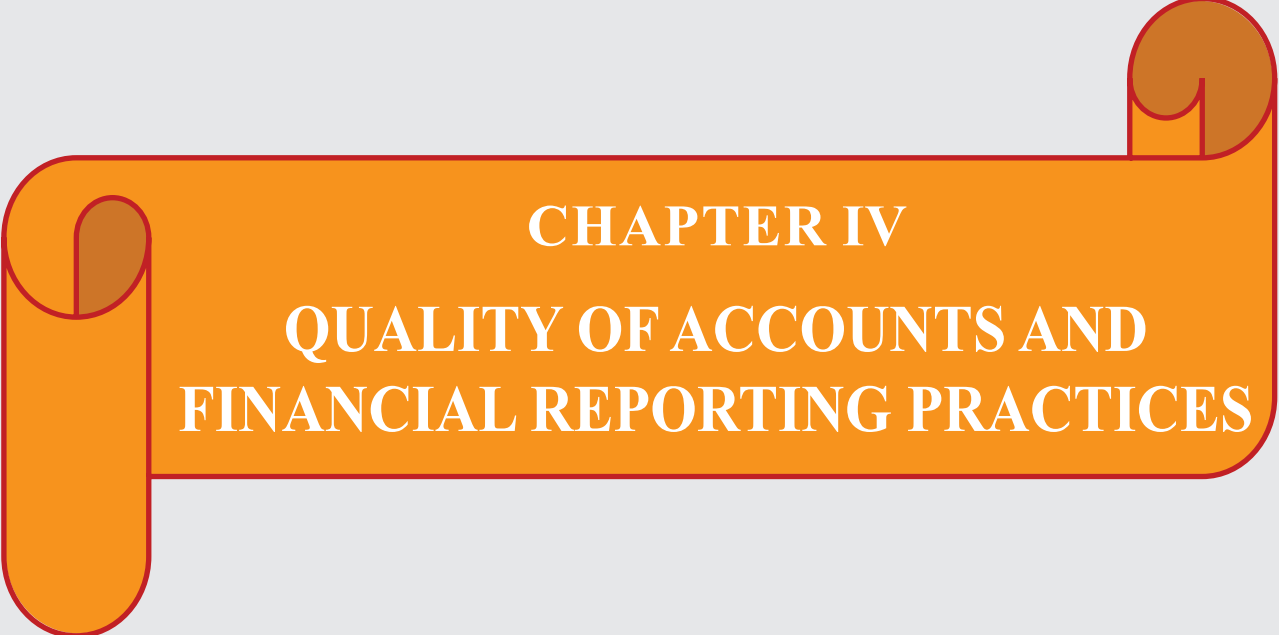
1. Variations between the total Grants/Appropriation and expenditure incurred led to savings which indicates improper scrutiny of budget estimates at various levels of Government and poor budget management. These savings may also be seen in the context that, against the Budgeted receipts of ₹2,14,478.66 crore, the actual receipts available for meeting the budgeted expenditure of ₹2,37,016.12 crore was only ₹1,99,125.54 crore. This implied that the savings and the surrender on the estimated expenditure are notional, as the funds were not actually available for expenditure indicating weak budget formulation leading to an inflated budget.
2. The supplementary demands for grants obtained in cases where the final expenditure either did not come up to the level of original grants or no

expenditure was incurred even after obtaining supplementary demands for grants shows laxity on the part of departmental officers in assessing actual requirement of funds.

3. Excess, unnecessary or insufficient re-appropriation indicated that departmental officers failed in assessing actual requirement of funds in heads of accounts under their control.
4. Excess expenditure requiring regularisation indicates inadequate expenditure control.

3.9 Recommendations

1. *State Government needs to ensure that departments submit budget proposal which reflect their financial requirements to the closest possible. The Finance department also needs to conduct a thorough scrutiny of the budget so that unrealistic estimates does not get passed in the budget.*
2. *An appropriate budget monitoring and control mechanism needs to be instituted to ensure that anticipated savings are identified and surrendered within the specified time and demands for supplementary grants made as per actual requirements depending on the remaining budgetary positions of the departments.*
3. *The State Government should ensure that expenditure incurred exceeding the limits approved by the Legislature are seriously viewed and regularised at the earliest so that the spirit of Article 205 of the Constitution is preserved.*
4. *The State Government should review the schemes where token provisions has been made especially in cases of persistent occurrences and not in respect of the new service/ new instrument of services. The Government should ensure compliance to the provisions of Appendix 3 of General Financial Rules 2017, while making token provisions.*
5. *All departments dealing with developmental activities need to introduce performance budget along with the budget papers in the Legislative Assembly to provide an adequate link between the financial outlay and the physical targets achieved.*
6. *Performance report of previous year needs to be incorporated in the Gender Budget of respective year to ascertain the effectiveness of the schemes targeted to benefit women.*



CHAPTER IV

**QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING PRACTICES**

CHAPTER IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance are, thus, the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

4.1 Issues related to Completeness of Accounts

Completeness of Accounts means that the accounts have incorporated every item/transaction that should be included for a financial year. Thus, completeness ensures that there are no omissions of significance.

4.1.1 Failure to remit levies to Consolidated Fund of the State

Article 266(1) of the Constitution of India, subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled 'the Consolidated Fund of the State'. Article 266(2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

a. The Building and Other Construction Workers' Welfare Cess (BOCWW Cess)

The Building and Other Construction Workers' Welfare Cess Act, 1996 provides for levy and collection of labour welfare cess at a rate of minimum one *per cent* on the cost of construction. Also, the provision of Rule 5 of 'The Building and Other Construction Workers' Welfare Cess Rules' (1998), provides that the Cess collected is to be transferred to Building and Other Construction Workers Welfare Board (The Board) in the head of account of the Board along with the form of challan prescribed under the accounting procedures of the State. Audit observed that no rules have been framed by the State Government of Kerala for the accounting of BOCWW Cess. Neither a sub-head has been opened by the State Government under concerned revenue receipt Major Head (MH) for accounting of Cess

collected nor a functional revenue expenditure head opened for transfer of the Cess amount to Building and Other Construction Workers' Welfare Board by various Departments/ Agencies etc. The Cess amount collected is directly credited to Special Treasury Saving Bank (STSB) account of the Board/ Accounts in Nationalised Banks maintained by the Board instead of routing it through the Consolidated Fund of the State as required under Article 266(1) of the Constitution of India. The Cess amount received by the Board from 2017-18 to 2021-22 are shown in the **Table 4.1** given below.

Table 4.1 : Year-wise receipt of Building and Other Construction Workers' Welfare Cess by the Board

(₹ in crore)

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Building and Other Construction Workers' Welfare Cess received by the Board	192.45	248.95	232.81	247.97	285.30	1,207.48

Source: Information collected from Building and Other Construction Workers' Welfare Board

It was noticed that the Board had received an amount of ₹1,207.48 crore as cess amount from 2017-18 to 2021-22 which included ₹285.30 crore in 2021-22 alone, without being routed through the Consolidated Fund of the State.

b. Contributions to District Mineral Foundation Trust

District Mineral Foundation Trust (erstwhile Quarry Safety Fund³¹) was established in all districts under the aegis of District Collector as per Kerala District Mineral Foundation Rules, 2018 which is intended to work for the interest and benefit of the persons and areas affected by mining related operations in the districts. The contributions being made to the District Mineral Foundation Trust comprises of the following revenues of the State Government.

- Payment made by the lessees of major minerals at a rate of 30 *per cent* of Royalty.
- Payment made by the lessees and quarrying permit holders of minor minerals at a rate of 10 *per cent* of Royalty.

³¹ Quarry Safety Fund was constituted by the District Collectors in all the districts as per the Kerala Minor Mineral Concession Rules, 2015 to meet necessary expenses for ensuring safety to the abandoned quarries. Quarry Safety Fund as per Kerala Minor Mineral Concession Rules, 2015 was substituted with District Mineral Foundation Trust established as per Kerala District Mineral Foundation Rules, 2018, which came into force w.e.f. 22/02/2018.

- Payment made by holder of minor mineral leases/ permits at a rate of 10 per cent of Royalty or consolidated Royalty.

The revenue realised by above means is being credited directly to a joint Special Treasury Savings Bank Account (STSB) managed by District Collectors and District Geologists of respective districts. The amount received by District Mineral Foundation Trust and the erstwhile Quarry Safety Fund from 2019-20 to 2021-22 is shown in the **Table 4.2** given below.

Table 4.2 : Year-wise receipts to District Mineral Foundation Trust

(₹ in crore)

Year	2019-20	2020-21	2021-22	Total
District Mineral Foundation Trust	9.37	10.83	10.00	30.20

Source: Information collected from Directorate of Mining and Geology.

It was noticed that the contributions amounting to ₹30.20 crore were made to District Mineral Foundation Trust from 2019-20 to 2021-22 which included an amount of ₹10.00 crore in 2021-22 alone.

The cases of non-remittance of Government revenue to the Consolidated Fund of the State detailed above violates Article 266(1) of the Constitution of India. Consequently, it is not ascertainable as to how much money was collected by the various authorities and how much money was actually transferred to the Board/ Trust, in the absence of a specific Head of account for routing it through the Consolidated Fund of the State. Such accounting inaccuracies and non-remittance into the Government account is fraught with the risk of temporary misappropriation, which should be reviewed by the Government.

This resulted in understatement of non-tax revenue and other fiscal parameters derived from it, during the concerned years.

4.1.2 Failure to Deposit Funds in Public Account by Kerala State Electricity Regulatory Commission

The Regulatory Authorities, are ‘State’ within the meaning of Article 12 of the Constitution. Money being received by them is on account of discharge of functions ‘on behalf of the Government’. Hence, their funds need to be housed in the Public Account of India/ States.

However, Audit observed that funds of Kerala State Electricity Regulatory Commission are kept outside Government Account.

Kerala State Electricity Regulatory Commission stated that their fund has been constituted in line with Section 103 of the Electricity Act, 2003 and stated that as per Sub Rule (3) of Rule 3 of the Kerala State Electricity Regulatory Commission Fund Rules, 2013, the main account of the Fund shall be maintained in any nationalised bank and subsidiary accounts at such other branches of such banks, as the Commission considers appropriate and hence the main account and subsidiary accounts of the Commission are maintained at State Bank of India and in District Treasury, Thiruvananthapuram.

The reply is not tenable since public money received on behalf of the State Government is to be credited to Public Account of the State as per Article 266 (2) of the Constitution and not doing so involves a breach of the said Article of the Constitution.

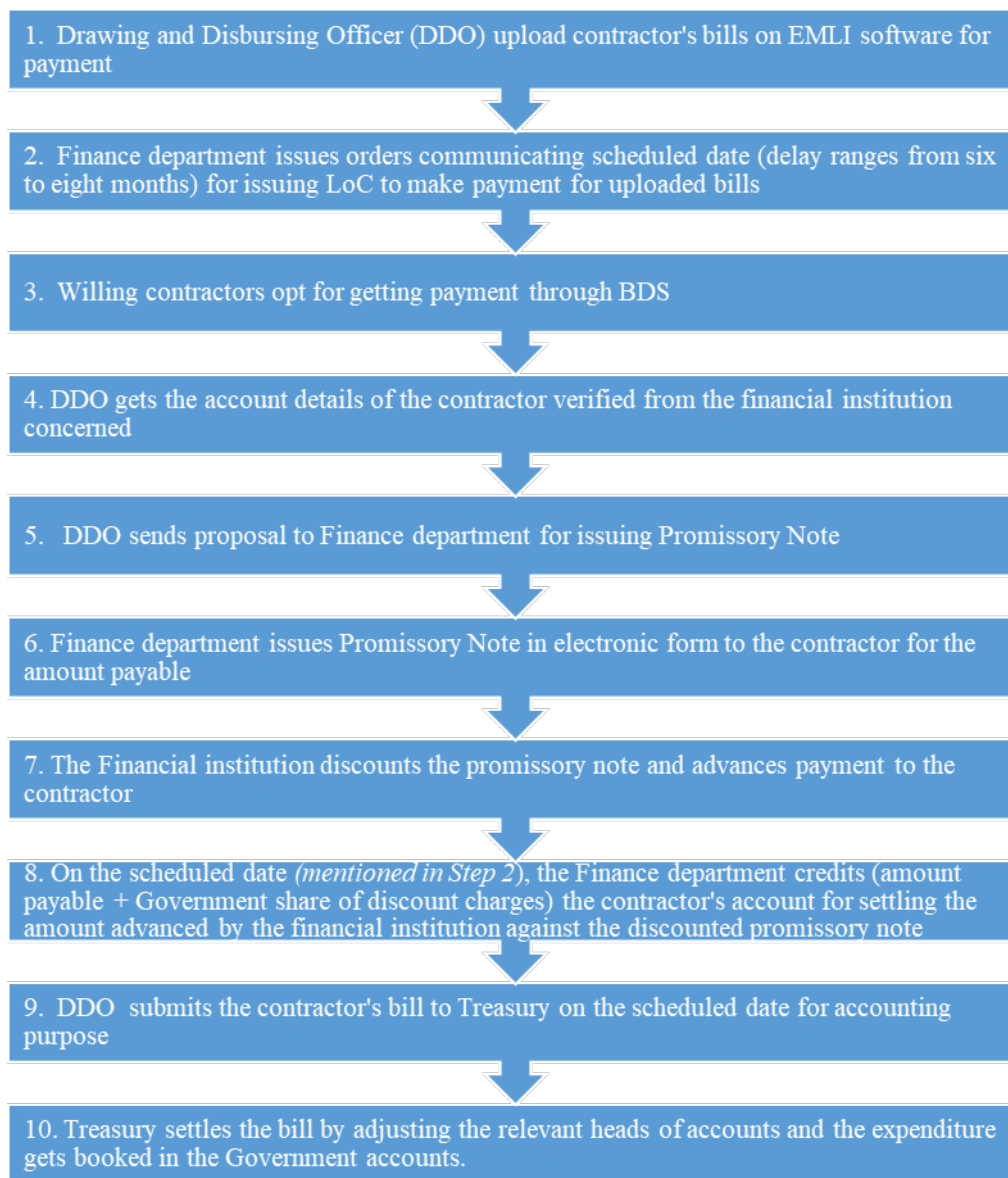
The total fixed deposit as on 31 March 2022 maintained in nationalised banks by KSERC amounted to ₹42.04 crore which should have been credited to Public Account (under J-Reserve Funds not bearing interest) as is done in Central Electricity Regulatory Commission.

All the three issues detailed in paragraph 4.1.1 (a), (b) and 4.1.2 were pointed out in the State Finances Audit Reports for the year ended March 2020 and 2021. However, Government has not taken any action to bring these amounts into the Consolidated Fund/ Public Account of the State Government.

Non-remittance of revenue receipts leads to escape of scrutiny by the Legislature and is fraught with the risk of temporary misappropriation. Therefore, a system for remittance/ release of such money needs to be put in place by opening suitable heads of account under revenue receipts/ revenue expenditure for tracking the revenue arising and expenditure incurred out of these funds/ trusts.

4.1.3 Bill Discounting System

Bill discounting system (BDS) is another form of short term borrowing resorted by the State Government since 2014-15 as a measure to overcome the paucity of funds. As per BDS, State Government issues promissory notes to the Contractors who opts for BDS against their pending bills. The Contractor discounts the promissory note at financial institutions like banks. State Government bears half of the discount charges subject to a maximum of five *per cent* per annum. This is a very ingenious system of borrowing outside the Accounts.

Chart 4.1 Process of Bill Discounting System

Audit noticed that during 2021-22, Government of Kerala issued promissory notes amounting to ₹2,652.94 crore. The promissory notes settled during the year were ₹1,051.22 crore. The promissory notes pending settlement as on 31/03/2022 is ₹1,601.72 crore. This resulted in deferment of clear-cut liabilities to the next financial year.

In respect of bills claimed by Contractors/ Suppliers *etc.*, during the year 2021-22, there was a delay³² of 2.5 months in issuing orders for communicating

³² Time period between steps 1 and 2 in flowchart

the scheduled date in respect of uploaded bills³³ of Public Works Department (PWD), whereas there was no delay in respect of other departments/agencies. Settlement of bills through BDS entailed an additional liability for Government towards payment of discount charges. On an average, the discounting period³⁴ during which the Government was liable for paying a share of the discounting charges ranged from 5.26 months (PWD bills) to 5.57 months (other departments).

Since payments are deferred to a future date against which the State Government bear a certain amount of settlement charges in the form of discount charges, this discount charges further compounded the Government's stressed financial position, which amounted to ₹48.11 crore during 2021-22.

It is pertinent to mention here that during 2021-22, there was a net savings of ₹31,564.72 crore and in Grant No. XV-PWD, the savings was ₹1249.68 crore, which was 15 *per cent* of the total allocation under PWD. Deferring the liabilities of the Government towards payment to the Contractors, when there is ample savings, is unwarranted and also paying additional amount towards the bank charges is also avoidable. In such a scenario where there was large savings, issuance of promissory notes and resorting to further liabilities are avoidable and unnecessary.

4.1.4 Non- discharge of liability in respect of interest towards interest bearing deposits

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits (Major Heads of Accounts 8336 to 8342).

However, audit scrutiny has revealed that no provision has been made in the year 2021-22 in the Budget for the discharge of the interest liability on interest bearing deposits as shown in **Table 4.3**.

Table 4.3 : Non-discharge of liability in respect of interest towards interest bearing Deposits

(₹ in crore)

Sl. No.	Name of the Interest bearing deposit	Opening Balance as on 01/04/ 2021	Interest Rate (percentage)	Interest due	Interest paid	Interest short paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	National Pension scheme	0.17	7.1	0.01	Nil	0.01

³³ DDOs upload contractors bills on EMLI. EMLI is a software managed by Finance department for regulating contractor's state-wide seniority for issue of LoC.

³⁴ Time period between steps 2 and 8 in flowchart.

Sl. No.	Name of the Interest bearing deposit	Opening Balance as on 01/04/2021	Interest Rate (percentage)	Interest due	Interest paid	Interest short paid
2	State Compensatory Afforestation Deposit	70.70	3.35	2.37	Nil	2.37
3	State Disaster Response Fund	646.47	Repo rate + 2%	38.79	Nil	38.79
Total				41.17	Nil	41.17

Source: Finance Accounts

Non-payment/ short payment of the interest has resulted in understatement of Revenue and Fiscal Deficit by ₹41.17 crore.

4.2 Issues related to transparency

Transparency ensures that everything should be properly disclosed and easily understandable.

4.2.1 Delay in Submission of Utilisation Certificates

Article 208 of the Kerala Financial Code stipulates that the State may make such Grants-in-aid for public purposes or activities carried on by private institutions or local bodies as are in conformity with Article 282 of the Constitution of India. Financial rules³⁵ stipulate that the authority sanctioning grant-in-aid has to stipulate, in every order sanctioning the grant, a time limit not exceeding one year from the date of sanction for utilisation of the grant and a time limit of nine months for the submission of audited accounts. The utilisation certificate should be furnished within three months from the date of receipt of audited accounts. The Utilisation Certificates (UCs) for grants-in-aid exceeding ₹2,00,000 have to be forwarded to the Accountant General (Accounts and Entitlement), Kerala. It was observed that six utilisation certificates for ₹1.19 crore which were due in 2021-22 were not received until March 2022 by the AG (A&E). The details of pending Utilisation Certificates are summarised in **Table 4.4**.

³⁵ Article 210 of the Kerala Financial Code (Vol I).

Table 4.4 : Details of Pending Utilisation Certificates*(₹ in crore)*

Sl. No.	Grant sanctioning authority	Implementing agency	Particulars of grant		Amount
			Year of release of grant-in-aid	Year in which UC is due	
1	Department of Cultural Affairs	Jawahar Balabhavan, Thiruvananthapuram	2019-20	2021-22	0.19
2	Department of Cultural Affairs	Jawahar Balabhavan, Kollam	2019-20	2021-22	0.24
3	Department of Cultural Affairs	Directorate of Culture, Thiruvananthapuram	2019-20	2021-22	0.13
4	Department of Cultural Affairs	Directorate of Culture, Thiruvananthapuram	2019-20	2021-22	0.43
5	Department of Cultural Affairs	Kerala Book Marketing Society	2019-20	2021-22	0.10
6	General Administration Department	Kerala State Commission for Economically Backward Classes among Forward Communities	2019-20	2021-22	0.10
Total					1.19

Source: Details furnished by Accountant General (A&E)

The pendency of UCs was fraught with the risk of misappropriation of funds and fraud. Timely submission of UCs should not only be insisted upon but also ensured.

4.2.2 Personal Deposit Accounts

4.2.2.1 Operation of Personal Deposit Accounts

Personal Deposit (PD) Accounts are in the nature of special banking accounts kept for certain classes of Deposits, which include transactions of a public or quasi-public nature for which it is not necessary to treat each disbursement as made against a particular receipt.

PD accounts are maintained in the nature of a bank account in the treasury, instead of depositing in Public Accounts under the sector K-Deposit and Advances. As per Article 282 (d) of Kerala Financial Code Vol-I, Chapter X, in cases of PD accounts that are opened by orders of the State Government for specific purposes, where, funds are transferred from the Consolidated Fund by booking the expenditure under Service heads, the administrators of these PD accounts should close these PD accounts at the end of the financial year and credit the unspent balances back to the Consolidated Fund under the concerned

expenditure heads of accounts from where the amount was initially transferred, unless such PD accounts were created by Law or Rules having the force of Law.

Further, the PD accounts which have been opened by transfer of funds other than from the Consolidated Fund, should be reviewed every year and the accounts which are in-operative for more than three complete financial years should be closed and balance lying in such accounts should be credited to Government accounts.

4.2.2.2 Non-Reconciliation of PD Accounts

PD accounts are maintained under ‘MH-8443-Civil Deposit-106-Personal Deposit’. During 2021-22, no amount was transferred from the Consolidated Fund of the State to the PD Accounts.

The aggregate balance in Personal Deposit Accounts under Major Head ‘8443-Civil Deposit-106-Personal Deposit’ as per Finance Accounts of the State for the year 2021-22 was ₹59.27 crore. However, as per the information furnished by the Director of Treasuries to the Accountant General (A&E), the balance in these accounts amounted to ₹155.76 crore.

The reconciliation of PD accounts with the Administrators of deposit accounts is to be conducted by the treasuries concerned. The variations in the records maintained in the Treasury Department and the PAG (A&E) are due to the lack of timely reconciliation. The administrator of PD Accounts has to furnish to the treasury a certificate of acceptance of closing balance at the close of each financial year after reconciling the difference, if any. The details of acceptance of balance by the administrators during the year have not been received from the Director of Treasuries. The proposal for online submission of details of plus and minus memos of deposit heads from all Treasuries on a monthly basis has not been materialised so far. Details of PD accounts as on 31 March 2022 are given below in **Table 4.5**.

Table 4.5: Details of PD account

(₹ in crore)

Opening balance as on 01 April 2021		Addition during the year 2021-22		Closed/Withdrawal during the year 2021-22		Closing Balance as on 31 March 2022	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
801	68.03 (160.78)	29	102.80 (64.75)	52	111.56 (69.77)	764	59.27 (155.76)

Source: Finance Accounts

Treasury figures are given in brackets

Non-reconciliation of balances in PD accounts is fraught with the risk of misuse of public funds, fraud and misappropriation.

4.2.3 Clubbing of unrelated expenditure in common heads

4.2.3.1 Lump sum Provision under Capital head

A paragraph on above lump sum provision has been included in para 3.7.1.2 of Chapter III. The State Government is providing lump sum amount for implementation of various infrastructure development projects falling under several Grants under a single head of account '5475-00-115-99(P)- Major Infrastructure Development projects'.

4.2.3.2 Indiscriminate operation of Minor Head 800 – Other receipts and other expenditure

Minor Head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque.

During 2021-22, expenditure aggregating to ₹9,413.23 crore, constituting 5.87 *per cent* of the total expenditure (₹1,60,371.24 crore), was classified under Minor Head 800-Other Expenditure in respect of 69 Major Heads involving both Revenue and Capital sections. The total Revenue and Capital expenditure during 2020-21 was ₹ 1,36,335.98 crore. Out of this, ₹6,571.81 crore under 71 Major Heads of account constituting 4.82 *per cent* of the total expenditure were classified under the Minor Head 800-Other expenditure. Compared to the previous year, expenditure under Minor Head-800 increased by 43.24 *per cent*.

During the current year there were 11 instances of substantial proportion (50 *per cent* and above) booked under Minor Head 800-Other Expenditure as shown in **Appendix 4.1**.

During 2021-22, receipts aggregating to ₹2,066.08 crore under 46 Major Heads of account constituting 1.77 *per cent* of the total revenue receipts (₹1,16,640.24 crore) were classified under the Minor Head 800-‘Other Receipts’ in the accounts. During the previous year ₹2,237.78 crore under 48 Major Heads of account constituting 2.29 *per cent* of the total revenue receipts (₹97,616.83 crore) were classified under 800 – ‘Other Receipts’ in the accounts. During the current year there were 19 instances of substantial proportion (50 *per cent* and above) of the receipt within a given Major Head booked under Minor Head 800- ‘Other Receipts’ as shown in **Appendix 4.2**.

It was observed that in respect of 12 Major Heads, expenditure of more than ₹100 crore was classified under the Minor Head 800 as shown in **Table 4.6**.

Table 4.6 : Expenditure of more than ₹100 crore under the Minor Head 800
(₹ in crore)

Sl. No.	Major Head	Expenditure
1	2075 – Miscellaneous General Services	4,946.62
2	2210 – Medical and Public Health	1,003.07
3	5075 – Capital outlay on Other Transport Services	736.71
4	4515 – Capital outlay on Other Rural Development Programme	461.15
5	3054 – Roads and Bridges	237.57
6	4885 – Other Capital Outlay on Industries and Minerals	202.00
7	2217 – Urban Development	193.05
8	4215 – Capital outlay on Water Supply and Sanitation	177.76
9	4250 – Capital outlay on Other Social Services	127.39
10	3055 – Road Transport	117.99
11	2401 – Crop Husbandry	111.89
12	2014 – Administration of Justice	111.84

It was observed that in respect of five Major Heads, receipts aggregating more than ₹100 crore were classified under the Minor Head 800 as shown in **Table 4.7**.

Table 4.7: Receipts of more than ₹100 crore under the Minor Head 800

(₹ in crore)

Major Head	Minor Head 800-Receipts	Total Receipts
0006 - State Goods and Service Tax	510.25	24,169.81
0029 – Land Revenue	329.36	470.84
0075 – Miscellaneous General Services	299.00	7,847.56
0425 – Co-operation	233.21	249.54
0030 – Stamps and Registration Fees	127.03	4,857.30
Total	1,498.85	37,595.08

4.2.3.3 Operation of Omnibus Object Head 34 – ‘Other Charges’

The object head, being the last tier of classification, exhibits the object/ nature of expenditure. As such, it is required to be prepared by exercising high degree of accuracy. As per paragraph 9(7) of Kerala Budget Manual (KBM), for the purpose of departmental control, it is necessary to analyse the expenditure on a scheme in terms of inputs such as ‘salaries’, ‘grant-in-aid’, ‘travel expenses’, ‘hire charges of motor vehicles’, *etc.* A list of 99 separate standard object heads suitable for adoption by all Governments and representing the common items of Government expenditure, is given in Appendix 3 of KBM.

As per para 29 of KBM, the detailed head “Other Charges” is a residuary head that will embrace all charges which cannot appropriately be brought to account under any other detailed head. On a scrutiny, audit noticed that as against a budget provision of ₹2,517.85 crore under object head ‘other charges’ in 40 grants, an expenditure of ₹2,264.14 crore (Statement No.4B of Finance Accounts for the year 2021-22) was incurred during 2021-22. Details of grants where significant amount was provided/ booked under object head ‘Other Charges’ are shown in **Table 4.8.**

Table 4.8 : Details of grants where significant amount was booked under object head ‘Other Charges’

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Budget	Expenditure
1	29	Agriculture	460.23 (18.28)	507.54 (22.41)
2	18	Medical and Public Health	448.34 (17.81)	437.28 (19.31)
3	04	Elections	230.36 (9.15)	267.61 (11.82)
4	25	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	250.41 (9.95)	239.62 (10.58)

Source: Finance Accounts 2021-22 and VLC data

Figures in brackets represent percentages to total provision/ total expenditure under object head ‘Other Charges’

Routine and indiscriminate operation of Object head 34-Other charges renders the accounts opaque.

4.2.4 Outstanding balance under Major Suspense and DDR heads

Certain intermediary/ adjusting heads of accounts known as ‘Suspense Heads’ are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/ PAOs, Non-receipt of clearance memos from RBI, non-receipt of vouchers *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The net balances under Suspense and Remittance Head can be obtained from Finance Accounts. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Public Works and Forest Divisions, *etc.* The details of outstanding balances under a few major suspense and remittance heads from 2019-20 to 2021-22 are given in **Table 4.9**.

Table 4.9 : Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101 - PAO suspense	333.57	(-)8.72	359.03	0.48	392.72	0.82
Net	342.29		358.55		391.90	
102 - Suspense Account-Civil	378.64	12.60	704.46	13.11	951.21	14.78
Net	(-)366.04		(-)691.35		936.43	
107 - Cash Settlement Suspense Account	20.03		0			
Net	20.03		0		0	
109 – Reserve Bank Suspense – Headquarters	3.60	0.44	4.57		2.69	
Net	3.16		4.57		2.69	

Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
110 - Reserve Bank Suspense - CAO	69.12		4.48		7.84	
Net	69.12		4.48		7.84	
112 - Tax Deducted at Source (TDS) Suspense		75.93		5.59		1099.52
Net	75.93		5.59		1099.52	
123 - A.I.S Officers' Group Insurance Scheme		0.15		15.99		18.64
Net	0.15		15.99		18.64	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	701.24	1.31	732.54	92.26	1015.06	
Net	699.93		640.28		1015.06	
103 - Forest Remittances	41.84		1.68		-	-
Net	41.84		1.68			-

Source: Finance Accounts of respective years

Accumulations under 101-‘PAO Suspense’ and 102-‘Suspense Account – Civil’ showed an increasing trend from the year 2019-20 to 2021-22. As the balances under these heads are to be cleared, these accumulations affect the accuracy of the Government Accounts.

4.2.4.1 PAO Suspense

This Minor head is intended for the initial record of Inter – Governmental transactions arising in the books of a Central PAO, separate Accounts Officer of a Union territory and Accountants General where the other party involved is a PAO. Separate sub-heads are opened under this Minor head for each accounts officer with whom transactions are to be settled. Outstanding debit balances under this head indicates payment which have been made by the PAO on behalf of others and are yet to be received and credit balances represent amount yet to be paid. As on 31 March 2022, the outstanding receivable amount was ₹392.72 crore and most of this amount relates to amounts receivable since 1980-81. The major amounts outstanding against PAOs are given in **Table 4.10**. Non-realisation of outstanding receivables results in blocking up and idling of public funds which could have been fruitfully utilised. Holding huge amounts in suspense accounts defeats the purpose of suspense accounts which are intended to temporarily hold uncategorised transactions. If these amounts remain uncleared, the balance under the Suspense Heads would go on accumulating and reflect a distorted picture of Government Accounts.

Table 4.10 : Amounts outstanding against PAO

Sl. No.	Ministry/ Department with which pending	Amount (₹ in crore)	Earliest year in which pending
1	PAO, Central Pension Accounting Office, New Delhi	237.56	1990-91
2	PAO, National Highways	154.43	1980-81

4.2.4.2 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, Paragraph 74 of the Kerala Budget Manual stipulates that receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E).

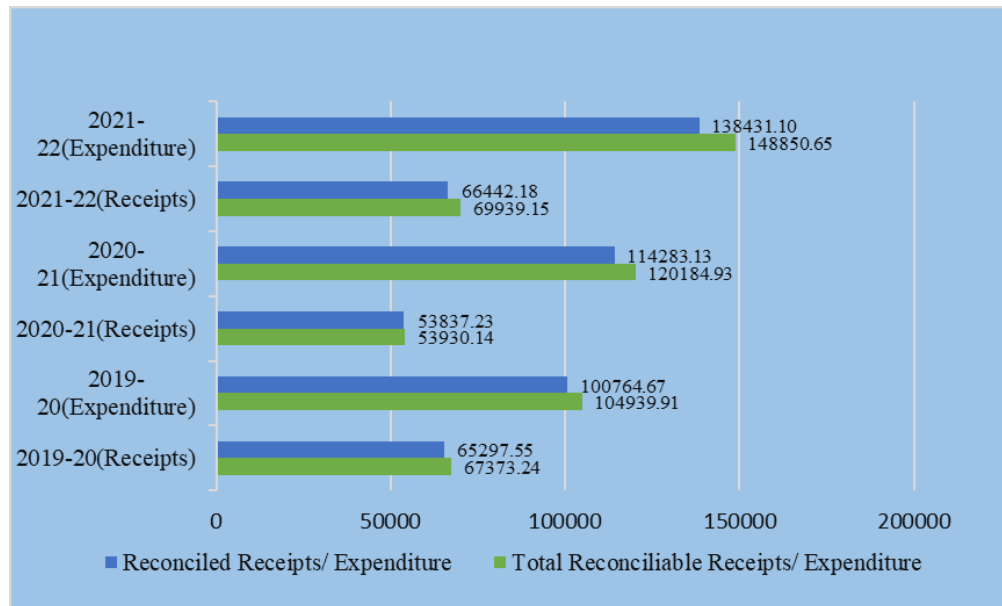
Status of reconciliation done by the Controlling Officers (COs) for three years is given in **Table 4.11**.

Table 4.11: Status of Reconciliation of Receipts and Expenditure figures by Controlling Officers

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
Receipts				
2019-20	65	65	0	Nil
2020-21	66	60	3	3
2021-22	66	64	0	2
Expenditure				
2019-20	207	161	30	16
2020-21	208	179	15	14
2021-22	212	204	3	5

The status of reconciliation during the last three years are shown in **Chart 4.2** below.

Chart 4.2 Status of reconciliation during the last three years



During 2021-22, 4.6 per cent of receipts and 6.2 per cent of disbursement figures booked by the Accountant General(A&E) were not reconciled by the departmental authorities. The percentage of non-reconciliation of expenditure showed an increasing trend from 2.5 per cent in 2019-20 to 6.2 per cent in 2021-22.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

4.2.4.3 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

However, a scrutiny of Finance Accounts for the year 2021-22 has revealed that the cash balance of the State of Kerala for the year ending March 2022 as per the books of Accountant General (A&E) was ₹330.31 crore (Credit) whereas the Cash balance reported by Reserve Bank of India was ₹1.79 crore (Credit). Thus, there was a difference of ₹332.10 crore (Debit) as on 31 March 2022. Out of the difference, an amount of ₹192.24 crore (net debit) has been cleared in 2021-22. The balance difference of ₹139.87 crore (net debit) is under reconciliation.

Issues related to Disclosure

Disclosure in the accounts means that the recorded transactions have been properly classified and disclosed wherever appropriate. This implies that the Receipts and Expenditures are booked to the proper account head and the disclosures in the notes and footnotes in the accounts are appropriate and adequate.

4.3 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Kerala in 2021-22 and deficiencies therein are detailed in **Table 4.12**.

Table 4.12 Compliance to Accounting Standards

Sl. No.	Essence of IGAS	Compliance by State Government	Impact of deficiency
	IGAS-1 : Guarantees given by the Government – Disclosure requirements		
1	IGAS-1 requires that sector-wise and class-wise disclosures on guarantees given by State Government should be incorporated in Finance Accounts	Complied (Statement 9 & 20 of Finance Accounts)	The Statements 9 & 20 are prepared in accordance with the provisions of IGAS-1 based on the information provided by the State Government.
	IGAS-2 : Accounting and Classification of Grants-in- Aid		
2	As per IGAS-2, expenditure relating to Grants-in-aid should be classified as revenue expenditure even if it involves creation of assets, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor General of India.	Not Complied (Statement 10 of Finance Accounts).	Accounting and classification of Grants-in-aid given by the State Government have been depicted in Statement 10 and Appendix III which are prepared as per the requirements of IGAS-2. However, an amount of ₹20 crore towards Grants-in-aid was booked under Capital Head, which is in violation of the provisions of IGAS-2. Detailed information in respect of Grants-in-aid given in kind has also not been furnished by the State Government.

Sl. No.	Essence of IGAS	Compliance by State Government	Impact of deficiency
3	IGAS-3: <i>Loans and Advances made by Government</i>		
	This standard prescribes the norms for Recognition, Measurement, Valuation and Reporting in respect of Loans and Advances made by the Government in the Financial Statements to ensure complete, accurate and uniform accounting practices. The financial statement shall include disclosures such as details of fresh loans and advances made during the year, information on loans in which terms and conditions have not been settled, repayment in arrears from loanee entities etc.	Not complied (Statement No. 7 & 18 of Finance Accounts).	The details of loans and advances reported in Statement No.7 & 18 of the Finance Accounts are based on information received through the accounts rendered to the Principal Accountant General (Accounts & Entitlement) and detailed accounts maintained by the Principal Accountant General (Accounts & Entitlement) in respect of loans and advances made to Government servants. The closing balances depicted in Statements 7 & 18 as on 31 March 2022 have not been reconciled with the Loanee Entities/State Government. The State Government has also not furnished the figures in respect of certain loans and advances for which they maintain detailed accounts (Extent of compliance not included).

4.3.1 Submission of Accounts / Separate Audit Reports of Autonomous Bodies

As per Section 19(2) of the CAG's DPC Act, the duties and powers of Comptroller and Auditor General in relation to the audit of accounts of Corporations established by or under' law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective legislations. As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a Corporation established by law made by the Legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such Corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such Corporation.

Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority under Section 20(1) of CAG's DPC Act.

On completion of financial audit, audit certificate is issued in case of above stated Autonomous Bodies and Authorities provided CAG is the sole auditor. Apart from audit certificate, the audit office also issues Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State Legislature.

The audit of accounts of 29 Autonomous Bodies in the State was 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 4.3**.

The Autonomous bodies coming under the audit purview as per Section 19 or 20 of CAG's DPC Act are required to submit annual accounts to audit before 30 June every year. In respect of 23 Autonomous bodies which were to render Annual Accounts to C&AG, there were arrears in submission of accounts ranging from one to eight years as shown in **Appendix 4.4**.

The State Government should issue specific directions to all the Administrative departments to instruct the autonomous bodies under them to clear the arrears in accounts and to fix responsibility on the heads of autonomous bodies which defaulted in clearing the accounts.

4.3.2 Departmental Commercial Undertakings

The departmental undertakings of certain Government Departments performing activities of commercial and quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually, showing the working results of financial operations, so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business.

In the absence of timely finalisation of accounts, the results of the investment of the Government remain outside the purview of State Legislatures and escape the scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay renders the system vulnerable to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame.

The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government in respect of four such undertakings, are given in **Table 4.13**.

Table 4.13: Statement of finalisation of *pro forma* accounts and Government investment in Departmentally managed commercial and quasi-commercial undertakings

(₹ 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	Government investment for the last four years (2018-19 to 2021-22)		Remarks
					18-19	19-20	
1	State Water Transport Department	2016-17	498.19	(-)50.15	18-19	70.61	The Audit of accounts from 2017-18 to 2020-21 is going on
					19-20	66.24	
					20-21	71.28	
					21-22	88.82	
2	Kerala State Insurance Department	2014-15	Nil	355.04	Accounts not received		Receipt of revised accounts for 2015-16 awaited
3	Text Book Office	1986-87	21.26	(-) 5.61	Nil		pro forma Accounts due from 1987-88
4	Rubber Plantations at Open Prison & Correctional Home, Nettukalthery	2020-21	Reply awaited	0.15	Reply awaited		Receipt of revised accounts awaited

Accounts of Text Book Office were in arrears from 1987-88. The State Government decided (December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87 in respect of State Text Book Office. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 was pending with the Government. In the absence of up-to-date accounts, the current financial status of the Text Book Office could not be ascertained.

4.3.3 Non-Submission of details of grants/ loans given to Bodies and Authorities

Sections 14 and 15 of the Comptroller and Auditor General's (CAG) (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act) envisages audit of

receipt and expenditure of institutions receiving Government grants, subject to conditions stipulated based on the quantum of the grants received. In order to identify the Institutions/ Organisations which attract audit under Sections 14 and 15 of CAG's DPC Act, the Government/ HODs are required to furnish to Audit every year

- Detailed information about the financial assistance given to various institutions,
- The purpose for which the assistance is granted, and
- Total expenditure of the institutions.

Further, Regulation on Audit and Accounts, 2007 provides that Governments and Heads of departments which sanction grants and/ or loans to bodies or authorities shall furnish to the audit office by end of July every year, a statement of such bodies and authorities to which grants and/ or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance; (b) the purpose for which the assistance was sanctioned; and (c) the total expenditure of the body or authority.

Four³⁶ out of ten departments, having autonomous bodies under their control, had not furnished the details of grants-in-aid given to various bodies and authorities during the preceding year 2020-21. In the absence of the information from these four departments, reasonable assurance could not be provided to the Legislature/ Government about the manner in which the grants sanctioned/ released by them had been utilised. This dilutes the legislative control over the Government expenditure system.

4.3.4 Misappropriations, Losses, Thefts *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 Accountant General (Audit I)/ Accountant General (Audit II), Kerala as well as to the Heads of Departments.

The final action on 92³⁷ cases of misappropriation, defalcation, etc., involving Government money amounting to ₹19.36 crore was pending with the State Government.

³⁶ Finance, Water Resources, Power and Cultural Departments

³⁷ This includes cases detected by Audit during local audit as well as cases reported by Government departments as per codal provisions.

Table 4.14 : 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	20	765.24	Theft	7	15.82
5 – 10	9	236.40			
10 – 15	12	664.29	Misappropriation / loss of material	85	1920.15
15 – 20	11	104.58			
20 – 25	16	81.32			
25 and above	24	84.14			
Total	92	1935.97	Total pending cases	92	1935.97

Source: Cases reported by departments of the State Government

The reasons for delay in finalisation of outstanding cases were analysed by Audit and are summarised in **Table 4.15**. Department-wise details are shown in **Appendix 4.5**.

Table 4.15: 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	12	41.87
2.	Departmental action initiated but not finalised	50	1,527.39
3.	Awaiting orders for recovery or write off	18	18.83
4.	Pending in the courts of law	12	347.88
Total		92	1,935.97

Source: Information received from Departments of the State Government.

Timely action needs to be taken to settle the misappropriation cases in order to bring defaulters to book and to have a deterrent effect on others.

4.4 Follow up Action on State Finances Audit Report

In Kerala State the Public Accounts Committee (PAC)/ Finance Department requires the line Departments to provide a suo motu Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within two months of placing the Reports in the Legislature. The line Departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within two months of tabling the Reports.

At the instance of the PAC, the Finance Department issues instructions to all the Departments to initiate suo motu action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not.

The receipt of ATNs from the line departments in respect of the State Finances Audit Report from the year 2016-17 to 2019-20 are pending. The details are shown in **Table 4.16**.

Table 4.16: Number of Audit Paras for which ATN due from Government

Sl. No.	Year of Audit Report	Total Number of ATNs
1	2016-17	1
2	2017-18	7
3	2018-19	13
4	2019-20	28
Total		49

Only one sitting of PAC was conducted during 2021-22 to discuss the paras in the SFAR and discussion of all paras in Chapter I and II in the SFAR up to the year 2015-16 only had been completed.

4.5 Conclusions

There was persistent trend of cess/royalty not being credited to Consolidated Fund of the State. There were cases of regulators maintaining 'Fund' outside Public Account of the State (Funds of the Kerala State Electricity Regulatory Commission). Non-remittance of such revenues is fraught with the risk of temporary misappropriation. Promissory Notes were issued to contractors of PWD even though there was huge savings in the Grant resulting into additional fiscal liabilities to the Government. Six utilisation certificates for ₹1.18 crore were not received by the AG(A&E). Non reconciliation with respect to PD Accounts is fraught with the risk of misuse of public funds. Autonomous bodies (23 numbers) were to render annual accounts to C&AG. The arrears in submission of accounts ranged from one to eight years. There were delays in initiating departmental action, fixing liability, issuing orders of recovery, etc, in respect of cases of misappropriation/loss of public money.

4.6 Recommendations

- The Government may bring all the funds lying outside the Consolidated Fund/ Public Accounts in breach of constitutional provisions, within the fold of Consolidated Fund/ Public Accounts.*

2. *The Government should review the issuance of promissory notes and take appropriate measures to make payments to contractors from the savings of the Grants itself thereby avoiding further fiscal liabilities.*
3. *The Finance Department should ensure that the administrative departments releasing grants collect UCs as per the time limits stipulated in the grant orders and to not release further grants to defaulting grantees. It is also recommended that Government shall fix responsibility on the defaulting officials. Further, the Government may consider adopting a module similar to Expenditure Advance Transfer (EAT) available in Public Financial Management System (PFMS) to address the problem of pending UCs.*
4. *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by Autonomous Bodies and departmentally run undertakings in order to assess their financial position.*
5. *The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.*



CHAPTER V
FINANCIAL PERFORMANCE
OF STATE PSUs

CHAPTER V

FINANCIAL PERFORMANCE OF STATE PUBLIC SECTOR UNDERTAKINGS

5.1 Introduction

Public Sector Undertakings (PSUs) are Government owned undertakings. There are 150 State PSUs in Kerala as on 31 March 2022. This Chapter presents the summary of financial performance as revealed from the latest accounts of 131³⁸ State PSUs.

5.2 Role of Public Sector Undertakings in the economy of Kerala

5.2.1 Status of PSUs

The State PSUs are categorised based on the legal status and pattern of ownership as shown in **Table 5.1**.

Table 5.1 : Status of PSUs

Category	Existing	Newly added	Total	Non working	Net
Government Companies	115	6	121	9	130
Statutory Corporations	4	0	4	0	4
Government controlled other Companies	6	0	6	10	16
Total	125	6	131	19	150

These PSUs operate in six sectors³⁹ and are controlled by 34 departments. However, there are no listed PSUs in the State, unlike Central PSUs or PSUs of other States like Gujarat, Haryana, Tamil Nadu, etc.

5.2.2 Contribution of the State PSUs to the GSDP of the State

The contribution of the PSUs based on turnover to GSDP was around four *per cent* as shown in the **Table 5.2**.

³⁸ Including four Statutory Corporations (19 State PSUs are non-working).

³⁹ Agriculture and allied, Finance, Infrastructure, Manufacturing, Power, Services.

Table 5.2 : Turnover of State PSUs vis-a-vis GSDP of Kerala*(₹ in crore)*

Particulars	2019-20	2020-21	2021-22
Turnover	33,839.65	34,769.57	35,767.90
GSDP	8,24,374.20	7,99,571.11	9,01,997.83
Percentage of Turnover to GSDP	4.10	4.35	3.97
Percentage of growth of turnover	7.41	2.75	2.87
Percentage of growth of GSDP	4.58	(-)3.01	12.81

Source : Turnover reported in the latest finalised accounts of State PSUs and GSDP figures as per Ministry of Statistics and Programme Implementation website as on 15/03/2022.

5.3 Investment in State PSUs

The amount of equity and loans in 131 working State PSUs as of 31 March 2022 is given in **Table 5.3**.

Table 5.3 : Investment in State PSUs*(₹ in crore)*

Particulars	State Govt	GoI	Others ⁴⁰	Total
As on 31 March 2021				
Equity	9,430.95	135.07	916.15	10,482.17
Loan	8,365.16	50.54	29,830.88	38,246.58
Total	17,796.11	185.61	30,747.03	48,728.75
Percentage	36.52	0.38	63.10	
Guarantee received	22,244.31			
As on 31 March 2022				
Equity	9,817.46	158.09	971.92	10,947.47
Loan	10,621.58	1.11	33,803.65	44,426.34
Total	20,439.04	159.20	34,775.57	55,373.81
Percentage	36.91	0.29	62.80	
Guarantee received	22,024.97			
Change during 2021-22				
Equity	386.51	23.02	55.77	465.30
Loan	2,256.42	(-)49.43	3,972.77	6,179.76
Total	2,642.93	(-)26.41	4,028.54	6,645.06
Percentage	15	(-)14	13	14
Guarantee received	219.34			

Source: Details as received from State PSUs; apart from figures of latest finalised accounts including provisional figures

⁴⁰ State Government Companies, Holding Companies, Financial Institutions, others.

During 2021-22, the Government invested ₹37.46 crore in Statutory Corporations, ₹278.28 crore in Government Companies, ₹105.11 crore in Joint Stock Companies and ₹34.49 crore in Co-operative Banks and Societies. Progressive expenditure on investments decreased by ₹76.02 crore in Government Companies and ₹60.27 crore in Co-operative Banks and Societies. The State Government investment increased by ₹1,785.67 crore from ₹7,981.81 crore in 2017-18 to ₹9,767.48 crore in 2021-22.

Out of the total investment of ₹455.34 crore, ₹84.63 crore was invested in two Corporations and six Government Companies, whose networth were completely eroded as shown in **Table 5.4** below.

Table 5.4 : Investment made in Corporations/ Companies whose networth is completely eroded

(₹ in crore)

Name of the Company/ Corporation	Year upto which accounts finalized	Networth	Investment made during 2021-22	Cumulative investment as on 31 March 2022
Kerala State Warehousing Corporation	2018-19	(-)4.26	0.25	7.75
Kerala State Road Transport Corporation	2015-16	(-)5,297.62	37.21	789.55
Kerala Electrical & Allied Engineering Co. Ltd	2020-21	(-)21.07	14.21	123.06
Kerala State Handloom Development Corporation	2019-20	(-)51.46	0.50	54.94
The Kerala State Cashew Development Corporation Limited	2019-20	(-)1,126.02	22.00	531.84
Meat Products of India Limited	2018-19	(-)31.65	0.04	2.18
Kerala State Horticultural Products Development Corporation Limited	2015-16	(-)3.19	0.20	8.13
Keltron Component Complex Limited	2020-21	(-)9.77	10.22	17.52
Total			84.63	1,534.97

Source: Data collected from Audit Wing and Finance Accounts.

Table 5.5: Investments made in loss making companies**(₹ in crore)**

Company	Year upto which accounts finalised	Loss after tax and interest	Investment made during 2021-22	Cumulative Investment as on 31/03/2022
Kerala Tourism Development Corporation Limited	2018-19	(-)19.19	0.84	187.44
The Kerala State Development Corporation for Scheduled Caste and Scheduled Tribes Limited	2018-19	(-)12.36	3.27	210.85
The Kerala Forest Development Corporation Limited	2019-20	(-)6.10	3.00	12.27
The Kerala State Film Development Corporation Limited	2016-17	(-)1.35	13.55	79.93
Kerala Shipping and Inland Navigation Corporation Limited	2018-19	(-)4.66	4.52	83.10
Kerala State Development Corporation for the Welfare of Christian Converts from Scheduled Castes and the Recommended Communities Limited	2018-19	(-)0.14	5.00	80.55
Indian Institute of Information Technology and Management Kerala	2019-20	(-)0.67	22.84	204.47
Vision Varkala Infrastructure Development Corporation Limited	2018-19	(-)0.40	2.57	17.30
Development of Azhikkal Port	2019-20	(-)0.38	2.26	56.07
Kerala State Pottery Manufacturing & Marketing Development Corporation	2018-19	(-)0.09	0.70	1.95
Overseas Keralites Investment & Holding Limited	2020-21	(-)0.24	2.11	2.11
Kerala Rubber Limited	2020-21	(-)0.009	4.50	4.50
Kannur International Airport Limited	2019-20	(-)6.10	10.99	1,394.23
Total			76.15	2,334.77

Source: Data collected from Audit Wing and Finance Accounts

Thirteen companies in which an amount of ₹76.15 crore was invested during the year are loss making. The total investment of the Government upto 31 March 2022 in these loss making Companies was ₹2,334.77 crore. Details of investments made in loss making companies is given in **Table 5.5** above.

The cumulative investment blocked in 16 non-working companies was ₹33.87 crore.

5.4 Non-reconciliation

Audit observed that in 112 out of 131 working State PSUs, differences between figures as per Finance Accounts and figures as per records of State PSUs occurred as shown in **Appendix 5.1**. Such differences are persisting for so many years.

The issue of reconciliation of differences was taken up with the State PSUs and the Departments concerned from time to time. However, the reconciliation has not been done yet.

5.5 Returns from the State PSUs

The State PSUs are expected to yield reasonable return on investment made by the State Government in such PSUs. The performance of working PSUs is discussed in the subsequent paragraphs:

5.5.1 Summary of financial performance

The Summary of financial performance of 131 working State PSUs as on 31 March 2022 is given in **Table 5.6** below.

Table 5.6 : Summary of financial performance of State PSUs covered in this Chapter (Government Companies and Statutory Corporations)

Particulars	No.	Amount (₹ in crore)
Profit making PSUs	55	654.99
Loss making PSUs	63	4,065.38
Zero profit/loss State PSUs	4	
First accounts not received ⁴¹	9	
State PSUs selected for this Chapter	131 ⁴²	
Dividend declared/paid	3	3.23

Source: Latest finalised accounts of State PSUs

As seen from the table above, 55 State PSUs (earned a profit of ₹654.99 crore), while 63 State PSUs (including one Statutory Corporation) incurred loss of ₹4,065.38 crore, as shown in **Table 5.7**.

Table 5.7: Number of State PSUs that incurred losses

(₹ in crore)

Year ⁴³	No. of State PSUs	Net Loss for the year	Accumulated loss	Paid up Capital	Networth
2019-20	69	(-)2,620.46	(-)14,197.46	7,487.00	(-)6,650.90
2020-21	68	(-)4,496.12	(-)16,651.62	7,553.67	(-)9,058.15
2021-22	63	(-)4,065.38	(-)18,047.00	7,634.10	(-)10,412.90

Source: As per latest finalised accounts of respective State PSUs.

⁴¹ Including newly formed six PSUs

⁴² 127 working Companies and four Statutory Corporations.

⁴³ The figures from the last available accounts have been considered in this Chapter for the purpose of arriving at working results.

Though the Return on Equity (ROE) of the 55 State PSUs was 10.32 per cent, the Return of Equity of all the 122⁴⁴ State PSUs taken together was negative as the overall net income of these State PSUs was negative during 2021-22.

Table 5.8 shows the list of those PSUs that contributed to 77.25 per cent of the total profit:

Table 5.8: Top six State PSUs which contributed maximum profit

Sector	Name of State PSUs	Period of Accounts	Net profit after Interest and Tax (₹ in crore)	Percentage of profit to total PSU profit
Manufacturing	The Kerala Minerals and Metals Limited	2021-22	226.91	44.84
Service	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	2018-19	113.13	22.36
Finance	The Kerala State Financial Enterprises Limited	2018-19	77.62	15.34
Manufacturing	Kerala Feeds Limited	2020-21	38.38	7.58
	Kerala State Industrial Development Corporation Limited	2020-21	25.50	5.04
	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	2018-19	24.47	4.84
Total			506.01	

Source: As per the latest finalised accounts of State PSUs

Out of total loss of ₹4,065.38 crore incurred by 63 State PSUs, loss of ₹3,474.65 crore was incurred by four State PSUs (including two Statutory Corporations). **Table 5.9** shows those State PSUs which incurred a loss of more than ₹100 crore during the year 2021-22.

Table 5.9: State PSUs that incurred losses of more than ₹100 crore

Sl. No	Name of Company/Corporation	Period of Accounts	Net Loss after tax and interest (₹ in crore)
1	Kerala State Electricity Board Limited	2020-21	1,822.35
2	Kerala State Road Transport Corporation	2015-16	1,007.18
3	Kerala State Civil Supplies Corporation Limited	2016-17	403.81
4	Kerala Transport Development Finance Corporation Limited	2018-19	241.31

Source: As per latest finalised accounts of respective State PSUs .

⁴⁴ Excluding nine working PSUs which had not submitted their first accounts.

5.5.2 Dividend payout by State PSUs

The details of profit earned and dividend declared during 2021-22 by the Government Companies and Statutory Corporations are given in the **Table 5.10**.

Table 5.10: Profit earned and dividend declared

(₹ in crore)

Particulars	No. of State PSUs	Paid up capital	Net profit	Dividend declared
Statutory Corporation ⁴⁵	1	426.50	13.20	1.07
Government Company ⁴⁶	1	1.61	0.48	0.16
Government controlled other Company ⁴⁷	1	0.25	0.93	2.00
Total	3	428.36	14.61	3.23

Source: As per latest Financial Statements of State PSUs.

The State Government had formulated (December 1998) a dividend policy, under which all PSUs are required to pay a minimum return of 20 *per cent* on the paid up share capital or 30 *per cent* of the allocable surplus, whichever is lower. However, 51 PSUs which earned profit had not declared dividend or declared lesser than the amount prescribed by the Government. The total shortfall on this account was ₹226.47 crore.

5.6 Operating efficiency of State PSUs

A review of operational issues of PSUs were pointed out in the successive reports of the CAG of India. A recent study on five loss making PSUs *viz.*, Traco Cable Company Limited, The Plantation Corporation of Kerala Limited, Kerala Shipping and Inland Navigation Corporation Limited, Kerala Transport Development Finance Corporation Limited and Roads and Bridges Development Corporation of Kerala Limited revealed that the major cause of loss was attributed by factors like inefficient working capital management, investment in unviable projects, inefficiencies in production, operation and labour, under utilisation of available capacity, *etc.*

5.7 Erosion of capital in State PSUs

As per the latest finalised accounts submitted till 30 September 2022, out of the 131 working State PSUs, 75 PSUs had an aggregate accumulated loss of ₹19,169.12 crore, out of which 12 PSUs are profit making during the current year. Networth of 46 out of these 75 State PSUs were completely eroded by

⁴⁵ Kerala Financial Corporation (2020-21)

⁴⁶ Kerala Agro Machinery Corporation Limited (2021-22)

⁴⁷ Kinfra Export Promotion Industrial Parks Limited (2020-21)

accumulated loss and their networth was (-)₹12,460.21 crore against equity investment of ₹6,081.18 crore.

The networth of all the 131 working State PSUs was negative at ₹3,968.29 crore against their paid up capital of ₹10,093.98 crore.

5.7.1 Return on Equity (ROE) of State PSUs

ROE⁴⁸ is a measure of financial performance of Companies calculated by dividing net income by shareholders' equity. The consolidated ROE of State PSUs during the period from 2019-20 to 2021-22 is given in **Table 5.11**.

Table 5.11: Return on Equity

(₹ in crore)

Year	Number of State PSUs	Net Profit after tax and dividend	Shareholder's Equity	ROE (in percentage)
2019-20	126	(-)2,139.05	(-)998.35	0
2020-21	126	(-) 4,035.68	(-)3,290.51	0
2021-22	131	(-)3,410.39	(-)3,968.29	0

Source: As per the latest finalised accounts of State PSUs

It was observed from the table above, during the three years ended 2021-22, both the net profit after tax and the shareholder's equity were negative. Since equity was negative the ROE was not worked out for these periods. Negative equity indicates that the liabilities of these State PSUs have exceeded their assets.

Sector wise ROE of State PSUs during the three years ended 2021-22 is depicted in **Table 5.12**.

Table 5.12: Sector wise ROE of State PSUs

Sl. No	Sector	ROE in percentage		
		2019-20	2020-21	2021-22
1	Agriculture and Allied	(-)7.89	(-)8.70	(-)5.00
2	Finance	6.17	(-)7.19	(-)6.82
3	Infrastructure	1.03	2.30	1.10
4	Manufacturing	*	*	*
5	Power	*	*	*
6	Service	*	*	*

Source: As per latest finalised accounts of State PSUs for respective years.

*The net income was negative and hence, ROE was not worked out.

⁴⁸ Return on Equity= (Net profit after tax and preference Dividend/Equity)* 100 where Equity = Paid up capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure.

Sector wise analysis indicated that the State PSUs in Infrastructure sector reported positive ROE in all the three years. State PSUs in Finance sector reported positive ROE in 2019-20, but reported negative ROE in subsequent years. State PSUs in remaining sectors reported negative ROE for all the three years which indicated that the liabilities exceeded assets of the State PSUs.

The major reasons for negative ROE was low rate of sales realisation by companies, high rate of procurement, operational inefficiencies, etc.

5.8 Adequacy of assets to meet loan liabilities

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/ debts i.e., ideally, the Debt Asset ratio should be less than one. As of 31 March 2022, 74 working State PSUs had outstanding loans and coverage of their long term loans by value of total assets is given in **Table 5.13**.

Table 5.13: Coverage of long term loans with total assets

Particulars	State PSUs having Debt Asset ratio < 1				State PSUs having Debt Asset ratio > 1			
	No of State PSUs	Long term loans	Assets	Ratio of debts to assets	No of State PSUs	Long term loans	Assets	Ratio of debts to assets
	(₹ in crore)				(₹ in crore)			
Government Companies	63	24,915.99	91,145.89	0.27	7	239.88	115.32	2.08
Statutory corporations	3	4,199.88	8,748.18	0.48	1	4,091.37	1,420.42	2.88
Total	66	29,115.87	99,894.07		8	4,331.25	1,535.74	

Source: As per the latest finalised accounts of State PSUs

It may be seen from the above table that Debt Asset ratio in respect of 66 State PSUs (including three Statutory Corporations) was less than one indicating that these State PSUs are solvent. However, in respect of eight State PSUs the Debt Asset ratio was more than one which indicated that they are not solvent as the values of total assets of these State PSUs were less than the loans outstanding.

5.9 Interest Coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An

ICR below one indicates that the company is not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs, which had loans outstanding for the period 2021-22 are given in **Table 5.14**.

Table 5.14: Interest Coverage Ratio

Particulars	State PSUs having Interest Coverage Ratio < 1			State PSUs having Interest Coverage Ratio ≥ 1		
	No of State PSUs	Interest	Profit before interest and tax	No of State PSUs	Interest	Profit before interest and tax
Government companies	39	2,324.41	(-)628.97	27	142.56	627.81
Statutory corporations	1	495.73	(-)511.45	2	268.60	291.23
Total	40	2,820.14	(-)1,140.42	29	411.16	919.04

Source: As per the latest finalised accounts of State PSUs

It was observed that 29 State PSUs (including two Statutory Corporations) had ICR equal to or more than one. Similarly, 40 State PSUs (including one Statutory corporation) had ICR less than one indicating that these State PSUs could not generate adequate income to pay off its interest liability.

5.10 Age wise analysis of interest outstanding on State Government loans

As on 31 March 2022, data collected from 131 working PSUs showed that interest amounting to ₹2,395.37 crore from 36 State PSUs was outstanding on long term loans provided by State Government. Out of this, interest amounting to ₹133.26 crore was outstanding for less than one year, ₹1,217.58 crore was outstanding between one to three years and ₹1,044.53 crore was outstanding for more than three years.

5.11 Conclusions

As on 31 March 2022, the total investment by Government of Kerala in 131 State PSUs was ₹20,439.04 crore. The GoK infused equity of ₹386.51 crore in 22 State PSUs during 2021-22. Seventy-five working State PSUs had an aggregate accumulated losses of ₹19,169.12 crore as per their latest finalised accounts. During the year 2021-22, 63 State PSUs incurred a net loss of ₹4,065.38 crore as per their latest finalised accounts which included a net loss of ₹1,007.18 crore by one statutory corporation (Kerala State Road Transport Corporation). Out of 131 working State PSUs three State PSUs (including one Statutory Corporation-Kerala Financial Corporation) declared a dividend of ₹3.23 crore in 2021-22.

5.12 Recommendation

1. *The inactive State PSUs are neither contributing to State economy nor meeting the intended objectives. The State Government needs to take a decision regarding commencement of liquidation process in respect of inactive State PSUs.*
2. *The Government may direct the departments concerned to reconcile the difference, in the form of equity, loans and guarantees appearing in the Finance Accounts and records of State PSUs.*

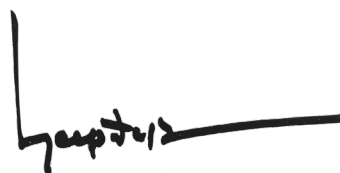
Thiruvananthapuram,
The **09 MAY 2023**



(Dr. BIJU JACOB)
Principal Accountant General
(Audit II), Kerala

Countersigned

New Delhi,
The **10 MAY 2023**



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India



APPENDICES

Appendix 1.1
State Profile
(Reference: Paragraph 1.1 Page No. 1)
A. General Data

Sl. No.	Particulars	Figures
1.	Area	38,863 sq.km
2.	Population	
	a. In 2011	3.36 crore
	b. In 2022	3.56 crore
3.	Density of Population (as per 2011 Census) (All India Density = 418.43 persons per sq. km)	917.15 persons per sq. km
4.	Population Below Poverty Line (BPL) (All India Average = 21.92 <i>per cent</i>)	<i>7.05 per cent</i>
5.	Literacy (as per 2011 census) (All India Average = 73.00 <i>per cent</i>)	<i>94 per cent</i>
6.	Infant mortality (per 1000 live births) (All India Average = 28 per 1000 live births)	6
7.	Life Expectancy at birth (All India Average = 69.70 years)	75.20 years
8	Gross State Domestic Product (GSDP) 2021-22 at current prices	₹9,01,997.83
9.	Per capita GSDP Compounded Annual Growth Rate (2011-12 to 2021-22)	Kerala 8.54
10.	GSDP Compounded Annual Growth Rate (2011-12 to 2021-22)	Kerala 9.09
11.	Population Growth (2011 to 2022)	Kerala 5.92
12.	Per Capita GDP (in ₹)	Kerala 2,30,600.81
		All India 1,46,087.25

Appendix 1.2
Time series data on the State Government Finances
(Reference: Paragraph 1.6.2 Page No.9)

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
Part A : Receipts						
1.	Revenue Receipts	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
(i)	Tax Revenue	46,459.61 (56)	50,644.10 (55)	50,323.14 (56)	47,660.84 (48)	58,340.52 (50)
	Taxes on Sales, Trade, etc.	24,577.82 (53)	19,225.75 (38)	19,649.64 (39)	17,689.17 (37)	22,487.42 (39)
	State Excise	2,240.42 (5)	2,521.40 (5)	2,255.28 (4)	2,329.22 (5)	2,032.23 (3)
	Taxes on Vehicles	3,662.85 (8)	3,708.61 (7)	3,721.14 (7)	3,386.28 (7)	4,037.10 (7)
	Stamps and Registration fees	3,452.56 (7)	3,693.17 (7)	3,615.01 (7)	3,489.59 (7)	4,857.33 (8)
	Land Revenue	162.17	202.78	332.42	493.35	470.84
	Other Taxes	256.52	240.11	263.39	196.12	229.75
	State Goods and Services Tax	12,007.69 (26)	21,014.71 (42)	20,446.95 (41)	20,028.31 (42)	24,169.81 (41)
	Other taxes and Duties on commodities and Services	99.58	37.57	39.31	48.80	56.04
(ii)	Non-Tax Revenue	11,199.61 (14)	11,783.24 (13)	12,265.22 (14)	7,327.31 (8)	10,462.51 (9)
(iii)	State's share in Union taxes and duties	16,833.08 (20)	19,038.17 (20)	16,401.05 (18)	11,560.40 (12)	17,820.09 (15)
(iv)	Grants in aid from Government of India	8,527.84 (10)	11,388.96 (12)	11,235.26 (12)	31,068.28 (32)	30,017.12 (26)
2.	Miscellaneous Capital Receipts	29.28	46.50	27.48	34.15	60.27
3.	Recovery of Loans and Advances	350.98	210.54	295.32	263.82	479.24
4.	Total revenue and Non debt capital receipts (1+2+3)	83,400.40	93,111.51	90,547.47	97,914.80	1,17,179.75
5.	Public Debt Receipts	30,233.77	33,445.92	60,407.05	69,735.36*	64,932.14
	Internal Debt (excluding Ways & Means Advances and Overdraft)	23,453.50 (78)	2,32,965.63 (70)	22,511.19 (37)	33,493.87 (48)	32,592.64 (50)
	Net transactions under Ways and Means Advances excluding Overdraft	6,335.50 (21)	9,698.12 (29)	35,745.17 (59)	29,222.75 (42)	22,874.48 (35)
	Loans and advances from Government of India	444.77 (1)	452.17 (1)	2,150.69 (4)	7,018.74** (10)	9,465.02 (15)
6.	Total receipts in the Consolidated Fund (4+5)	1,13,634.17	1,26,557.43	1,50,954.52	1,67,650.16	1,82,111.89
7.	Contingency Fund Receipts	..	..	..	..	..
8.	Public Account receipts	2,15,992.46	2,54,069.02	2,61,788.85	3,50,861.93	3,55,961.24
9.	Total receipts of State (6+7+8)	3,29,626.63	3,80,626.45	4,12,743.37	5,18,512.09	5,38,073.13
Part B: Expenditure/Disbursement						
10.	Revenue Expenditure	99,948.35 (91)	1,10,316.39 (92)	1,04,719.92 (92)	1,23,446.33 (89)	1,46,179.51 (90)
	Plan	16,182.00 (16)	13,890.00 (13)	12,036.00 (11)	17,939.54 (15)	18,433.01 (13)
	Non-Plan	83,766.00 (84)	96,426.00 (87)	92,684.00 (88)	1,05,506.79 (85)	1,27,746.49 (87)
	General Services (incl. Interest payment)	45,523.77 (46)	50,827.13 (46)	55,504.03 (53)	50,360.72 (41)	70,110.00 (48)
	Social Services	35,876.27 (36)	38,210.77 (35)	34,044.77 (33)	44,832.44 (36)	50,695.61 (35)
	Economic Services	11,351.08 (11)	12,379.77 (11)	9,107.25 (9)	18,760.72 (15)	15,713.81 (11)
	Grants-in-aid and Contributions	7,197.23 (7)	8,898.72 (8)	6,063.87 (6)	9,492.45 (8)	9,660.09 (7)
11.	Capital Expenditure	8,748.87 (8)	7,430.54 (6)	8,454.80 (7)	12,889.65 (9)	14,191.73 (9)
	Plan	7,994.00 (91)	6,779.00 (91)	7,953.00 (94)	11,935.76 (93)	13,207.69 (93)
	Non-Plan	755.00 (9)	652.00 (9)	502.00 (6)	953.89 (7)	984.04 (7)
	General Services	268.01 (3)	197.96 (3)	157.42 (2)	259.84 (2)	268.26 (2)
	Social Services	1,405.89 (16)	1,784.29 (24)	1,090.64 (13)	2,277.90 (18)	3,342.63 (24)
	Economic Services	7,074.97 (81)	5,448.29 (73)	7,206.74 (85)	10,351.91 (80)	10,580.84 (74)
12.	Disbursement of Loans and Advances	1,540.59 (1)	2,322.89 (2)	1,210.22 (1)	2,548.51 (2)	2,854.29 (2)
13.	Total (10+11+12)	1,10,237.81	1,20,069.82	1,14,384.94	1,38,884.49	1,63,225.53

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

Appendix 1.2 - Contd.

(*₹ in crore*)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
Part B: Expenditure/Disbursement						
14.	Repayment of Public Debt	13,132.10	18,195.99	44,001.28	38,927.85	35,900.00
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,221.69	7,805.12	8,072.02	8,449.99	12,275.14
	Net transactions under Ways and Means Advances excluding Overdrafts	6,335.50	9,698.12	35,215.35	29,752.57	22,874.48
	Loans and Advances from Government of India	574.91	692.75	713.91	725.29	750.38
15.	Appropriation to Contingency Fund	...	...	...	...	...
16.	Total disbursement out of Consolidated Fund (13+14+15)	1,23,369.91	1,38,265.81	1,58,386.22	1,77,812.33	1,99,125.53
17.	Contingency Fund disbursements	...	...	75.00	-	-
18.	Public Account disbursements	2,07,174.17	2,42,890.37	2,54,475.08	3,37,817.00	3,36,440.12
19.	Total disbursement by the State (16+17+18)	3,30,544.08	3,81,156.18	4,12,936.30	5,15,629.33	5,35,565.65
Part C: Deficits						
20.	Revenue Deficit (1-10)	16,928.21	17,461.92	14,495.25	25,829.50	29,539.27
21.	Fiscal Deficit (4-13)	26,837.41	26,958.31	23,837.47	40,969.69	46,045.78
22.	Primary Deficit (21-23)	11,717.48	10,210.39	4,622.77	19,994.33	22,742.96
Part D: Other Data						
23.	Interest Payments (included in revenue expenditure)	15,119.93	16,747.92	19,214.70	20,975.36	23,302.82
24.	Financial Assistance to local bodies, etc.	19,553.60	19,382.62	12,132.04	20,504.85	19,112.84
25.	Ways and Means Advances availed /special drawing facility (days)	50.00	67.00	234.00	195.00	110.00
26.	Overdraft availed (days)	Nil	Nil	57.00	35.00	14.00
27.	Interest on WMA/Overdraft	1.54	3.55	28.21	26.95	13.90
28.	Gross State Domestic Product (GSDP) at current prices ⁴⁹	7,01,588.26	7,88,285.58	8,24,374.20	7,99,571.11	9,01,997.83
29.	Outstanding Fiscal Liabilities (year-end)	2,14,518.00	2,41,614.51	2,65,362.36	3,08,386.01 ⁵⁰	3,57,392.76
30.	Outstanding guarantees (year-end)	17,356.00	26,834.65	27,757.01	31,714.27	44,369.85
31.	Maximum amount guaranteed (during the year)	25,104.00	46,796.00	43,433.30	49,076.88	60,604.04
32.	Number of incomplete projects/works	300.00	270.00	295.00	354.00	274.00
33.	Capital blocked in incomplete projects/works	1,208	1,292.00	1,302.00	1,362.35	1,199.78

⁴⁹ GSDP figures taken from Ministry of Statistics and Programme Implementation website as on 15/03/2022.

⁵⁰ Effective Outstanding Fiscal Liabilities would be ₹3,68,761.84 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹14,505.31 crore given to the State as back-to-back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Appendix 1.2 - Concl'd.

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
Part E: Fiscal Health Indicators						
I	Resource Mobilisation					
	Own Tax revenue/ GSDP	6.62	6.42	6.10	5.96	6.47
	Own non-tax revenue/ GSDP	1.60	1.49	1.49	0.92	1.16
	Central Transfers/ GSDP	3.61	3.86	3.35	5.33	5.30
II	Expenditure Management					
	Total Expenditure/ GSDP	15.71	15.23	13.88	17.37	18.10
	Total Expenditure/ Revenue Receipts	132.78	129.31	126.78	142.28	139.94
	Revenue Expenditure/ Total Expenditure	90.67	91.88	91.55	88.88	89.56
	Revenue Expenditure on Social Services/ Total Expenditure	32.54	31.82	29.76	32.28	31.06
	Revenue Expenditure on Economic Services/ Total Expenditure	10.30	10.31	7.96	13.51	9.63
	Capital Expenditure/ Total Expenditure	7.94	6.19	7.39	9.28	8.69
	Capital Expenditure on Social and Economic Services/ Total Expenditure	7.69	6.02	7.25	9.09	8.53
III	Management of Fiscal Imbalances					
	Revenue deficit/ GSDP	-2.41	-2.22	-1.76	-3.23	-3.28
	Fiscal deficit/ GSDP	-3.83	-3.42	-2.89	-5.12	-5.10
	Primary Deficit / GSDP	-1.67	-1.30	-0.56	-0.25	-2.52
	Revenue Deficit/ Fiscal Deficit	63.08	64.77	60.81	63.05	64.18
IV	Management of Fiscal Liabilities					
	Fiscal Liabilities/ GSDP	30.58	30.65	32.19	38.57	39.62
	Fiscal Liabilities/ Revenue Receipts	258.39	260.21	294.11	315.91	306.41
V	Other Fiscal Health Indicators					
	Return on Investment (<i>per cent</i>)	1.54	1.59	1.13	1.10	2.17
	Financial Assets/ Liabilities	0.4	0.4	0.4	0.4	0.4

Appendix 1.3

Part A: Summarised position of Liabilities/ Sources of funds
(Reference : Paragraph 1.6.4 Page No.13)

(₹ in crore)

SI No.	As on 31 March 2021	Liabilities/Source of funds	As on 31 March 2022	Increase/ Decrease (-)	Per cent
1	2,05,447.73	Consolidated Fund	2,34,479.86	29,032.13	14.13
a	1,90,474.09	Internal Debt	2,10,791.59	20,317.50	10.67
	1,65,402.04	Market loans	1,83,522.04	18,120.00	10.96
	25,072.05	Others	27,269.55	2,197.50	8.76
b	14,973.64	Loans and Advances from GoI*	23,688.27	8,714.63	58.20
2	100.00	Contingency Fund	100.00	0.00	0.00
3	1,05,829.38	Public Account Liabilities	1,25,780.44	19,951.06**	18.85
a	97,219.13	Small Savings, Provident Funds, etc.	1,15,666.6	18,447.47	18.98
b	4,632.88	Deposits	6,419.34	1,786.46	38.56
c	3,457.91	Reserve Funds	3,372.47	-85.44	-2.47
d	519.46	Suspense and Miscellaneous	322.03	-197.43	-38.01
	3,11,377.11	Total liabilities	3,60,360.30	48,983.19	15.73

Appendix 1.3

Part B: Summarised position of Assets/ Application of funds

(*₹ in crore*)

SI No.	As on 31 March 2021	Assets /Application of funds	As on 31 March 2022	Increase/ Decrease (-)	Per cent
1	1,13,301.05	Consolidated Fund	1,29,807.55	16,506.50	14.57
a	93,575.66	Gross Capital Outlay	1,07,707.11	14,131.45	15.10
b	19,725.39	Loans and Advances made by Government	22,100.44	2,375.05	12.04
2	6,072.44	Public Account	9,009.06	2,936.62	48.36
a	62.27	Advances with Departmental Offices	60.29	(-)1.98	(-)-3.18
b	1,042.19	Remittance Balances	1,473.31	431.12	41.37
c	4,967.98	Cash balance and investment of cash balances	7,475.46	2,507.48	50.47
3	1,19,373.49	Total	1,38,816.61	19,443.14	
4	1,92,003.62	Cumulative excess of expenditure over receipts	2,21,543.69	29,540.07	15.39
	3,11,377.11	Total Assets	3,60,360.30	48,983.19	15.73

** Effective Loans and Advances from GoI for the year 2021-22 would be ₹9,182.96 crore {₹23,688.27 crore - ₹5,766 crore(2020-21) - ₹8,379.31(2021-22) crore} as the Department of Expenditure, GoI had decided that GST compensation of ₹14,145.31 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. For the year 2020-21 the effective Loans and Advances from GoI was ₹ 9,207.64 and the GST compensation was ₹5,766 crore.

* Net Public Account Liabilities is ₹17,014.44 crore (Public Account Liabilities ₹19,951.06 crore – Public Account Assets ₹2,936.62 crore) This differs from ₹17,013.65 crore in Chart 1.4 due to ₹0.81 crore booked under MH 8680-00-102- 'Write off from heads of account closing to balance' and a rounding off difference of ₹0.02 crore.

Appendix 1.4

Summarised financial position of the Government of Kerala
as on 31 March 2022

(Reference: Paragraph 1.7.3 Page No: 14)

(` in crore)

As on 31 March 2021	Liabilities		As on 31 March 2022
1,90,474.09	Internal Debt		2,10,791.59
1,65,402.00	Market Loans bearing interest	1,83,522.00	
0.04	Market Loans not bearing interest	0.04	
647.91	Loans from Life Insurance Corporation of India	447.83	
135.19	Loans from General Insurance Corporation of India	117.79	
3,103.71	Loans from National Bank for Agriculture and Rural Development	2,973.45	
523.60	Loans from National Co-operative Development Corporation	495.97	
827.05	Loans from other institutions	667.09	
19,833.71	Special securities issued to National Small Savings Fund of the Central Government	22,566.54	
0.88	Compensation and other bonds	0.88	
0	Ways and Means Advances from Reserve Bank of India excluding Overdrafts	-	
0	Overdrafts from Reserve Bank of India	-	
14,973.64	Loans and Advances from Central Government		23,688.27
1.16	Pre 1984-85 Loans	1.16	
10.63	Non-Plan Loans	8.84	
6,382.00	Loans for State Plan Schemes	6,023.76	
(*)	Loans for Central Plan Schemes	(*)	
8,579.85	Other loans	17,654.51	
100.00	Contingency Fund (Net)		100.00
97,219.13	Small Savings, Provident Funds, etc.		1,15,666.60
4,632.88	Deposits		6,419.34
3,457.91	Reserve Funds		3,372.47
519.46	Suspense and Miscellaneous		322.03
3,11,377.11	Total		3,60,360.30

(*) ₹ 7,000 only.

Appendix 1.4–Concl.d.

(₹ in crore)

As on 31 March 2021	Assets		As on 31 March 2022
93,575.66 ⁵¹	Gross Capital Outlay on Fixed Assets		1,07,707.11
9,988.05	Investments in shares of Companies, Corporations, etc.	10,481.95	
83,587.61	Other Capital Outlay	97,225.16	
19,725.39 ⁵²	Loans and Advances -		22,100.44
2,755.36	Loans for Power Projects	2,812.04	
16,168.94	Other Development Loans	18,643.36	
801.09	Loans to Government servants and Miscellaneous loans	645.04	
0	Contingency Fund		0
62.27	Advances		60.29
0	Suspense and Miscellaneous Balances		0
1,042.19	Remittance Balances		1,473.31
331.93	Adjustment on account of retirement/disinvestment		392.20
4,967.98	Cash		7,475.46
38.00	Cash in Treasuries and Local Remittances	36.46	
(-)244.42	Deposits with Reserve Bank	(-)330.31	
(-)7.63	Departmental Cash Balance	(-)7.63	
0.53	Permanent Advances	1.13	
2,809.86	Cash Balance Investments	5,230.30	
2,371.64	Reserve Fund Investments	2,545.51	
1,91,671.69 ⁵³	Deficit on Government Account -		2,21,151.49
1,65,855.95	Accumulated deficit at the beginning of the year	1,91,671.69	
25,829.50	Add: (i) Revenue Deficit of the current year	29,539.27	
20.39	(ii) Miscellaneous Government Account	0.80	
34.15	Less: Miscellaneous Capital Receipts	60.27	
3,11,377.11	Total		3,60,360.30

⁵¹ Balance as on 31 March 2021 differs from those shown in the previous year's account due to proforma adjustment vide foot note(b) of Statement 1 of Finance Accounts 2021-22.

⁵² Balance as on 31 March 2021 differs from those shown in the previous year's account due to proforma adjustment vide foot note (c).

⁵³ Balance as on 31 March 2021 differs from those shown in the previous year's account due to proforma adjustment vide foot note (d).

Appendix 1.5
Medium Term Fiscal Plan 2021-22
(Reference: Paragraph 1.7.5 Page No.18)

(₹ in crore)

Item	2017-18 Accounts	2018-19 Accounts	2019-20 Accounts	2020-21 Revised Estimates	2021-22 Budget Estimates	Forward Estimates	
						2022-23	2023-24
Revenue Receipts (A)	83,020.14	92,854.47	90,224.67	93,115.11	1,30,981.06	1,45,209.99	1,58,757.59
State's Own Tax Revenue	46,459.61	50,644.10	50,323.14	45,272.15	71,833.28	81,889.94	93,354.53
Non-Tax Revenue	11,199.61	11,783.24	12,265.22	9,121.27	14,335.79	16,486.16	18,959.08
Resources from Centre	25,360.92	30,427.13	27,636.31	38,721.69	44,811.99	46,833.89	46,443.98
Revenue Expenditure(B)	99,948.35	1,10,316.39	1,04,719.92	1,17,321.54	1,47,891.18	1,59,029.89	1,73,829.75
Non-Interest Revenue Expenditure	84,828.42	93,568.47	85,505.22	97,035.27	1,25,950.98	1,33,689.19	1,46,163.75
Interest	15,119.93	16,747.92	19,214.70	20,286.27	21,940.20	25,340.71	27,666.01
Salaries	31,905.92	31,405.69	31,774.87	28,108.94	39,837.34	43,233.27	46,714.11
Pensions	19,938.41	19,011.94	19,064.29	19,412.45	23,105.98	26,376.58	29,974.24
Non-SPI Revenue Expenditure	32,984.09	43,150.84	34,666.06	49,513.88	63,007.66	64,079.33	69,475.40
Subsidies	1,583.79	1,663.01	1,378.19	4,124.12	2,084.55	2,050.00	2,000.00
Devolution to LSGs	8,470.23	10,278.46	6,861.97	8,289.15	12,398.23	12,436.06	13,914.67
Other Revenue Expenditure	22,930.07	31,209.37	26,425.90	37,100.61	48,524.88	49,593.28	53,560.74
Revenue Deficit (-) / Surplus (+)	-16,928.21	-17,461.92	-14,495.25	-24,206.43	-16,910.12	13,819.90	-15,072.16
Capital Expenditure	10,289.46	9,753.43	9,665.02	11,061.08	14,141.21	16,126.08	18,089.21
Capital outlay	8,748.87	7,430.54	8,454.80	9,390.93	12,596.27	14,503.89	16,385.91
Loan disbursements	1,540.59	2,322.89	1,210.22	1,670.15	1,544.94	1,622.19	1,703.30
Non-Debt Capital Receipts	380.25	257.04	322.80	318.02	353.74	371.43	390.00
Fiscal Deficit (-) / Surplus (+)	-26,837.42	-26,958.31	-23,837.47	-34,949.50	-30,697.59	-29,574.55	-32,771.37
Primary Fiscal Deficit/Surplus	-11,717.49	-10,210.39	-4,622.77	-14,663.23	-8,757.39	-4,233.85	-5,105.36
End of the Period Debt	1,98,608.13	2,23,196.94	2,47,971.44	2,78,564.52	3,12,236.19	3,42,441.98	3,73,864.94
Debt Service	15,119.93	16,747.92	19,214.70	20,286.27	21,940.20	25,340.71	27,666.01
Salary + Pension + Interest	66,964.26	67,165.55	70,053.86	67,807.66	84,883.52	94,950.56	1,04,354.35
Debt Stock	2,10,762.37	2,35,631.50	2,60,311.37	2,96,817.67	3,27,654.70	3,57,229.25	3,90,500.62
Government Guarantees	17,356.46	26,834.65	27,757.01				
Interest/Revenue Receipts (%)	18.21	18.04	21.30	21.79	16.75	17.45	17.43
Debt/ Revenue (%)	253.87	253.76	288.51	318.76	250.15	246.01	245.97
(Salary + Pension + Interest) / Revenue (%)	80.66	72.33	77.64	72.82	64.81	65.39	65.73
(Salary + Pension + Interest) / GSDP (%)	9.54	8.50	8.20	8.25	9.69	9.63	9.41
(Salary + Pension) / GSDP (%)	7.39	6.38	5.95	5.78	7.18	7.06	6.91
Revenue Deficit / Revenue Receipt (%)	20.39	18.81	16.07	26.00	12.91	9.52	9.49
Revenue Deposit / GSDP (%)	2.41	2.21	1.70	2.94	1.93	1.40	1.36
Fixed Deposit / GSDP (%)	3.83	3.41	2.79	4.25	3.50	3.00	2.95
Debt stock / GSDP (%)	30.04	29.82	30.46	36.11	37.39	36.24	35.21
GSDP	7,01,588.00	7,90,302.00	8,54,689.00	8,22,023.00	8,76,283.00	9,85,818.00	11,09,046.00
Nominal GSDP Growth Rate (%)	10.51	12.64	8.15	-3.82	6.60	12.50	12.50
Average Interest rate (%)	7.61	7.50	7.75	7.28	7.03	7.40	7.40

Appendix 2.1

Arrears in Assessments

(Reference: Paragraph 2.3.3.2, Page no. 30)

Head of Revenue	Opening balance	New cases due for assessment during 2020-21	Total assessments due (col.2+3)	Cases disposed off during 2020-21	Balance at the end of the year (col. 4-6)	Percentage of disposal (col. 5 to 4)
Revenue and Disaster Management Department						
1) Building Tax	12,711	1,07,325	1,20,036	97,024	23,012	80.83
2) Plantation Tax	1,257	100	1,357	69	1,288	5.08
R&DM Department Total	13,968	1,07,425	1,21,393	97,093	24,300	79.98
SGST Department						
1) GST	155	1,480	1,635	775	860	47.40
2) a. Sales Tax	936	621	1,557	724	833	46.50
b. Motor Spirit Tax	140	73	213	39	174	18.31
c. Luxury Tax	504	1,804	2,308	2,161	147	93.63
d. Tax on Works Contracts	56	7	63	35	28	55.56
e. Others	11,391	10,724	22,115	21,085	1,030	95.34
2) Taxes on Agricultural Income	24	4	28	20	8	71.43
SGST Department Total	13,206	14,713	27,919	24,839	3,080	88.97

Appendix 2.2
Capital expenditure during 2021-22 compared to 2020-21
(Reference: Paragraph 2.4.3.1 Page No. 52)

(₹ in crore)

Major Heads of Account	2021-22	2020-21	Increase (+)/ Decrease (-)
4202 - Capital Outlay on Education, Sports, Art and Culture	488.32	386.30	102.02
4215 - Capital Outlay on Water Supply and Sanitation	2149.01	1146.16	1002.85
4217 - Capital Outlay on Urban development	19.19	110.11	(-)90.92
4225 - Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	199.77	130.40	69.37
4235 - Capital Outlay on Social Security and Welfare	16.95	34.70	(-)17.75
4402 - Capital Outlay on Soil and water Conservation	49.69	76.07	(-)26.38
4405 - Capital Outlay on Fisheries	281.11	223.83	57.28
4408 - Capital Outlay on Food, Storage and Warehousing	80.39	54.18	26.21
4425- Capital Outlay on Co-operation	17.81	59.11	(-)41.30
4515 - Capital Outlay on other Rural Development Programmes	1,194.05	1,712.44	(-)518.39
4700 - Capital Outlay on Major Irrigation	112.35	83.47	28.88
4702 - Capital Outlay on Minor Irrigation	165.83	117.25	48.58
4711 - Capital Outlay on Flood Control Projects	97.49	36.49	61.00
4860 - Capital Outlay on Consumer Industries	37.10	77.13	(-)40.03
4885 - Other Capital Outlay on Industries and Minerals	244.97	195.61	49.36
5051 - Capital Outlay on Ports and Light Houses	39.36	126.32	(-)86.96
5053 - Capital Outlay on Civil Aviation	10.99	128.50	(-)117.51
5054 - Capital Outlay on Roads and Bridges	3,270.99	2,703.93	567.06
5055 - Capital Outlay on Road Transport	47.18	7.28	39.90
5056 - Capital Outlay on Inland Water Transport	93.13	119.06	-25.93
5075 - Capital Outlay on Other Transport Services	757.51	716.30	41.21
5452 - Capital Outlay on Tourism	152.52	239.76	(-)87.24
5465 - Investments in General Financial and Training Institutions	94.12	400.00	(-)305.88
5475 - Capital Outlay on Other General Economic Services	3,373.66	2,854.59	519.07

Source: Finance Accounts of respective years

Appendix 2.3

Part A: Details of outstanding loans as on 31 March 2022 availed by KIIFB

(Reference: Paragraph 2.9.1 Page No. 68)

(₹ in crore)

Sl. No	Name of Entity from which borrowed	Total Amount borrowed upto 31/03/2022	Balance principal amount as on 31/03/2022
1.	Masala Bond	2,150.00	2,150.00
2.	NABARD	1,365.00	1,230.74
3.	SBI	1,000.00	875.00
4.	UBI	500.00	427.09
5.	Indian Bank	1,000.00	941.20
6.	Syndicate Bank	200.00	190.00
7.	Corporation Bank	250.00	247.92
8.	Bank of Baroda	1,650.00	1,650.00
9.	KIIFB Bonds To KSFE-PRAVASI	646.80	646.79
10.	Loan from Kerala Non-resident Keralites-Welfare Board	291.34	291.34
11.	Bank of India	525.00	525.00
12.	Bank of Maharashtra	890.00	890.00
13.	Canara Bank	500.00	500.00
14.	REC Ltd	2,001.10	2,001.10
15.	HUDCO	500.00	500.00
	Total	13,469.24	13,066.18

Part B: Details of loans raised by KIIFB during 2021-22

(Reference: Paragraph 2.9.1.1 Page No. 68)

Sl. No	Name of Entity from which borrowed	Amount raised during 2021-22 (₹ in crore)
1.	NABARD	800.00
2.	Indian Bank	500.00
3.	Bank of Baroda	1,650.00
4.	Bank of India	525.00
5.	Bank of Maharashtra	890.00
6.	Canara Bank	500.00
7.	KIIFB Bonds To KSFE-PRAVASI Chitty	286.48
8.	Loan from Kerala Non-resident Keralites-Welfare Board	110.20
9.	REC Ltd	2,001.10
10.	HUDCO	500.00
	Total	7,762.78

Appendix 2.4

Part A: Institution-wise details of loans availed by KSSPL and loans outstanding as on 31 March 2022

(Reference: Paragraph 2.9.1 Page No. 68)

(₹ in crore)

Sl. No.	Name of Institutions	2018-19 to 2021-22		Loans Outstanding as on 31 March 2022
		Total Loans availed	Loans Repaid	
1.	Kerala State Beverages Corporation (KSBC)	5,250.00	4,250.00	1,000.00
2.	Kerala State Financial Enterprises (KSFE)	12,270.69	8,150.00	4,120.69
3.	Primary Agricultural Credit Societies (PACS)	10,020.97	6,435.17	3,585.80
4.	Kerala Motor Transport Workers Welfare Fund Board (KTWWB)	2,000.00	0	2,000.00
5.	Kerala Financial Corporation (KFC)	500.00	0	500.00
Total		30,041.66	18,835.17	11,206.49

Part B: Institution-wise details of loans availed by KSSPL during the year 2021-22

(Reference: Paragraph 2.9.1.2 Page No. 69)

Sl. No.	Name of Institutions	Amount (₹ in crore)
1.	Primary Agricultural Credit Societies (PACS)	2,000.00
2.	Kerala State Financial Enterprises (KSFE)	4,050.00
3.	Kerala Financial Corporation (KFC)	500.00
Total		6,550.00

Appendix 2.5
Major defaulters in contributing Guarantee Commission
(Reference: Paragraph 2.9.2 Page No. 71)

Sl. No.	Name of the Institution	Amount
1	Kerala State Road Transport Corporation	103.25
2	Kerala Urban and Rural Development Finance Corporation Limited	43.01
3	KELTRON	17.09
4	Cashew Development Corporation	12.00
5	Travancore Rayons Limited	15.51
6	Kerala Water Authority	42.18
7	Kerala State Co-operative Hospital Complex and Centre For Advanced Medical Service Limited	13.49

Appendix 3.1

List of Budgetary Documents (Reference: Paragraph 3.1.2 Page No. 84)

Sl. No.	Budget Documents	Description
1.	Annual Financial Statement	The Budget
2.	Budget in Brief	Summary documents
3.	Budget at a Glance	
4.	Budget Speech	
5.	Finance Bill/Act	Documents Related to Receipts
6.	Revenue Budget	
7.	Vote On Account for Expenditure from April to July	Documents Related to Expenditure
8.	Demand for Grants Volume I	
9.	Demand for Grants Volume II	
10.	Demand for Grants Volume III	
11.	Debt Budget	
12.	Supplementary Demands for Grants	
13.	Work Appendix II Volume I	
14.	Work Appendix II Volume II	KFR Act related document
15.	Medium Term Fiscal Policy Strategy Statement with Medium Term Fiscal Plan	
16.	Annual Plan Volume-I	Other Related Documents
17.	Staff Appendix (Appendix I Details of Staff)	
18.	Summary Document -XIII Five Year Plan (2017-22) -Schemes and implementing agencies	
19.	Explanatory Memorandum on the Budget	Special Budget Documents
20.	Gender Budget & Child Budget	
21.	Performance Budget	
22.	Concurrent Evaluation & Monitoring of Schemes (CEMS)	
23.	Appendix – IV (Provisions for LSGD Institutions)	

Appendix 3.2

**Details of cases where supplementary provision proved unnecessary
(Reference: Paragraph 3.3.2(a), Page No. 91)**

(₹ in crore)

Sl. No.	Name of the Grant/ appropriation	Category*	Chief Controlling Officer	Original	Supplementary	Total Budget	Actual expenditure	Saving out of Provisions
(1)	(2)	(3)	(4)	(4)	(5)	(4+5=6)	(7)	(8)
1	I-State Legislature	R(V)	The Secretary, Kerala Legislature Secretariat	160.00	16.03	176.03	154.16	21.88
		R(C)		0.78	0.08	0.86	0.63	0.23
2	II-Heads of States, Ministers and Headquarters Staff	R(V)	The Principal Secretary, Planning and Economic Affairs Department	793.00	52.88	845.88	787.76	58.12
3	VI-Land Revenue	R(V)	The Commissioner, Land Revenue	896.02	41.00	937.02	876.84	60.17
4	XIV-Stationery and Printing and Other Administrative Services	C(V)	The Principal Secretary to Government, General Administration Department	8.88	2.00	10.88	4.52	6.36
5	XV-Public Works	R(V)	The Chief Engineer, Buildings and Local Works, PWD	3,711.23	256.03	3,967.26	3,419.19	548.07
6	XXI-Housing	R(V)	The Secretary, Kerala State Housing Board	111.07	20.29	131.36	108.95	22.40
		C(V)	The Chief Engineer, Buildings and Local Works	36.21	8.90	45.11	21.84	23.28
7	XXIV-Labour, Labour Welfare and Welfare of Non-Residents	R(V)	The Labour Commissioner	1,103.78	122.41	1226.19	975.62	250.57
		C(V)		177.42	6.89	184.31	153.28	31.04
8	XXV-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	R(V)	The Director of Backward Classes Development Department	2,961.90	80.00	3041.9	2802.43	239.48
		C(V)	The Director, Directorate of Minority Welfare	240.14	63.92	304.06	199.77	104.30
9	XXVII-Co-operation	C(V)	The Registrar of Co-operative Societies	135.35	3.00	138.35	57.80	80.55

Appendix 3.2 - Concl.d.

Sl. No.	Name of the Grant/ appropriation	Category*	Chief Controlling Officer	Original	Supplementary	Total Budget	Actual expenditure	Saving out of Provisions
(1)	(2)	(3)	(4)	(4)	(5)	(4+5=6)	(7)	(8)
10	XXIX-Agriculture	C(V)	The Chief Engineer (Irrigation & Administration) The Director, Soil Survey & Soil Conservation Department The Director, Department of Agriculture Development and Farmer's Welfare	281.99	19.23	301.22	248.62	52.59
11	XXXI-Animal Husbandry	C(V)	The Chief Engineer, Buildings and Local Works, PWD	21.33	0.47	21.80	20.05	1.74
12	XXXVII-Industries	R(V)	The Director of Industries and Commerce	538.98	42.16	581.14	524.10	57.04
		C(V)	The Director of Coir Development The Director of Handlooms and Textiles	1,074.37	32.80	1,107.17	758.21	348.96
13	XXXVIII-Irrigation	R(C)	The Chief Engineer, Project I and II (Irrigation) The Chief Engineer (Irrigation & Administration) The Chief Engineer, Irrigation Design & Research Board (IDRB)	0.05	1.31	1.36	0.00	1.36
14	XXXIX-Power	R(V)	The Secretary to Government, Power Department	415.44	0.03	415.47	380.91	34.56
15	XLIII-Compensation and Assignments	R(V)	The Additional Chief Secretary to Government	10,448.43	1,056.75	11,505.18	9,734.72	1,770.47
16	XLVI-Social Security and Welfare	R(V)	The Secretary to Government, Social Justice Department	10,701.02	110.48	10,811.5	8,845.93	1,965.57
17	LXI-Public Debt Repayment	C(C)	The Additional Chief Secretary to Government, Finance Department	52,446.25	12.33	52,458.58	35,900.00	16,558.59
Total		Cases 22		86,263.64	1,948.99	88,212.63	65,975.33	22,237.33

Source: Compilation from VLC data

*R(V)- Revenue Voted, R(C)- Revenue Charged, C(V)- Capital Voted, C(C)- Capital Charged

Appendix 3.3

Details of cases where supplementary provision (₹25 crore or more in each case) proved excessive
(Reference: Paragraph 3.3.2(b) Page No. 92)

(₹ in crore)

Sl. No.	Name of the Grant	Category*	Original	Supplementary	Total Budget	Actual expenditure	Savings out of Provisions
(1)	(2)	(3)	(4)	(5)	(4+5 = 6)	(7)	(8)
1	III - Administration of Justice	R(V)	964.83	96.33	1,061.16	1,054.41	6.75
2	V - Agricultural Income Tax and Sales Tax	R(V)	415.97	39.01	454.98	432.59	22.39
3	IX - Taxes on Vehicles	R(V)	211.65	34.50	246.15	241.71	4.45
4	X - Treasury and Accounts	R(V)	385.04	36.15	421.19	417.89	3.30
5	XI - District Administration and Miscellaneous	R(V)	838.73	97.88	936.61	909.43	27.18
6	XII - Police	R(V)	4,465.08	724.20	5,189.28	5,084.69	104.60
7	XV - Public Works	C(V)	1,754.71	2,466.90	4,221.61	3,546.91	674.70
		C(V)	30.00	43.55	73.55	47.30	26.25
8	XVII - Education, Sports, Art and Culture	R(V)	23,572.79	1,586.50	25,159.29	25,142.78	16.51
9	XVIII - Medical and Public Health	C(V)	236.60	96.06	332.66	296.57	36.08
		R(V)	9,601.55	1,541.38	11,142.93	11,050.57	92.36
10	XIX- Family Welfare	R(V)	525.26	197.00	722.26	719.38	2.88
11	XX - Water Supply and Sanitation	C(V)	1,115.15	1,511.22	2,626.37	2,149.01	477.37
12	XXX - Food	R(V)	2,842.26	1,306.00	4,148.26	3,731.78	416.47
13	XXXIII - Fisheries	R(V)	387.22	110.00	497.22	438.85	58.37
		C(V)	238.32	129.16	367.48	331.75	35.73
14	XXXV - Panchayat	C(V)	320.00	125.07	445.07	433.91	11.16
15	XXXVIII - Irrigation	R(V)	468.25	80.52	548.77	522.43	26.34
16	XXXIX - Power	C(V)	37.60	27.25	64.85	58.32	6.52
17	XLI- Transport	C(V)	1,444.70	1,804.16	3,248.86	3,190.50	58.36
18	Debt Charges	R(V)	21,940.20	1,593.52	23,533.72	23,315.31	218.41
Total		21 cases	71,795.91	13,646.36	85,44,227.00	83,116.09	2,326.18

Source: Compilation from VLC data

Revenue Voted, R(C)-Revenue Charged, C(V)-Capital Voted, C(C)-Capital Charged

Appendix 3.4

List of grants having large savings (savings above ₹100 crore) and surrender therefrom during the year
(Reference: Paragraph 3.3.4.3 Page No: 100)

(₹ in crore)

Sl. No	Number and name of the grant	Original	Supplementary	Total	Actual	Saving	Surrender	Percentage of Surrender	Savings excluding surrender
Revenue (Voted)									
1	XII-Police	4,465.08	724.20	5,189.29	5,084.69	104.60	56.68	54.19	47.91
2	XV-Public Works	3,711.23	256.03	3,967.26	3,419.19	548.07	329.99	60.21	218.08
3	XXII-Urban Development	1,899.43	0.00	1,899.43	919.09	980.34	971.76	99.12	8.59
4	XXIV-Labour, Labour Welfare and Welfare of Non-Residents	1,103.78	122.41	1,226.19	975.62	250.57	220.53	88.01	30.04
5	XXV-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2,961.90	80.00	3,041.90	2,802.43	239.48	233.14	97.36	6.33
6	XXVII-Co-operation	481.03	0.00	481.03	379.86	101.18	99.05	97.90	2.13
7	XXIX-Agriculture	3,518.73	0.00	3,518.73	2,771.69	747.04	700.31	93.75	46.72
8	XXX-Food	2,842.26	1,306.00	4,148.25	3,731.78	416.47	29.74	7.14	386.73
9	XXXV-Panchayat	933.37	0.00	933.37	575.87	357.50	352.37	98.56	5.14

Appendix 3.4 Concl.d.

(₹ in crore)

Sl. No	Number and name of the grant	Original	Supplementary	Total	Actual	Saving	Surrender	Percentage of Surrender	Savings excluding surrender
10	XXXVI-Rural Development	4,252.68	0.00	4,252.68	1,068.59	3,184.09	3,181.41	99.92	2.68
11	XLIII-Compensation and Assignments	10,448.43	1,056.75	11,505.18	9,734.72	1,770.47	1,762.23	99.53	8.24
12	XLVI-Social Security and Welfare	10,701.02	110.48	10,811.50	8,845.93	1,965.57	1,961.98	99.82	3.60
Total		47,318.96	3,655.88	50,974.83	40,309.46	10,665.37	9,899.19	92.82	766.18
Capital (Voted)									
13	XV-Public Works	1,754.71	2,466.90	4,221.60	3,546.91	674.70	433.18	64.20	241.52
14	XX-Water Supply and Sanitation	1,115.15	1,511.22	2,626.37	2,149.01	477.37	470.88	98.64	6.49
15	XXII-Urban Development	185.01	0.00	185.01	19.19	165.82	131.14	79.08	34.68
16	XXV-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	240.14	63.92	304.06	199.77	104.30	101.26	97.09	3.04
17	XXVIII-Miscellaneous Economic Services	4,147.16	0.00	4,147.16	3,470.03	677.13	671.73	99.20	5.41
18	XXXVI-Rural Development	1,387.81	0.00	1,387.81	760.14	627.67	562.78	89.66	64.89
19	XXXVII-Industries	1,074.37	32.80	1,107.17	758.21	348.96	334.68	95.91	14.28
Total		9,904.35	4,074.84	13,979.19	10,903.24	3,075.95	2,705.64	623.79	370.31
Capital (Charged)									
20	LXI-Public Debt Repayment	52,446.25	12.33	52,458.58	35,900.00	16,558.58	16,558.58	100.00	0
Total		52,446.25	12.33	52,458.58	35,900.00	16,558.58	16,558.58	100.00	0
Grand Total		1,09,669.55	7,743.05	1,17,412.60	87,112.70	30,299.91	29,163.41		1,136.49

Appendix 3.5

Grants/ appropriations (divided into revenue/ capital and voted/ charged) with budget utilisation less than 50 per cent under each section

(Reference: Paragraph 3.3.4.3 Page No: 100)

(₹ in crore)

Sl No.	Grant	Category	Original Grant	Supplementary Grant	Total Grant	Expenditure	Savings (-)	Surrender	Utilisation percentage
1	-2	-3	-4	-5	(4+5=6)	-7			-8
1	V-Goods and Service Tax, Agricultural Income Tax and Sales Tax	Revenue Charged	2.27	0	2.27	0.003	-2.267	2.26	0.17
2	VIII-Excise	Revenue Charged	0.1	0	0.1	0	-0.1	0.1	0
3	XIV-Stationery and Printing and Other Administrative Services	Capital Voted	8.88	2	10.88	4.52	-6.36	6.36	41.54
		Revenue Charged	0.15	0.3	0.44	0.17	-0.27	0.01	38.32
4	XVIII-Medical and Public Health	Revenue Charged	0.12	0	0.12	0.03	-0.09	0.09	22.42
5	XIX-Family Welfare	Revenue Charged	0.01	0	0.01	0	-0.01	0.01	0
6	XXI-Housing	Capital Voted	36.21	8.9	45.11	21.84	-23.27	23.28	48.41
7	XXII-Urban Development	Capital Voted	185.01	0	185.01	19.19	-165.82	131.14	10.37
		Revenue Charged	0.01	0	0.01	0	-0.01	0.01	0
		Revenue Voted	1,899.43	0	1,899.43	919.09	-980.34	971.76	48.39
8	XXIII-Information and Publicity	Capital Voted	4.2	0	4.2	0.36	-3.84	3.83	8.6
9	XXVII-Co-operation	Capital Voted	135.35	3	138.35	57.8	-80.55	80.23	41.78

Appendix - 3.5 Concl.d.

Sl No.	Grant	Category	Original Grant	Supple- mentary Grant	Total Grant	Expen- diture	Savings (-)	Surrender	Utilisation percentage
1	-2	-3	-4	-5	(4+5=6)	-7			-8
10	XXIX- Agriculture	Revenue Charged	0.1	0	0.1	0	-0.1	0.1	3
11	XXXVI-Rural Development	Revenue Voted	4,252.68	0	4,252.68	1,068.59	-3,184.1	3,181.41	25.13
12	XXXVIII- Irrigation	Revenue Charged	0.05	1.31	1.36	0	-1.36	1.36	0
13	XLVI-Social Security and Welfare	Capital Voted	100.19	0	100.19	17.45	-82.74	77.16	17.41
		Total	6,624.76	15.51	6,640.26	2,109.04	-4,531.2	4,479.11	

Source: Compilation from VLC data

Appendix 3.6

List of Grants having Persistent Savings from 2017-18 to 2021-2022
(Reference: Paragraph 3.3.4.4; page No: 100)

(₹ in crore)

Sl. No.	Name of the Grant	Amount of savings (savings as a percentage of total provision)				
		2017-18	2018-19	2019-20	2020-21	2021-22
1	II-Heads of States, Ministers and Headquarters Staff	237.65 (24.92)	211.31 (20.92)	279.36 (28.99)	214.56 (23.56)	70.22 (6.48)
2	III-Administration of Justice	48.74 (5.73)	51.60 (5.67)	50.97 (5.40)	121.10 (12.77)	7.68 (0.61)
3	V-Agricultural Income Tax and Sales Tax	19.62 (5.44)	25.03 (6.87)	31.35 (9.14)	20.58 (6.16)	24.66 (5.39)
4	VI-Land Revenue	42.03 (6.12)	71.85 (9.90)	43.03 (6.27)	109.51 (15.38)	60.18 (6.42)
5	VIII-Excise	29.97 (9.69)	35.76 (11.18)	13.01 (4.31)	30.17 (10.08)	5.05 (1.29)
6	IX-Taxes on Vehicles	14.98 (10.00)	5.84 (3.80)	12.52 (7.03)	18.18 (10.85)	4.45 (1.81)
7	X-Treasury and Accounts	1.50 (0.62)	14.73 (4.87)	20.43 (6.64)	35.82 (11.61)	3.30 (0.78)
8	XI-District Administration and Miscellaneous	40.72 (5.25)	31.83 (4.23)	53.29 (6.79)	16.57 (2.04)	27.30 (2.91)
9	XII-Police	328.06 (8.26)	454.82 (10.98)	464.10 (11.33)	475.84 (12.26)	91.19 (1.74)
10	XIV-Stationery and Printing and Other Administrative Services	48.55 (9.07)	61.19 (10.71)	71.79 (12.71)	77.20 (13.97)	8.37 (1.24)
11	XVII-Education, Sports, Art and Culture	1,145.22 (5.59)	1,853.82 (8.64)	2,655.01 (12.24)	4,275.81 (19.95)	1.10 (0.00)
12	XVIII-Medical and Public Health	297.73 (4.49)	871.73 (11.51)	218.01 (3.02)	633.45 (6.98)	128.80 (1.12)
13	XXI-Housing	59.84 (34.32)	127.94 (65.67)	126.28 (60.47)	22.95 (12.42)	45.67 (25.84)
14	XXII-Urban Development	1,134.05 (62.48)	1,784.01 (59.94)	1,114.61 (50.47)	973.60 (37.96)	1,146.18 (54.52)
15	XXIII-Information and Publicity	16.18 (15.28)	16.91 (14.94)	32.52 (30.38)	6.59 (5.55)	8.89 (8.36)
16	XXIV-Labour, Labour Welfare and Welfare of Non-Residents	337.66 (21.54)	240.70 (14.54)	730.85 (46.77)	311.43 (23.77)	281.60 (19.96)

Appendix 3.6 Concl.

(₹ in crore)

Sl. No.	Name of the Grant	Amount of savings (savings as a percentage of total provision)				
		2017-18	2018-19	2019-20	2020-21	2021-22
17	XXV-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	451.68 (13.06)	717.78 (20.71)	1190.42 (36.44)	226.02 (7.41)	343.77 (10.27)
18	XXVII-Co-operation	168.96 (25.10)	184.72 (18.50)	219.38 (36.58)	51.39 (9.32)	181.72 (29.34)
19	XXVIII-Miscellaneous Economic Services	1,638.10 (53.82)	1,768.09 (49.56)	3,799.47 (61.43)	1,239.99 (26.67)	676.30 (15.40)
20	XXIX-Agriculture	874.66 (21.46)	1,012.45 (23.82)	1,734.51 (43.97)	579.57 (16.47)	799.73 (20.94)
21	XXX-Food	361.82 (18.85)	522.80 (25.94)	583.50 (30.84)	959.36 (13.63)	416.64 (9.79)
22	XXXII-Dairy	8.79 (4.26)	28.37 (13.38)	45.02 (24.45)	11.84 (7.17)	10.73 (5.72)
23	XXXIII-Fisheries	162.9 (18.72)	294.23 (31.99)	251.46 (35.10)	70.78 (11.24)	94.12 (10.88)
24	XXXIV-Forest	141.99 (18.78)	135.15 (18.44)	105.79 (15.58)	29.43 (4.33)	12.93 (1.62)
25	XXXV-Panchayat	165.70 (13.61)	568.97 (40.82)	608.98 (44.83)	218.27 (15.34)	368.66 (26.74)
26	XXXVI-Rural Development	3,033.34 (74.95)	2,689.82 (69.47)	3,915.81 (71.63)	2,485.03 (46.31)	3,811.76 (67.58)
27	XXXVII-Industries	324.02 (16.88)	530.48 (30.31)	883.72 (54.62)	194.39 (11.48)	406.01 (23.01)
28	XXXVIII-Irrigation	192.01 (20.30)	280.02 (32.98)	293.99 (37.02)	355.60 (40.97)	104.91 (11.63)
29	XXXIX-Power	29.19 (14.05)	171.28 (87.89)	491.90 (94.00)	58.97 (5.91)	41.09 (8.55)
30	XL-Ports	156.21 (37.18)	68.29 (24.03)	56.67 (33.53)	49.01 (22.12)	32.89 (22.60)
31	XLI-Transport	296.38 (13.47)	266.7 (14.08)	481.85 (21.21)	107.04 (3.59)	63.97 (1.85)
32	XLIII-Compensation and Assignments	1,036.40 (12.57)	1,526.69 (14.62)	3,859.49 (38.79)	252.60 (2.59)	1,770.47 (15.39)
33	XLV-Miscellaneous Loans and Advances	178.85 (73.43)	8.86 (2.41)	1.66 (10.60)	4.89 (32.98)	1.80 (8.34)
34	XLVI-Social Security and Welfare	613.66 (8.69)	1,770.63 (31.19)	600.34 (13.37)	402.99 (2.83)	2,048.32 (18.77)

Appendix 3.7
Schemes with low percentage (less than 50 per cent) of budget utilisation
(Reference: Paragraph 3.3.4.5 Page No: 100)

(₹ in crore)

Sl No.	Head of account	Total Grant	Expenditure	Percentage utilisation
	XIV-Stationery and Printing and Other Administrative Services			
1	4058-00-103-95(V)-Modernisation of Government Presses	6.50	0.91	13.93
2	4058-00-103-99(V)-Construction of buildings for Government Presses	1.50	0.73	48.95
	XXI-Housing			
3	2216-80-800-89(V)-EMS Housing Scheme-Assistance to LSGI's to meet interest liability of loans availed from Co-operative Banks and Commercial Banks	2.00	0.10	5.17
4	4216-01-700-86(V)-Construction of quarters for Judges (60% CSS)	15.00	0.14	0.93
5	4216-80-201-97(V)-Aswas Rental Housing Scheme	6.00	1.80	30.00
	XXII-Urban Development			
6	2217-05-001-64(V)-Scheme for Preparing Master Plans and Detailed Town Plans	2.00	0.92	45.82
7	2217-05-051-98(V)-Construction of New Building for the newly formed Municipalities	7.00	1.00	14.29
8	2217-05-191-35(V)-Greater Cochin Development Authority	2.00	0.00	0.00
9	2217-05-191-48(V)-Block Grants for Centrally Sponsored Schemes	1,006.15	335.21	33.32
10	2217-05-192-48(V)-Block Grants for CSS	638.85	271.82	42.55
11	2217-80-800-58(V)-Establishing a System for Third Party Quality Monitoring of Constructions Under Local Governments	2.00	0.00	0.00
12	4217-60-051-95(V)-Total Housing Scheme - Urban (LIFE - Parppida Mission)	185.00	15.60	8.43
	XXIII-Information and Publicity			
13	2220-01-001-96(V)-Special Public Relations Campaigns	4.50	1.85	41.01
14	2220-01-105-98(V)-Production of Video Documentary Films	4.00	1.78	44.53
15	2220-60-106-93(V)-Outdoor Publicity Campaign	6.00	0.03	0.43
16	2220-60-800-77(V)-Sutharya Keralam - Phone-in-Programme through Doordarshan/All India Radio	5.50	1.35	24.46
17	4220-60-101-64(V)-Modernisation of Tagore Theatre	3.60	0.08	2.32

Appendix 3.7 Contd.

Sl No.	Head of account	Total Grant	Expenditure	Percentage utilisation
	XXVII-Co-operation			
18	2425-00-101-98(V)-Administrative Reforms in Co-operative Department	2.78	0.33	11.74
19	2425-00-107-64(V)-Assistance for promoting production, Procurement/Storage, Processing and marketing of Agricultural products	3.00	1.00	33.33
20	2425-00-107-65(V)-Assistance to Grameen Markets or Vegetable Collection Centres in Panchayats, Municipalities and Municipal Corporations through PACS	4.00	0.03	0.75
21	2425-00-107-66(V)-Modernisation of Credit Co-operatives - Introduction of new technology in Co-operative sector	20.00	0.01	0.05
22	2425-00-108-32(V)-Assistance to Co-operative Entrepreneurship-Employment Generation Scheme	2.00	0.00	0.00
23	2425-00-108-36(V)-Assistance to Primary Marketing Co-operatives to strengthen the agricultural marketing sector	1.50	0.13	8.96
24	2425-00-108-42(V)-Assistance for development of SC/ST Co-operatives	11.60	5.37	46.31
25	2425-00-108-49(V)-Assistance to Consumer Co-operatives and Neethi Stores	2.50	1.00	39.82
26	2425-00-108-60(V)-Assistance to Co-operative for promotion of large-scale commercial operations	2.50	1.07	42.79
27	2425-00-108-67(V)-Assistance to Miscellaneous Co-operatives	4.50	1.41	31.40
28	2425-00-108-76(V)-Integrated Development of Primary Agricultural Credit Societies (NCDC 100%)	1.35	0.42	31.32
29	2425-00-108-80(V)-Subsidy to Co-operatives for Conducting Festival Markets	80.00	29.42	36.77
30	4425-00-107-84(V)-Assistance to Co-operative Entrepreneurship Employment Generation Scheme	1.00	0.20	20.00
31	4425-00-107-89(V)-Investment/Contribution to PACS	6.00	0.47	7.83
32	4425-00-108-29(V)-Legislative Assembly Constituency Asset Development Scheme (LAC ADS)	1.00	0.00	0.00
33	4425-00-108-34(V)-Share Capital Contribution for Development of SC/ST Co-operatives	2.40	1.16	48.37
34	4425-00-108-71(V)-Integrated Development of Primary Agricultural Credit Societies (100% NCDC)	13.64	0.00	0.00
35	6425-00-107-72(V)-Assistance to Primary Agricultural Credit Co-operatives	2.00	0.15	7.70
36	6425-00-108-10(V)-Loans to Co-operatives under NABARD's RIDF	48.00	19.92	41.50
37	6425-00-108-11(V)-Assistance to Miscellaneous Co-operatives	1.50	0.74	49.35
38	6425-00-108-74(V)-Integrated Co-operative Development Project - NCDC Assistance	15.81	0.00	0.00

Appendix 3.7 Contd.

Sl No.	Head of account	Total Grant	Expenditure	Percentage utilisation
	XXXVI-Rural Development			
39	2505-02-101-99(V)-Mahatma Gandhi National Rural Employment Guarantee Programme (90% CSS)	3,140.39	114.21	3.64
40	2515-00-102-31(V)-Incentivising District Plans - Rural	20.00	0.00	0.00
41	2515-00-789-99(V)-Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) - Water Shed Component	2.50	1.05	42.19
42	4515-00-102-49(V)-Total Housing Scheme - Rural (LIFE - Parppida Mission)	410.41	46.25	11.27
43	4515-00-800-48(V)-Special Livelihood Restoration Package in Flood affected areas - implemented through Kudumbasree	60.00	27.24	45.40
	XLVI-Social Security and Welfare			
44	2235-02-101-68(V)-Issuing Disability Certificate Cum Identity Cards to Disabled Persons	1.00	0.18	17.53
45	2235-02-101-73(V)-Model Programme for Support and Rehabilitation of Adult Mentally Challenged Persons	5.00	0.78	15.51
46	2235-02-102-27(V)-Establishment of Apex Training Centre and Balabhavan at Pinarayi Grama Panchayath	1.00	0.00	0.00
47	2235-02-102-28(V)-National Nutrition Mission (80% CSS)	81.59	30.31	37.15
48	2235-02-102-38(V)-National Creche Scheme (60% CSS)	7.83	3.53	45.09
49	2235-02-102-39(V)-Supplementary Nutrition Programme for Children (50% CSS)	352.13	134.97	38.33
50	2235-02-102-41(V)-Integrated Rural Technology Centre Training Programme to AWWs in Pre-School Education	1.50	0.20	13.19
51	2235-02-102-44(V)-ICDS Training Programme (60% CSS)	3.00	1.34	44.78
52	2235-02-102-93(V)-C.H.Muhammed Koya Memorial State Institute for the Mentally Handicapped, Pangappara	9.00	3.60	39.97
53	2235-02-103-56(V)-Pradhan Manthri Mathru Vandana Yojna (60% CSS)	75.00	34.13	45.50
54	2235-02-103-80(V)-Gender Park	15.50	1.71	11.02
55	2235-02-104-79(V)-National Action Plan for Senior Citizens (60% CSS)	8.45	0.60	7.09
56	2235-02-106-93(V)-Assistance to Aftercare and Follow up Services and Victim Rehabilitation	2.50	1.20	47.87
57	2235-02-191-50(V)-Block Grant for Revenue Expenditure	14.51	5.23	36.01

Appendix 3.7 Concl.

SI No.	Head of account	Total Grant	Expenditure	Percentage utilisation
58	2235-02-196-50(V)-Block Grant for Revenue Expenditure	35.94	16.46	45.80
59	2235-02-197-50(V)-Block Grant for Revenue Expenditure	4.88	2.04	41.73
60	2235-03-191-48(V)-Block Grant for CSS	22.51	0.00	0.00
61	2235-03-192-48(V)-Block Grant for CSS	25.51	0.00	0.00
62	2235-03-198-48(V)-Block Grant for CSS	102.01	0.00	0.00
63	2235-60-200-63(V)-National Action Plan for Drug Demand Reduction (NAPDDR)-100% CSS	31.70	0.14	0.45
64	4235-02-101-98(V)-Creation of Barrier Free Environment to Persons with Disabilities under Accessible India Campaign (100% CSS)	34.30	0.00	0.00
65	4235-02-101-99(V)-Barrier Free Kerala Scheme	9.00	1.52	16.90
66	4235-02-102-87(V)-Construction of Model Anganwadies	11.00	1.68	15.24
67	4235-02-102-88(V)-Construction of District Early Intervention Centre	1.50	0.00	0.00
68	4235-02-103-95(V)-Setting up of Vanitha Mithra Kendra-Construction of Working Women's Hostel (60% CSS)	16.18	1.85	11.42
69	4235-02-103-96(V)-Modernisation of Social Justice Offices and Welfare Institutions	2.00	0.94	46.96
70	4235-02-190-95(V)-Investment in Kerala State Welfare Corporation for Forward Communities	5.00	0.00	0.00
71	4235-02-190-99(V)-Corporation for the Welfare of the Physically Handicapped - Investments	4.00	0.00	0.00
72	6235-02-190-98(V)-Loans to Kerala State Women's Development Corporation	5.00	0.00	0.00
	Total	6,646.52	1,127.31	16.96

Appendix 3.8

Schemes with Excess Expenditure (₹ five crore and above) during 2021-22
(Reference: Paragraph 3.3.5.2 ; page No. 102)

(₹ in crore)

SI No	Head of Account	Total provision	Expenditure	Excess
1	2	3	4	5= 4-3
Revenue/ Capital Voted				
VII-Stamps and Registration				
1	2030-02-102-99-Expenses on Sale of Stamps	34.00	39.51	5.51
XII-Police				
2	2055-00-003-94-Kerala Police Academy - In-service Cadets	2.51	10.38	7.87
3	2055-00-101-98-Special Branch C.I.D	128.14	135.22	7.08
4	2055-00-101-99-Crime Branch	101.07	110.51	9.43
5	2055-00-104-98-India Reserve Battalion	82.28	93.77	11.49
6	2055-00-104-99-Armed Police	524.54	573.21	48.67
7	2055-00-107-99-State Industrial Security Force	44.08	55.14	11.06
8	2055-00-109-99-District Force	3,029.07	3,482.18	453.11
9	2055-00-111-99-Railway Police	56.66	64.51	7.86
10	2055-00-114-99-Wireless Unit	60.98	68.66	7.69
11	2062-00-104-99-Vigilance	100.97	108.58	7.61
12	4055-00-207-88-Installation of CCTV cameras in Police Stations	0.00	11.89	11.89
XIII-Jails				
13	2056-00-101-99-Jails	154.94	170.98	16.04
XVI-Pensions and Miscellaneous				
14	2071-01-101-94-Medical Allowance to Pensioners	185.40	303.98	118.58
15	2071-01-101-96-Introduction of ex-gratia Pension	55.71	62.29	6.58
16	2071-01-107-97-Cost of Remittance of Pension by Money orders	0.00	29.62	29.62
17	2071-01-115-99-Leave encashment benefits	683.84	747.31	63.46

Appendix 3.8 – Contd.

SI No	Head of Account	Total provision	Expenditure	Excess
1	2	3	4	5= 4-3
18	2071-01-117-95-Government backlog contribution to National Pension System - State Government Employees	46.77	59.08	12.31
19	2075-00-103-95-Net proceeds of Lotteries transferred to Karunya Benevolent Fund	0.00	44.22	44.21
20	2075-00-800-40-Contribution to Chief Minister's Distress Relief Fund	464.31	514.10	49.79
21	2075-00-800-72-Miscellaneous Payments and Other Liabilities	1,051.00	4,419.30	3,368.30
XVII-Education, Sports, Art and Culture				
22	2202-01-101-98-Upper Primary Schools	1,300.21	1,494.13	193.92
23	2202-01-101-99-Lower Primary Schools	1,513.13	1,651.24	138.12
24	2202-01-102-99-Teaching Grant	4,759.27	5,453.49	694.22
25	2202-02-109-78-Government Vocational Higher Secondary Schools	295.99	316.71	20.71
26	2202-02-109-86-Higher Secondary Education (Plus Two Courses)	1,327.51	1,570.30	242.79
27	2202-02-110-94-Aided Higher Secondary Schools - Teaching Grant	1,873.39	2,120.10	246.71
28	2202-02-110-95-Aided Vocational Higher Secondary Schools - Teaching Grant	264.22	280.90	16.68
29	2202-02-110-99-Teaching Grant	3,030.52	3,475.25	444.73
30	2202-03-103-93-Training Colleges	13.26	19.11	5.85
31	2202-03-103-98-Sanskrit Colleges	11.72	20.86	9.14
32	2202-03-103-99-Arts and Science Colleges	440.23	765.31	325.08
33	2203-00-104-97-Private Polytechnics	41.26	47.05	5.79
34	2203-00-105-91-Setting up of Polytechnics by upgrading Technical High Schools	42.36	50.40	8.04

Appendix 3.8 – Contd.

SI No	Head of Account	Total provision	Expenditure	Excess
1	2	3	4	5= 4-3
35	4202-01-202-91-Infrastructure facilities	40.89	56.21	15.32
36	4202-01-202-92-Vocational Higher Secondary Education	7.00	12.39	5.39
37	4202-01-202-93-Infrastructure - School Education	103.90	141.44	37.54
38	4202-01-203-83-Colleges Infrastructure Upgradation Programme (CIUP)	13.94	20.56	6.62
39	4202-02-103-99-Technical High School Buildings	6.00	11.24	5.24
40	4202-02-104-99-Polytechnic Buildings	17.30	29.75	12.45
41	4202-02-105-90-Development of other Engineering Colleges	12.66	17.91	5.26
42	4202-02-105-99-Buildings	12.31	17.46	5.14
43	6202-02-105-98-Loans to Institute of Human Resources Development (IHRD)	25.00	35.00	10.00
XXVIII-Miscellaneous Economic Services				
44	3475-00-201-99-Land Board and Land Tribunals under the Kerala Land Reforms Act 1963	47.69	54.48	6.79
45	5465-01-190-96-Participation in the issue of shares in the regional Rural Banks	0.00	94.12	94.12
46	5475-00-115-93-Post Flood Projects Under the Rebuild Kerala Initiative (KfW Aided - RKDP Project Loan))	0.00	125.00	125.00
48	5475-00-115-98-Share of KIIFB from Motor Vehicle Tax	1,000.00	1,568.08	568.08
49	5475-00-800-77-Capital Works / Projects under Land Revenue	0.00	52.09	52.09
50	5475-00-800-91-Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS)	20.00	25.91	5.91

Appendix 3.8 – Contd.

SI No	Head of Account	Total provision	Expenditure	Excess
1	2	3	4	5= 4-3
XXIX-Agriculture				
51	2401-00-001-96-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	415.61	436.01	20.40
52	2401-00-104-71-Paramparagat Krishi Vikas Yojana (PKVY)	0.00	12.85	12.85
53	2401-00-109-57-Mission for Integrated Development of Horticulture (60% CSS)	0.00	31.15	31.15
54	2401-00-109-58-Sub Mission on Agricultural Mechanisation (SMAM) (60% CSS)	0.00	109.79	109.79
55	2401-00-109-59-Rashtriya Krishi Vikas Yojana (60% CSS)	0.00	71.99	71.99
56	2401-00-110-82-Restructured State Crop Insurance Scheme	20.00	31.80	11.80
57	2401-00-789-78-Sub Mission on Agricultural Mechanisation (SMAM) (60% CSS)	0.00	15.91	15.91
58	2401-00-789-79-Rashtriya Krishi Vikas Yojana (60% CSS)	0.00	7.21	7.21
59	2401-00-800-91-Contingency Programme to meet Natural Calamities	7.50	67.29	59.79
60	2402-00-001-99-Directorate and District Offices	9.36	14.59	5.24
61	2415-03-277-99-Kerala Veterinary and Animal Sciences University	133.98	140.33	6.35
62	2435-01-101-85-Market Intervention Support for Price Stabilisation	20.00	27.27	7.27
63	2702-01-800-94-Minor Irrigation Projects Maintenance	36.10	53.87	17.77
64	2702-03-101-98-Other Maintenance Expenditure	14.00	31.61	17.61
65	4402-00-800-75-Sahasra Sarovar Scheme & Drainage and Flood protection Project - RIDF	13.28	18.74	5.46
66	4435-01-101-97-RIDF Projects	7.50	16.02	8.52

Appendix 3.8 – Concl.d.

SI No	Head of Account	Total provision	Expenditure	Excess
1	2	3	4	5= 4-3
67	4702-00-101-63-Renovation of Tanks and Ponds - Schemes under Haritha Keralam	8.00	13.05	5.05
68	4702-00-101-73-Rehabilitation of Lift Irrigation Schemes	6.00	13.44	7.44
69	4702-00-101-77-Minor Irrigation Projects in Cauvery Basin	9.42	15.78	6.36
70	4702-00-101-82-Minor Irrigation Class-II	15.50	21.46	5.96
XXXIV-Forest				
71	2406-01-001-95-District Offices	177.88	183.35	5.46
72	2406-01-800-92-Relief to Victims Affected by the Attack of Wild Animals	0.70	6.70	6.00
73	2406-02-110-73-Project Tiger-Parambikulam Tiger Reserve (60:40)	0.00	5.65	5.65
74	2406-02-110-74-Project Tiger-Periyar Tiger Reserve (60:40)	0.00	7.15	7.15
75	2406-04-103-99-State Authority	0.00	16.03	16.03
XL-Ports				
76	5051-01-001-99-Development of Vizhinjam Deep Water International Transshipment Terminal	0.01	12.00	11.99
Revenue Charged				
XVI-Pensions and Miscellaneous				
77	2075-00-800-80-Land acquisition for establishment of Naval Academy at Ezhimala	0.01	5.04	5.03

Appendix 3.9
Excess expenditure relating to previous years requiring regularisation

(Reference: Paragraph 3.3.5.2 ; page No. 104)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2016-17	8 Grants	Revenue-III	0.67	Initial note not received. Not discussed by PAC.
		Revenue-VII	2.83	Initial note not received. Not discussed by PAC.
		Revenue-X	10.80	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XI	1.81	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	13.93	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XX	42.04	Initial note not received. Not discussed by PAC.
		Capital-XV	67.46	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XXX	1.63	Notes considered by PAC. Appropriation Act not yet passed.
2017-18	6 Grants	Revenue- I	0.69	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XV	65.47	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue- XVI	2,273.73	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	54.54	Notes considered by PAC. Appropriation Act not yet passed.
		Capital- XIV	0.09	Initial note not received. Not discussed by PAC.
		Capital-XVII	53.27	Initial note not received. Not discussed by PAC.
	3 Appropriations	Revenue-Debt charges	1,097.61	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	0.02	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XXXIV	0.02	Final copies of notes received. Not discussed by PAC.
2018-19	2 Grants	Revenue- I	0.65	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	39.81	Initial note not received. Not discussed by PAC.
	4 Appropriations	Revenue-XXXIV	0.13	Final copies of notes received. Not discussed by PAC.
		Debt Charges	1,057.69	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XVII	1.03	Initial note not received. Not discussed by PAC.
		Public Debt Repayment	3,363.85	Notes considered by PAC. Appropriation Act not yet passed.

Appendix 3.9 Concl.

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2019-20	1 Grant	Revenue- XXVI	109.10	Initial note not received. Not discussed by PAC.
	2 Appropriations	Debt Charges	219.64	Initial note not received. Not discussed by PAC.
		Public Debt Repayment	336.63	Notes considered by PAC. Appropriation Act not yet passed.
2020-21	12 Grants	Revenue-IV	54.74	Initial note not received. Not discussed by PAC.
		Revenue-XV	268.10	Initial note not received. Not discussed by PAC.
		Revenue-XX	4.47	Initial note not received. Not discussed by PAC.
		Revenue-XLI	0.74	Initial note not received. Not discussed by PAC.
		Revenue-XLII	6.18	Initial note not received. Not discussed by PAC.
		Capital-XV	141.14	Initial note not received. Not discussed by PAC.
		Capital-XVIII	26.59	Initial note not received. Not discussed by PAC.
		Capital-XX	108.41	Initial note not received. Not discussed by PAC.
		Capital-XXVII	19.30	Initial note not received. Not discussed by PAC.
		Capital-XXXIII	23.12	Initial note not received. Not discussed by PAC.
		Capital-XXXIV	0.40	Initial note not received. Not discussed by PAC.
		Capital-XLII	11.93	Initial note not received. Not discussed by PAC.
	2 Appropriations	Debt charges	797.61	Initial note not received. Not discussed by PAC.
		Capital-XVIII	0.06	Initial note not received. Not discussed by PAC.
Total			10,277.93	

Appendix 3.10

**Sub-head (Schemes), where entire expenditure of ₹ one crore or more incurred in March 2022 (Descending amount of expenditure)
(Reference: Paragraph 3.5.5; page No. 111)**

Sl No.	Grant No.	Head of Account (up to Sub-head)	100 per cent expenditure during March only (₹ in crore)
1	XXVIII	5475-00-115-96-Assistance to KIIFB on Repayment and Redemption of Obligations	322.07
2	XV	5054-03-337-92-Special Central Assistance as Loans to KSTP	159.00
3	XXVIII	5475-00-115-93-Post Flood Projects Under the Rebuild Kerala Initiative (KFW Aided - RKDP Project Loan))	125.00
4	XXVIII	5465-01-190-96-Participation in the issue of shares in the regional Rural Banks	94.12
5	XLI	5056-00-190-90-Integrated Water Transport System to Kochi(MIDP)	72.30
6	XXXVI	4515-00-800-48-Special Livelihood Restoration Package in Flood affected areas implemented through Kudumbasree	27.24
7	XVII	2202-01-111-95-Strengthening Teaching - Learning and Results for States (STARS) (Implementing through Samagra Shiksha Kerala) - (60%CSS)	27.03
8	XLI	5075-60-800-60-Non-Motorised Transport (NMT)	20.45
9	XVIII	2210-01-102-93-Pro-rata Pensionary Liabilities of State Government employees absorbed into the ESIC Hospital	16.33
10	XXXVI	2515-00-102-37-Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) - Water Shed Component (60% CSS)	15.67
11	XXXVII	4858-01-190-99-Share Capital Investment in Kerala Electrical and Allied Engineering Company Limited	14.21
12	XVII	4202-01-203-67-Performance Linked Encouragement for Academic Studies and Endeavour (PLEASE)	13.83
13	XII	4055-00-207-88-Installation of CCTV cameras in Police Stations	11.89
14	XXIV	2230-03-102-97-National Apprenticeship Promotion Scheme-Stipend Re-imburement from GoI	7.48
15	XLVI	2235-02-102-32-Procurement of ADHAAR Enrollment Kits (60% CSS)	7.30

Appendix 3.10 Contd.

Sl No.	Grant No.	Head of Account (up to Sub-head)	100 per cent expenditure during March only (₹ in crore)
16	XXXV	4515-00-800-92-Works included in Appendix II to the Detailed Budget Estimates (Details of Public Works)	6.82
17	XXV	2225-02-800-12-Special assistance to Aralam Farm	6.17
18	XXIV	4250-00-201-89-Providing Decent Accommodation for ISM Workers and Workers from the State (APNAGHAR)	5.31
19	XVIII	4210-03-105-23-Comprehensive stroke center in Government Medical Colleges	5.15
20	XXXI	2403-00-102-75-Setting up of Sexed Semen Production Facility for Bovine Breeding under Rashtriya Gokul Mission (60% CSS)	5.02
21	XVIII	2210-01-110-13-Strengthening of Emergency Medical Care	5.00
22	XVIII	2210-01-110-14-Setting up of Dialysis Units in Major Hospitals	5.00
23	XXXI	2403-00-108-97-Comprehensive Livestock Insurance Programme (GOSAMRUDHI)	5.00
24	XXIX	2401-00-108-29-Assistance to Brahmagiri Society for the Expansion of Brahmagiri Coffee Plant.	4.78
25	XV	4059-60-051-64-Renovation, specialised repairs, interior upgradation and site development work of the heritage building of Travancore Palace, New Delhi	4.50
26	XXV	2225-04-800-98-Madrassa Teachers Welfare Fund - Compensation of interest loss on deposit	4.17
27	XXV	4225-04-190-99-Share Capital for the Kerala State Minority Development Finance Corporation	3.28
28	XVIII	2210-01-110-30-Women and Children Hospitals	3.15
29	XXV	2225-04-277-94-Skill training reimbursement of fees to the minority BPL students studying in two years courses in ITC	3.10
30	XXV	4225-01-190-99-Share Capital Contribution to Kerala State Development Corporation for SCs/STs (51% State Share)	3.00
31	XXIV	4250-00-190-95-Equity Contribution - KASE	2.90
32	XVIII	2210-05-105-62-Capacity Building for Developing Trauma care facilities in Government Hospitals located on National Highways	2.77
33	XLI	5056-00-190-85-Construction of Ferry Terminal Jetty (KSINC)	2.72
34	XVII	2202-01-789-95-Strengthening Teaching Learning and Result for States(STARS)	2.64

Appendix 3.10 Concl.

SI No.	Grant No.	Head of Account (up to Sub-head)	100 per cent expenditure during March only (₹ in crore)
35	XVII	4202-02-104-90-Infrastructure - Polytechnics (RIDF) Works assigned to other agencies	2.36
36	XL	5051-80-190-97-Azhikkal Port Limited	2.26
37	XXXIII	2405-00-110-97-PMMSY - FRP fishing boats with engines and gears to traditional fisherman (60% CSS)	2.00
38	XVII	2202-03-102-56-History Museum of CMS College	2.00
39	XXXVIII	2701-12-101-98-Other Maintenance Expenditure	1.95
40	XXII	2217-80-800-60-Establishing Solid Waste Treatment Plants (Erstwhile Solid Waste Management Fund)	1.66
41	XXIV	2230-03-789-98-National Apprenticeship Promotion Scheme-Stipend Re-imburement from GoI (SCP)	1.66
42	XXII	4217-60-051-94-Works included in Appendix II to the Detailed Budget Estimates (Details of Public Works)	1.65
43	LXI	6003-00-105-99-Loans from the National Bank for Agricultural and Rural Development	1.64
44	XLI	5055-00-050-98-Vehicle Cum Driver Testing Stations	1.62
45	XVIII	4210-03-105-25-Setting up of Molecular Diagnostic Facility in Medical Colleges	1.61
46	XXXI	2403-00-789-96-National Livestock Mission (60% CSS)	1.50
47	XVII	2204-00-104-95-Incentive Cash Awards to winners in the National and International Sports Meets	1.50
48	XVIII	2210-01-110-09-Creation of Patient Friendly Hospital Initiative (DHS)	1.49
49	II	2052-00-090-65-Reorganisation of Chief Minister's Public Grievances Redressal System	1.44
50	XII	2055-00-109-89-Setting up and Strengthening Anti Human Trafficking Units in All Districts under 'Nirbhaya Fund' (One Time ACA)	1.21
51	XI	2053-00-094-36-Special Staff for Acquisition of Land for Semi High Speed Railways (SILVER LINE) Project.	1.14
52	XXXVII	4885-60-190-92-Kerala Life Sciences Industries Parks Private Limited	1.11
53	XXIX	2402-00-102-81-Application of Information Technology	1.09
54	XXXVII	6851-00-103-89-Quality Raw Material for Weavers	1.00
55	XLII	5452-01-190-96-Bakel Resort Development Corporation Limited	1.00

Appendix 3.11

Component wise Expenditure under Rebuild Kerala Development Programme
(Reference: Paragraph 3.7.1.1 (i) ; page No. 119)(*₹ in crore*)

Year	Scheme	Budget	Expenditure	Percentage of Utilisation
2019-20	5475-00-115-94-01-Roads of Local Self Government (RKI)	250.00	0.24	0.1
	5475-00-115-94-02-Livelihood Support (RKI)	250.00	7.10	2.84
	5475-00-115-94-03-PWD Roads and Bridges (RKI)	250.00	0	0
	5475-00-115-94-04-Public Building Major Repairs and Re-construction (RKI)	250.00	0	0
	Total	1,000.00	7.34	0.7
2020-21	5475-00-115-94-01-Roads of Local Self Government (RKI)	250.00	17.57	7.03
	5475-00-115-94-02-Livelihood Support (RKI)	250.00	272.72	100
	5475-00-115-94-03-PWD Roads and Bridges (RKI)	250.00	90.00	36.00
	5475-00-115-94-04-Public Building Major Repairs and Re-construction (RKI)	250.00	0	0
	5475-00-115-94-05-Water Supply (RKI)	0	37.73	
	5475-00-115-94-06-Disaster Preparedness (RKI)	0	92.63	
	5475-00-115-94-07-Sanitation (RKI)	0	0.95	
	Total	1,000.00	511.60	51.16
2021-22	5475-00-115-94-01-Roads of Local Self Government (RKI)	400.00	44.59	11.15
	5475-00-115-94-02-Livelihood Support (RKI)	250.00	41.02	16.41
	5475-00-115-94-03-PWD Roads and Bridges (RKI)	630.00	500.01	79.37
	5475-00-115-94-04-Public Building Major Repairs and Re-construction (RKI)	100.00	4.34	4.34
	5475-00-115-94-05-Water Supply (RKI)	100.00	92.44	92.44
	5475-00-115-94-06-Disaster Preparedness (RKI)	150.00	88.40	58.95
	5475-00-115-94-07-Sanitation (RKI)	100.00	2.50	2.50
	5475-00-115-94-08-Transport (RKI)	100.00	0	0
	Total	1,830.00	773.30	42.26

Appendix 3.12

Part A

**Status of work under 5475-00-115-94-01- Roads of Local Self Government (RKI)
(Reference: Paragraph 3.7.1.1 (i) ; page No. 119)**

Sl.No	Administrative Sanction Issued	AS amount	Status of Work
1	G.O (Rt) No. 485/2019/P &EA dt. 15/11/2019	₹266.30 crore for rebuilding 77 Roads with Right of Way above 5 metres in Pathanamthitta, Wayanad and Idukki Districts	Works entrusted to Project Management Unit (PMU), RKI, Local Self Government Department, Thiruvananthapuram. None of the Roads works has been completed till date. 57 works under construction. 13 works not undertaken since work executed under other schemes. Seven works not yet taken up. The physical progress of the work ranged from zero to 93 per cent as on October 2022. Expenditure incurred as on 31 March 2022 was ₹11.86 crore.
2	G.O (Rt) No. 156/2020/P &EA dt. 18/03/2020	₹ 67.90 crore for rebuilding 266 Roads with Right of Way less than 5 metres in Pathanamthitta, Alappuzha, Kottayam, Idukki, Ernakulam, Thrissur and Wayanad Districts.	Works entrusted to Chief Engineer, Local Self Government Department, Thiruvananthapuram. Of these 266 works, 58 works have not been completed till date. Expenditure incurred as on 31 March 2022 was ₹ 31.13 crore.
3	G.O (Rt) No. 319/2020/P &EA dt. 17/08/2020	₹ 8.432 crore for the re-construction of 5 bridges of Local Self Government Department in Ernakulam, Kozhikode (2 Nos), Thrissur and Malappuram Districts.	Works entrusted to the Chief Engineer, Local Self Government Department, Thiruvananthapuram. Two works have been completed till date. Expenditure incurred as on 31 March 2022 was ₹ 2.15 crore only.
4	G.O (Rt) No. 224/2020/P &EA dt. 26/05/2020	₹ 53.14 crore in respect of 25 roads in Alappuzha, Kottayam, Ernakulam and Thrissur Districts.	Works entrusted to the Project Management Unit, RKI, Local Self Government Department, Thiruvananthapuram. 13 road works have been completed till date. Expenditure incurred as on 31 March 2022 was ₹ 24.46 crore.

Appendix 3.12- Concl.

Part A

Sl.No	Administrative Sanction Issued	AS amount	Status of Work
5	G.O (Rt) No. 404/2020/P &EA dt. 23/10/2020	₹ 40 crore for reconstruction of 21 roads in Alappuzha, Kottayam, Ernakulam, Thrissur and Wayanad	Works entrusted to Project Management Unit, RKI, Local Self Government Department, Thiruvananthapuram. 3 road works have been completed till date. Expenditure incurred as on 31 March 2022 was ₹ 7.07 crore
6	G.O (Rt) No. 62/2021/P &EA dt. 03/02/2021	Rs. 42.32 crore for reconstruction of 19 no. of LSGD roads in Pathanamthitta, Kottayam, Ernakulam, Alappuzha, Thrissur and Wayanad Districts.	Works entrusted to Project Management Unit, RKI, Local Self Government Department, Thiruvananthapuram. Of these 19 roads, only two road works have been completed till date. Expenditure incurred as on 31 March 2022 was ₹.4.67 crore
7	G.O (Rt) No. 348/2021/P &EA dt. 15/08/2021	₹ 30.91 crore for the reconstruction of 14 roads of Local Self Government Department in Alappuzha, Pathanamthitta, Idukki & Wayanad Districts	Works entrusted to Project Management Unit, RKI, Local Self Government Department, Thiruvananthapuram. Works of the above roads has not been completed till date. The physical progress of the work ranged from Zero to 40 <i>per cent</i> as on October 2022. No expenditure was incurred as on 31 March 2022.
8	G.O (Rt) No. 18/2022/P &EA dt. 07/01/2022	Rs. 49.34 crore for the reconstruction of 22 roads in Alappuzha, Pathanamthitta, Ernakulam, Idukki & Wayanad Districts.	Works entrusted to Project Management Unit, RKI, Local Self Government Department, Thiruvananthapuram. Work of the above roads has not been completed till date. The physical progress of the work ranged from Zero to 30 <i>per cent</i> as on October 2022. Expenditure incurred as on 31 March 2022 was ₹.0.15 crore

Appendix 3.12

Part B

Status of work under 5475-00-115-94-03- PWD Roads and Bridges (RKI)

(Reference: Paragraph 3.7.1.1(i) ; page No. 119)

Sl.No	Administrative Sanction Issued	AS amount	Status of Work
1	G.O (Rt) No. 235/2020/P &EA dt. 29/05/2020	₹1410.26 crore for reconstruction of 7 Flood damaged PWD Roads	Works entrusted to Kerala State Transport Project. None of the Roads works has been completed till date. The physical progress of the work ranged from 29 to 97 <i>per cent</i> as on October 2022. Expenditure incurred as on 31 March 2022 was ₹ 356.40 crore.
2	G.O (Rt) No. 317/2020/P &EA dt. 15/08/2020 & G.O(Rt) No.95/2021/ P&EA dt.17/02/2021.	₹554.78 crore for reconstruction of 3 Flood damaged PWD Roads	Works entrusted to Kerala State Transport Project. None of the Roads works has been completed till date. The physical progress of the works ranged from 54 to 84 <i>per cent</i> as on October 2022. Expenditure incurred as on 31 March 2022 was ₹ 137.73 crore.
3	G.O (Rt) No. 239/2020/P &EA dt. 02/06/2020	₹624.48 crore for upgradation of Alappuzha - Changanassery Elevated Highway. Government later revised the estimated cost of the project to Rs. 671.66 crore vide G.O(Rt) No.318/2020/ P&EA dated 17/08/2020	Work entrusted to Kerala State Transport Project. The physical progress of the work as on October 2022 is 57 <i>per cent</i> . Expenditure as on 31 March 2022 was ₹120.42 crore
4	G.O (Rt) No. 227/2020/P &EA dt. 27/05/2020	₹4.29 crore for the restoration of Airport-Shangumugham Beach Road (Phase I)	Work entrusted to Public Works Department (Roads Wing). Physical progress of the work as on October 2022 is 90 <i>per cent</i> . No expenditure was incurred as on 31 March 2022.

Appendix 3.12 -Concl.

Part B

Sl.No	Administrative Sanction Issued	AS amount	Status of Work
5	G.O (Rt) No. 155/2020/P & EA dt. 18/03/2020	₹12.5 crore for the reconstruction of Sharangakkavu bridge in Alappuzha District.	Work entrusted to Public Works Department (Bridges Wing). Physical progress of the work as on October 2022 is 50 <i>per cent</i> . Expenditure as on 31 March 2022 was ₹1.47 lakh only.
6	G.O (Rt) No. 22/2022/P &EA dt. 10/01/2022	₹23.20 crore for the reconstruction of Brahmapuram Bridge across Kadambayar in Ernakulam District	Work entrusted to Public Works Department (Bridges Wing). Works has not yet been started till date (November 2022).

Appendix 3.13

**Status of work under 5475-00-115-93-03 -Post Flood Projects under the Rebuild Kerala Initiative (KfW aided)-Roads and Bridges (RKI)
(Reference Paragraph 3.7.1.1(ii), Page 119)**

Sl. No.	Administrative Sanction Issued	AS amount	Status of Work
1	G.O(Rt) No.235/2020/ P&EA dt. 29/05/2020	₹1,935.83 crore for the reconstruction of 14 Flood damaged PWD Roads	Work entrusted to Kerala State Transport Project. Physical progress of the work as on October 2022 ranged from three to 74 <i>per cent</i> . Expenditure as on 31 March 2022 was ₹87.65 crore.
2	G.O(Rt) No.317/2020/ P&EA dt. 15/08/2020	₹580.69 crore for reconstruction of 4 Flood damaged PWD roads	Work entrusted to Kerala State Transport Project. The physical progress of the works ranged from zero to 40 <i>per cent</i> as on October 2022. Expenditure incurred as on 31 March 2022 was ₹ 5.7 crore only.

Annexure 3.14

Schemes with utilisation less than 50 per cent of budget allocation
(Reference: Paragraph 3.7.2.1; page No. 124)

₹ in lakh

Sl.No	Schemes	Year	Budget allotment	Expenditure	Per centage of Utilisation of budget allocation
Secretary to Government, Revenue and Disaster Management Department					
1	2245-02-101-95(NP) Supply of Seeds, Fertilizers and other Agricultural Implements	2019-20	1,463.94	163.37	11.16
2	2245-02-101-96 (NP) Supply of Medicine	2019-20	66.92	4.25	6.35
		2020-21	77.92	0	0
		2021-22	75.00	0	0
3	2245-02-101-98(NP) Food and Clothing	2021-22	5,000.00	1,371.32	27.43
4	2245-02-102-99(NP) Drinking Water Supply	2021-22	2,500.00	0.26	0.01
5	2245-02-105-99(NP) Veterinary Care	2020-21	52.42	4.66	8.89
6	2245-02-106-99(NP) Repairs and Restoration of Damaged Roads and Bridges	2019-20	7,734.91	2,835.53	36.66
7	2245-02-107-99(NP) Repairs and Restoration of Damaged Government Office Buildings	2019-20	66.93	5.00	7.47
		2020-21	66.93	0	0
		2021-22	66.93	0	0
8	2245-02-110-99(NP) Assistance for Repairs and Restoration of Damaged Water Supply, Drainage and Sewerage Works	2020-21	39.74	0	0
		2021-22	50.00	23.50	47
9	2245-02-111-99(NP) Ex-gratia Payments to Bereaved Families	2020-21	952.90	428.91	45.01
10	2245-02-112-99(NP) Evacuation of Population	2019-20	132.00	37.04	28.06
		2020-21	132.00	28.24	21.39
11	2245-02-113-99 (NP) Assistance for Repairs/ Reconstruction of Houses	2020-21	36,031.41	6,371.28	17.68
12	2245-02-114-99(NP) Assistance to Farmers for Purchase of Agricultural Inputs	2019-20	1,260.00	271.69	21.56
		2020-21	1,260.00	255.84	20.3
		2021-22	300.00	6.94	2.31
13	2245-02-115-99 (NP) Assistance to Farmers to Clear Sand/Silt/ Salinity from Lands	2021-22	510.48	5.00	0.98
14	2245-02-118-99 (NP) Assistance to Repairs/ Replacement of Damaged Boats and Equipment for Fishing	2019-20	220.97	77.97	35.29
		2020-21	20.97	6.23	29.71
		2021-22	20.97	4.09	19.50

Annexure 3.14 - Concl.d.

Sl.No	Schemes	Year	Budget allotment	Expenditure	Per centage of Utilisation of budget allocation
15	2245-02-119-99(NP) Assistance to Artisans for Repairs/ Replacement of Damaged Tools and Equipment	2019-20	6.27	0	0
		2020-21	6.27	0	0
		2021-22	6.27	0	0
16	2245-02-122-99(NP) Repairs and Restoration of Damaged Irrigation and Flood Control Works	2020-21	21,960.00	39.67	0.18
		2021-22	1,500.00	4.91	0.33
17	2245-02-800-96(NP) Ex-gratia Payment for Injured Persons	2019-20	133.84	2.89	2.16
		2020-21	133.84	0.64	0.48
		2021-22	5.00	1.92	38.4
18	2245-80-102-95(P) National Cyclone Risk Mitigation Project	2019-20	1,000.00	400.00	40.00
19	2245-80-102-96(NP) State Disaster Mitigation Fund	2019-20	500.00	220.74	44.15
20	2245-80-800-80(NP) Other Miscellaneous Relief Expenditure	2019-20	600.00	83.17	13.86
		2020-21	600.00	26.29	4.38
		2021-22	600.00	1.39	0.23

Appendix 3.15

Schemes with persistent savings
(Reference: Paragraph 3.7.2.2; page No. 125)

(₹ in lakh)

Sl.No	Schemes - Grant XXVI	Year	Budget allocation	Expenditure	Savings
Secretary to Government, Revenue and Disaster Management Department, Kerala					
1	W2245-02-101-96 NP Supply of Medicine	2019-20	66.92	4.25	62.67
		2020-21	77.92	0	77.92
		2021-22	75.00	0	75.00
2	2245-02-106-99 NP Repairs and Restoration of Damaged Roads and Bridges	2019-20	7,734.91	2,835.53	4,899.38
		2020-21	7,734.91	4,743.55	2,991.36
		2021-22	7,500.00	7,167.26	332.74
3	2245-02-107-99 NP Repairs and Restoration of Damaged Government Office Buildings	2019-20	66.93	5.00	61.93
		2020-21	66.93	0	66.93
		2021-22	66.93	0	66.93
4	2245-02-110-99 NP Assistance for Repairs and Restoration of Damaged Water Supply, Drainage and Sewerage Works	2019-20	2,439.74	1,870.27	569.47
		2020-21	39.74	0	39.74
		2021-2022	50.00	23.50	26.5
5	2245-02-113-99 NP Assistance for Repairs / Reconstruction of Houses	2019-2020	69,867.58	67,420.84	2,446.74
		2020-2021	36,031.41	6,371.28	29,660.13
		2021-2022	10,000.00	9,169.13	830.87
6	2245-02-114-99 NP Assistance to Farmers for Purchase of Agricultural Inputs	2019-2020	1,260.00	271.69	988.31
		2020-2021	1,260.00	255.84	1,004.16
		2021-2022	300.00	6.94	293.06
7	2245-02-118-99 NP Assistance to Repairs / Replacement of Damaged Boats and Equipment for Fishing	2019-2020	220.97	77.97	143.00
		2020-2021	20.97	6.23	14.74
		2021-2022	20.97	4.09	16.88
8	2245-02-119-99 NP Assistance to Artisans for Repairs / Replacement of Damaged Tools and Equipment	2019-2020	6.27	0	6.27
		2020-2021	6.27	0	6.27
		2021-2022	6.27	0	6.27
9	2245-02-800-96 NP Ex-gratia Payment for Injured Persons	2019-2020	133.84	2.89	130.95
		2020-2021	133.84	0.64	133.20
		2021-2022	5.00	1.92	3.08
10	2245-80-800-80 NP Other Miscellaneous Relief Expenditure	2019-2020	600.00	83.17	516.83
		2020-2021	600.00	26.29	573.71
		2021-2022	600.00	1.39	598.61

Appendix 4.1

**Significant expenditure booked under Minor Head 800-Other
Expenditure during the financial year 2021-22
(Reference: Paragraph 4.2.3.2; page No. 138)**

(₹ in crore)

Sl. No.	Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage
1	4551-Capital Outlay on Hill Areas	5.20	5.20	100
2	3055-Road Transport	117.99	117.99	100
3	2810-New and Renewable Energy	29.02	29.02	100
4	4810-Capital Outlay on New and Renewable Energy	1.64	1.64	100
5	5075-Capital Outlay on Other Transport Services	736.70	757.51	97.25
6	4250- Capital Outlay on Other Social Services	127.40	137.39	92.73
7	4701- Capital Outlay on Medium Irrigation	57.30	64.97	88.19
8	4885-Other Capital Outlay on Industries and Minerals	202.00	244.97	82.46
9	4402- Capital Outlay on Soil and Water Conservation	39.80	49.69	80.10
10	4700 - Capital Outlay on Major Irrigation	80.40	112.35	71.56
11	2075 – Miscellaneous General Services	4,943.30	7,910.31	62.49

Appendix 4.2

Significant receipts booked under Minor Head 800-Other Receipts during the financial year 2021-22

(Reference: Paragraph 4.2.3.2; page No. 138)

(*₹ in crore*)

Sl. No.	Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
1	1456 - Civil Supplies	7.50	7.50	100.00
2	0217 - Urban Development	7.39	7.39	100.00
3	0515 - Other Rural Development Programmes	6.65	6.65	100.00
4	1056 - Inland Water Transport	6.11	6.11	100.00
5	0404 - Dairy Development	1.36	1.36	100.00
6	0235 - Social Security and Welfare	0.12	0.12	100.00
7	0220 - Information and Publicity	0.11	0.11	100.00
8	0211 - Family Welfare	0.04	0.04	100.00
9	1075 - Other Transport Services	0.01	0.01	100.00
10	1054 - Roads and Bridges	98.89	98.91	99.98
11	1452 - Tourism	3.80	3.82	99.48
12	0702 - Minor Irrigation	5.74	5.86	97.95
13	0425 - Co-operation	233.21	249.54	93.46
14	0029 - Land Revenue	329.36	470.84	69.95
15	1051 - Ports and Light Houses	1.22	1.84	66.30
16	0059 - Public Works	6.39	9.85	64.87
17	0056 - Jails	2.24	3.74	59.89
18	0230 - Labour and Employment	18.22	30.69	59.37
19	0405 - Fisheries	12.01	23.53	51.04

Appendix 4.3

Statement showing performance of Autonomous Bodies (Reference: Paragraph 4.3.1; page No. 147)

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
1	Kerala Khadi and Village Industries Board, Thiruvananthapuram			2016-17	28/06/2022		
2	Kerala Institute of Labour & Employment, Thiruvananthapuram	For five years from 2017-18	2019-20	2017-18	28/06/2022	12/08/2022	25 months 12 days
3	Kerala State Commission for Backward classes, Thiruvananthapuram	From 2017-18 to 2021-22	2020-21	2017-18	28/08/2022	28/02/2022	7 months 28 days
4	Kerala State Commission for Scheduled Castes and Scheduled Tribes	From 2009 onwards	2020-21	2017-18	01/09/2022	03/02/2022	7 months 03 days
5	Kerala Building & Other Construction Workers Welfare Board, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2020-21	2017-18	28/06/2022	06/04/2022	9 months 06 days
6	Kerala State Human Rights Commission	1998-99 onwards Act enacted by Parliament	2018-19	2018-19	20/07/2022	01/03/2021	20 months 1 day
7	Kerala State Legal Services Authority, Ernakulam.	1998-99 onwards Act enacted by Parliament	2017-18	2018-19	20/07/2022	01/01/2020	18 months 1 day
8	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2021-22	2017-18	05/10/2021	19/07/2022	19 days

Appendix 4.3- Contd.

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
9	Permanent Lok Adalath, Ernakulam	2011-12 onwards Act enacted by Parliament	2019-20	2018-19	28/06/2022	22/07/2022	12 months 22 days
10	Permanent Lok Adalath, Kozhikode	2013-14 onwards Act enacted by Parliament	2020-21	2015-16	28/06/2022	14/02/2022	7 months 14 days
11	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards Act enacted by Parliament	2018-19	2016-17	05/02/2020	21/06/2022	35 months 21 days
12	District Legal Services Authority, Kollam	1998-99 onwards Act enacted by Parliament	2019-20	2013-14	19/03/2018	09/05/2022	22 months 9 days
13	District Legal Services Authority, Pathanamthitta	1998-99 onwards Act enacted by Parliament	2019-20	2015-16	23/08/2022	14/03/2022	20 months 14 days
14	District Legal Services Authority, Idukki	1998-99 onwards Act enacted by Parliament	2019-20	2017-18	13/01/2021	24/01/2022	18 months 24 days
15	District Legal Services Authority, Ernakulam	1998-99 onwards Act enacted by Parliament	2015-16	2011-12	11/01/2015	09/09/2021	62 months 9 days
16	District Legal Services Authority, Thrissur	1998-99 onwards Act enacted by Parliament	2019-20	2017-18	18/03/2022	14/12/2021	17 months 14 days
17	District Legal Services Authority, Palakkad	1998-99 onwards Act enacted by Parliament	2021-22	2010-11	28/08/2016	10/05/2022	
18	District Legal Services Authority, Malappuram	1998-99 onwards Act enacted by Parliament	2015-16	2015-16	30/11/2018	23/05/2017	10 months 23 days

Appendix 4.3- Concl.

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
19	District Legal Services Authority, Kozhikode	1998-99 onwards Act enacted by Parliament	2014-15	2013-14	16/12/2015	22/02/2016	7 months 22 days
20	District Legal Services Authority, Wayanad	1998-99 onwards Act enacted by Parliament	2013-14	2012-13	30/01/2018	09/05/2019	58 months 09 days
21	District Legal Services Authority, Kannur.	1998-99 onwards Act enacted by Parliament	2018-19	2012-13	08/08/2017	12/05/2022	34 months 12 days
22	District Legal Services Authority, Kasaragod	1998-99 onwards Act enacted by Parliament	2021-22	2011-12	01/02/2015	14/07/2022	14 days
23	District Legal Services Authority, Kottayam	1998-99 onwards Act enacted by Parliament	2020-21	2016-17	29/05/2019	20/04/2022	9 months 20 days
24	District Legal Services Authority, Alappuzha	1998-99 onwards Act enacted by Parliament	2020-21	2015-16	30/01/2018	04/08/2022	13 months 4 days
25	Kerala State Commission for Protection of Child Rights (CPCR)	2013-14 onwards Act enacted by Parliament	2020-21	--	---	14/03/2022	8 months 14 days
26	Kerala Real Estate Regulatory Authority	2019-20 onwards Act enacted by Parliament	2020-21	2019-20	23/02/2022	02/03/2022	8 months 2 days
27	Kerala Water Authority	2020-21 to 2024-25	2020-21	2016-17	01/09/2022	6/10/2021	3 months 5 days
28	Kerala Financial Corporation		2020-21	2020-21	23/02/2022	10/09/2021	NA
29	Kerala State Warehousing Corporation, Kochi		2020-21	2019-20	28/06/2022	31/05/2022	8 months 31 days

* Not applicable

Appendix 4.4

Arrears of accounts of Autonomous bodies due up to financial year

2021-22

(Reference: Paragraph 4.3.1; page No. 140)

Sl. No.	Name of Autonomous body	Accounts pending since	No. of accounts pending up to FY 2021-22
1	Kerala Institute of Labour & Employment, Thiruvananthapuram	2020-21	2
2	Kerala State Human Rights Commission, Thiruvananthapuram	2019-20	3
3	Kerala State Legal Services Authority, Ernakulam.	2018-19	4
4	Permanent Lok Adalath, Ernakulam	2020-21	2
5	Permanent Lok Adalath, Kozhikode	2021-22	1
6	District Legal Services Authority, Thiruvananthapuram	2019-20	3
7	District Legal Services Authority, Kollam	2014-15	8
8	District Legal Services Authority, Pathanamthitta	2020-21	2
9	District Legal Services Authority, Ernakulam	2016-17	6
10	District Legal Services Authority, Thrissur	2020-21	2
11	District Legal Services Authority, Malappuram	2016-17	6
12	District Legal Services Authority, Kozhikode	2015-16	7
13	District Legal Services Authority, Wayanad	2014-15	8
14	District Legal Services Authority, Kannur.	2019-20	3
15	District Legal Services Authority, Kottayam	2021-22	1
16	District Legal Services Authority, Alappuzha	2021-22	1
17	District Legal Services Authority, Idukki	2020-21	2
18	Kerala State Commission for Protection of Child Rights (CPCR)	2021-22	1
19	Kerala State Commission for SC and ST	2021-22	1
20	Kerala Khadi and Village Industries Board	2017-18	4
21	Kerala State Commission for Backward Classes, Thiruvananthapuram	2021-22	1
22	Kerala Building & Other Construction Workers Welfare Board, Thiruvananthapuram	2021-22	1
23	Kerala Real Estate Regulatory Authority	2021-22	1

Source: Information collected from respective functional wings handling the autonomous bodies

Appendix 4.5

Department wise break-up of cases of misappropriation, defalcation, etc
(Reference: Paragraph 4.3.4, Page No. 150)

(₹ in lakh)

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.							
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending		Cases pending in the Court of law	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Agriculture	8	44.57	3	6.01	3	28.57	1	9.76	1	0.23
Animal Husbandry	1	0.35	0	0	1	0.35	0	0	0	0
Archives Department	1	0.2	0	0	1	0.2	0	0	0	0
Co-operative Department	2	297.27	0	0	2	297.27	0	0	0	0
Directorate of Health Services	13	15.20	3	7.24	7	3.91	2	0.03	1	4.03
Directorate of Medical Education	2	0.8	0	0	2	0.8	0	0	0	0
Finance	1	0.4	0	0	1	0.4	0	0	0	0
Fisheries	1	NA	0	0	1	NA	0	0	0	0
Forest and Wild life	3	28.19	0	0	3	28.19	0	0	0	0
General Education	8	25.45	0	0	3	20.60	4	3.75	1	1.10
Higher Education	5	43.81	1	15.43	2	27.45	1	0.2	1	0.73
Home	1	19.12	0	0	1	19.12	0	0	0	0
Industries	1	0.31	0	0	1	0.31	0	0	0	0

Appendix 4.5 – Concl.d.

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.							
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending		Cases pending in the Court of law	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Indian System of Medicine	1	1.84	0	0	1	1.84	0	0	0	0
Information and Public relations	1	10.67	0	0	0	0	0	0	1	10.67
Kerala Water Authority	2	176.00	0	0	1	4	0	0	1	172
Local Self Government	10	101.91	3	3.11	4	95.06	1	0	2	3.74
Mining and Geology	4	94.45	1	8.20	3	86.25	0	0	0	0
Public Works	3	6.74	1	1.88	1	2.37	0	0	1	2.49
Schedule Caste and Schedule Tribe	2	0.67	0	0	0	0	1	0.5	1	0.17
Lottery Department	1	13.53	0	0	0	0	0	0	1	13.53
Transport	2	8.03	0	0	2	8.03	0	0	0	0
Treasury	15	411.77	0	0	5	267.85	2	4.73	8	139.19
Water Resources	3	629.24	0	0	3	629.24	0	0	0	0
Women and Child development	1	5.45	0	0	1	5.45	0	0	0	0
Total	92	1,935.97	12	41.87	49	1,527.25	12	18.97	19	347.88

Appendix 5.1

Statement showing differences between Finance Accounts of Government of Kerala and Accounts of State PSUs in respect of balances of Equity, Loans and Guarantee as on 31 March 2022

(Reference: Paragraph 5.4; page No. 156)

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
1	Kerala Agro Machinery Corporation Limited	1.61	5.00	1.61	...	...	5.00	20.00	...
2	Kerala Forest Development Corporation Limited	8.27	4.25	12.26	4.75	-3.99	-0.50	...	...
3	Kerala Livestock Development Board Limited	7.33	...	7.33	1.27	...	-1.27	...	...
4	Kerala State Horticultural Products Development Corporation Limited	7.87	...	8.13	...	-0.26	...	...	...
5	Kerala State Poultry Development Corporation Limited	1.96	...	1.00	...	0.96	...	...	...
6	Meat Products of India Limited	2.31	2.63	2.18	23.43	0.13	-20.80	...	...
7	Oil Palm India Limited	6.80	...	6.20	...	0.60	...	...	...
8	The Kerala Agro Industries Corporation Limited	3.04	9.18	3.05	9.09	-0.01	0.09	...	...
9	The Kerala State Cashew Development Corporation Limited	579.34	326.62	531.84	316.61	47.50	10.01	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
10	The Kerala State Coir Corporation Limited	8.05	1.43	8.05	0.26	...	1.17	29.27	...
11	The Plantation Corporation of Kerala Limited	5.57	...	5.57	0.72	...	-0.72	...	...
12	The Rehabilitation Plantations Limited	2.06	...	2.06	...	...	...	4.50	...
13	The State Farming Corporation of Kerala Limited	8.43	0.22	8.43	...	...	0.22	...	...
14	Aralam Farming Corporation (Kerala) Limited	0.01	...	...	...	0.01	...	...	...
15	Vazhakulam Agro and Fruit Processing Company Limited	0.03	0.50	0.03	5.53	...	-5.03	...	...
16	Kerala Aqua Ventures International Limited	2.04	...	...	...	2.04	...	...	...
17	Kerala State Coconut Development Corporation Limited	2.85	10.73	2.85	2.14	...	8.59	...	...
18	Kerala Cashew Board Limited	24.50	53.30	24.50	90.65	...	-37.35	31.61	...
19	The Kerala State Financial Enterprises Limited	100.00	...	50.00	...	50.00	...	12,900.00	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
20	Kerala Transport Development Finance Corporation Limited	43.83	...	43.83	...	...	...	1026.41	...
21	Kerala Police Housing and Construction Corporation Limited	0.27	...	1.27	121.00	-1.00	-121.00	...	...
22	Kerala State Construction Corporation Limited	0.88	2.05	0.88	1.08	...	0.97	...	...
23	Kerala State Industrial Development Corporation Limited	301.24	...	340.24	18.21	-39.00	-18.21	...	...
24	Roads and Bridges Development Corporation of Kerala Limited	62.42	56.00	62.42	156.00	...	-100.00	...	...
25	The Kerala Land Development Corporation Limited	6.79	1.85	6.79	2.19	...	-0.34	...	...
26	Kerala State Information Technology Infrastructure Limited	204.96	...	393.31	...	-188.35	...	...	...
27	Marine Products Infrastructure Development Corporation Limited	2.5	...	...	...	2.50	...	...	...
28	Kannur International Airport Limited	350.00	...	1394.23	...	-1044.23	...	...	...
29	Road Infrastructure Company Kerala Limited	0.03	...	...	...	0.03	...	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
30	Autokast Limited	124.29	30.54	1.63	127.23	122.66	-96.69	...	...
31	Foam Mattings (India) Limited	6.67	0.15	5.15		1.52	0.15	...	...
32	Forest Industries (Travancore) Limited	0.29	11.09	0.29	11.90	...	-0.81	...	...
33	Keltron Component Complex Limited	17.52	20.69	17.52	23.49	...	-2.80	...	...
34	Kerala Automobiles Limited	10.98	70.1	10.98	75.54	...	-5.44	4.93	...
35	KCCP Limited	1.32	16.87	1.32	15.89	...	0.98	...	...
36	Kerala Electrical and Allied Engineering Company Limited	190.44	22.5	123.06	74.19	67.38	-51.69	17.83	...
37	Kerala Feeds Limited	46.34	13.92	21.65	53.88	24.69	-39.96	...	...
38	Kerala State Bamboo Corporation Limited	19.31	57.28	6.59	72.23	12.72	-14.95	...	...
39	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	5.00	...	1.03	...	3.97	...	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
40	Kerala State Drugs and Pharmaceuticals Limited	130.73	90.39	8.98	137.99	121.75	-47.60	...	...
41	Kerala State Electronics Development Corporation Limited	277.55	37.12	199.55	115.79	78.00	-78.67	...	...
42	Kerala State Textile Corporation Limited	64.26	244.11	57.78	238.47	6.48	5.64	1.80	...
43	Malabar Cements Limited	26.00	...	26.00	48.67	...	-48.67	...	...
44	Sitaram Textiles Limited	42.45	29.74	36.70	...	5.75	29.74	...	...
45	Steel and Industrial Forgings Limited	30.07	23.61	19.67	27.20	10.40	-3.59	...	...
46	SAIL- SCL Kerala Limited	13.02	18.07	16.67	48.57	-3.65	-30.50	...	...
47	Steel Industrials Kerala Limited	36.55	22.19	36.31	56.21	0.24	-34.02	...	...
48	The Kerala Ceramics Limited	12.46	63.22	6.38	66.46	6.08	-3.24	...	...
49	The Kerala Minerals and Metals Limited	30.93	...	35.31	0.85	-4.38	-0.85	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
50	The Metal Industries Limited	1.97	12.85	1.41	14.49	0.56	-1.64	60.00	...
51	The Pharmaceutical Corporation (India Medicines) Kerala Limited	42.93	...	44.95	...	-2.02	...	...	...
52	The Travancore Cements Limited	2.46	57.71	0.27	57.71	2.19	...	...	...
53	The Travancore Sugars and Chemicals Limited	1.01	...	1.00	...	0.01	...	...	...
54	The Travancore-Cochin Chemicals Limited	40.33	...	16.91	13.55	23.42	-13.55	...	...
55	Traco Cable Company Limited	77.67	39.27	50.10	69.38	27.57	-30.11	49.20	...
56	Transformers and Electricals Kerala Limited	23.44	0.1	19.43	18.69	4.01	-18.59	...	...
57	Travancore Titanium Products Limited	13.43	42.9	13.43	48.31	...	-5.41	...	...
58	United Electrical Industries Limited	3.88	59.91	3.88	54.03	...	5.88	...	...
59	Malabar Distilleries Limited	0.01	...	...	...	0.01	...	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
60	Kerala State Coir Machinery Manufacturing Company Ltd	23.23	...	...	...	23.23	...	...	...
61	Trivandrum Spinning Mills Limited	11.84	10.93	7.73	22.25	4.11	-11.32	...	...
62	Bekal Resorts Development Corporation Limited	55.49	...	60.42	...	-4.93	...	...	...
63	Kerala Medical Services Corporation Limited	30.00	...	5.00	...	25.00	...	...	...
64	Kerala Shipping and Inland Navigation Corporation Limited	82.81	...	83.10	...	-0.29	...	...	...
65	Kerala State Industrial Enterprises Limited	1.20	1.1	31.28	29.56	-30.08	-28.46	...	...
66	Kerala State Maritime Development Corporation Limited	10.00	...	9.75	...	0.25	...	...	...
67	Kerala Tourism Development Corporation Limited	120.24	1.92	187.44	16.92	-67.20	-15.00	...	...
68	The Kerala State Civil Supplies Corporation Limited	141.56	...	141.56	45.43	...	-45.43	...	...
69	Kerala Tourism Infrastructure Limited	39.27	...	40.94	...	-1.67	...	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
70	Vizhinjam International Seaport Limited	12.00	...		...	12.00	...	...	...
71	Kerala State Coastal Area Development Corporation Limited	6.11	...	5.39	...	0.72	...	...	...
72	Kerala High Speed Rail Corporation Limited	113.00	...	...	...	113.00	...	...	...
73	Kerala Rapid Transit Corporation Ltd (Erstwhile Kerala Monorail Corporation Ltd.)	30.76	...	27.80	...	2.96	...	...	...
74	Kerala Rail Development Corporation Limited	51.00	...	...	...	51.00	...	...	...
75	Muziris Projects Limited	0.05	...		...	0.05	...	...	...
76	Malabar International Port and SEZ Limited (Erstwhile Azhikkal Port Limited)	25.00	...	56.07	...	-31.07	...	...	...
77	Kerala Lifesciences Industries Private Limited	0.05	...	1.11	...	-1.06	...	...	...
78	Kerala Rubber Limited	0.50	...	4.50	...	-4.00	...	...	...
79	Kerala Rice Limited	1.00	...	...	...	1.00	...	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8) = (4)-(6)	(9) = (5)-(7)	(10)	(11)
80	KEL Electrical Machines Ltd	...	...	20	...	-20.00	...	...	...
81	Handicrafts Development Corporation of Kerala Limited	2.45	24.31	2.16	27.44	0.29	-3.13	5.67	...
82	Kerala Artisans' Development Corporation Limited	4.6	0.99	2.20	0.93	2.40	0.06	1.50	...
83	Kerala Fibre Optic Network Limited	0.02	...	...	...	0.02	...	...	...
84	Kerala Small Industries Development Corporation Limited	24.09	27.83	21.86	29.53	2.23	(-1.70)	1.00	...
85	Kerala State Development Corporation for Christian Converts from SCs & the Recommended Communities Limited	80.54	6.45	80.55	1.55	-0.01	4.90	...	...
86	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	189.60	...	210.85	0.40	-21.25	-0.40	38.87	...
87	Kerala State Film Development Corporation Limited	72.35	11.38	79.93	10.83	-7.58	0.55	...	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
88	Kerala State Handicapped Persons' Welfare Corporation Limited	5.49	2.63	7.49	2.57	-2.00	0.06	55.00	...
89	Kerala State Handloom Development Corporation Limited	58.94	17.8	54.94	14.63	4.00	3.17	...	...
90	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	0.87	1.1	0.87	4.57	...	-3.47	...	...
91	Kerala State Women's Development Corporation Limited	10.5	...	9.99	...	0.51	...	473.90	...
92	Kerala Urban & Rural Development Finance Corporation Limited	5.59	...	6.12	161.04	-0.53	-161.04	...	...
93	The Kerala State Backward Classes Development Corporation Limited	139.92	...	156.64	...	-16.72	...	940.18	...
94	Kerala State Minorities Development Finance Corporation	60.21	...	71.93	...	-11.72	...	48.07	...

Appendix 5.1- Contd.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
95	Kerala State Housing Development Finance Corporation Limited	0.82	...	10.27	...	-9.45	...	...	...
96	Kerala State Welfare Corporation for Forward Communities	20.3	...	20.29	...	0.01	...	...	...
97	Vision Varkala Infrastructure Development Corporation Limited	21.09	...	17.30	...	3.79	...	...	...
98	Kerala Irrigation Infrastructure Development Corporation Limited	10	...	9.79	...	0.21	...	...	...
99	Kerala Infrastructure and Technology for Education	5.00	...	...	...	5.00	...	...	...
100	Indian Institute of Information Technology and Management - Kerala	143.15	...	204.47	...	-61.32	...	...	...
101	Clean Kerala Company Limited	0.05	...	...	...	0.05	...	...	...
102	Kerala Academy for Skills Excellence	26.94	...	83.81	...	-56.87	...	...	...
103	Trivandrum Engineering Science & Technology Research Park	0.01	...	...	...	0.01	...	...	...

Appendix 5.1- Concl.

Sl. No.	Company/ Corporation	As per PSUs' Accounts		As per Finance Accounts		Equity Difference	Loan difference	Guarantee Commitment as per	
		State Government Paid up capital	State Government Loan	Paid-up capital	Loans outstanding at the close of 2021-22			PSU	Finance Accounts
(1)	(2)	(4)	(5)	(6)	(7)	(8)= (4)-(6)	(9) = (5)-(7)	(10)	(11)
104	Cochin Smart Mission Limited	100	...	...	...	100.00	...	...	...
105	Kerala State Pottery Marketing, Manufacturing and welfare Development Corporation Limited	1.25	...	1.95	...	-0.70	...	...	...
106	Overseas Keralites Investment and Holding Limited	3.11	...	2.11	...	1.00	...	...	...
107	Additional Skill Acquisition Programme Kerala	...	...	5.00	...	-5.00	...	...	...
108	Kerala State Warehousing Corporation	7.25	4.25	7.75	41.70	-0.50	-37.45	...	...
109	Kerala Financial Corporation	420.27	...	516.43	...	-96.16	...	199.20	108.72
110	Kerala Industrial Infrastructure Development Corporation	...	495.86	...	671.49	...	-175.63	...	...
111	Kerala State Road Transport Corporation	1,046.12	8,532.66	789.55	8,532.66	256.57	...	3,048.46	3,048.46
112	Kerala State Electricity Board Limited	3,499.05	9.36	24.56	2,812.04	3,474.49	-2,802.68

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