



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

Report of the Comptroller and Auditor General of India on State Finances for the year 2023-2024



**Government of Karnataka
Report No.04 of 2025
(State Finances Audit Report)**

**Report of the
Comptroller and Auditor General of India
on State Finances for the year 2023-2024**

**Government of Karnataka
Report No.04 of the year 2025
(State Finances Audit Report)**

Table of Contents		
	Paragraph Number	Page No.
Preface		ix
Executive Summary		xi
Chapter 1 – Overview		
Introduction	1.1	1
Profile of the State	1.2	1
Gross State Domestic Product and Gross State Value Added of the State	1.2.1	1
Basis and Approach to State Finance Audit Report	1.3	4
Structure of Government Accounts	1.4	5
Budgetary Processes	1.5	6
Snapshot of Finances	1.6	7
Snapshot of Assets and Liabilities of the Government	1.7	9
Fiscal Parameters	1.8	10
Trends in Deficit/Surplus	1.8.1	11
Trends in Fiscal Liabilities and its ratio to GSDP	1.8.2	12
Fiscal situation of the State	1.9	13
KFRA targets on key fiscal parameters and achievements thereon	1.9.1	13
Actuals <i>vis-à-vis</i> projections of Medium-Term Fiscal Plan for 2023-24	1.9.2	14
Impact of certain transactions on major fiscal indicators during 2023-24	1.10	14
Chapter 2 – Finances of the State		
Introduction	2.1	19
Major changes in key fiscal aggregates in 2023-24 <i>vis-à-vis</i> 2022-23	2.2	19
Sources and Application of funds	2.3	20
Resources of the State	2.4	21
Revenue Receipts	2.4.1	21
Trends and growth of Revenue Receipts	2.4.2	22
State's Own Resources	2.4.3	25
Transfers from Centre	2.4.4	29
Grants-in-Aid from Government of India	2.4.5	31
Capital Receipts	2.4.6	32
State's performance in mobilisation of resources	2.4.7	33
Application of Resources	2.5	33
Growth and composition of expenditure	2.5.1	34
Revenue Expenditure	2.5.2	35
Capital Expenditure	2.5.3	43
Quality of Capital Expenditure	2.5.4	45
Expenditure priorities	2.5.5	50
Public Account	2.6	51
Net Public Account balances	2.6.1	51
Reserve Funds	2.6.2	52
In-operative Reserve Funds	2.6.3	57
Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2.6.4	57

Table of Contents		
	Paragraph Number	Page No.
Debt Management	2.7	58
Debt profile components	2.7.1	59
Composition of fiscal deficit and its financing pattern	2.7.2	62
Debt Profile: Maturity and Repayment	2.7.3	64
Debt Sustainability Analysis	2.8	65
Utilisation of borrowed funds	2.8.1	68
Status of Guarantees – Contingent Liabilities	2.8.2	68
Management of Cash Balances	2.8.3	69
Conclusion	2.9	72
Recommendations	2.10	73
Chapter 3 – Budgetary Management		
Introduction	3.1	77
Budget Process	3.2	77
Gender Budgeting in Karnataka	3.3	79
Child Budget	3.4	80
Major policy pronouncements in the budget and their actual funding for ensuring implementation	3.5	81
Appropriation Accounts	3.6	81
Summary of total provisions, actual disbursements and savings during financial year 2023-24	3.6.1	82
Voted and <i>Charged</i> disbursements	3.6.2	82
Budget Marksmanship	3.6.3	82
Audit of Appropriation	3.7	84
Comments on integrity of budgetary and accounting process	3.7.1	84
Comments on effectiveness of budgetary and accounting process	3.7.2	92
Outcome of review of selected Grants	3.8	96
Review of Grant No.17 - Education	3.8.1	96
Review of Grant No.8 - Forest, Ecology and Environment	3.8.2	105
Conclusion	3.9	108
Recommendations	3.10	108
Chapter 4 – Quality of Accounts and Financial Reporting Practices		
Loans of State Government not being credited to the Consolidated Fund	4.1	111
Non remittance of interest earned out of Government grants	4.2	111
Non-discharge of liability in respect of interest towards interest bearing deposits/ Reserve Funds	4.3	112
Funds transferred directly to State implementing agencies	4.4	112
Delay in submission of Utilisation Certificates	4.5	112
Abstract Contingent Bills	4.6	114
Personal Deposit Accounts	4.7	116
Status of PD Accounts	4.7.1	116
Trends in the closing balance of PD Accounts	4.7.2	116
Indiscriminate use of Minor Head - 800	4.8	117
Outstanding balances under suspense and DDR heads	4.9	118
Balances under Major Suspense and DDR heads	4.9.1	118
Adverse Balances under DDR Heads	4.9.2	120

Table of Contents		
	Paragraph Number	Page No.
Non-reconciliation of Departmental figures	4.10	121
Reconciliation of cash balance	4.11	122
Impact of certain transactions on major fiscal indicators during 2023-24	4.12	122
Compliance with Accounting Standards	4.13	123
Submission of Accounts and placing of Separate Audit Reports of Autonomous Bodies in the Legislature	4.14	124
Departmental Commercial Undertakings/ Corporations/ Companies	4.15	124
Non-submission of details of grants given to bodies and authorities	4.16	125
Misappropriation, losses, thefts <i>etc.</i>	4.17	125
Follow up action on State Finances Audit Report	4.18	126
Conclusion	4.19	126
Recommendations	4.20	127

APPENDICES		
Table of Contents		
Appendix Number	Subject	Page Number
1.1	State Profile	131
1.2	Structure of Government Accounts	133
1.3	Summarised Financial position of Government of Karnataka as on 31 March 2024	134
2.1	Abstract of Receipts and Disbursements	135
2.2	Time series data on the State Government Finances	138
2.3	Department-wise share of subsidies	142
2.4	Subsidies in the form of financial assistance, incentives <i>etc.</i>	143
2.5	Detailed Loan Accounts maintained by Accountant General (A&E)	144
3.1	Category wise/department wise budget allocation/expenditure for Child Budget for the year 2023-24	145
3.2	Major Policy Initiatives in the Budget 2023-24	146
3.3	Grant wise Budget allocation/outurn and the deviation of outturn from BE and RE	153
3.4	Cases of incurring expenditure, which are not covered by the Budget, but released by FD as additionalities	155
3.5	Unnecessary Supplementary Provision	156
3.6	Excessive Supplementary Provision	157
3.7	Inadequate Supplementary Provision	158
3.8	Unnecessary/Excessive/Inadequate/Injudicious Re-appropriation	159
3.9	Cases of Defective Re-appropriation Orders	161
3.10	Grants/appropriations with unspent provisions of ₹500 crore and above	163
3.11	Statement showing grant-wise savings for the year 2023-24	164
3.12	Statement of various grants/appropriation in which unspent provision occurred but no part of which was surrendered	165
3.13	Surrender of entire Unspent Provision	166
3.14	Surrender of Unspent Provision	167
3.15	Results of substantial surrenders made during the year	168
3.16	Cases of surrender of funds in excess of ₹ five crore on 30 and 31 March 2024	173
3.17	Excess expenditure over provision requiring regularisation	174
3.18	Grant-wise details under which reasons for savings not intimated	175
3.19	Inoperative Bank Accounts having balances	176
3.20	Delay in remittance of interest earned under CSS	178
4.1	Non remittance of interest earned to Head of Account 0049	179
4.2	Funds transferred directly to State Implementing Agencies	182
4.3	Major head and Department-wise details of outstanding UCs separately for each year	183
4.4	Balances remaining under in-operative PD accounts	184

APPENDICES		
Table of Contents		
Appendix Number	Subject	Page Number
4.5	PD Accounts with negative balance	185
4.6	Substantial Expenditure (20 <i>per cent</i> and above of total expenditure under Major Head) booked under Minor head 800-other expenditure.	186
4.7	Adverse balances	187
4.8	Status of submission of accounts of Autonomous bodies and placement of Audit Reports before the State Legislature	188
4.9	Position of arrears in finalisation of proforma accounts by the departmentally managed Commercial and Quasi-Commercial Undertakings	189
4.10	Non-receipt of information pertaining to institutions substantially financed by the Government	191
4.11	Department-wise/duration-wise breakup of cases of theft and mis-appropriation	192
	Glossary	193
	Abbreviations	194

PREFACE

1. This Report has been prepared for submission to the Governor of Karnataka under Article 151 of the Constitution of India for being placed in the Karnataka Legislature.
2. Chapter 1 of this report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like Revenue Surplus, Fiscal Deficit, *etc.*, and fiscal correction path.
3. Chapters 2 and 3 of the Report contain audit findings on matters arising from an examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2024. Information has been obtained from the Government of Karnataka, wherever necessary.
4. Chapter 4 provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the financial year 2023-24.
5. The Report has been prepared by taking into account the recommendations of the Public Accounts Committee (5th Report - July 2015) to the Action Taken Report of the State Government in response to its earlier recommendations (13th Report - December 2011) to the Report on State Finances for the year ending 31 March 2010 and 10th Report of Public Accounts Committee (February 2023) to the State Finance Audit Report for the year 2011-12 to 2019-20.
6. The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies, Local Bodies, Panchayati Raj Institutions and the report containing observations on Revenue Receipts are presented separately.

Executive Summary

About the Report

This Report of the CAG of India is on the State Finances for the year 2023-24. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 11.84 *per cent* from ₹16,15,827 crore in 2019-20 to ₹25,67,340 crore in 2023-24. Budget Outlay of the State grew at an average growth rate of 9.10 *per cent* from ₹2,40,745.86 crore in 2019-20 to ₹3,41,320.51 crore in 2023-24. There was 13.10 *per cent* growth in GSDP over 2022-23.

The Revenue Receipts grew at 1.86 *per cent* when compared to previous year and the percentage of Revenue Receipts over GSDP declined from 10.09 in 2022-23 to 9.09 in 2023-24. The Tax revenue increased by 14.81 *per cent* when compared to the previous year. This was on account of increase of State's own-Tax revenue by 13.78 *per cent* and Central Tax transfers by 19.07 *per cent* during 2023-24 when compared to 2022-23. The total expenditure (Revenue Expenditure, Capital Expenditure and loans and advances) of the State of Karnataka increased from ₹2,76,183 crore in 2022-23 to ₹2,99,207 crore in 2023-24, increasing by 8.34 *per cent*. In the Total Expenditure, Revenue Expenditure showed 12.54 *per cent* increase from 2022-23. Due to the lower growth rate of Revenue Receipts than the Revenue Expenditure, the State saw Revenue Deficit of ₹9,271 crore in 2023-24 when compared to Revenue Surplus of ₹13,496 crore during 2022-23. The Fiscal Deficit also increased from ₹46,623 crore in 2022-23 to ₹65,522 crore in 2023-24.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as the State's own-Tax revenue, non-Tax revenue, Devolution of States' share in taxes, grants-in-aid and transfers from the Union Government and non-debt Capital Receipts. The State Government's expenditure includes expenditure on revenue account as well as Capital Expenditure (assets creation, loans and advances, investments, *etc.*).

From 2019-20 to 2023-24, Revenue Receipts grew from ₹1,75,443 crore to ₹2,33,343 crore, with an average annual growth rate of 7.89 *per cent*. Capital Receipts also increased from ₹50,707 crore to ₹90,622 crore during this period.

During 2023-24, the grants-in-aid decreased by 58 *per cent* over the previous year. The decrease was basically due to non-receipt of NDRF to the State and SDMF in 2023-24. The share of grants-in-aid in Revenue Receipts was seven *per cent* in 2023-24, indicating the State was dependent on its own revenue (Tax and non-Tax). The State Government received ₹15,528 crore as Grants-in-aid for Centrally Sponsored Schemes (CSS) and Finance Commission grants in the year.

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2019-20 and 2023-24, Revenue Expenditure increased from ₹1,74,258 crore (10.78 *per cent* of GSDP) to ₹2,42,614 crore (9.45 *per cent* of GSDP). It consistently made up a significant portion (78 to 81 *per cent*) of the total expenditure during this period, growing at an average annual growth rate of 8.31 *per cent*.

Result of expenditure beyond means

The gap between the Revenue Receipt and Revenue Expenditure results in Revenue Deficit/Surplus. While the state showed a Revenue Surplus of ₹13,496 crore during 2022-23 (0.62 *per cent* of GSDP), it showed a Revenue Deficit of ₹9,271 crore (0.36 *per cent* of GSDP) during 2023-24.

The State Government spent ₹52,120 crore on capital account. This was around 17 *per cent* of the total expenditure in the year 2023-24. The borrowings exceeded the Capital Expenditure by ₹38,160 crore and the amount was utilised for meeting the expenses towards five guarantee schemes.

The gap between the total expenditure and total non-debt receipt of the State results in a fiscal deficit. The fiscal deficit of the State increased to ₹65,522 crore (2.55 *per cent* of GSDP) in 2023-24 from ₹38,166 crore (2.36 *per cent* of GSDP) in 2019-20.

Under the Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 40 to 44 *per cent* of Revenue Expenditure during the period 2019-20 and 2023-24. The Committed expenditure increased from ₹94,326 crore in 2022-23 to ₹1,02,637 crore in 2023-24 (an increase of nine *per cent* over previous year).

In addition to the Committed expenditure, Inflexible expenditure decreased from 34.96 *per cent* to 31.66 *per cent* of Revenue Expenditure during 2019-20 to 2023-24. The inflexible expenditure increased from ₹75,325 crore in 2022-23 to ₹76,808 crore in 2023-24 registering an increase of 1.97 *per cent*. The average growth of inflexible expenditure during the period from 2019-20 (₹60,921 crore) to 2023-24 (₹76,808 crore) was 7.21 *per cent*.

In 2023-24, taking together the committed and inflexible expenditure, it was ₹1,79,445 crore; around 74 *per cent* of the Revenue Expenditure which leaves

the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹17,534 crore in 2019-20 to ₹32,390 crore in 2023-24 *i.e.*, from 10.06 *per cent* of the total Revenue Expenditure in 2019-20 to 13.35 *per cent* in 2023-24. Power subsidies constituted a significant portion, ranging from 49 *per cent* to 57 *per cent* of the total subsidies during this period. However, the subsidies were understated as it included Subsidies released under Object head 106 and did not include Subsidies released in other object heads. This accounted to ₹9,292.23 crore. Apart from this, the State Government also spent ₹19,091.80 crore during 2023-24 on subsidies in the form of financial assistance, incentives, *etc.* Thus, actual expenditure on subsidies would increase to ₹60,774.12 crore.

Off-budget borrowings

Though the State Government did not avail any off-budget borrowings through Public Sector Undertaking and para-statals during 2023-24, it required to provide provision in the budget for repayment of earlier off-budget borrowings. In 2023-24, the State Government provided assistance / grants-in-aid of ₹4,873.43 crore for repayment and servicing of the off-budget borrowings. This was in addition of the repayment and interest paid on the borrowings by the Government.

Contingent Liabilities on account of Guarantees

As at the end of 2023-24, the Government guarantees amounted to ₹44,247 crore. Against the total estimated Guarantee commission of ₹647.70 crore receivable, the State received ₹306.69 crore during 2023-24.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for Centrally Sponsored Schemes, transfer to reserve funds, transfer to local bodies, *etc.*

Five Guarantee Schemes and its impact

The Five Guarantee schemes implemented by GoK accounted for 15 *per cent* of Revenue Expenditure for the year 2023-24. Implementation of the schemes resulted in the increase in growth of expenditure (12.54 *per cent* from the previous year) which was the contributing factor of Revenue Deficit of ₹9,271 crore. Consequently, Fiscal Deficit of the State also increased from ₹46,623 crore in 2022-23 to ₹65,522 crore in 2023-24. The State in order to finance the Guarantee Schemes and the deficits arising thereof, availed net market borrowing of ₹63,000 crore which was ₹37,000 crore more than the last year's net borrowings (₹26,000 crore). The Guarantee schemes also reduced the Capital

Expenditure towards infrastructure by around ₹5,229 crore when compared to previous year.

Fiscal Responsibility and Budget Management (FRBM) requirements and compliance with fiscal parameters

The Fiscal Responsibility and Budget Management (FRBM) Act / Rules prescribes certain limits within which Revenue Deficit, Fiscal Deficit, debt as a percentage of the GSDP should be, and similarly for guarantees as a percentage of Revenue Receipts of the second preceding year. In 2023-24, Revenue Deficit was 0.36 *per cent* indicating the State has achieved the target; Fiscal Deficit was 2.55 *per cent* as against the limit of 3.5 *per cent*; debt including off-budget borrowings was 23.49 *per cent* as against limit of 25 *per cent* and guarantees given were 22.60 *per cent* as against the prescribed limit of 80 *per cent* of the State's Revenue Receipts of the second preceding year.

As per the debt stabilisation analysis, the Liabilities of the Government of Karnataka has grown on an average at a rate of 17.35 *per cent* annually between 2019-20 to 2023-24. Liability-GSDP ratio of Karnataka has increased from 20.89 *per cent* in 2019-20 to 24.58 *per cent* in 2020-21, thereafter it was on a decreasing trend and decreased to 23.03 *per cent* in 2022-23 and during 2023-24 it increased to 23.49 *per cent*.

During 2019-2024, the Primary Deficit of the State ranged between ₹16,980 crore and ₹43,665 crore. The DOMAR analysis showed that the Domar gap (g-r) was positive during the period from 2019-20 to 2023-24, except in 2020-21. During the pre-COVID period *i.e.*, 2019-20, the real growth rate of the GSDP was 6.10 *per cent* and the Domar gap (expressed as g-r) remained positive but there was a Primary Deficit in the State. Covid-19 affected the real growth rate of GSDP during 2020-21 and the Domar gap turned negative during the year. In the subsequent years (2021-22, 2022-23 and 2023-24), the Domar gap became positive. This, along with the Primary Deficit reflects that Liability 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.

Budget performance

Credibility of Budget Estimates

The State Legislature approves the budget for the upcoming year based on the Budget Estimates. Actual may fall short or exceed budget estimate, and thus comparison helps to understand the credibility of a proposed budget.

• ***State spent 3.41 per cent less than budgeted***

State during 2023-24 underspent than budget estimates by 3.41 *per cent*. The State, which was seeing least variance in last two years saw a slight rise in the variance between budget and actual figures.

• ***Aggregate Budget outturn***

Budget performance in terms of budgetary intent and budget implementation is examined to assess the extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In the Revenue section, deviation in outturn compared with BE was (-)4.24 *per cent*.

This was due to deviation between 0 and ± 25 per cent in 25 grants, between ± 25 per cent and more than ± 50 per cent in three grants. In the Capital section, the deviation in outturn compared with BE was (-)0.69 per cent. This was due to deviation between 0 and ± 25 per cent in 20 grants, between ± 25 per cent and ± 50 per cent in four grants, between ± 50 per cent and ± 100 per cent in three grants.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with RE was (-) four per cent. This was due to deviation between 0 and ± 25 per cent in 26 grants and between ± 25 per cent and ± 50 per cent in two grants. In the Capital section, deviation in outturn compared with RE was 0.57 per cent. This was due to deviation between 0 and ± 25 per cent in 25 grants and between ± 25 per cent and ± 50 per cent in two grants.

It was noticed that supplementary provisions of ₹181.90 crore during the year 2023-24 in 16 cases (more than ₹ one crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per article 204 and 205 (1) (b) of the Constitution. It was observed that in 2023-24 there was excess expenditure of ₹2,851.48 crore under eight grants which required regularisation. Further, excess expenditure of ₹2,323.74 crore pertaining to 2020-21 and 2022-23 were yet to be regularised.

Misclassification between Revenue and Capital

Misclassification of ₹504.29 crore Revenue Expenditure as Capital Expenditure and ₹0.01 crore of Capital Expenditure as Revenue Expenditure resulted in understatement of Revenue Expenditure to the tune of ₹504.28 crore and understatement of Revenue Deficit to that extent.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non or short discharging of liabilities and misclassification of transactions and data gaps.

Reconciliation

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, all Controlling Officers are required to reconcile every month the receipts and expenditure recorded in their books with the figures accounted for by the AG (A&E).

The State Government reconciled 95 and 99 *per cent* of the total expenditure and total receipts respectively.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government had partially complied with IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

Operation of Personal Deposit Accounts

The closing balance in the Personal Deposit accounts was on an increasing trend since 2020-21, increased enormously during 2022-23 and during 2023-24 it increased by 11.27 *per cent*. This was on account of receipts of Karnataka Mining Environment Restoration Corporation being kept in PD accounts as per the orders of Hon'ble Supreme Court. Retention of such large sums of money was against the principle of Legislative financial control. Review of PD Accounts reveal that the Government has not closed 28 in-operative PD Accounts among which seven accounts had a negative balance of ₹18.42 crore.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 92 UCs of ₹118.64 crore were pending as on 31st March 2024. Non submission of UCs indicates the failure of the departmental officers to comply with the rules to ensure accountability. The pendency of UCs are fraught with the risk of misappropriation of funds and fraud.

NDC bills against AC bills

Similarly, despite the requirement of submitting Non-payment Detailed Contingency (NDC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 934 AC bills of ₹45.58 crore were pending for submission of NDC bills as on 31st March 2024, out of which 855 AC Bills amounting to ₹43.02 crore pertained to the period upto 2022-23. AC Bills drawn and not adjusted within the stipulated timeline increases the possibility of wastage/misappropriation/malfeasance, etc. of public money.

Non remittance of interest earned out of Government grants

The interest of ₹14,549.91 crore earned on the grants by the Government in 64 Departments/Government Companies/Corporations were not remitted to Government Account in spite of instructions issued by the Finance Department.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of NDC bills against AC bills; non-compliance with IGAS-2 and IGAS-3; Non remittance of interest earned out of Government grants have impacted the quality of accounts adversely.

Chapter – 1

OVERVIEW

Overview

CHAPTER 1

1.1 Introduction

This chapter provides a brief profile of the State and describes the basis and approach to the Report. The underlying data provides an overview of the structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

1.2 Profile of the State

Karnataka is the seventh largest State in India in terms of geographical area (1,91,791 Sq. km) and the ninth largest by population. The State's population was 6.11 crore (2011 census) and recorded a projected decadal growth of about 8.09 *per cent* (2014-2024). As per population projections for India and States 2011-2036 by National Commission on Population, Ministry of Health & Family Welfare, the projected population of the State in 2023-24 stands at 6.81 crore. The percentage of population below the poverty line¹ was 20.91 compared to the All-India average of 21.92 (2011-12). Literacy rate of the State was 75.36 *per cent* (2011 Census). The State has 31 districts and 232 taluks as of March 2024. General and financial data relating to the State is given in **Appendix 1.1**.

1.2.1 Gross State Domestic Product and Gross State Value Added of the State

Growth of Gross State Domestic Product (GSDP) and Gross State Value Added (GSVA) is an important indicator of the State's economy.

GSDP: GSDP is the market value of all officially recognized goods and services produced within the boundaries of the State in a given period of time.

GSVA: GSVA is the value of goods and services produced by industry sector, manufacturer around a region in an economy *i.e.*, it is total value of output product without intermediary costs that went into production.

Gross Value Added (GVA) is being used for economic analysis by Government of India (GoI) and international organizations like International Monetary Fund (IMF) and World Bank since GVA is considered also a better indicator of economic growth compared to Gross Domestic Product (GDP), as it ignores the impact of taxes and subsidies. GDP can be and is also calculated as the sum of the total of various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have differences in the treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the

¹ As per Economic Survey of India 2023-24.

real output situation. Similarly for the State, GSVA is considered a better indicator compared to GSDP. Hence, from a policy maker's perspective, it is therefore vital to have a comparison of the GVA and GSVA data for better analysis and making policy interventions.

Economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. The trends in the annual growth of nation's GDP and GVA and that of the State, at current prices for the years 2019-20 to 2023-24 are indicated in **Table 1.1** and the trends in growth rate of GSDP with respect to GSVA at current prices is depicted in **Chart 1.1**.

Adoption of GSDP by GoK

Department of Expenditure, Ministry of Finance, GoI while determining the Net Borrowings ceiling of State for each financial year projects the GSDP of the State as per the methodology prescribed by the XV Finance Commission. For the GoK, the projected GSDP for the year 2023-24 is ₹25,67,340 crore. The State has adopted the same for estimating the fiscal parameters in the budget document like Medium Term Fiscal Plan and Overview of the Budget. The State has also communicated to adopt the same in Finance Accounts as well as State Finance Audit Report.

**Table 1.1 Trends in GSDP/GSVA compared to the GDP/GVA
(at current prices)**

Year	2019-20	2020-21	2021-22	2022-23	2023-24
INDIA					
GDP* (₹ in crore)	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646	2,95,35,667
GVA[^]	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
Growth rate of GDP over previous year (in per cent)	6.37	(-)1.24	18.85	14.21	9.60
Growth rate of GVA over previous year (in per cent)	7.02	(-)0.93	18.81	13.97	8.53
Per Capita GDP^a (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725
STATE (Karnataka)					
GSDP[#] (₹ in crore)	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
GSVA^{\$}	14,76,840	15,08,669	18,23,310	20,76,302	22,97,296
Growth rate of GSDP over previous year (in per cent)	9.22	1.59	20.51	14.76	13.10
Growth rate of GSVA over previous year (in per cent)	10.32	2.16	20.86	13.88	10.64
Per Capita GSDP (in ₹)[@]	2,44,437	2,46,366	2,94,833	3,36,221	3,76,996

Source: *All India GDP (2019-20 to 2023-24) figures as per Economic Survey of India -2023-24.

[^] GVA figures as per Economic Survey of India -2023-24.

[#]GSDP (2019-20 to 2022-23) figures as per Economic Survey 2023-24, GoK and GSDP for 2023-24, as per Ministry of Finance, GoI.

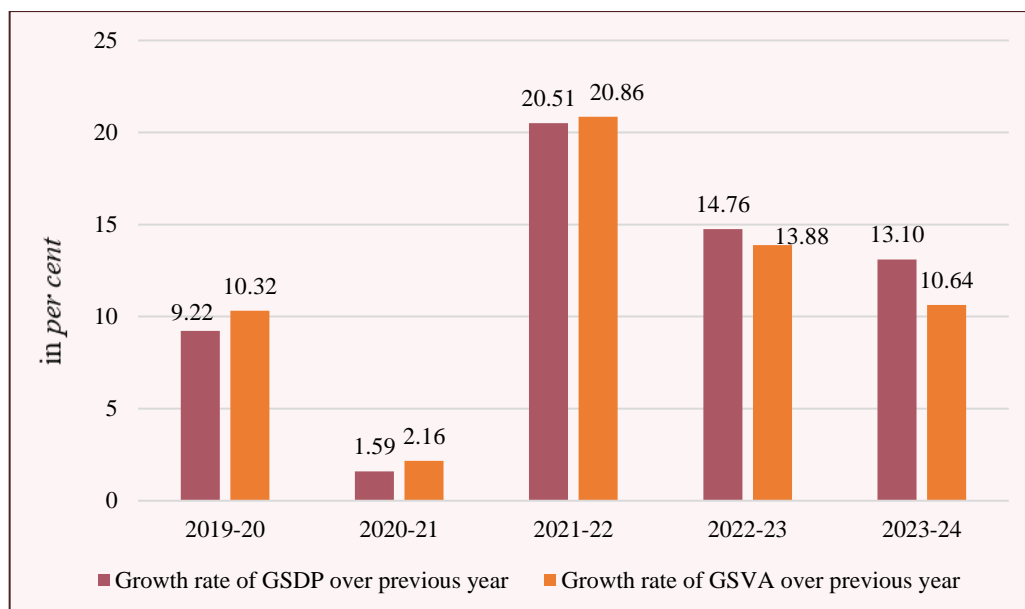
^{\$} GSVA as per Economic Survey 2023-24, GoK

^a. The per capita GDP for the years 2019-20 to 2023-24 as per MosPI, GoI.

[@] Per Capita GSDP (2019-20 to 2023-24) as per Economic Survey 2023-24, GoK and the per capita GSDP for the year 2023-24 have been worked out based on the projected population of the State of 6.81crore as per National Commission on Population, Ministry of Health & Family Welfare.

As seen from the **Table 1.1**, the Karnataka's growth rate of GSDP at current prices and Growth rate of GSVA were more than that of nation's growth rate in all the years during the period 2019-20 to 2023-24. Similarly, it is noticed that per capita GSDP of the State is more than the per capita GDP in all the years during the period 2019-20 to 2023-24. The GSDP for the State during 2023-24 has been adopted as per the figure projected for the State by the Ministry of Finance, GoI. The sectoral contribution in GSDP has been made as per the analysis made by the Directorate of Economics and Statistics², Government of Karnataka (GoK).

Chart 1.1: Growth of GSDP vs GSVA (2019-20 to 2023-24)



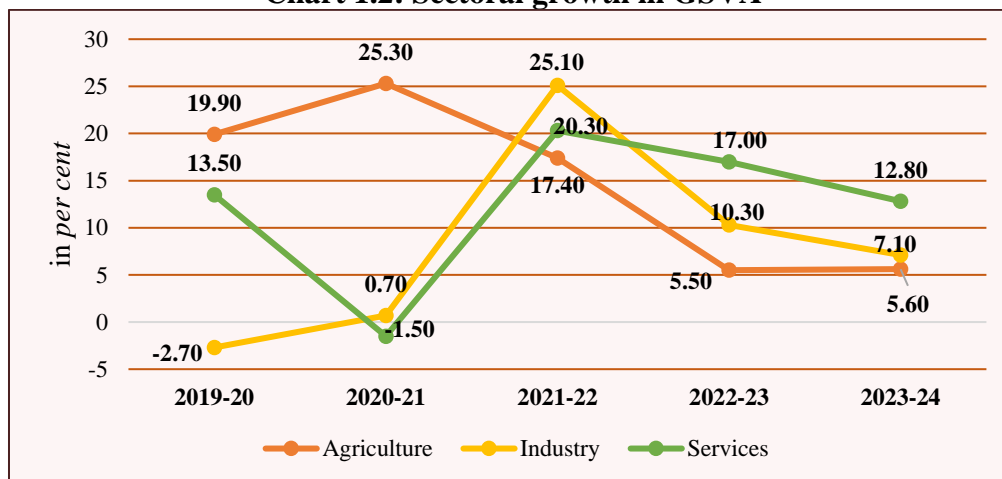
Source: Ministry of Statistics and Programme implementation, GoI

As seen from the **Chart 1.1**, Karnataka's GSDP growth rate at current prices was less than growth rate of GSVA in the years from 2019-20 to 2021-22. However, it increased in the years 2022-23 and 2023-24. This indicated that during 2022-23 and 2023-24, the taxes earned by the State were more than the subsidies provided by the State and hence the growth rate of GSDP was more than the GSVA.

The trend in Sectorial growth in GSVA for the period 2019-20 to 2023-24 is indicated in **Chart 1.2**. From the Chart, it can be seen that the growth rate in the Agricultural sector, which had increased in the year 2020-21 over 2019-20 showed a decreasing trend till the year 2022-23 and marginally increased during the year 2023-24. Meanwhile the growth rate under Industry sector, which had a negative growth rate in 2019-20 showed an increase in the year 2020-21 and grew drastically in the year 2021-22. Thereafter, it is in the decreasing trend. The service sector, which was negative in 2020-21, rebounded back in the year 2021-22. However, it has decreased during the years 2022-23 and 2023-24.

² The GSDP as per the Economic Survey of Karnataka is ₹25,00,733 crore, which differs from the GSDP (₹25,67,340 crore) projected by Ministry of Finance, GoI.

Chart 1.2: Sectoral growth in GSVA



Source: Directorate of Economics and Statistics, Karnataka

The reasons for the decline in the Industries and Service sectors were mainly attributed to Road Transport, Trade and Repair services and Financial services.

1.3 Basis and Approach to State Finance Audit Report

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

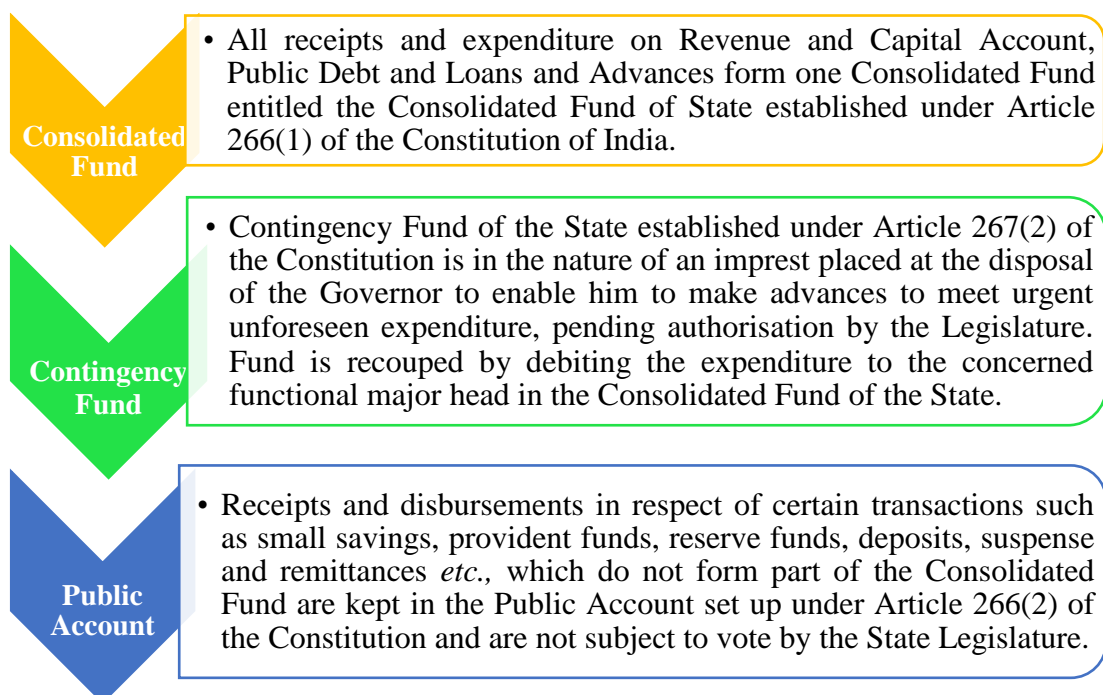
Accountant General (Accounts & Entitlements) {AG (A&E)} prepares the Finance Accounts and Appropriation Accounts of the State annually, from initial and subsidiary accounts rendered by the treasuries, offices and other departments responsible for maintaining initial accounts and the statements received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

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

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

1.4 Structure of Government Accounts

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

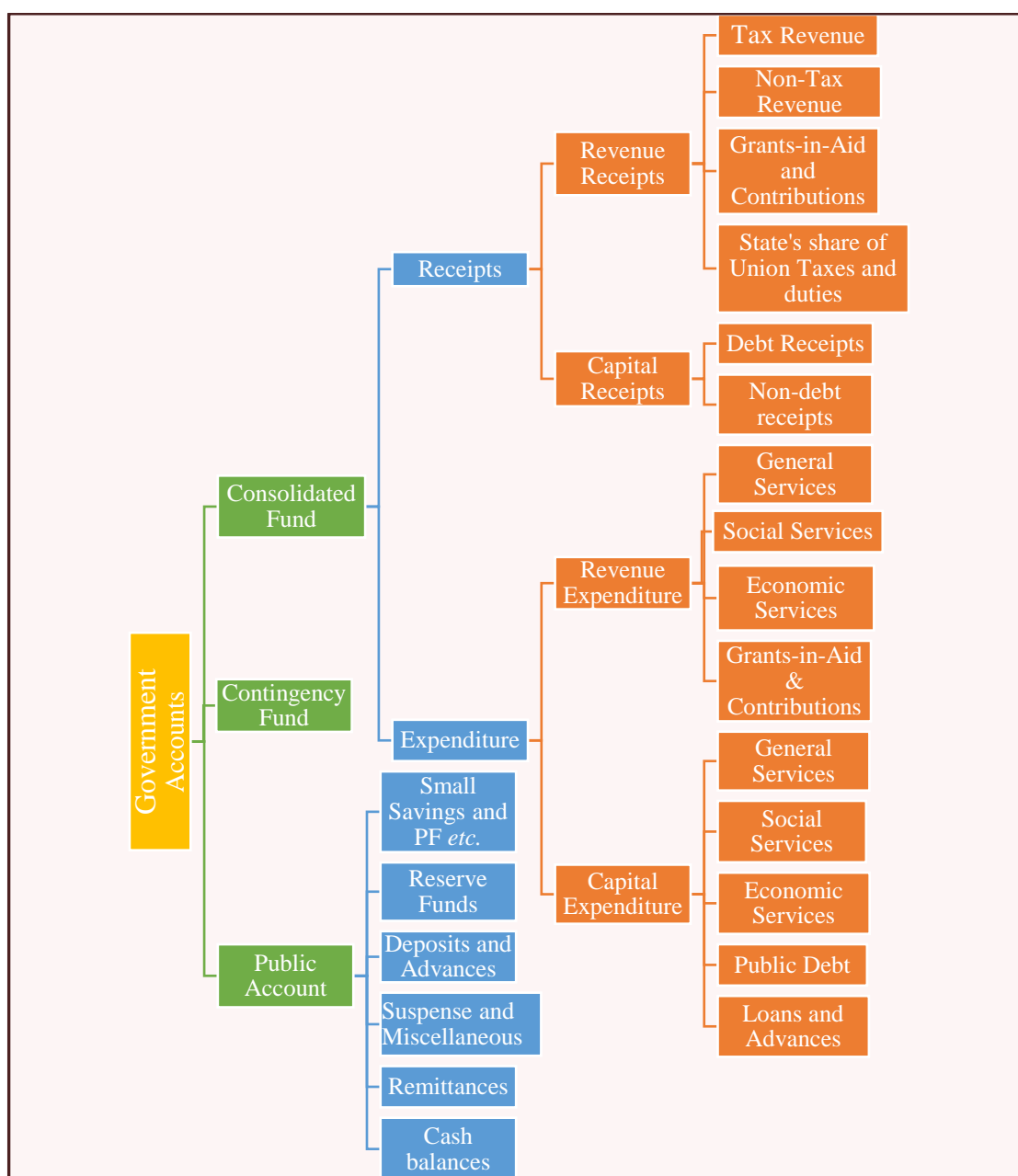


The Budget is to be presented to both the Houses of the Legislature of the State, in terms of Article 202 of the Constitution of India. The ‘Annual Financial Statement’ constitutes the main budget document. It includes,

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

The layout of the Finance Accounts is shown in **Appendix 1.2** and the pictorial depiction of the structure of Government Accounts is given in **Chart 1.3**.

Chart 1.3: Pictorial depiction of the structure of Government Accounts



1.5 Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2023-24, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations. On approval, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. In the State of Karnataka, the budget documents include documents like Gender Budget (detailed in **Chapter 3 - Paragraph 3.3**), Child Budget (detailed in **Chapter 3 - Paragraph 3.4**) and document for district wise and scheme wise allocation to Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) etc.

The State Budget Manual prescribes the process of budget formulation and guides the State Government in monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are included in **Chapter 3** of this Report.

1.6 Snapshot of Finances

Table 1.2 provides the details of actual financial results *vis-à-vis* Budget Estimates for the year 2023-24 *vis-à-vis* actuals of 2022-23.

Table 1.2: Actual financial results *vis-à-vis* Budget Provisions

(₹ in crore)						
Sl. No.	Components	2022-23 (Actual)	2023-24 (BE)	2023-24 (Actual)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
Section A: Revenue Receipts						
1	Tax Revenue	1,78,298	2,10,555	2,04,698*	97.22	7.97
i	Own-Tax Revenue	1,43,702	1,73,303	1,63,505	94.35	6.37
ii	Share of Union Taxes and Duties	34,596	37,252	41,193	110.58	1.60
2	Non-Tax Revenue	13,914	12,500	13,117	104.94	0.51
3	Grants-in-Aid and Contributions	36,868^	15,355	15,528	101.13	0.60
4	Revenue Receipts (1+2+3)	2,29,080	2,38,410	2,33,343	97.87	9.09
Section B: Capital Receipts						
5	Recoveries of Loans and Advances	478	228	306	134.21	0.01
6	Miscellaneous Capital Receipts	2	23	36	156.52	0.00
7	Public Debt Receipts	44,549	85,818	90,280	105.20	3.52
8	Capital Receipts (5+6+7)	45,029	86,069	90,622	105.29	3.53
9	Total Receipts (4+8)	2,74,109	3,24,479	3,23,965	99.84	12.62
Section C: Expenditure/Disbursement						
10	Revenue Expenditure	2,15,584	2,50,933	2,42,614	96.68	9.45
a	Interest Payments	29,643	34,027	31,872#	90.19	1.24
11	Capital Expenditure	57,349	50,989	52,120	102.22	2.03
12	Loans and Advances	3,250	3,385	4,473	132.14	0.17
13	Public Debt Repayment	15,942	22,441	22,453	100.05	0.87
14	Transfer to Contingency Fund	-	-	-	-	-
15	Total Disbursement out of Consolidated Fund (10+11+12+13+14)	2,92,125	3,27,748	3,21,660	98.14	12.53
Section D: Fiscal Indicator						
16	Revenue Deficit (-)/Surplus (+) (4-10)	13,496	12,523	(-)9,271	74.03	0.36
17	Fiscal Deficit {(4+5+6)-(10+11+12+14)}	46,623	66,646	65,522	98.31	2.55
18	Primary Deficit (17-10a)	16,980	32,619	33,650	106.79	1.36
	Buoyancy Ratio					
	Revenue Receipt	1.15	1.44	0.14	-	-
	Revenue Expenditure	0.20	1.28	0.96	-	-

Source: Finance Accounts, Annual Financial Statement and Overview of Budget 2023-24

*Tax revenue Includes Major Heads 0005 – Central Goods and Services Tax (₹12,501.46 crore), 0006 – State Goods and Services Tax (₹71,041.45 crore including advance apportionment of IGST of ₹(-)798.30 crore) and 0008 – Integrated Goods and Services Tax (Nil).

Includes Interest amounting to ₹1,046.01 crore on Off-Budget borrowings.

^includes compensation of ₹20,288.40 crore and ₹1,191.41 crore during 2022-23 and 2023-24 respectively for loss of revenue arising out of implementation of GST.

The State's Revenue Receipts (₹2,33,343 crore) which included Goods and Services Tax (GST) of ₹83,542.91 crore and Revenue Expenditure (₹2,42,614

crore) were short when compared to Budget provision of ₹2,38,410 crore and ₹2,50,933 crore by 2.13 per cent and 3.32 per cent respectively. The State witnessed Revenue Deficit in the current year after attaining the Revenue Surplus in the previous year. This was mainly attributed to an increase in Revenue Expenditure by 12.54 per cent compared to a marginal increase in Revenue Receipts (1.86 per cent) over the previous year. The Capital expenditure marginally exceeded the Budget provision by around 2.22 per cent.

The increase in Revenue Expenditure over the previous year was mainly on account of the subsidies and Financial Assistance provided by the State through five Guarantee schemes, which is discussed below:

Five Guarantee Schemes announced by GoK during 2023-24

GoK implemented five guarantee schemes indicated in Table below during 2023-24 and the State made a budget provision of ₹36,538 crore for these schemes. Out of these five schemes*, while three schemes were in the form of subsidies, remaining two schemes were cash transfers. Cash transfer schemes provide the beneficiaries with more freedom to spend the funds according to their choice. In comparison, the subsidies either limit the scope of beneficiaries covered or the purpose for which such transfers can be used. The details of expenditure of these five schemes is indicated in Table 1.2(a)

Table 1.2(a): Details of Five Guarantee Schemes implemented during 2023-24

(₹ in crore)				
Scheme	Benefits	Total Budget	Expenditure	Percentage of expenditure to Revenue Expenditure
Gruha Lakshmi	Transfer of ₹2,000 per month to Women head of the family	16,964.40	16,964.40	6.99
Gruha Jyothi	Free power supply to households consuming upto 200 units per month	8,900.00	8,900.00	3.67
Anna Bhagya	Additional 5 kg rice per head every month to families below poverty line	7,384.68	7,344.68	3.03
Shakti	Free travel in all except luxury buses to all resident women of the State	3,200.00	3,200.00	1.32
Yuva Nidhi	Unemployment allowance of ₹3,000 to graduate and ₹1,500 to diploma holders for limited period	88.88	88.88	0.04
Total		36,537.96	36,497.96	15.05

Source: Grant registers maintained by AG (A&E), Karnataka

* Cash Transfers: Gruha Lakshmi and Yuva Nidhi. Subsidies: Gruha Jyothi, Anna Bhagya and Shakti

From the Table, it is evident that the schemes accounted for 15 per cent of Revenue Expenditure for the year 2023-24. Except in Anna Bhagya scheme, the State utilised the entire allocation.

Analysis of the State Finances for the year 2023-24 and scrutiny of the Government orders revealed the following:

- During the year 2023-24, while the State's revenue grew by 1.86 per cent over last year, its expenditure grew by 12.54 per cent. The increase in

growth of expenditure was mainly on account of the Guarantee Schemes which was the contributing factor for Revenue Deficit of ₹9,271 crore. This mismatch of Receipt and Expenditure during the current year had resulted in State witnessing Revenue Deficit of ₹9,271 crore after its recovery during 2022-23 from Covid-19 economic slowdown.

- Consequently, Fiscal Deficit of the State also increased from ₹46,623 crore in 2022-23 to ₹65,522 crore in 2023-24.
- To finance the Guarantee Schemes and the deficits arising thereof, the State availed net market borrowing of ₹63,000 crore which was ₹37,000 crore more than the last year's net borrowings (₹26,000 crore). This would not only increase repayment burden in the near future but also would enormously increase the interest burden of the State.
- The State also reduced the capital expenditure towards infrastructure by around ₹5,229 crore when compared to previous year. This has an impact on the increase in incomplete projects by 68 *per cent* when compared to previous year. This compression in gross capital formation may prove to be detrimental to future growth prospects.

Thus, implementation of the five Guarantee schemes without rationalising of existing subsidies/ financial assistance or the benefits would place a pressure on State's resources and have an influence on fiscal deficits and debt level as already discussed above.

The Finance Department, while accepting the facts during Exit Conference (January 2025) stated that the Five Guarantee Schemes boosted the local economy, reduced economic disparities and supported human capital development. Though the cash transfers such as Yuva Nidhi and Gruha Lakshmi empowered the youth and women and also gave security and enhanced their purchasing power, these cash transfers along with the other three subsidy schemes without rationalisation of existing subsidies would strain the Financial economy of the State. The Government in Medium Term Fiscal Plan 2024-28 has projected a Revenue Deficit of ₹27,354 crore and thereby increasing its borrowings to ₹1,05,246 crore.

1.7 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government, and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay, loans and advances given by the State Government and cash balances. The growth rate components of Assets and Liabilities is given in **Table 1.3** and summarized position of Assets and Liabilities as on 31 March 2024 compared with the corresponding position as on 31 March 2023 is given in **Appendix 1.3**.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets			
	2022-23	2023-24	Per cent increase/decrease		2022-23	2023-24	Per cent increase/decrease	
Consolidated Fund								
A	Internal Debt	3,53,894	4,17,455	17.96	Gross Capital Outlay	4,56,415	5,08,558	11.42
B	Loans and Advances from GoI	49,139*	53,406*	08.68	Loans and Advances	38,101	42,268	10.94
	Contingency Fund	500	500	-	Contingency Fund	-	-	-
Public Account								
A	Small Savings, Provident Funds etc.	45,736	49,290	07.77	Advances	7	7	-
B	Deposits	59,874	67,348	12.48	Remittance	1,048	992	(-)5.34
C	Reserve Funds	60,642 [#]	67,969	12.08	Suspense and Miscellaneous	-	-	-
D	Suspense and Miscellaneous	3,421	6,026	76.15	Cash balance (including investment in Earmarked Fund)	83,943 [#]	1,07,264	27.78
E	Remittances	-	-	-	Total	5,79,514	6,59,089	
	Cumulative Excess of Receipts over expenditure	6,308	-	-	Cumulative Excess of Expenditure over Receipts	-	2,905	-
	Total	5,79,514	6,61,994	14.23	Total	5,79,514	6,61,994	14.23

Source: Finance Accounts

* Effective Loans and Advances for GoI would be ₹18,623 crore for 2022-23 and ₹22,890 crore for 2023-24 as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore and ₹18,109 crore given to the State as back-to-back loan during 2020-21 and 2021-22 respectively under Debt Receipt would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

[#] The Investment of ₹314.00 crore (Guarantee Redemption Fund has been included for Investments of Earmarked Funds for the year 2022-23.

The growth rate of assets in the Consolidated Fund increased (around 11 *per cent*) under Gross capital outlay and increased by around 11 *per cent* under Loans and Advances when compared to the previous year. While the growth rate of Liabilities under internal debt excluding of off-budget borrowings increased by around 18 *per cent*, the Loans and Advances by GoI increased by nine *per cent* when compared to the previous year. The cash balance including investment in Earmarked Funds increased by 28 *per cent* and at the end of March 2024 was ₹1,07,264 crore.

1.8 Fiscal parameters

The three key fiscal parameters – Revenue, Fiscal and Primary Deficits indicate the extent of overall fiscal imbalances during a specified period.

The nature of deficit is an indicator of the extent of prudence in fiscal management. Further, the ways in which the deficit is financed, and the application of resources raised are important pointers to its fiscal health. This section presents trends, nature and magnitude and the manner of financing these

deficits and the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under KFRA for the financial year 2023-24.

1.8.1 Trends in Deficit/Surplus

The targets set by XV FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2023-24 are given in the **Table:1.4** below:

Table 1.4: Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2023-24

Fiscal Variables	Targets as prescribed by XV FC	Targets in the Budget	Actuals*	Percentage variation of actual over	
				Targets of XV FC	Targets in Budget
Revenue Deficit/GSDP (per cent)	(-)1.20	(-)0.49	(-)0.36	0.84	0.13
Fiscal Deficit/GSDP (per cent)	(-)3.00	(-)2.60	(-)2.55	0.45	0.05
Total Outstanding Liability/GSDP^ (per cent)	27.20	22.27	23.49	3.71	(-)1.22

Source: Recommendations of XV FC, Annual Financial Statement, MTFP 2024-28 Overview of Budget 2023-24 and Finance Accounts

Note: Deficit figures have been shown in minus.

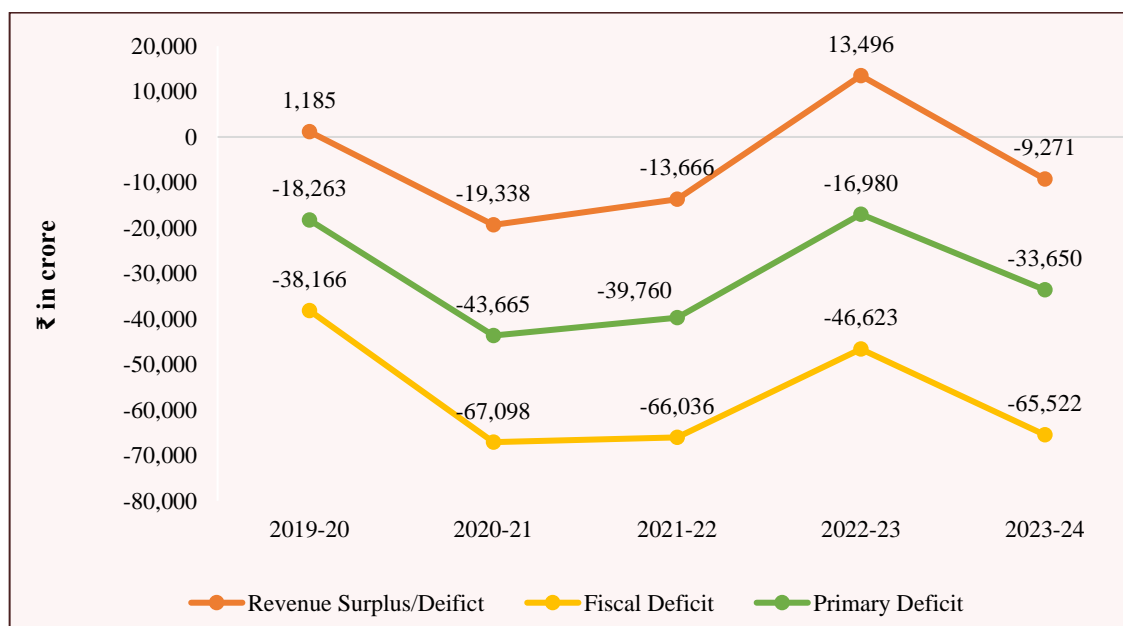
* Calculated on the basis of GSDP figures of ₹25,67,340 crore as per Ministry of Finance, GoI.

^ The back-to-back Loan (₹30,516 crore) received from GoI during 2020-21 and 2021-22 in lieu of GST compensation has not been considered as Debt for working out the indicator. This includes Off-budget borrowing.

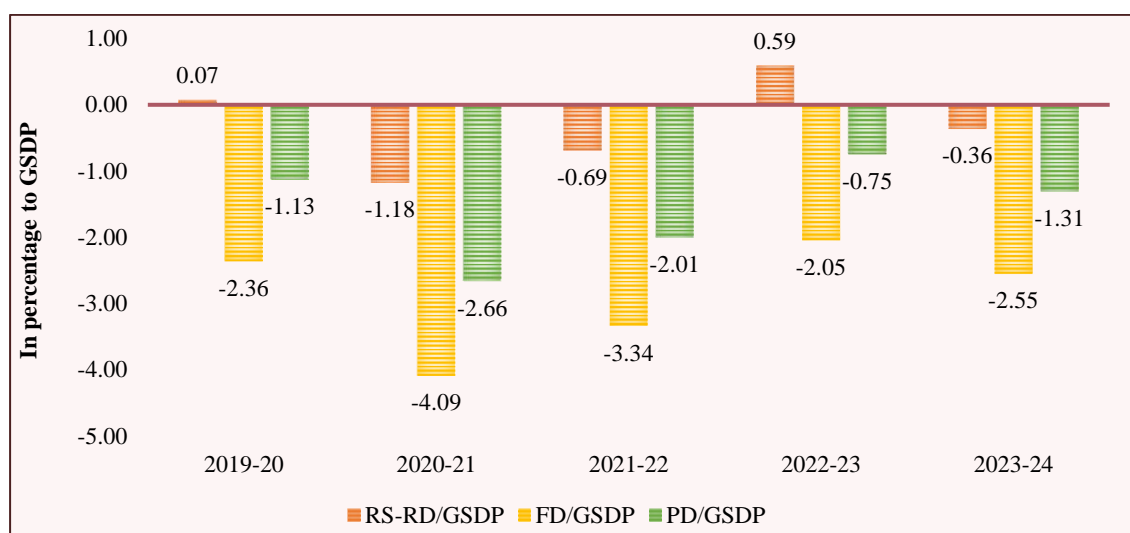
During 2023-24, the State witnessed the ratios of Revenue Deficit to GSDP (0.36 per cent) and Fiscal Deficit to GSDP (2.55 per cent) less than the projections of XV FC and budget. Though the ratio of total outstanding Liability to GSDP (23.49) was less than the target set by XV FC, the ratio was more than the projection made in the budget.

The trend of surplus and deficits of key fiscal parameters over the five-year period from 2019-20 to 2023-24 is depicted in **Chart 1.4** and trend in surplus and deficit relative to GSDP is given in **Chart 1.5**.

Chart 1.4: Trends in fiscal parameters



Source: Finance Accounts

Chart 1.5: Trends in Surplus/Deficit relative to GSDP

Source: Directorate of Economics and Statistics, GoK, and Finance Accounts

During 2023-24, the State witnessed Revenue Deficit after attaining Revenue Surplus in previous year and Fiscal Deficit to GSDP ratio was at 2.55, which increased over the previous year. The increase in Fiscal Deficit/GSDP ratio was on account of the Revenue Deficit witnessed by the State during 2023-24. The State witnessed Revenue Deficit as result of growth of Revenue Expenditure (12.54 *per cent*) more than that of Revenue Receipts (1.86 *per cent*).

1.8.2 Trends in Fiscal Liabilities and its ratio to GSDP

Table 1.5 gives details of the composition of outstanding fiscal liabilities of the State and its ratio to GSDP during the years 2019-20 to 2023-24.

Table 1.5: Trends in Fiscal Liabilities and its ratio to GSDP

Liabilities	2019-20	2020-21	2021-22	2022-23	2023-24
(₹ in crore)					
Internal Debt	2,20,337	2,81,140	3,29,042	3,53,894	4,17,455
GoI Loans	13,908	26,617*	45,385*	49,139*	53,406*
Public Account	85,172	89,748	99,147	1,33,024	1,49,192
Off-Budget Borrowings	18,103	18,421	16,682	17,306	13,478
Total Fiscal Liabilities	3,37,520	4,15,926	4,90,256	5,53,363	6,33,531
Total Liabilities to GSDP (in per cent)	20.89	24.58*	23.24*	23.03*	23.49*
KFRA Target (in per cent)	25.00	25.00	25.00	25.00	25.00

Source: Finance Accounts

* Effective Loans and Advances for GoI would be ₹14,210 crore for 2020-21, ₹14,869 crore for 2021-22, ₹18,623 crore for 2022-23 and ₹22,890 for 2023-24 as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore and ₹18,109 crore given to the State as back-to-back loan during 2020-21 and 2021-22 respectively under Debt Receipt would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

The ratio of total liabilities to GSDP which was highest during 2020-21 was on a decreasing trend during 2021-22 and 2022-23. It once again increased during 2023-24 to 23.49 *per cent* due to an increase in internal debt of the State by 115 *per cent* during the current year when compared to previous year. However, the ratio was within the target of KFRA in all the five years. During 2023-24, though the ratio increased marginally from the last year, it was within the prescribed target.

The total fiscal liabilities of the State increased by 88 *per cent* from ₹3,37,520 crore in 2019-20 to ₹6,33,531 crore in 2023-24 and by 14 *per cent* over the previous year. Internal debt, which includes market borrowings constituted 65.89 *per cent* and Public Account constituted 23.55 *per cent* of the total fiscal liabilities during 2023-24.

1.9 Fiscal situation of the State

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

1.9.1 KFRA targets on key fiscal parameters and achievements thereon

The KFRA, 2002 envisaged sufficient Revenue Surplus and prudential debt management through limits on borrowings, debt and deficits. The targets for Revenue and Fiscal Deficits along with their actual levels are given in **Table 1.6**.

Table 1.6: Compliance with targets of KFRA

Fiscal Parameters	KFRA target	Achievement				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Surplus/ Deficit (₹ in crore)	To maintain Revenue Surplus up to 2019-20.	1,185	(-)19,338	(-)13,666	13,496	(-)9,271
	Revenue Surplus may not be attained during 2020-21 due to covid 19 & in 2021-22 and 2022-23 Revenue Deficit would arise due to slow recovery of the economy.	√	State saw Deficit	Revenue	State achieved Revenue Surplus	State saw Revenue Deficit
Fiscal Deficit (as percentage of GSDP)	3.00 <i>per cent</i> (upto 2019-20)	2.36 (38,166)	4.09 (67,098)	3.34 (66,036)	2.05 (46,623)	2.55 (65,522)
	5.00 <i>per cent</i> (2020-21), 4.00 <i>per cent</i> (2021-22)	√	√	√	√	√
	3.5 <i>per cent</i> (2022-23) and 3.0 <i>per cent</i> (2023-24)					
Ratio of total outstanding Liabilities to GSDP (in <i>per cent</i>)	25.00 <i>per cent</i> (up to 2023-24) Liabilities to GSDP ratio may increase (2021-22 and 2022-23)	20.89	24.58*	23.24*	23.03*	23.49*
		√	√	√	√	√

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

By an amendment to KFRA, 2002 in February 2014, the scope of total liabilities as defined under Section-2(g) was amplified to include the borrowings by PSUs and Special Purpose Vehicles³ (SPVs) and other equivalent instruments where the principal and/or interest are to be serviced out of the State Budget. The State Government has been amending the KFRA from time to time keeping in view the parameters prescribed by successive Finance Commissions (FC) and also based on the fiscal situation.

During the year 2023-24, the State Government amended the KFRA to reduce the Fiscal Deficit from 3.5 *per cent* to 3.0 *per cent* of the estimated GSDP.

³ Borrowings by PSUs and SPVs are off-budget borrowings

The State Government recorded Revenue Surplus from 2004-05 to 2019-20 and during 2020-21 and 2021-22, the State witnessed Revenue Deficit, and the Revenue Deficit was met out of the borrowed funds. During 2022-23, the State recorded Revenue Surplus. However, the State once again witnessed Revenue Deficit during 2023-24. The Fiscal Deficit was well within the target fixed by KFRA in all the years. The total liabilities outstanding ratio to GSDP as prescribed under the Act, was well within the target of 25 *per cent* provided in the Act.

1.9.2 Actuals vis-à-vis projections of Medium Term Fiscal Plan for 2023-24

As per the KFRA, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The MTFP has set forth a five-year rolling target for the prescribed fiscal indicators. **Table 1.7** indicates the variation between the projections made for 2023-24 in MTFP and actuals for the year.

Table 1.7: Actuals vis-à-vis projection in MTFP for 2023-24

(₹ in crore)				
Sl. No.	Fiscal Variables	Projection as per MTFP 2022-26	Actuals (2023-24)	Variation (in <i>per cent</i>)
1	Own-Tax Revenue	1,40,067	1,63,505	16.73
2	Non-Tax Revenue	11,943	13,117	9.83
3	Share of Central Taxes	30,065	41,193	37.01
4	Grants-in-aid from GoI	16,944	15,528	(-)8.36
5	Revenue Receipts (1+2+3+4)	1,99,019	2,33,343	17.25
6	Revenue Expenditure	2,39,587	2,42,614	1.26
7	Total Liabilities	5,91,977	6,33,531*	7.02
8	GSDP	21,10,499	25,67,340	21.65
9	Revenue Deficit (-) / Surplus (+) (5-6)	(-)40,568	(-)9,271	77.14
10	Fiscal Deficit (-)/ Surplus (+)	(-)61,204	(-)65,522	(-)7.05
11	Fiscal Deficit/ GSDP	2.90	2.55	(-)0.35
12	Liabilities-GSDP ratio (<i>per cent</i>)	28.05	23.49	(-)4.56
13	GSDP growth rate at current prices (<i>per cent</i>)	11.90	13.10	1.20

Source: Finance Accounts and MTFP 2022-26

The back-to-back Loan (₹30,516 crore) received from GoI during 2020-21 and 2021-22 in lieu of GST compensation has not been considered as Debt for working out the indicator.

As seen from the above table, the actual receipts, expenditure, liabilities and GSDP increased from the projection made in MTFP. As a result, there was variation in the fiscal parameters which has been discussed in previous paragraphs.

1.10 Impact of certain transactions on major fiscal indicators during 2023-24

Scrutiny of certain major transactions during 2023-24 revealed that Revenue Deficit and Fiscal Deficit were affected by certain accounting adjustments (some of them are brought out in Notes to Accounts of Finance Accounts) and through post audit analysis which are detailed in **Table 1.8**.

Table 1.8: Impact of certain major transactions during 2023-24
(₹ in crore)

Sl. No.	Nature of transaction	Revenue Deficit		Fiscal Deficit	
		Over-statement	Under-statement	Over-statement	Under-statement
1	Booking of Capital Expenditure instead of Revenue Expenditure	-	374.64	-	-
1a	Booking of Capital Expenditure instead of Revenue Expenditure (Grants-in-aid)	-	129.65	-	-
2	Booking of Revenue Expenditure instead of Capital Expenditure	0.01	-	-	-
3	Non-payment of interest in respect of State Disaster Response Fund/ State Disaster Mitigation Fund	-	27.73	-	27.73
4	Non transfer of Capital Expenditure incurred from CRIF to CRIF Fund.	-	-	492.12	-
Total		0.01	532.02	492.12	27.73

Source: Notes to Accounts 2023-24 and Post audit analysis

The above transactions are discussed below:

- Expenditure of ₹374.64 crore which was to be treated as Revenue was treated as Capital Expenditure which is detailed in **paragraph 3.7.1.2 of Chapter 3**;
- Expenditure of ₹129.65 crore under Capital head was utilized towards expenditure of revenue nature which is discussed in **paragraph 3.7.1.2 of Chapter 3**;
- Expenditure of ₹0.01 crore under Revenue head was utilized towards expenditure of Capital nature which is discussed in **paragraph 3.7.1.2 of Chapter 3**;
- The State Government was required to pay interest of ₹27.73 crore on the un-expended balance lying under Reserve Funds and Deposits bearing interest in respect of State Disaster Response Fund and State Disaster Mitigation Fund as discussed in **paragraph 2.6.2(b) and (c) of Chapter 2**;
- Capital Expenditure of ₹492.12 crore, which was to be incurred from CRIF was not transferred to the said Fund account which is discussed in **paragraph 2.6.2(f) of Chapter 2**.

The Revenue Deficit and Fiscal Deficit would have an impact because of the above transactions. The Revenue Deficit would increase by ₹532.01 crore and would stand at ₹9,803.01 crore and the effective Fiscal Deficit would decrease by ₹464.39 crore and would stand at ₹65,057.61 crore. The FD-GSDP ratio would continue to remain at 2.53 per cent.

Chapter – 2

FINANCES OF THE STATE

CHAPTER

2

Finances of the State

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal variables relative to the previous year, overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State.

2.2 Major changes in key fiscal aggregates in 2023-24 *vis-à-vis* 2022-23

Table 2.1 presents a bird's eye view of the major changes in key fiscal aggregates of the State during 2023-24, *vis-à-vis* the previous year (2022-23). Details are given in **Appendix 2.1**. The details of receipts and disbursement for 2023-24 as well as the overall fiscal position during the preceding four years are shown in **Appendix 2.2**.

**Table 2.1: Changes in key fiscal aggregates during 2023-24
compared to 2022-23**

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue Receipts of the State increased by 1.86 <i>per cent</i>. ✓ Own-Tax Receipts of the State increased by 13.78 <i>per cent</i>. ✓ Own non-Tax Receipts decreased by 5.73 <i>per cent</i>. ✓ State's share of Union Taxes and Duties increased by 19.07 <i>per cent</i>. ✓ Grants-in-Aid from GoI decreased by 57.88 <i>per cent</i>.
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue Expenditure increased by 12.54 <i>per cent</i>. ✓ Revenue Expenditure on General Services increased by 5.41 <i>per cent</i>. ✓ Revenue Expenditure on Social Services increased by 15.69 <i>per cent</i>. ✓ Revenue Expenditure on Economic Services increased by 17.28 <i>per cent</i>. ✓ Expenditure on Grants-in-aid increased by 10.01 <i>per cent</i>.
Capital Receipts	<ul style="list-style-type: none"> ✓ Debt Capital Receipts increased by 102.65 <i>per cent</i>. ✓ Non-debt Capital Receipts decreased by 28.75 <i>per cent</i>.
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital Expenditure decreased by 9.12 <i>per cent</i>. ✓ Capital Expenditure on General Services increased by 79.90 <i>per cent</i>. ✓ Capital Expenditure on Social Services decreased by 3.61 <i>per cent</i>.

	✓ Capital Expenditure on Economic Services decreased by 14.11 <i>per cent</i> .
Loans and Advances	✓ Recoveries of Loans and Advances decreased by 35.98 <i>per cent</i> . ✓ Disbursement of Loans and Advances increased by 37.63 <i>per cent</i> .
Public Debt	✓ Public Debt Receipts increased by 102.65 <i>per cent</i> . ✓ Repayment of Public Debt increased by 40.84 <i>per cent</i> .
Public Account	✓ Public Account Receipts increased by 0.15 <i>per cent</i> . ✓ Disbursement of Public Account increased by 5.39 <i>per cent</i> .
Cash Balance	✓ Cash Balance (including investment of Earmarked funds and deposits with RBI) increased by ₹23,321 crore (27.78 <i>per cent</i>).

Each of the above indicators are analysed in the succeeding paragraphs.

2.3 Sources and Application of funds

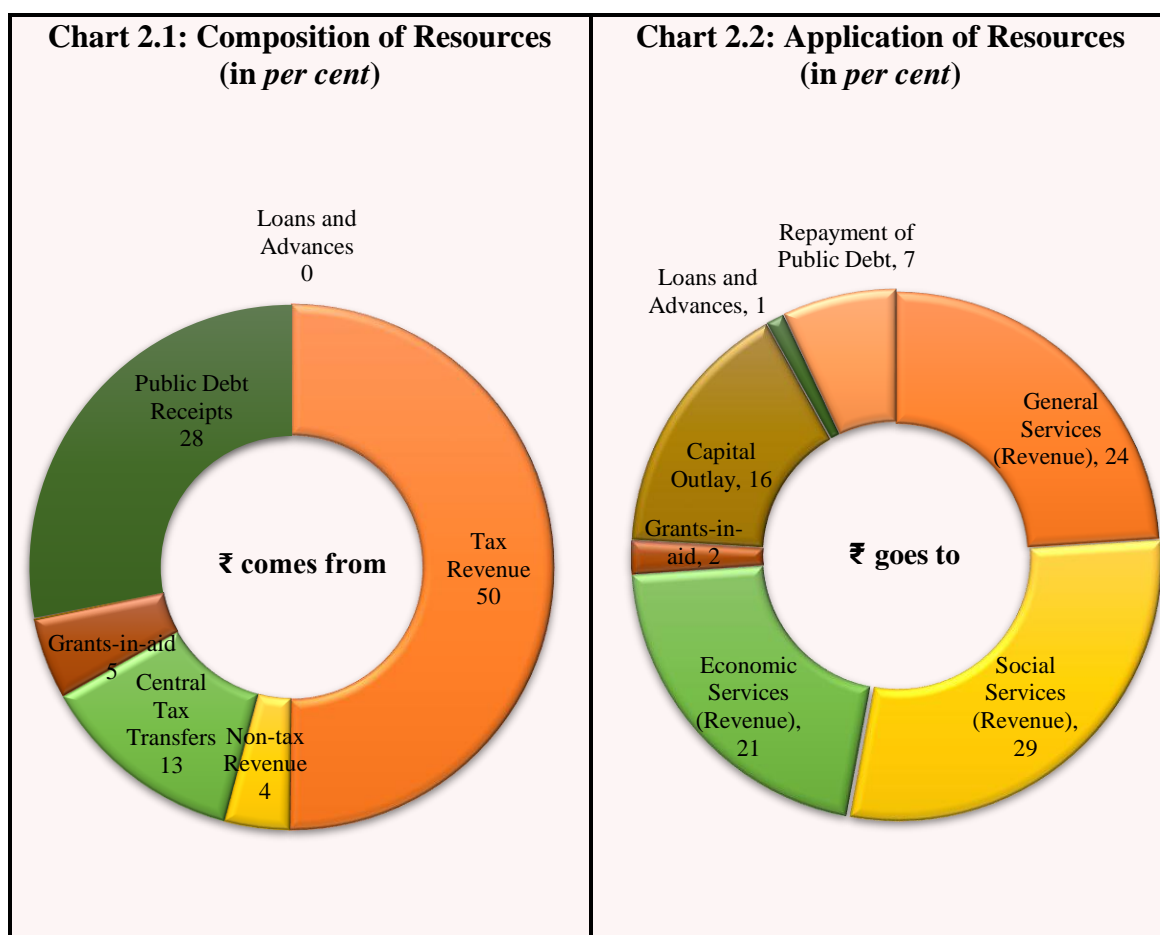
Table 2.2 compares the sources and application of funds of the State during 2022-23 with 2023-24, while **Chart 2.1** and **Chart 2.2** give the details of receipts and expenditure from the Consolidated Fund during 2023-24 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

		(₹ in crore)		
	Particulars	2022-23	2023-24	Increase/ Decrease
Sources	Opening Cash Balance (including investment of Earmarked funds and deposits with RBI)	63,412	83,943	20,531
	Revenue Receipts	2,29,080	2,33,343	4,263
	Recoveries of Loans and Advances	478	306	(-)172
	Public Debt Receipts (Net)	28,607	67,827	39,220
	Public Account Receipts (Net)	38,232	21,018	(-)17,214
	Total	3,59,809	4,06,437	46,628
Application	Revenue Expenditure	2,15,584	2,42,614	27,030
	Capital Expenditure	57,349	52,120	(-)5,229
	Disbursement of Loans and Advances	3,250	4,473	1,223
	Closing Cash Balance (including investment of Earmarked funds and deposits with RBI)	83,943*	1,07,264	23,321
	Total	3,60,126	4,06,471	46,345

Source: Finance Accounts

* The closing cash balance differs from last year due to non-accounting of ₹314 crore invested in the Guarantee Redemption fund.



Source: Finance Accounts

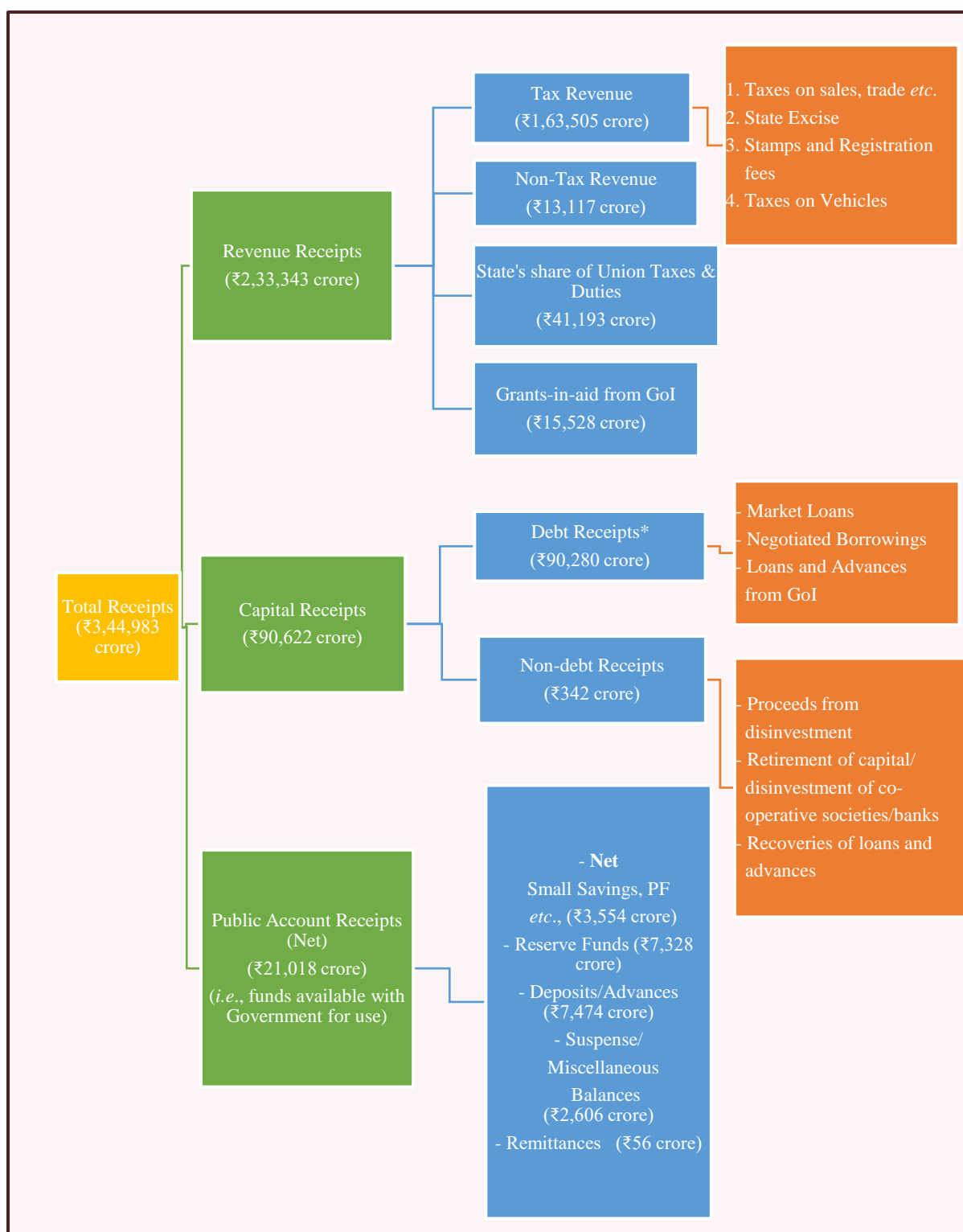
2.4 Resources of the State

The resources of the State consist of Revenue Receipts, Capital Receipts and Net Public Account Receipts. The composition of these is already discussed in **Para 1.4 of Chapter 1**. The components and sub-components of overall receipts of the State during 2023-24 are shown in **Chart 2.3**.

2.4.1 Revenue Receipts

The Gok's fiscal position is largely influenced by the revenue side. On average, 66 per cent of the revenue came from the State's own resources during the period 2019-20 to 2022-23. During 2023-24, the State own resources constituted 76 per cent of the total Revenue Receipts. The balance was transferred from GoI in the form of the State's share of taxes and duties and Grants-in-aid contributions when compared to previous year. Own Tax revenue during 2023-24 increased in terms of value by ₹19,803 crore and its rate of growth was 13.78 per cent. Its percentage share in Revenue Receipts of 2023-24 increased by seven per cent and was at 70 per cent. On the other hand, the State's non-Tax revenue decreased during 2023-24 by ₹797 crore i.e., six per cent over the previous year. The share of non-Tax revenue, which ranged from four to six per cent of Revenue Receipts during 2019-20 to 2022-23, continued to remain the same at six per cent during 2023-24 also.

Chart 2.3: Composition of receipts of the State during 2023-24



Source: Finance Accounts

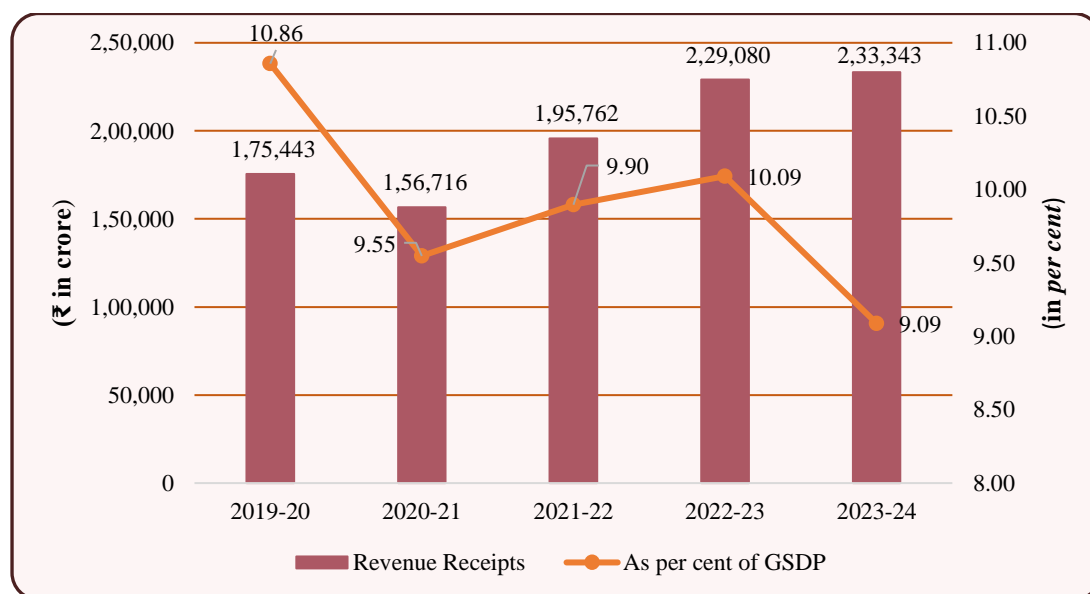
2.4.2 Trends and growth of Revenue Receipts

Table 2.3 provides trends in Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2019-20 to 2023-24. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Chart 2.4** and **Chart 2.5** respectively.

Table 2.3: Trends and growth in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	1,75,443	1,56,716	1,95,762	2,29,080	2,33,343
Rate of growth of RR (per cent)	6.34	-10.67	24.92	17.02	1.86
Own-Tax Revenue (₹ in crore)	1,02,363	97,052	1,20,739	1,43,702	1,63,505
Non-Tax Revenue (₹ in crore)	7,681	7,894	11,777	13,914	13,117
State's Own Revenue (own-Tax revenue + non-Tax revenue)	1,10,044	1,04,946	1,32,516	1,57,616	1,76,622
Rate of growth of State's own Revenue (own-Tax revenue + non-Tax revenue) (per cent)	6.22	(-)-4.63	26.27	18.94	12.06
Grants-in-aid from GoI	34,480	30,076	29,962	36,868	15,528
Rate of growth of Grants-in aid from GoI (per cent)	35.32	(-)-12.77	(-)-0.38	23.05	(-)-57.88
GSDP (₹ in crore)	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
Rate of growth of GSDP (per cent)	9.22	1.59	20.51	14.76	13.10
RR/GSDP (per cent)	10.86	9.55	9.90	10.09	9.09
Buoyancy ratios⁴					
Revenue Buoyancy⁵ w.r.t GSDP	0.68	(-)-6.73	1.21	1.15	0.14
State's own revenue buoyancy⁶ w.r.t GSDP	0.70	(-)-2.92	1.28	1.28	0.92

Source: Finance Accounts and Economic Survey of GoK

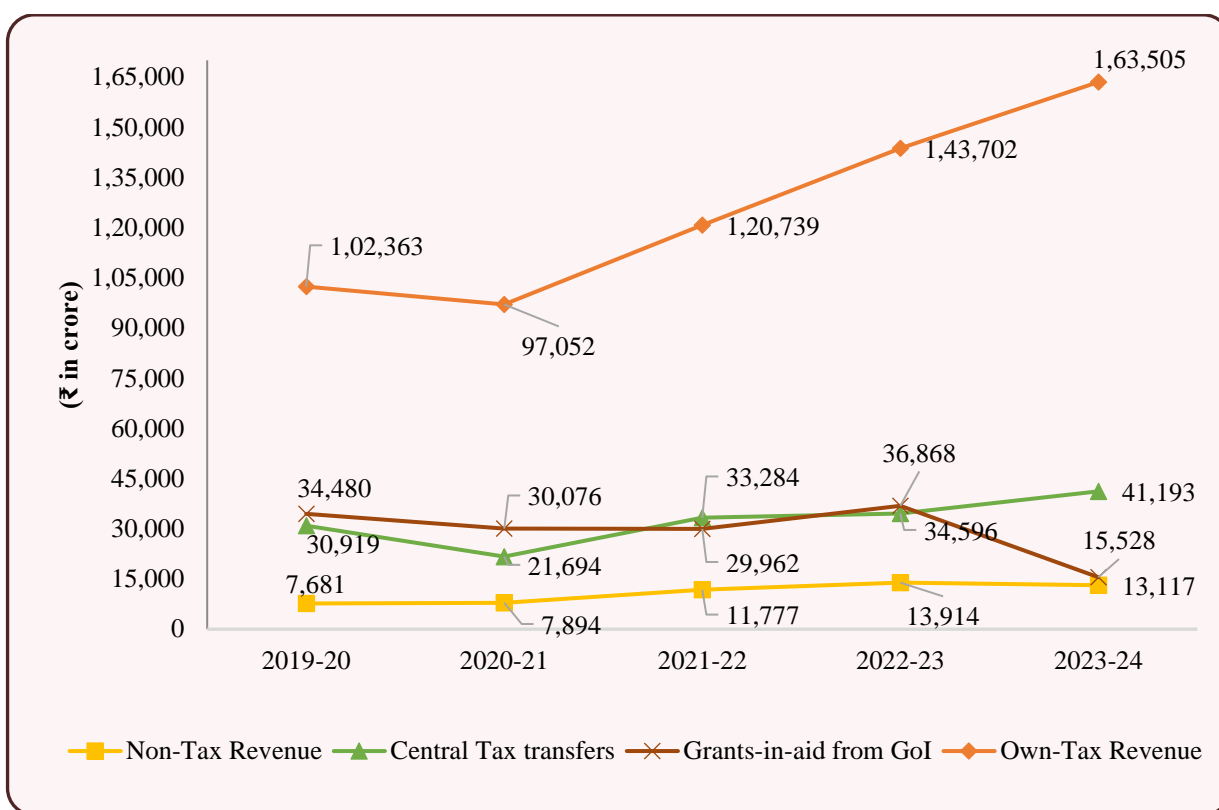
Chart 2.4: Trends of Revenue Receipts

Source: Finance Accounts and Economic Survey of GoK

⁴ Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

⁵ Revenue buoyancy refers to the growth rate of Revenue Receipts to growth rate of GSDP.

⁶ Own revenue buoyancy refers to growth rate of Tax revenue and non-Tax revenue to growth rate of GSDP. It excludes devolution from GoI.

Chart 2.5: Trends of components of Revenue Receipts

Source: Finance Accounts

General trends relating to Revenue Receipts of the State are as follows:

- Revenue Receipts increased by 33 per cent from ₹1,75,443 crore in 2019-20 to ₹2,33,343 crore in 2023-24. During 2023-24, the Revenue Receipt increased marginally by 1.86 per cent when compared to the previous year.
- About 76 per cent of the Revenue Receipts during 2023-24 came from the State's own resources, while Central tax transfers and Grants-in-aid together contributed 24 per cent. This is indicative that Karnataka's fiscal position is largely influenced by own resources.
- During the year 2023-24, the increase of 1.86 per cent (₹4,263 crore) in Revenue Receipts when compared to the previous year was mainly due to an increase of own-Tax revenue (13.78 per cent) and States share of Union Taxes and Duties (19.07 per cent). This was offset by a decrease in the non-Tax revenue (5.73 per cent) and Grants-in-aid (57.88 per cent).
- The revenue buoyancy of the State with respect to GSDP was positive in all the years except 2020-21. The revenue buoyancy which had decreased during 2020-21 showed an increase in 2021-22. This was on account of revival of the economy post Covid-19 lockdown. Thereafter, the revenue buoyancy is showing a decreasing trend.
- Similarly, the State's own revenue buoyancy with respect to GSDP showed positive (Table 2.3) during all the years except in 2020-21. The State's own revenue buoyancy which had remained constant during 2021-23, saw a dip in 2023-24 due to decrease in rate of growth of State's own revenue when compared to previous year.

2.4.3 State's Own Resources

State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own -Tax and non-Tax sources.

Gross collections in respect of major Tax and non-Tax revenue and their relative share in GSDP during 2019-20 to 2023-24 are given in **Appendix 2.2**.

2.4.3.1 Own-Tax Revenue

Trends of own-Tax Revenue of the State during the five-year period 2019-20 to 2023-24 are given in **Chart 2.6** and **Chart 2.7**.

Chart 2.6: Trends of own-Tax Revenue during 2019-20 to 2023-24

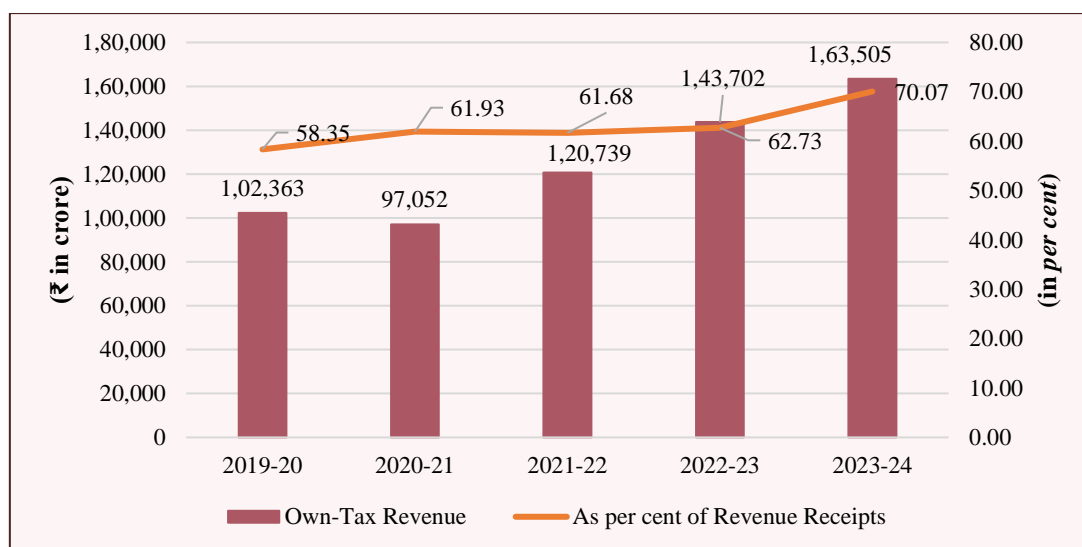


Chart 2.7: Growth/Decline of own-Tax Revenue during 2019-20 to 2023-24



Source: Finance Accounts

The component wise details of State's own-Tax revenue collected during 2019-20 to 2023-24 are given in **Table 2.4** and **Chart 2.7**.

Table 2.4: Components of State's own-Tax Revenue during 2019-24

(₹ in crore)

Components of State's Own Tax Revenue						Sparkline
Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	
Taxes on Sales, Trade etc.	16,424	16,028	19,274	19,082	20,811	
State Goods and Service Tax	42,147	37,711	49,929	61,403	71,041	
State Excise	21,584	23,332	26,378	29,920	34,629	
Taxes on Vehicle	6,763	5,607	6,915	10,611	11,287	
Stamps and Registration Fees	11,308	10,576	14,020	17,726	20,147	
Land Revenue	203	184	181	364	860	
Other Taxes	3,934	3,614	4,042	4,596	4,730	
Total	1,02,363	97,052	1,20,739	1,43,702	1,63,505	

Source: Finance Accounts

Own-Tax revenue of the State increased by ₹19,803 crore from ₹1,43,702 crore in 2022-23 to ₹1,63,505 crore in 2023-24. The growth rate of own-Tax revenue decreased during 2020-21 due to onset of COVID 19 Pandemic imposed lockdown. During the current year, the major contributors of Tax revenue were Goods and Services Tax (43 *per cent*), State Excise (21 *per cent*), Taxes on Sales, Trade *etc.*, (13 *per cent*) and Stamps and Registration Fees (12 *per cent*).

(a) State Goods and Services Tax

The actual collection of revenue under State Goods and Service Tax (SGST) during 2022-23 and 2023-24 are shown in **Table 2.5**.

Table 2.5: SGST receipts of GoK

(₹ in crore)

State Goods and Services Tax	2022-23	2023-24	Increase/Decrease
Tax	30,315	36,258	5,943
Advance Apportionment of Taxes from IGST	2,090	(-)798	(-)2,888
Others	28,998	35,581	6,583
Total SGST collection	61,403	71,041	9,638

Source: Finance Accounts

During 2023-24, the SGST collections were 71,041 crore, an increase of ₹9,638 crore (15.70 *per cent*) over 2022-23. However, as against the Budget Estimate of ₹76,150 crore, there was a decrease of 7.19 *per cent*. This included Advance Apportionment of IGST amounting to ₹(-)798 crore. In addition, the State received ₹12,501 crore as its share of net proceeds out of CGST. Hence, the total receipts under GST during 2023-24 were ₹83,543 crore⁷. The State received

⁷Under Major Heads 0005 – CGST (₹12,501.46 crore), 0006 – SGST (₹71,041.45 crore) and 0008 – IGST (Nil).

compensation of ₹1,191 crore on account of loss of revenue arising out of the implementation of GST during 2023-24.

(b) Analysis of arrears of revenue and arrears of assessment

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

(c) Arrears of revenue

As on 31 March 2024, the arrears of revenue in respect of principal heads of revenue viz., Taxes/VAT on Sales, Trade, etc., (₹13,937.44 crore) and Goods and Services Tax (₹16,082.29 crore) were ₹30,019.73 crore as depicted in **Table 2.6**.

Table 2.6: Arrears of revenue

Sl. No.	Head of revenue	(₹ in crore)	
		Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024
1	Taxes/VAT on Sales, Trade, etc.	13,937.44	-
2	Goods and Services Tax	16,082.29	-
Total		30,019.73	-

Source: Departmental information

(d) Details of evasion of tax detected by the Department, Refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of the performance of the Department concerned.

The details of cases of evasion of tax detected by the Excise and Taxation cases finalised and the demand for additional tax raised during the year 2023-24, as reported by the Departments concerned, are depicted in **Table 2.7**.

Table 2.7: Evasion of tax detected

SL. No.	Head of Revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment / investigation completed with penalty, etc., raised		No. of cases pending for finalisation as on 31 March 2024
					No. of Cases	Amount of demand (₹ in crore)	
1.	Goods and Services Tax	6,180	15,757	21,937	11,744	3,257.26	10,193

Source: Departmental information

During 2023-24, a refund of ₹4,986.46 crore and ₹156.93 crore were made under GST and Sales Tax/VAT.

2.4.3.2 Non-Tax Revenue

Non-Tax receipts (fees, user charges, interest receipts, etc.) are generally raised through non-statutory mandates. The sources of non-Tax receipts included receipts from fiscal services like interest receipts from outstanding advances, dividends and profits from equity investments, royalty fees for allowing use of

assets held as custodian like minerals, forests and wildlife, or other such services and user charges for various social and economic services provided through the apparatus of the Government.

While the share of non-Tax revenue in Revenue Receipts during 2019-20 was four *per cent*, it increased to five *per cent* during 2020-21 and to six *per cent* from 2021-22 onwards. In terms of value, during 2023-24, the non-Tax Revenue decreased by ₹797 crore from ₹13,914 crore in 2022-23 to ₹13,117 crore in 2023-24. The FMRC taking notice (February 2023) of observations in various SFAR's of earlier years suggested Finance Department review all major non-Tax revenue sources in the Financial Year 2023-24 and revise the user charges/fees which have not been revised for many years.

The XV FC has noted that there needs to be a focus on user charges and these revenues should keep pace with the growth of GSDP of the State. The Expenditure Reforms Commission of the State in its fourth report (June 2021) stated that the Government should articulate a clear policy on user charges. In this regard, the Finance Department in its reply to PAC in respect of SFAR for the year ending March 2022 stated (October 2024) the following:

- The growth of non-tax revenue cannot be compared with that of Tax revenue which has a wider tax base and potential services.
- The user charges of Forest, Hospital, Horticulture departments, *etc.*, were utilized by the respective departments and hence it does not form part of Consolidated Fund of the State.
- Departments have once again been requested (October 2023) to initiate action for revision of charges.
- A consulting group has been appointed to conduct a study on Revenue Receipts and suggest ways to increase the generation of both Tax and non-Tax receipts.

In contradiction to the reply of the State Government, the user charges amounting to ₹7.57 crore received in Kolar Social Forestry Division were parked in the Bank (current) account without being utilised for afforestation works. Hence, retention of the user charges with the Department did not serve its purpose and also led to an understatement of non-Tax revenue.

In addition, as discussed in **Paragraph 4.2**, in spite of the Finance Department issuing directions to all departments to remit interest earned on the Government funds to Consolidated Fund of the State (CFS), interest amounting to ₹14,549.91 crore earned during 2020-21 to 2023-24 by 64 Institutions/Government companies/Corporations was not remitted to Government account.

The component wise details of non-Tax revenue collected during 2019-20 to 2023-24 are indicated in **Table 2.8**.

Table 2.8: Components of State's non-Tax Revenue

(₹ in crore)

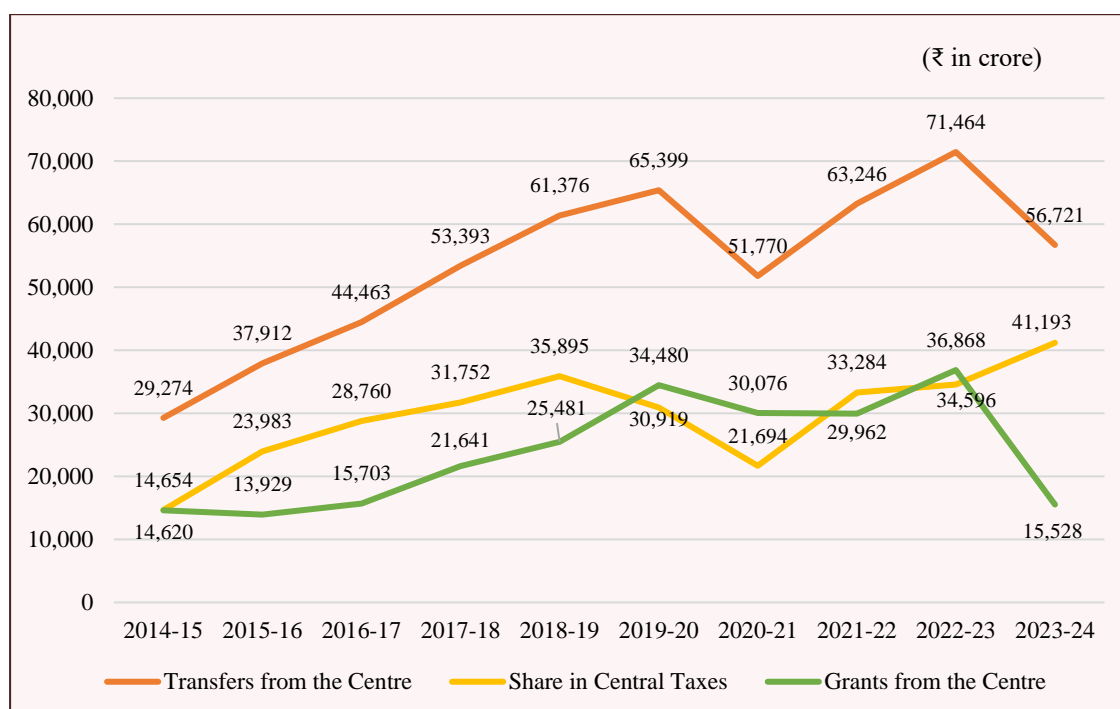
Components of State's non-tax revenue						Sparkline
Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	
Interest Receipts	895	920	1,315	1,377	1,493	
Dividend and Profits	54	81	350	429	303	
Non-ferrous Mining and Metallurgical Industries	3,629	3,893	6,308	5,946	7,322	
Other non-Tax receipts	3,103	3,000	3,804	6,162	3,999	
a) Medical and Public Health	599	419	522	431	488	
b) Other Administrative Services	305	388	417	1,156	570	
c) Forestry and Wild Life	267	276	281	325	423	
d) Education, Sports and Culture	183	175	287	178	168	
e) Police	308	367	500	579	349	
f) Roads and Bridges	71	50	60	25	8	
g) Others	1,370	1,325	1,737	3,468	1,993	
Total	7,681	7,894	11,777	13,914	13,117	

Source: Finance Accounts

During the year 2023-24, there was a decrease of ₹797 crore (5.73 per cent) in total non-Tax revenue over the previous year which was mainly under other non-Tax receipts viz., Other Administrative Services (₹586 crore) and others (₹1,475 crore). The royalty under non-Ferrous Mining and Metallurgical industries which had increased considerably during 2021-22 saw decrease during 2022-23, which once again increased by ₹1,376 crore during 2023-24. There was a decrease of ₹126 crore under dividends and profits over the previous year.

2.4.4 Transfers from Centre

Transfers from the Centre are of two forms viz., Central Tax transfers and Grants from GoI. Trends in transfers from the Centre are shown in **Chart 2.8**.

Chart 2.8: Trends in transfers from Centre

Central Tax transfer

GoI transfers share of the State Government in Union Taxes and Duties such as Corporation Tax, Income Tax, Service Tax, Union Excise Duties *etc.* The trends in these Tax transfers during 2019-20 to 2023-24 are shown in **Table 2.10**.

The XV FC recommended the State's share in the net proceeds of Central Taxes to be fixed at 3.647 *per cent*. The actual release of shares in Union taxes and duties to State Government *vis-à-vis* projections made by XIV FC and XV FC during the period from 2015-16 to 2023-24 are tabulated in **Table 2.9**.

**Table 2.9: State's share in union taxes and duties:
Actual devolution *vis-à-vis* Finance Commission Projections**

(₹ in crore)				
Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
2015-16	<i>Inter se</i> shares of Karnataka in the net proceeds of the taxes is 4.713 <i>per cent</i> of net proceeds of all sharable taxes and 4.822 <i>per cent</i> of sharable service tax.	27,419	23,983	(-)3,436
2016-17		31,641	28,760	(-)2,881
2017-18		36,563	31,752	(-)4,811
2018-19		42,303	35,895	(-)6,408
2019-20		48,999	30,919	(-)18,080
	Total of XIV FC	1,86,925	1,51,309	(-)35,616
2020-21	<i>Inter se</i> shares of Karnataka in the net proceeds of the taxes is 3.646 <i>per cent</i> and 3.647 for 2020-21 and 2021-26 respectively.	31,180	21,694	(-)9,486
2021-22		24,019	33,284	9,265
2022-23		26,719	34,596	7,877
2023-24		30,065	41,193	11,128

As seen in the **Table 2.9**, the actual receipts to the State was less than projections made by XIV FC, whereas during the XV FC period (till 2023-24), the releases had been more than the projections.

Table 2.10: Trends in Central Tax transfers

(₹ in crore)					
Head	2019-20	2020-21	2021-22	2022-23	2023-24
Central Goods and Services Tax (CGST)	8,773.82	6,236.01	9,158.36	9,786.19	12,501.46
Integrated Goods and Service Tax (IGST)	-	-	-	-	-
Corporation Tax	10,542.17	6,656.01	9,823.19	11,574.64	12,364.18
Taxes on Income other than Corporation Tax	8,260.51	6,837.75	9,623.93	11,335.59	14,279.02
Customs	1,959.84	1,110.05	2,573.81	1,361.47	1,443.54
Union Excise Duties	1,362.62	714.26	1,539.33	427.12	546.27
Service Tax	-	119.03	528.33	54.17	7.66
Taxes on Wealth	0.46	-	2.63	-	-
Other Taxes on Income and Expenditure	-	-	0.07	-	-
Other Taxes and Duties and Commodities and Services	19.58	21	33.93	57	51
Total	30,919	21,694	33,284	34,596	41,193
Percentage of increase over previous year	(-)13.86	-29.84	53.42	3.94	19.07
Percentage of Central Tax transfers to Revenue Receipts	17.62	13.84	17.00	15.10	17.65

Source: Finance Accounts

During 2023-24, out of the total share of the States in divisible pool of Union Taxes and Duties net devolution of State's share was ₹41,192.63⁸ crore.

2.4.5 Grants-in-Aid from Government of India

Grants-in-aid from GoI, was on a decreasing trend from 2020-21 to 2023-24 except 2022-23, during which it increased by 23.05 *per cent*. However, during 2023-24 it decreased by ₹21,340 crore (57.88 *per cent*) as shown in **Table 2.11**.

Table 2.11: Grants-in-aid from GoI

(₹ in crore)					
Head	2019-20	2020-21	2021-22	2022-23	2023-24
Grants for Centrally Sponsored Schemes	12,214	9,852	12,659	11,629	9,866
Other transfers/ Grants to States ⁹	17,593	14,667	11,064	21,744	1,893
Finance Commission Grants	4,673	5,557	6,239	3,495	3,769
Total	34,480	30,076	29,962	36,868	15,528
Percentage of increase/decrease over the previous year	35.32	(-)12.77	(-)0.38	23.05	(-)57.88
Percentage of GIA to Revenue Receipts	19.65	19.19	15.31	16.09	6.65

Source: Finance Accounts

When compared to the previous year, there was a decrease of ₹21,340 crore (57.88 *per cent*) during 2023-24. This decrease was mainly under Other transfers/ Grants to States by ₹19,851 crore, which was on account of decrease under compensation for loss of revenue arising out of implementation of GST.

(a) Fifteenth Finance Commission Recommendations

As per the terms of reference of the XV FC constituted by the President under Article 280 of the Constitution on 27 November 2017, to give recommendations for vertical and horizontal devolution of taxes for five years (2020-2025), the Commission submitted two reports. While the first report had the recommendations for the financial year 2020-21, the second and final report had recommendations for the period 2021-22 to 2024-25.

The recommended and actual release of Finance Commission Grants is indicated in **Table 2.12**.

Table 2.12: Recommended and actual release of grants during 2023-24

(₹ in crore)			
Type of Grant	Recommended	Actual	Short-fall (-)/ Excess (+)
RLB	2,490.00	2,086.59	(-)403.41
ULBs	1,282.00	727.40	(-)554.60
SDRMF	871.50	697.60	(-)173.90
HEALTH	579.00	257.04	(-)321.96

Source: XV FC Report and Finance Accounts

⁸ Out of the total devolution of ₹41,192.63 crore, the share of Corporation Tax 30.02 *per cent*, Taxes on income other than income tax 34.66 *per cent*, Customs Duty 3.50 *per cent*, Union Excise Duties 1.33 *per cent*, CGST was 30.35 *per cent*.

⁹ It includes Grants towards contribution to National Disaster Response Fund and Compensation for loss of revenue arising out of implementation of GST.

During 2023-24, there was a shortfall in receipts of grants against the recommendations, which were mainly on account of the following reasons:

- For grants to be released for RLBs, as per the GoI guidelines, the RLBs are eligible for the grants if they are duly constituted. In respect of Karnataka, Zilla Parishad and Taluk Panchayats were not constituted and hence the grants were released on pro-rata basis.
- Due to absence of audited financial reports and non-compliance with the enhancement of property tax in 60 ULBs, grants were released to the State on pro-rata basis for the number of bodies.
- During 2023-24, under SDRMF, the allocation to be made by GoI was ₹871.50 crore with ₹697.60 crore under SDRF and ₹173.90 crore under SDMF. The State transferred ₹697.60 crore as Union share under SDRF during 2023-24. However, no amount was allocated under SDMF. This is discussed in **Paragraph 2.6.2(b) and (c)**.

2.4.6 Capital Receipts

Capital Receipts of the State Government consist of Public Debt Receipts, non-Debt Receipts like proceeds from disinvestment (under miscellaneous Capital Receipts) and recoveries of Loans and Advances. The net Public Debt Receipts after discharging of Public Debt plus other Capital Receipts is the net Capital Receipts. The composition of Capital Receipts and trend in growth during the period 2019-20 to 2023-24 are shown in **Table 2.13**.

Table 2.13: Trends in growth and composition of Capital Receipts

Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Public Debt Receipts	50,459	84,528*	80,641*	44,549	90,280
<i>Internal Debt</i>	49,473	70,414	60,462	39,283	84,334
<i>Growth rate (per cent)</i>	22.24	42.33	(-)14.13	(-)35.03	114.68
<i>Loans and advances from GoI</i>	675	14,114 [#]	20,179 [#]	5,266	5,946
<i>Growth rate (per cent)</i>	(-)53.25	152.8	21.26	154.39	12.91
Miscellaneous Capital Receipts	45	45	6	2	36
Recovery of Loans and Advances	203	270	127	478	306
Capital Receipts	50,707	84,843	80,774	45,029	90,622
Rate of growth of debt Capital Receipts (per cent)	20.38	67.52	(-)4.60	(-)44.76	102.65
Rate of growth of Non-debt Capital Receipts (per cent)	892	27.02	(-)57.78	260.90	(-)28.75
Rate of growth of Capital Receipts (per cent)	20.91	67.32	(-)4.80	(-)44.25	101.25

Source: Finance Accounts

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

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

The Capital Receipts were on an increasing trend during 2019-20 and 2020-21 and decreased in 2021-22 and 2022-23. However, it increased considerably by 101 *per cent* during 2023-24 (₹90,622 crore). Since the Public Debt had predominant share in Capital Receipts, it influenced the increase/decrease of Capital Receipts. It constituted an average of 99.51 *per cent* during 2019-20 to 2023-24.

The Public Debt receipts increased from ₹50,459 crore in 2019-20 to ₹90,280 crore in 2023-24. When compared to the previous year, there was an increase in Public Debt Receipts. This was mainly due to an increase in Market Borrowings (115 *per cent*) by the State. The recovery towards Loans and Advances was very meagre during the period. In absolute terms, the recovery in 2023-24 decreased from the previous year by ₹172 crore.

2.4.7 State's performance in mobilisation of resources

The State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-Tax and non-Tax sources. The budget presented by the State Government indicates projections/estimations of revenue and expenditure for a particular fiscal year. Deviations from budget estimates are indicative of non-attainment/ non-optimisation of desired fiscal objectives, due to a variety of factors, some of which are within the control of the Government while some are beyond their control. **Table 2.14** presents Tax and non-Tax receipts *vis-à-vis* assessment of XV FC and Budget projections during 2023-24.

Table 2.14: Tax and non-Tax receipts *vis-à-vis* projections during 2023-24

	XV FC assessment	Budget Estimates	Actual	Percentage variation of actual over	
	(₹ in crore)			XV FC Assessment	Budget Estimates
Own-Tax revenue	1,34,950	1,73,303	1,63,505	21.16	(-)5.65
Non-Tax revenue	9,790	12,500	13,117	33.98	4.94

Source: XV FC Report and Finance Accounts

As seen from the table, the variation of actuals over budget projection and XV FC of own-Tax Revenue was (-) six *per cent* and 21 *per cent* respectively, which indicates over estimation of the receipts. The non-Tax revenue was five *per cent* and 34 *per cent* respectively, more than the estimates indicating that the State had taken measures to increase its interest receipts as well as royalties from minerals.

2.5 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. The expenditure is to be within the framework of fiscal responsibility legislation. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social and economic sectors.

Prudent fiscal management should aim at creating savings by raising Revenue Receipts in excess of Revenue Expenditure. Use of borrowed funds for either directly revenue yielding activities or indirectly productive uses create returns by way of Tax or non-Tax revenues that can be used for debt servicing and repayment of loans.

2.5.1 Growth and composition of expenditure

The basic parameters of total expenditure, its composition under Revenue, Capital, Loans and Advances and comparison with GSDP over a five-year period of 2019-20 to 2023-24 are furnished in the **Table 2.15**.

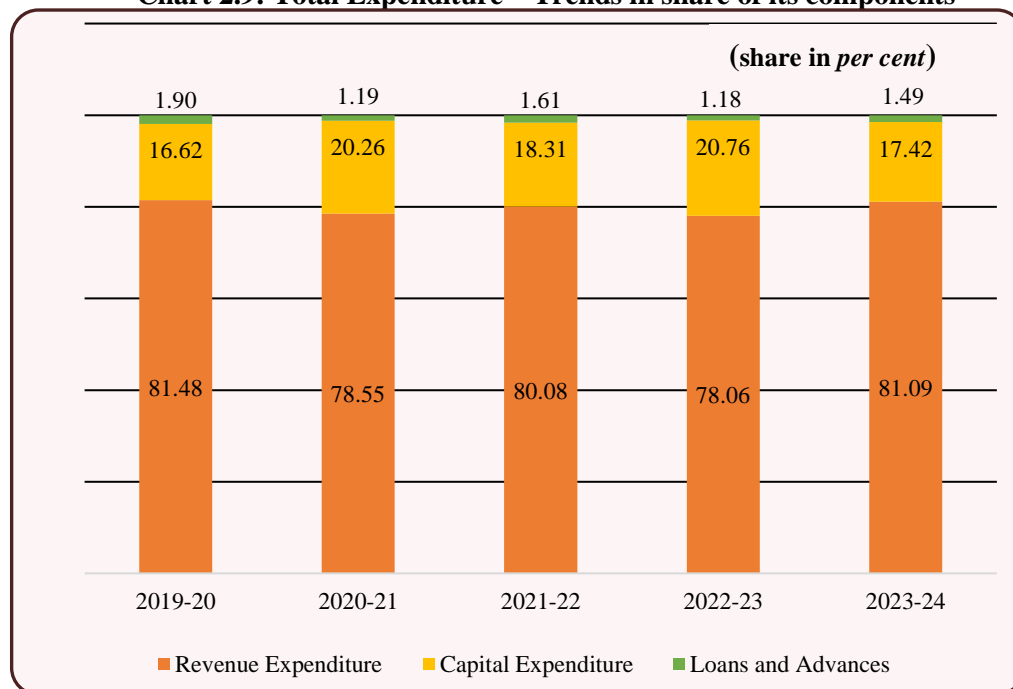
Table 2.15: Total expenditure – Trends and composition

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207
Revenue Expenditure (RE)	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614
Capital Expenditure (CE)	35,530	45,406	47,874	57,349	52,120
Loans and Advances	4,069	2,669	4,209	3,250	4,473
GSDP	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
TE/GSDP	13.24	13.65	13.22	12.17	11.65
RE/GSDP	10.78	10.73	10.59	9.50	9.45
CE/GSDP	2.20	2.77	2.42	2.53	2.03
Loans and Advances/GSDP	0.25	0.16	0.21	0.14	0.17

Source: Finance Accounts

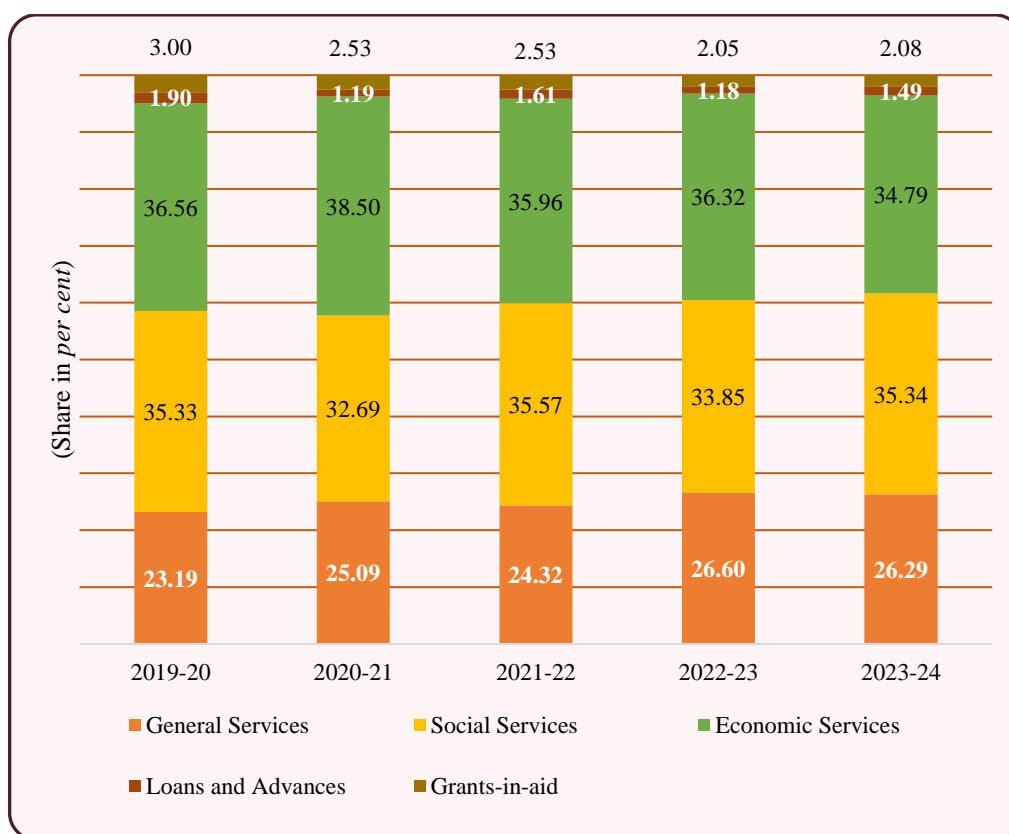
During the period 2019-20 to 2023-24, on average, 80 *per cent* of the total expenditure was on revenue account. However, this was understated by ₹2,256.06 crore on account of refunds of unutilized amounts from SNA Accounts. During 2023-24, it increased to 81 *per cent* from 78 *per cent* compared to the previous year and the share of Capital Expenditure (including Loans and Advances) was 19 *per cent*, which was less by three *per cent* when compared to previous year. The share of Revenue Expenditure, Capital Expenditure and Loans and Advances for the years 2019-20 to 2023-24 are shown in **Chart 2.9**.

Chart 2.9: Total Expenditure – Trends in share of its components



Source: Finance Accounts

The trends of total expenditure by activities under General, Social, Economic, Loans and Advances and Grants-in-aid are shown in **Chart 2.10**.

Chart 2.10: Total expenditure – Expenditure by activities

Source: Finance Accounts

From the above chart, it can be seen that the relative share of General Services, Economic Services and Social Services had inter year variations during the period 2019-20 to 2023-24. During 2023-24, the share of expenditure on Social Services increased by 1.49 *per cent*, the expenditure for Economic Services decreased by 1.53 *per cent* and marginally decreased for General services, when compared to the previous year.

2.5.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation.

Revenue Expenditure comprises wages and salaries, interest payments, pensions, expenditure on operations and maintenance of capital works, subsidies and transfers to local bodies, co-operatives, Non-Government Organisations (NGOs) and others. Expenditure is also classified into various functional categories such as General Services, Social Services and Economic Services. Expenditure on Social and Economic Services is incurred to create physical infrastructure and human resource development and, therefore, is considered productive, whereas expenditure on General Services and Debt Servicing is considered unproductive.

The overall Revenue Expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.16**. The Buoyancy of Revenue Expenditure with GSDP was least in 2022-23 after showing an increasing trend in 2021-22. However, it increased in 2023-24 considerably when compared with previous year. This was due to a high growth rate of Revenue Expenditure.

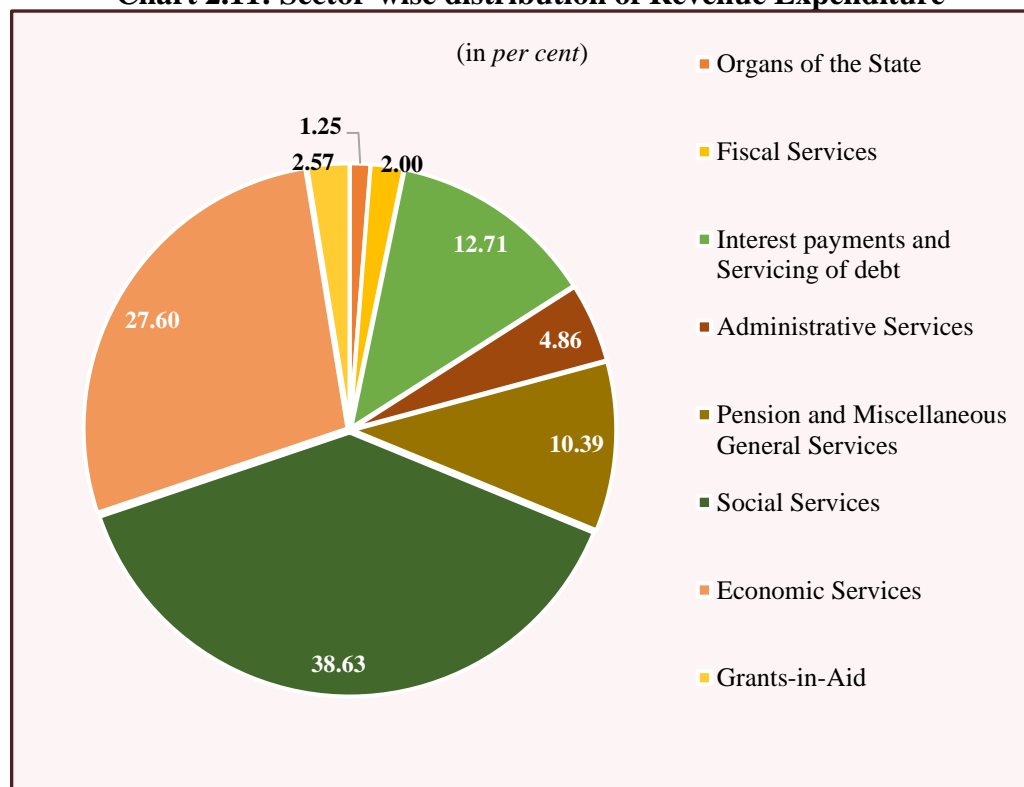
Table 2.16: Revenue Expenditure – Basic parameters

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207
Revenue Expenditure (RE)	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614
Rate of Growth of RE (per cent)	6.06	1.03	18.96	2.94	12.54
RE as percentage of TE	81.48	78.55	80.08	78.06	81.09
RE/GSDP (per cent)	10.78	10.73	10.59	9.50	9.45
Revenue Receipts (RR)	1,75,443	1,56,716	1,95,762	2,29,080	2,33,343
RE as percentage of RR	99.32	112.34	106.98	94.11	103.97
Buoyancy of RE with					
GSDP (ratio)	0.68	0.65	0.92	0.20	0.96
Revenue Receipts (ratio)	0.96	-0.10	0.76	0.17	6.74

Source: Finance Accounts for respective years

Revenue Expenditure increased by 39 per cent from ₹1,74,258 crore in 2019-20 to ₹2,42,614 crore in 2023-24. Compared to the previous year, the increase was around 13 per cent, due to an increase in Social Security and Welfare (166 per cent), Power (69 per cent), Food, Storage and Ware Housing (140 per cent), Interest Payments (eight per cent), Nutrition (68 per cent), General Education (five per cent) etc. The Sector-wise distribution of Revenue Expenditure during 2023-24 under General services (Organs of State, Fiscal Services, Interest Payments and Servicing of Debt, Administrative Services and Pension and Miscellaneous General Services), Social Services, Economic Services and Grants-in-Aid is indicated in **Chart 2.11**.

Chart 2.11: Sector-wise distribution of Revenue Expenditure



Source: Finance Accounts

In absolute terms the Revenue Expenditure increased by ₹27,030 crore (around 12.54 *per cent*) over the previous year. However, Revenue Expenditure as a percentage of GSDP decreased marginally, whereas Revenue Expenditure as a percentage of Revenue Receipts increased considerably due to an increase in Revenue Expenditure. Buoyancy of Revenue Expenditure with GSDP and buoyancy of Revenue Expenditure with Revenue Receipts which had decreased during 2022-23, increased considerably during 2023-24. The major reason for the increase was a higher growth rate of Revenue Expenditure.

2.5.2.1 Major changes in Revenue Expenditure

Table 2.17 details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

Table 2.17: Variation in Revenue Expenditure during 2023-24 compared to 2022-23

Major Heads of Account	2022-23	2023-24	(₹ in crore)	
			Increase (+)/ Decrease (-)	Percentage
2235 - Social Security and Welfare	11,296.56	30,018.33	18,721.77	165.73
2801 - Power	14,093.43	23,780.16	9,686.73	68.73
2408 - Food, Storage and Warehousing	3,059.50	7,353.78	4,294.28	140.36
2049 - Interest Payments	28,427.16	30,826.32	2,399.16	8.44
2202 - General Education	29,489.66	31,033.86	1,544.20	5.24
2236 - Nutrition	1,581.61	2,658.41	1,076.80	68.08
2515 - Other Rural Development Programmes	7,736.99	6,679.63	(-)1,057.36	(-)13.67
2215 - Water Supply and Sanitation	5,356.12	495.34	(-)4,860.78	(-)90.75
2217 - Urban Development	3,403.21	1,873.95	(-)1,529.26	(-)44.94
2401 - Crop Husbandry	6,478.56	3,834.01	(-)2,644.55	(-)40.82
2216 - Housing	3,743.45	2,353.83	(-)1,389.62	(-)37.12
2245 - Relief on account of Natural Calamities	3,015.11	1,231.26	(-)1,783.85	(-)59.16

Source: Finance Accounts

While there had been some increases in expenditure, there were some declines as well under a few Major Heads of Accounts. The notable variations (more than 90 *per cent*) and the reasons for the increase / decrease are as under:

- In respect of Social Security and Welfare, there had been an increase in the expenditure by 165.73 *per cent*, the reasons for which was attributable to the Gruha Lakshmi Scheme, which was introduced by the government, constituting around 91 *per cent* of the increase.
- In respect of Food, Storage and Warehousing, there had been an increase in the expenditure by 140.36 *per cent*, the reasons for which was attributable to expenditure under Food Subsidies *i.e.*-Anna Bhagya Scheme introduced by the State Government during 2023-24.
- In respect of Water Supply and Sanitation, there had been a decline by 90.75 *per cent*, the reasons for which were attributable to less spending under Rural Water Supply Programmes and less assistance to the Gram Panchayats.

2.5.2.2 Committed Expenditure

The committed expenditure of the State Government on Revenue account includes expenditure to be incurred irrespective of the fiscal position of the State, except in emergency situations *viz.*, Salaries and wages, pension and interest payments.

Apart from the above, there are certain items of expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as Capital Expenditure, *etc.* For example, the following items which cannot be altered ordinarily are:

- (i) Devolution to Local Bodies – Statutory devolutions to Local Bodies for pay and allowances (devolution / transfer for Capital Expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds – Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF), *etc.*
- (iii) Recoupment of Contingency Fund – Amount recouped within the year.
- (iv) Transfer of cess to Reserve Fund / other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received – amount of State share to be transferred to SNAs / spent by the State.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as *charged* expenditure – Interest payment.

As a result, most of the Revenue Expenditure is in the nature of committed expenditure.

However, as per the State Government (as stated in MTFP 2022-26 and 2023-27), committed expenditure are classified as non-scheme based committed expenditure and scheme based committed expenditure. Scheme based committed expenditure constitutes subsidies, social security pension, financial assistance, grants-in-aid and devolution to local bodies. On the other hand, non-scheme based committed expenditure constitutes salaries, interest payments, pension, and administrative expenses.

Expenditure on these components covering the period 2019-20 to 2023-24 is depicted in **Table 2.18**.

Table 2.18: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries & Wages [#]	33,186	33,832	37,647	40,663	45,906
Pensions	18,404	18,936	20,666	24,020	24,859
Interest Payments	19,903	23,433	26,276	29,643	31,872
Total of Committed Expenditure	71,493	76,201	84,589	94,326	1,02,637
Components of Inflexible Expenditure					
Statutory devolution to local bodies	26,777	25,818	27,192	29,085	29,961
Contribution to reserve funds	4,728	6,274	9,173	7,282	7,328
Recoupment of Contingency fund	-	-	420	-	-

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Transfer of cess to reserve fund /other body	1,433	1,205	1,588	2,031	2,377
Contribution of CSS against the Central Fund received	12,214	9,852	12,659	11,629	9,866
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as <i>charged</i> expenditure – Interest payment.	15,769	19,207	22,010	25,298	27,276
Total of Inflexible Expenditure	60,921	62,356	73,042	75,325	76,808
Total	1,32,414	1,38,557	1,57,631	1,69,651	1,79,445
As a percentage of Revenue Receipts (RR)					
Committed expenditure					
Salaries & Wages	18.92	21.59	19.23	17.75	19.67
Expenditure on Pensions	10.49	12.08	10.56	10.49	10.65
Interest Payments	11.34	14.95	13.42	12.94	13.66
Total	40.75	48.62	43.21	41.18	43.99
Inflexible expenditure	34.72	39.79	37.31	32.88	32.92
Total (including Inflexible expenditure)	75.47	88.41	80.52	74.06	76.90
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	19.04	19.22	17.98	18.86	18.92
Pensions	10.56	10.76	9.87	11.14	10.25
Interest Payments	11.42	13.31	12.55	13.75	13.14
Total	41.03	43.28	40.39	43.75	42.30
Inflexible expenditure	34.96	35.42	34.88	34.94	31.66
Total (including Inflexible expenditure)	75.99	78.70	75.27	78.69	73.96
Non-committed RE	41,844	37,497	51,797	45,933	63,169
Percentage of RE	24.01	21.30	24.73	21.31	26.04
Percentage of TE	19.57	16.73	19.81	16.63	21.11
Subsidies	17,534	18,432	28,219	22,754	32,390
Subsidies as percentage of non-committed expenditure	41.90	49.16	54.48	49.54	51.28

Source: Finance Accounts

Includes salaries of PRIs (₹22,349.76 crore), ULB salaries (₹1,817.45 crore) and Wages (₹1,330.53 crore).

During 2019-20 to 2023-24, the committed expenditure in absolute terms including inflexible expenditure was on an increasing trend and it increased from ₹1,32,414 crore in 2019-20 to ₹1,79,445 crore in 2023-24. However, as a percentage of Revenue Expenditure it had inter-year variation and ranged between 74 and 79 *per cent*. The non-committed expenditure ranged between 21 and 26 *per cent* during the period. The Revenue Expenditure available for other Social and Economic Services during 2023-24 was 26 *per cent* and as percentage of total expenditure it was 21 *per cent*. An upward trend in committed expenditure affects the maneuverability of the State in prioritising expenditure and increasing capital investments to meet growing needs of social and economic infrastructure.

(a) Salaries and Wages

Expenditure on salaries and Wages increased from ₹33,186 crore in 2019-20 to ₹45,906 crore in 2023-24. It grew marginally by ₹5,243 crore (13 *per cent*) over the previous year. It accounted for 19 *per cent* of Revenue Expenditure during 2023-24. It includes salaries of PRIs and salaries relating to ULBs.

(b) Pensions

The expenditure on pension during 2023-24 was ₹24,859 crore, with an increase of ₹839 crore (three *per cent*) over the previous year.

• **New Pension System**

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

The contributions made by the State Government and employees as furnished by Commissioner of Treasuries (August 2024) during 2023-24 (both regular and backlog¹⁰) was ₹2,059.36 crore and ₹1,471.48 crore respectively.

As per records maintained at AG(A&E) office, the Government contribution was ₹2,064.46 crore and the employee contribution (regular and backlog) was ₹1,520.56 crore.

Hence, there existed a difference of ₹54.18 crore between the figures of AG(A&E) office and NPS cell at Commissioner of Treasuries which needs reconciliation.

(c) Interest Payments

Interest payments increased by ₹11,969 crore (60 *per cent*) from ₹19,903 crore in 2019-20 to ₹31,872 crore in 2023-24. When compared to 2022-23, the interest payment increased by 7.52 *per cent*. Interest payments during 2023-24 constituted interest on internal debt (₹26,398 crore), interest on small savings, provident fund *etc.*, (₹3,550 crore), interest on Loans and Advances from the Central Government (₹845 crore), interest on off-budget borrowings (₹1,046 crore), interest on Reserve Funds (₹28 crore) and interest on other obligations (₹ five crore).

The interest on internal debt increased by 6.69 *per cent* from ₹24,743 crore in 2022-23 to ₹26,398 crore in 2023-24, on account of increase in payment of interest on market loans by ₹1,730 crore (seven *per cent*). The interest on Loans and Advances from Central Government increased by ₹329 crore from ₹517 crore during 2022-23 to ₹845 crore in 2023-24, mainly on account of increase under interest of Loans for State/Union Territory Plan scheme (79 *per cent*).

¹⁰ Refers to the contribution the employee had to make from the date of his entry into service to the date of implementation of the scheme.

2.5.2.3 Inflexible Expenditure

The components of inflexible expenditure, which include among others Statutory devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2019-20 to 2023-24. Similarly, payment of interest on the balances of the interest-bearing funds also increased during the period. As a percentage of Revenue Expenditure, the inflexible expenditure decreased from 34.96 *per cent* in 2019-20 to 31.66 *per cent* in 2023-24. When compared to the previous year, as a percentage of Revenue Receipts, it remained almost stagnant at around 33 *per cent*. The inflexible expenditure (₹76,808 crore) increased marginally by two *per cent* during 2023-24 over the previous year (₹75,325 crore).

2.5.2.4 Subsidies

There was a substantial increase in expenditure on subsidies during the year 2023-24 as can be seen from the details given in **Table 2.19**. It increased by 42 *per cent* compared to the previous year. The increase was mainly on account of three guarantees introduced by the State Government under subsidies *i.e.*, Gruha Jyoti under Power, Stree Shakti under Transport and Anna Bhagya under Food and Civil Supplies (refer **paragraph 1.6(a)**). Subsidies as a percentage of Revenue Receipts increased from 10 *per cent* in 2022-23 to 14 *per cent* in 2023-24 and as percentage of Revenue Expenditure increased from 11 *per cent* in 2022-23 to 13 *per cent* in 2023-24.

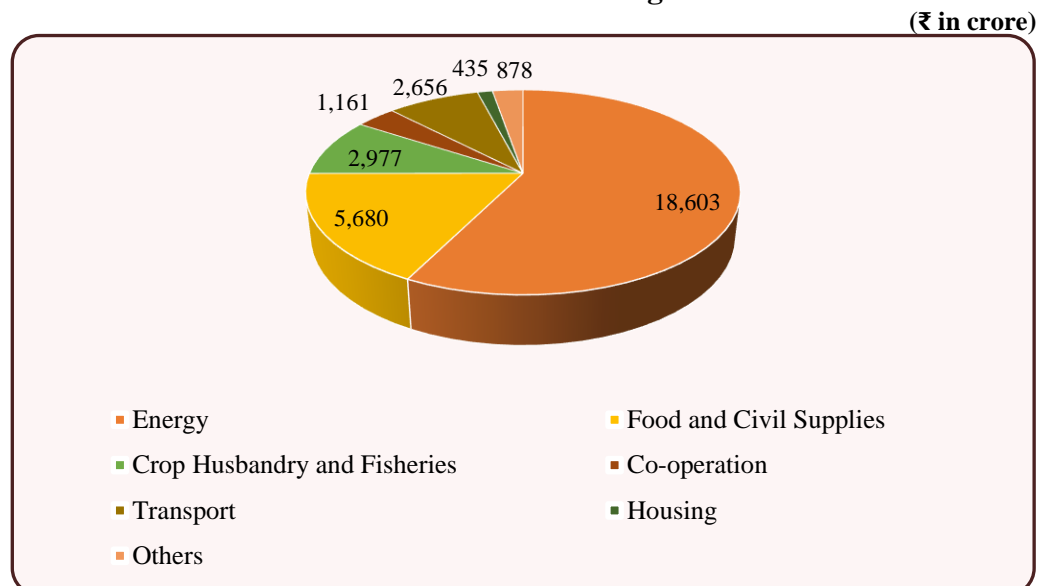
Table 2.19: Expenditure on subsidies during 2019-20 to 2023-24

Subsidies and its Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	17,534	18,432	28,219	22,754	32,390
Power Subsidy (₹ in crore)	9,110	9,139	14,736	11,512	18,603
Subsidy on Food and Supplies (₹ in crore)	2,692	2,324	6,057	2,015	5,680
Subsidies on others (₹ in crore)	5,732	6,969	7,426	9,227	8,107
Subsidies as percentage of Revenue Receipts	9.99	11.76	14.41	9.93	13.88
Subsidies as percentage of Revenue Expenditure	10.06	10.47	13.47	10.55	13.35
Subsidies as percentage of Total Expenditure	8.20	8.22	10.79	8.24	10.83
Power subsidy as percentage to total subsidy	51.96	49.58	52.22	50.59	57.43

Source: Finance Accounts

The largest subsidy component was power subsidy which included Gruha Jyoti and subsidy provided for supply of free electricity to farmers for usage of agricultural pump sets. This was followed by food subsidy, transport and interest subsidy for crop loans. Power subsidy constituted a major portion of around 57 *per cent* of the total subsidies and Subsidy on Food and Civil Supplies constituted around 18 *per cent* 2023-24. The subsidies as a percentage of Revenue Receipts, Revenue Expenditure and Total Expenditure increased during 2023-24 when compared to the previous year as shown in **Table 2.19** above.

The details of subsidies for the last five years are indicated in **Appendix 2.3** and for the year 2023-24 the same is shown in **Chart 2.12**.

Chart 2.12: Subsidies during 2023-24

Source: Finance Accounts

The subsidy in the table is however understated as it includes expenditure under the object head 106 only. The subsidies given during 2023-2024 under object head 422 – SCSP and 423 – TSP are not captured and this accounted for ₹ 9,292.23 crore and is hence, understated to this extent.

The State Government in its reply (January 2025) agreed that the subsidies were understated as it did not include subsidies released under object head 422 and 423.

Subsidies in the form of financial assistance, incentives etc.

Subsidies provided by the State Government could be of two kinds *i.e.*, Explicit¹¹ and Implicit subsidy. Implicit subsidy is one where the State provides for expenditure in nature of subsidy and the other where grants are provided for certain State schemes of the Government. These subsidies can be indirect, in kind or take the shape of tax concessions.

These subsidies in the form of financial assistance increased from ₹3,280.74 crore in 2019-20 to ₹19,091.80 crore during 2023-24. When compared to the previous year, it increased by ₹16,080.94 crore (534 *per cent*), which was mainly on account of Gruha Lakshmi scheme (₹16,964.40 crore) and Yuvanidhi scheme (₹88.88 crore) introduced in 2023-24, which was offset by decrease in Supply of seeds and other inputs (Agricultural inputs and quality control), Yashaswini and Weavers package. These subsidies extended during 2019-20 to 2023-24 are detailed in **Appendix 2.4**. Thus, if the subsidies in the form of financial assistance were considered, the actual expenditure on subsidies would increase to ₹60,774.13 crore.

¹¹ Explicit subsidy is that which provides for expenditure in the form of a subsidy or interest subvention for certain schemes of the Government. It was stressed that the challenge lies in ensuring that these subsidies do not become a permanent source of additional support and thereby deter these sectors from undertaking reforms.

2.5.2.5 Financial Assistance to Local Bodies and Other Institutions

• Local Bodies and Other Institutions.

The quantum of assistance provided by way of grants to local bodies and other institutions during the period from 2019-20 to 2023-24 is presented in Table 2.20.

Table 2.20: Financial Assistance to Local Bodies and Other institutions

(₹ in crore)					
Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
Local Bodies					
Municipal Corporations and Municipalities	6,424.72	5,681.04	6,615.83	5,661.86	6,229.10
Panchayati Raj Institutions	38,049.61	38,106.18	39,835.19	44,947.51	47,898.31
Total(A)	44,474.33	43,787.22	46,451.02	50,609.37	54,127.41
Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	1,405.90	1,140.43	1,134.75	1,217.01	1,865.62
Development Authorities	184.66	1,864.88	2,564.04	2,586.85	1,031.72
Other Institutions	6,848.00	6,978.06	7,432.23	8,294.53	9,014.52
Total (B)	8,438.56	9,983.37	11,131.02	12,098.39	11,911.86
Total (A+B)	52,912.89	53,770.59	57,582.04	62,707.76	66,039.27
GIA on Salary	5,282.39	4,883.45	4,919.17	5,037.84	5,193.88
GIA for creation of Capital assets	2,724.70	1,862.66	1,815.24	2,722.46	1,272.33
GIA for non-salary	747.57	955.47	1,066.21	1,299.51	1,343.88
Revenue Expenditure	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614
Assistance as percentage of Revenue Expenditure	30.36	30.54	27.49	29.09	27.22

Source: Finance Accounts

As seen in Table 2.20, during the period 2019-20 to 2023-24, the financial assistance to local bodies was on an increasing trend except for the year 2020-21. The Financial assistance in respect of other institutions which was also on an increasing trend up to 2022-23, decreased during 2023-24. In 2023-24, the financial assistance to the local bodies and other institutions increased by ₹3,332 crore (five *per cent*) over the previous year. The increase was mainly due to an increase in assistance to Panchayati Raj Institutions (PRIs) by ₹2,951 crore (seven *per cent*).

While the financial assistance for salary, which had decreased during 2020-21 saw an increasing trend since then, the assistance for creation of capital assets showed a decreasing trend except during 2022-23. During 2023-24 assistance for creation of capital assets was ₹1,272 crore and decreased by ₹1,450 crore (around 53 *per cent*) over the previous year. During 2023-24, the financial assistance for salary and non-salary increased over the previous year by 3.10 *per cent* and 3.41 *per cent* respectively.

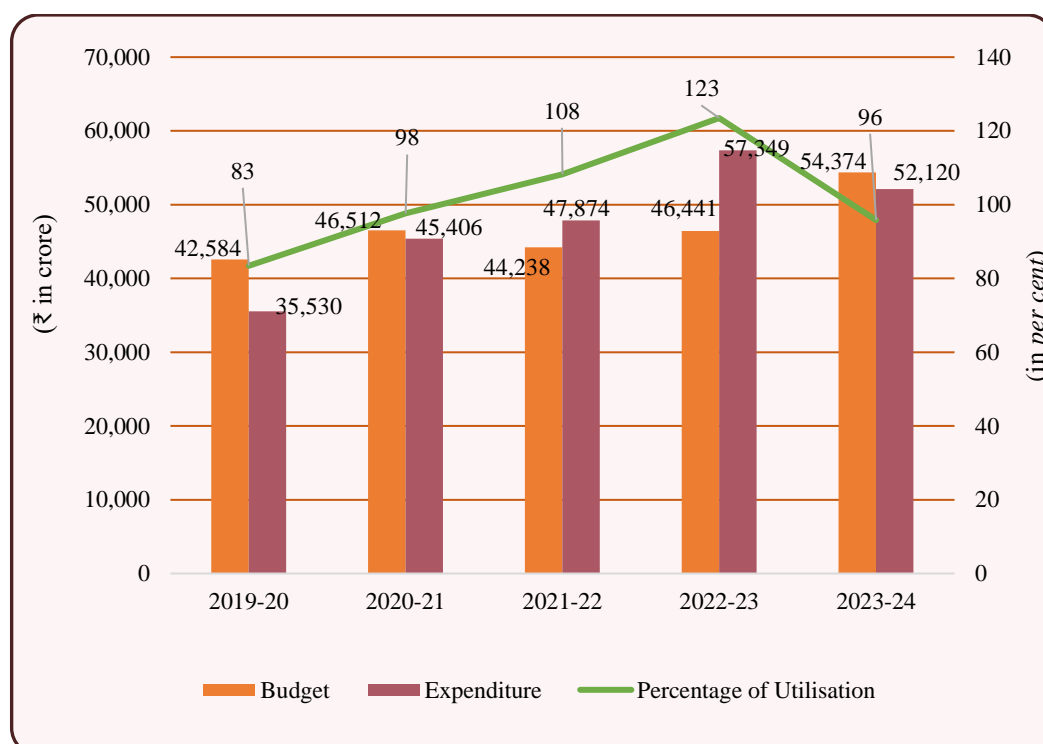
2.5.3 Capital Expenditure

Capital Expenditure has a high multiplier effect, it increases the production capacity of the economy and is a key contributor to economic growth.

Capital Expenditure includes primarily expenditure on the creation of fixed infrastructure assets, such as buildings, roads, bridges, *etc.* Capital Expenditure is met from budgetary support and extra budgetary resources/off-budget. Of late, the infrastructure requirements have increased manifold and SPVs have been set up to carry out bulk of Capital Expenditure.

Capital Expenditure of the State showed an increase from ₹35,530 crore in 2019-20 to ₹52,120 crore in 2023-24. During 2023-24, the Capital Expenditure decreased by ₹5,229 crore when compared to the previous year (₹57,349 crore). The comparison of Capital Expenditure to Budget allocation is indicated in **Chart 2.13**.

Chart 2.13: Trend of Capital Expenditure from 2019-20 to 2023-24



Source: Finance Accounts

As seen from the above chart, the actual expenditure was less than the estimated Capital Expenditure in all the years except in 2021-22 and 2022-23. The increase in the Capital Expenditure was on account of the Central Government providing interest free loans to States for Capital Expenditure since 2020-21. The State has received ₹8,035 crore since 2020-21 as detailed in **Table 2.21**. In spite of the central assistance, the ratio of Capital Expenditure to GSDP continues to be between two and three *per cent*.

Table 2.21: Loans released to the State under schemes for Special Assistance to States for Capital investment

(₹ in crore)			
2020-21	2021-22	2022-23	2023-24
305	452	3,399	3,879

(a) Major Changes in Capital Expenditure

Table 2.22 highlights the cases of significant increase or decrease in various Heads of Account in Capital Outlay during 2023-24 *vis-à-vis* the previous year.

Table 2.22: Capital Expenditure during 2023-24 compared to 2022-23

(₹ in crore)

Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-)	Variation in percentage
5054-Capital Outlay on Roads and Bridges	12,706.29	8,760.80	(-)3,945.49	(-)31.05
4701-Capital Outlay on Medium Irrigation	17,989.46	14,655.02	(-)3,334.44	(-)18.54
4217-Capital Outlay on Urban Development	5,818.39	297.50	(-)5,520.89	(-)94.89
4059-Capital Outlay on Public Works	1,037.07	2,338.95	1,301.88	125.53
4215-Capital Outlay on Water Supply and Sanitation	911.92	5,981.22	5,069.30	555.89
5475-Capital outlay on Other General Economic Services	70.59	3,597.69	3,527.10	4,996.60
4210-Capital Outlay on Medical and Public Health	1,230.26	1,113.82	(-)116.44	(-)9.46

Source: Finance Accounts

The above table reveals that the increase in Capital Expenditure was mainly under Water Supply and Sanitation, Capital outlay on other General Economic services as financial support for Infrastructure Development followed by Public Works. The decrease in Capital Expenditure was mainly under Urban Development, Roads and Bridges, Road Transport and Medium Irrigation. Though the State had acknowledged (MTFP 2023-27) that it has primary role in making capital investment particularly in education, healthcare, Skill Development, Infrastructure, and Research and Development, it can be seen from the table that Capital Expenditure under Roads and Bridges, Urban Development and Health had reduced considerably compared to previous year.

2.5.4 Quality of Capital Expenditure

In the post KFRA framework, the Government is expected to keep its fiscal deficit (borrowing) at low levels and still meet its Capital Expenditure/investment (including Loans and Advances) requirements. In addition, the State Government needs to initiate measures to earn adequate return on its investments rather than bearing the same in the form of subsidy at the cost of borrowed funds and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other Capital Expenditure undertaken by the Government during 2023-24 *vis-à-vis* previous years.

2.5.4.1 Investments in Companies, Corporations and other bodies

As on 31 March 2024, the Government invested 73,486.87 crore in 100¹² Government Companies (₹62,440.34 crore), Nine Statutory Corporations (₹4,328.44 crore), 44 Joint Stock Companies (₹6,279.50 crore) and Co-operative Institutions, Local Bodies and six Regional Rural Banks (₹438.59 crore). During 2023-24, the Government invested ₹687.08¹³ crore as equity, in Government Companies (Working) (₹363.08 crore), Joint Stock Companies (₹208.83 crore) and Statutory Corporations (₹131.91 crore).

There was an increase in investment during 2023-24 under Statutory Corporations and it increased by three *per cent* over the previous year. The

¹²Includes investment of ₹68 crore in 16 non-working Government Companies.

¹³ It includes disinvestments in Co-operative Institutions (-)₹16.47 crore, prior period adjustments (IGAS 4 - ₹22.91 crore) and proforma reduction of ₹280.63 crore.

investment was reduced under Co-operative Institutions and Local Bodies by ₹16.73 crore, due to disinvestment in Co-operative Institutions.

The investment under Statutory Corporations and Government Companies were spread under various sectors¹⁴ and to name a few are Irrigation, Power, Infrastructure, Finance, *etc.*

• Return on Investment

The details of investment as well as its return for the last five years are indicated in **Table 2.23**. It is evident from the table that the return on investment is negligible.

Table 2.23: Return on Investment

	2019-20	2020-21	2021-22	2022-23	2023-24
Investments as at the end of the year (₹ in crore)	67,816.71	68,256.68	70,657.43	72,799.77	73,486.87
Return (₹ in crore)	53.64	80.7	349.77	425.23	290.74
Return (in per cent)	0.10	0.12	0.49	0.58	0.40
Average rate of interest (RoI) on Government borrowings (in per cent)[@]	7.51	7.29	6.93	7.08	6.82
Difference between interest rate and return on investment (in per cent)	(-)7.41	(-)7.17	(-)6.44	(-)6.50	(-)6.42

Source: Finance Accounts

Average RoI = Interest payments/Average of Outstanding Liabilities of Previous and Current Financial Year*100.

The Return on investment increased from ₹53.64 crore in 2019-20 to ₹290.74 crore in 2023-24 however, it has decreased by 32 per cent (₹134.49 crore) when compared to previous year. The decrease was mainly under Karnataka State Minerals Corporation Limited (₹234.24 crore), Karnataka Silk Industries Corporations Limited (₹16.69 crore) *etc.*

The return has increased from 0.10 per cent to 0.40 per cent over the period from 2019-20 to 2023-24 due to action taken by the State Government by issuing guidelines for payment of dividends not less than 30 per cent of the profits earned by them. However, when compared to previous year, the returns as a percentage has decreased from 0.58 to 0.40 in 2023-24.

Out of 159 SPSEs in the State where Government has invested, 16 are non-working and 54 have incurred losses during 2022-23. Investment in major loss making companies is discussed in subsequent paragraph.

¹⁴Irrigation (₹36,779.37 crore), Power (₹13,119.14 crore), Infrastructure (₹4,741.21 crore), Finance (₹3,696.50 crore), Transport (₹2,946.92 crore), Housing (₹1,233.05 crore), Industries (₹1,848.43 crore) and other sectors (₹2,333.48 crore).

- **Investment in loss making companies**

The above investment included ₹43,355 crore (59 *per cent*) in the following Companies/Corporations, which have significant losses and where the investments were substantial (**Table 2.24**).

Table 2.24: Investments made in loss making Companies

(₹ in crore)

Statutory Company/Corporation	Cumulative loss at the end of 2019-20	Cumulative loss at the end 2020-21	Cumulative loss at the end 2021-22	Cumulative loss at the end 2022-23	Investment made up to 2023-24
North Western Karnataka Road Transport Corporation (NWKRTC)	881.55	1,068.00	1,068	1,919.66	593.91
Kalyana Karnataka Road Transport Corporation (KKRTC)	610.65	699.92	699.92	1,112.19	575.76
Karnataka State Financial Corporation Limited (KSFC)	386.17	361.35	318.46	168.59	1,383.01
Government Companies					
Krishna Bhagya Jala Nigama Limited (KBJNL)	2,811.73	2,946.51	3,419.93	34.70	23,745.34
Karnataka Neeravari Nigama Limited (KNNL)	4,469.21	5,149.92	6,333.94	7,512.32	13,034.03
Mysore Sugar Company Limited (Mysugar)	460.89	460.89	463.89	504.02	335.78
Mysore Paper Mills Limited (MPM)	425.95	425.95	519.50	51.95	237.37
Hubli Electricity Supply Company Limited (HESCOM)	1,955.76	2,637.98	5,128.24	6,421.87	1,413.95
Gulbarga Electricity Supply Company Limited (GESCOM)	1,002.44	1,995.03	3,112.65	3,101.41	1,094.06
Chamundeswari Electricity Supply Company Limited (CESCOM)	875.74	1,242.37	1,965.56	2,388.40	941.37
Total	13,880.09	16,987.92	23,030.09	23,215.11	43,354.58

Source: Finance Accounts

Out of the cumulative loss of ₹23,215.11 crore, 51 *per cent* of the loss was contributed by State Electricity companies (ESCOMs). The State Government as at the end of March 2024 had given guarantee of ₹44,246.81 crore, out of which ₹27,230.95 crore (62 *per cent*) was for borrowings of the ESCOMs and Karnataka Power Corporation Limited (KPCL). The subsidies provided to the ESCOMs had increased by around 62 *per cent*. During 2023-24, subsidy of ₹18,603 crore was provided to the ESCOMs.

2.5.4.2 Loans and advances by the State Government

In addition to investments in Companies, Corporations and Co-operative Institutions, the Government also provided Loans and Advances to many institutions. **Table 2.25** presents the position of outstanding Loans and Advances as on 31 March 2024 and interest receipts *vis-à-vis* interest payments during the last five years.

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

	(₹ in crore)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	24,981	28,847	31,247	35,329	38,101
Amount advanced during the year	4,069	2,669	4,209	3,250	4,473
Amount recovered during the year	203	270	127	478	306
Closing Balance of the loans outstanding	28,847	31,246	35,329	38,101	42,268
Interest received	357	278	309	7	479
Effective Interest rate on Loans and Advances given by the Government	1.24	0.89	0.87	0.02	1.13
Effective Rate of Interest paid on the outstanding borrowings of the Government	6.88	6.62	6.50	6.83	6.36
Difference between the rate of interest received and interest paid (in per cent)	(-)5.64	(-)5.73	(-)5.63	(-)6.81	(-)5.23

Source: Finance Accounts

Effective RoI = Interest payments/ Outstanding Liabilities of Current Financial Year*100.

- The outstanding loans as on 31 March 2024 aggregated ₹42,268 crore. The interest in arrears at the end March 2024 in respect of loans maintained by AG(A&E) was ₹7,580.09 crore. During 2023-24, the interest received was ₹479 crore which works out to 6.32 per cent of the interest due of the loans maintained by AG(A&E). However, interest in arrears in respect of loans maintained by the State Government was not available.
- Out of total loans advanced during 2023-24 (₹4,473 crore), Social Services accounted for ₹3,078 crore (69 per cent), Economic Services for ₹1,380 crore (31 per cent) and the remaining ₹15 crore to Government Servants. Within the Social Services, Water Supply, Sanitation, Housing and Urban Development received a major share of ₹3,078 crore and in Economic Services, the major share was accounted for Industry and Minerals (₹1,001 crore).
- Detailed accounts of recovery of loans in respect of 21 institutions are maintained by Office of the AG(A&E) and for other institutions it is maintained by Heads of Departments/Chief Controlling Officers of the GoK.
- The recovery of Loans and Advances was on increasing trend during 2019-20 to 2022-23 except during 2021-22. However, during the year 2023-24, the recovery decreased by 36 per cent over the previous year.
- In respect of loan accounts maintained by AG(A&E), the recovery of Loans and Advances aggregating ₹17,969.87 crore (Principal: ₹10,389.78 crore and Interest: ₹7,580.09 crore) were overdue as on 31 March 2024 (**Appendix 2.5**).
- However, the information in respect of overdue principal and interest is incomplete as information on loans maintained by the Heads of Departments/Chief Controlling Officers does not form part of **Statement No.7 of Finance Accounts** of 2023-24 as information not furnished by the Institutions.
- Indian Government Accounting Standards (IGAS-3) requires disclosure of loans that were sanctioned without specific terms and conditions governing

such loans. Out of the 49 loans valued at ₹4,472.85 crore sanctioned by the State Government during 2023-24, 35 loans valued at ₹3,449.20 crore were sanctioned without specifying any terms and conditions. Details are available as additional disclosures under **Statement No.18 of the Finance Accounts**.

2.5.4.3 Capital locked in incomplete projects

Locking up funds in incomplete works, which includes works stopped due to reasons like litigation, *etc.*, impinges negatively on the quality of expenditure. The year wise age profile of the incomplete projects as on 31 March 2024 are shown in **Table 2.26** and the department-wise information is given in **Table 2.27**.

Table 2.26: Age profile of incomplete projects which are more than ₹ one crore as on 31 March 2024 (₹ in crore)				Table 2.27: Department wise profile of incomplete projects which are more than ₹ one crore as on 31 March 2024 (₹ in crore)			
Year	No. of incomplete projects	Estimated cost	Expenditure	Works under	No. of incomplete projects	Estimated cost	Expenditure
Up to 2013-14	269	750	418	Roads and Bridges Irrigation Buildings Others	2,104	6,236	3,047
2014-15	28	82	27				
2015-16	43	173	95		694	1,709	921
2016-17	57	181	100		208	590	337
2017-18	68	221	112	Total	134	385	176
2018-19	75	227	145				
2019-20	153	524	378				
2020-21	235	588	499				
2021-22	323	792	543				
2022-23	653	1,803	990				
2023-24	1,236	3,579	1,175				
Total	3,140	8,920	4,482		3,140	8,920	4,482

Source: Finance Accounts

Against the initial budgeted cost of ₹8,920 crore in respect of 3,140 works, stipulated to be completed on or before March 2024, the progressive expenditure was ₹4,482 crore. The delay in the projects was in the range of more than five years (540), less than five years but greater than one year (1,364) and less than one year (1,236). No reasons for the delay in completion of the work were given by the Public Works, Ports & Inland Water Transport and Irrigation Departments.

Out of 3,140 projects, which were incomplete as on 31 March 2024, 30 *per cent* of the projects remained incomplete for more than three years. FMRC advised (July 2018) that in order to minimize escalation of time and cost, projects which were nearing completion were to get funds on priority. However, the audit noticed that the number of incomplete projects had increased from 1,864 on 31 March 2023 to 3,140 as on 31 March 2024. This was mainly due to decrease in allocation in Capital Expenditure towards Roads and Bridges as discussed in **Para 2.5.3(a)**. Further, in respect of Road and Bridges, there was a saving of ₹12.05 crore, which is indicative of the fact that even the entire allocation could not be spent on capital creation. Effective steps need to be taken to complete all these above projects without further delay to avoid cost overrun due to time over run.

2.5.4.4 Public Private Partnership projects

Public Private Partnership (PPP) is an arrangement between Government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. In Karnataka, PPP policy aims to increase the quality and quantity of infrastructure and is implemented through a PPP cell, which is a Nodal agency for receiving and evaluating PPP projects. The Total Projects taken up under PPP and the projects dropped are detailed in **Table 2.28**.

Table 2.28: Status of Public Private Partnership projects as on 31st March 2024

(₹ in crore)

Sl. No.	Department	Total Projects		Dropped Projects	
		No.	Estimated Cost	No.	Estimated Cost
1	Tourism	7	201.40	1	-
2	Youth Empowerment & Sports	9	1,505.15	2	131.15
3	Animal Husbandry	3	132.50	-	-
4	Transport	2	240.00	-	-
5	Infrastructure Development	11	5,189.00	-	-
Total		32	7,268.05	3	131.15

Source: Infrastructure Development, Ports & Inland Water Transport Department

2.5.5 Expenditure priorities

The expenditure responsibilities relating to the social sector and economic infrastructure are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector, if the allocation given to that particular head of expenditure is below the General Category State's (GCS)/national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. **Table 2.29** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and Capital Expenditure relative to GCS and neighboring States in the current year 2023-24.

Table 2.29: Fiscal priority of the States in 2023-24

(in per cent)

	AE/ GSDP	CE/ AE	DE/AE	Education/ AE	Health & Family Welfare/ AE
GCS	15.66	16.50	67.93	14.36	5.71
Karnataka	11.65	17.44	70.13	11.47	4.50

Source: Finance Accounts

AE: Aggregate Expenditure, CE: Capital Expenditure, DE: Development Expenditure (includes total expenditure under social and economic sectors)

Comparative analysis for the year 2023-24 revealed the following:

- The ratio of CE to AE of the State was higher than the ratio of GCS, which indicated that the State had a better quality of expenditure when compared to other GCS.
- The DE/AE ratio of the State was higher when compared to GCS.
- The Education/AE ratio of the State was lower when compared to GCS.

- Adequate priority needs to be given to the ratio of expenditure towards Health to AE as the ratio is less when compared to the ratio of GCS.

2.6 Public Account

Receipts and disbursements in respect of certain transactions, such as Small Savings, Provident Fund, 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/trustee for custody of public money since these transactions are mere pass-through transactions.

2.6.1 Net Public Account balances

The net transactions under Public Account covering the period 2019-20 to 2023-24 are indicated in **Table 2.30** and the yearly changes in composition of Public Account balances are depicted in **Chart 2.14**.

Table 2.30: Component-wise net balances in Public Account as of 31 March of the year

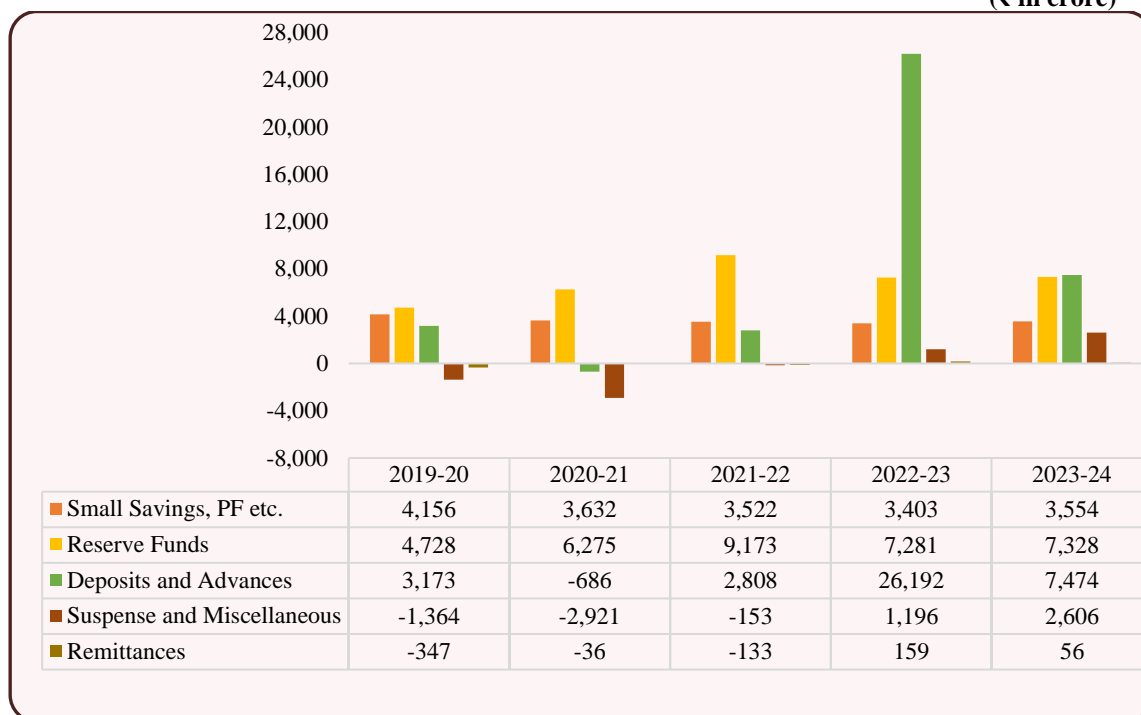
(₹ in crore)						
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	4,156	3,632	3,522	3,403	3,554
J. Reserve Funds	(a) Reserve Funds bearing Interest	839	(-)99	(-)46	(-)141	14
	(b) Reserve Funds not bearing Interest	3,889	6,374	9,219	7,422	7,314
K. Deposits and Advances	(a) Deposits bearing Interest	99	16	(-)18	51	62
	(b) Deposits not bearing Interest	3,074	(-)702	2,826	26,141	7,412
	(c) Advances	-	-	-	-	-
L. Suspense and Miscellaneous	(a) Suspense	178	(-)242	(-)60	(-)72	873
	(b) Other Accounts	(-)1,542	(-)2,679	(-)93	1,268	1,733
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
M. Remittances	(a) Money Orders and other remittances	(-)263	(-)53	-	(-)0.01	-
	(b) Inter-Governmental Adjustment Account	(-)84	17	(-)133	159	56
Total		10,346	6,264	15,217	38,231	21,018

Source: Finance Accounts

Note: +ve denotes debit balance and -ve denotes credit balances

Chart 2.14: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts

The net receipts from the Public Account increased from ₹10,346 crore in 2019-20 to ₹21,018 crore in 2023-24. However, the net balance decreased during 2023-24 (₹17,214 crore) by 45 *per cent* over the previous year mainly due to decrease under Deposits and Advances. Net availability of funds under Reserve Funds, Small Savings and Provident Fund had a major share in financing the fiscal deficit.

2.6.2 Reserve Funds

Reserve Funds are created for specific and well-defined purposes under the Sector 'J' in the accounts of the State Government (Public Account). These funds are fed by contributions or grants from the Consolidated Fund of India or the State or from outside agencies. The contributions are treated as expenditure under the Consolidated Fund. The expenditure relating to the fund is initially accounted for under the Consolidated Fund itself for which the vote of the Legislature is obtained. At the end of the year, at the time of closure of accounts, the expenditure relating to the fund is transferred to Public Account. The funds may further be classified as 'Funds bearing interest' and 'Funds not carrying interest'.

Analysis of certain major reserve funds having a bearing on the liability position of the Government for the year 2023-24, and their funding and expenditure are detailed below.

(a) Guarantee Redemption Fund

In terms of recommendations of the XII FC, the State Government constituted 'Guarantee Redemption Fund' (GRF) in December 2007 (revised in January 2014 with effect from the financial year 2013-14) with the objective of meeting its obligations arising out of the Guarantees issued on behalf of the State

bodies. As per the guidelines, the State Government was required to make an initial contribution of at least one *per cent* of outstanding Guarantees at the end of the previous year (2012-13) and thereafter at least 0.50 *per cent* of outstanding guarantees at the close of the previous year to achieve a minimum level of three *per cent* of outstanding Guarantees in next five years.

Though the Karnataka Ceiling on Government Guarantees Act 1999, did not provide for setting up of Guarantee Redemption Fund, in order to provide for sudden discharge of the State's obligation on Guarantees, the GoK had set up a Fund during 1999-2000 with corpus of ₹ one crore under HoA 8235-00-200-0-02. During the year 2023-24, the fund had an opening balance of ₹314 crore and the State Government invested ₹187.13 crore under HoA 8235-00-120 - Guarantee Redemption Fund Investment Account. At the end of 31 March 2024, the balance in the Guarantee Redemption Fund stood at ₹502.13 crore.

(b) State Disaster Response Fund (SDRF)

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

The sharing pattern of 75:25 between GoI and State Government of XIV FC continues in the XV FC period also. During 2023-24, as per XV FC recommendations, an aggregate amount of ₹929.60 crore was to be transferred to the fund account, the contribution from GoI and GoK being ₹697.20 crore (75 *per cent*) and ₹232.40 crore (25 *per cent*) respectively. However, against requirement of ₹697.20 crore, GoI transferred ₹697.60 crore (more by ₹0.40 crore) and GoK transferred ₹232.53 crore as against requirement of ₹232.40 crore (more by ₹0.13 crore). Hence, there was a total excess of ₹0.53 crore in the release. During 2023-24, the entire amount of ₹930.13 crore was transferred to the Fund.

During 2023-24, the State did not receive any GoI contribution from National Disaster Response Fund (NDRF) to be transferred to the fund.

The contribution of ₹1,019.33 crore was released to the Deputy Commissioners of the districts under the Major Head '2245-Relief on account of Natural Calamities'. Since there was a nil closing balance, it had the opening balance of ₹89.20 crore. However, no interest has been provided on the opening balance as per reducing balances till the period the balance was retained in the Fund.

In the Exit Conference (January 2025), the State Government informed that the total expenditure of ₹930.13 crore along with the opening balance of ₹89.20 crore was met through Fund account in the financial year 2023-24. Though the opening balance of ₹89.20 crore had been expended in the year 2023-24, the interest needs to be provided up to the period the opening balance remained in the Fund. Hence, the reply is not acceptable.

(c) State Disaster Mitigation Fund (SDMF)

The fund has been constituted in November 2013 under Section 48(c) of the Disaster Management Act 2005, in the Public Account under the Reserve Fund bearing interest in the Major Head 8121 General and Other Reserve Funds. SDMF provides funds for projects which are of State-level significance,

protecting assets, ecosystems and settlements, promoting a regional approach to mitigation *etc.*, within the State.

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

During the year 2023-24, as per XV FC recommendations, an aggregate amount of ₹232.40 crore was to be transferred to the fund account being the contribution from GoI and GoK. However, the State did not receive grants towards SDMF from GoI in the current year. As a result, the State also did not transfer its share. The State had ₹237.10 crore as opening balance with SDMF for which interest was to be credited. However, no interest was provided by the State Government.

The State Government accepted the observation of Audit and stated (November 2023) that interest for two years at the rate of 8.50 *per cent* would be provided in 2023-24. However, no interest has been provided to the Fund.

The State Government in the Entry and Exit conference (October 2023) stated that provision for interest was provided under different Head of Account which resulted in not transferring of the interest amount in the Fund Account. It is further stated that the same would be provided in 2024-25.

The details of expenditure/receipts under SDRF/SDMF 2023-24 are shown in Table 2.31.

Table 2.31: Details of expenditure/receipts under SDRF/SDMF

		(₹ in crore)
	Minor Head of Account	Expenditure during 2023-24
	Opening Balance	89.20
05-State Disaster Response Fund	Transfers to Reserve Funds and Deposit Accounts – SDRF	930.13
	Transfers to Reserve Funds and Deposit Accounts – NDRF	0.00
	Deduct-Amount met from-SDRF	(-)1,019.33
	Deduct-Amount met from-NDRF	0.00
	Transfers of interest in respect of unutilised amount under SDRF during 2023-24	-
	Closing Balance	Nil
10-State Disaster Mitigation Fund	Opening Balance	237.10
	Transfers to Reserve Funds and Deposit Accounts – SDMF	-
	Deduct-Amount met from-SDMF	-
	Transfers of interest in respect of unutilised amount under SDMF during 2023-24	-
	Closing Balance	237.10

Source: XV Finance Commission Report and Ledger

The balance in the SDRF and SDMF as on 31 March 2024 was nil and ₹237.10 crore respectively. Non-transfer of interest on the opening balances of SDRF and SDMF resulted in understatement of Revenue Deficit and Fiscal Deficit.

The State Government replied (January 2025) that action was being taken to provide interest on SDMF.

(d) Karnataka Real Estate Regulatory Authority Fund (RERA)

In Karnataka, the Karnataka Real Estate Regulation and Development Rules 2017 was approved and notified on 10 July 2017. As per the Government Order dated 14 July 2017, fund under Interest bearing Deposit head 8342-00-120-0-02 - Real Estate Regulatory Fund was opened to account the transactions under Real Estate (Regulation and Development). The accumulation in the fund shall be utilised by the State Government for meeting the expenditure relating to the salaries and allowances and administrative expenses in respect of RERA and the Appellate Tribunal and any other expenses of RERA in connection with the discharge of its functions and for the purposes of this Act.

During 2021-22, GoK created (April 2021) a new non interest bearing Reserve Fund called Real Estate Authority Regulatory Reserve Fund under HoA 8235-00-200-0-22. Consequently, the balance under the former deposit was transferred to the new Reserve Fund.

During the year 2023-24, an amount of ₹18.10 crore was transferred to the fund (from the Consolidated Fund out of the fees collected under HOA 0216-02-800-0-01 - RERA) and an expenditure of ₹11.85 crore was booked to the fund. However, the receipts collected, and expenditure incurred during the periods 2017-18 and 2018-19 were not transferred. In spite of being pointed out by audit in previous year SFAR, no action was initiated to transfer the receipts and expenditure to the fund account. The closing balance at the credit of the fund was ₹72.91 crore as on 31 March 2024.

Though the State Government had replied in the previous year that receipts and expenditure relating to the years 2017-18 and 2018-19 would be transferred to the fund after reconciliation, action in this regard is yet to be initiated.

The State Government replied (January 2025) that RERA has requested for transfer of receipts amounting to ₹10.38 lakh for 2017-18 and 2018-19 to the RERA Fund. It has further stated that on receipt of the proposal from the Housing Department, it would be verified, and suitable action initiated.

(e) Consumer Welfare Fund

The Consumer Welfare Fund and Consumer Welfare Corpus Fund have been created under Public Account – Reserve Fund not bearing interest and under Interest bearing Deposit Account respectively.

According to Karnataka State Consumer Fund Rules, 2005 read with Central Goods and Services Tax Act, 2017, the seed money from Central Consumer Welfare fund from GoI, assistance provided by Central Government, matching grants by the State Government, Court Fee/Penalty accrued with the District and State Consumer Fora, the money which are non-refundable to the manufactures *etc.*, and any returns from the investment of the accumulation in the Fund are to be credited to the fund. The accumulations in the Funds are to be utilised by the State Government for the welfare of the Consumers.

Apart from these, Consumer Welfare Corpus Fund was established during 2013-14, by crediting the Central share of ₹7.50 crore and State share of ₹2.50 crore under the Interest bearing deposit account 8342-00-120-29 Deposits of Consumer Welfare Fund in Public Account. As per the GoI guidelines, the corpus is not to be spent on any activities and only the interest generated from

the Corpus Fund should be utilised for meeting the expenditure on local programmes and activities relating to welfare and protection of Consumers.

The Consumer Welfare Fund constituted by Food and Civil supplies, Consumer Welfare Fund under KGST Act, Consumer Welfare Corpus Fund had an opening balance of ₹0.94 crore, ₹0.39 crore and ₹15.09 crore respectively.

During 2023-24, the entire receipts of ₹0.05 crore was transferred to the Consumer Welfare Fund Accounts under KGST and in respect of Consumer Welfare Fund under Food and Civil supplies, the receipts of ₹0.30 crore was not transferred to the Fund. However, expenditure, ₹0.10 crore incurred towards activities relating to welfare and protection of consumers by the Food and Civil Supplies was transferred to the Fund. Hence there was a closing balance of ₹0.84 crore and ₹0.44 crore respectively.

The State Government, during 2023-24, transferred the balance in the Consumer Welfare Corpus Fund (₹15.09 crore) from the Reserve Fund in the Public Account to Bank Account outside the purview of Government Account. However, no modalities have been put in place to monitor the interest accrued from the Deposit in the Bank Account.

The State Government replied (January 2025) that the Food and Civil Supplies Department have been instructed (January 2025) to take necessary action.

(f) Central Road and Infrastructure Fund (CRIF)

The GoI provides annual grants under CRIF to the States to incur expenditure on specific Road projects. The grants received from Central Government are initially booked as Revenue Receipts under Head of Account 1601-Grants-in-Aid and thereafter transferred to the Public Account under Major Head 8449-00-103 - Subventions from Central Road Fund. The expenditure on prescribed Road works under CRIF is first accounted under relevant Capital head *i.e.*, 5054-04-337-0-05, which is to be transferred to Reserve Fund as a deduct expenditure to the concerned Major Head.

During 2023-24, the State received ₹660.91 crore as receipts under CRIF which was transferred to the Fund. However, the expenditure of ₹492.12 crore under Head of Account 5054-04-337-0-05 was not transferred to the Fund. The State Government in the Joint Entry and Exit conference (November 2024) as well as in their reply (January 2025) stated that the Fund balance would be utilised in future years depending upon State's financial position.

As per Section 11 of the CRIF Act, 2000, if in the opinion of the Central Government, the Government of any State or the administration of any Union territory has at any time delayed without reasonable cause the application of any portion of the Fund allocated or re-allocated, as the case may be, for expenditure within the State, the Central Government may resume the whole or part of any sums which it may have at that time held for expenditure in that State. In this scenario, the State should have transferred the expenditure incurred to the fund account in the same year itself and hence the reply is not acceptable.

Non transfer of Capital Expenditure to the Fund resulted in over statement of Capital Expenditure and Fiscal deficit to that extent.

The State Government in the Exit conference (January 2025) stated that action would be taken to transfer both receipts and expenditure in the financial year 2024-25.

2.6.3 In-operative Reserve Funds

As at the end of 31 March 2024, out of 52 reserve funds, 14 remained inoperative. Of these 14 inoperative reserve funds, 08 reserve funds had a credit balance of ₹33.52 crore and six reserve funds had a debit balance of ₹8.23 crore as on 31 March 2024.

Action is required to be taken for the closure of such in-operative funds after due reconciliation and credit the balance to the Consolidated Fund.

2.6.4 Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

Subsequent to the enactment of Compensatory Afforestation Act (CAF), 2016, the State Compensatory Afforestation Fund (SCAF) - Karnataka was created (February 2019) under Section 4 of the CAF Act, 2016. In addition, the Ministry of Environment, Forest and Climate Change in exercise of powers conferred under Section 30 of the CAF Act, 2016 framed CAF (Accounting Procedure) Rules, 2018 to regulate the manner of crediting amount to the National Fund (NCAF) and State Fund (SCAF) in each year. In continuation of the Rules, the Ministry in order to maintain transparency and uniformity in reporting issued (28 January 2019) opening of standard Heads of Accounts for NCAF and SCAF for all the States.

In line with the CAF (Accounting procedures) Rules, 2018, though the Ministry transferred (19 Aug 2019) ₹13,50,37,43,189 from NCAF to SCAF, it did not incorporate suitable mechanism in the Parivesh portal¹⁵ in line with the CAF Rules, 2018. As a result, accounting of collection and transfer of user charges prior to implementation of CAF Rules, 2018 continues. As a result, the entire user charges collected transferred to NCAF instead of 10 *per cent* of the user charges collected. On this being pointed out in the previous two years SFARs', the State Government initiated action to correspond with CEO, NCAF for transferring back 90 *per cent* of the user charges, which was transferred to NCAF. Further, it stated that the CEO, National Authority, Ministry of Economics, Forest and Climate change has been requested (September 2022) to create suitable mechanism integrated with Parivesh portal for the online remittance of user charges by the user agencies to SCAF.

However, during 2023-24, no new mechanism was integrated in the Parivesh portal and the entire user charges of ₹500.95 crore was transferred to NCAF. Further, during 2023-24, the State received ₹363.44 crore being 90 *per cent* of user charges pertaining to 2019-20 to 2021-22. The balance of ₹162.98 crore for the year 2022-23 and ₹450.86 crore for the year 2023-24 is yet to be received from NCAF.

¹⁵ Portal maintained by CEO, National Authority, Ministry of Environment, Forest and Climate change for collection and transfer of user charges to NCAF.

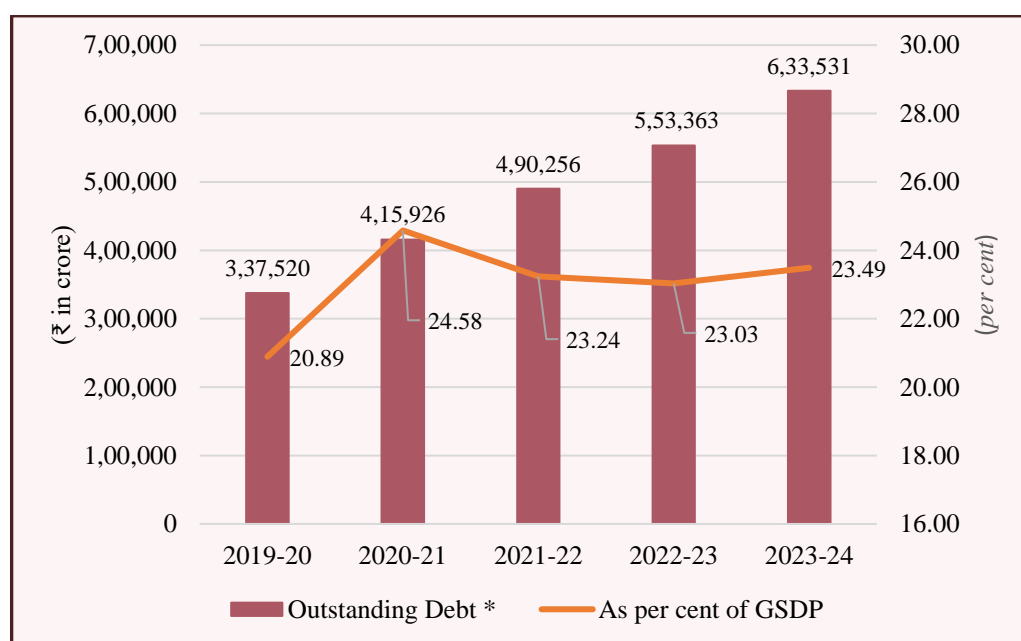
During 2023-24, the opening balance of the Fund account was ₹661.93 crore, while the amount of ₹391.42 crore (₹27.98 crore being interest and ₹363.44 crore pertaining to year 2019-20 to 2021-22 received from NCAF) is credited to the Fund account, an expenditure of ₹288.51 crore was incurred leaving the closing balance to ₹764.85 crore under the Fund.

The State Government replied (January 2025) that the Central Government had not incorporated suitable mechanism in the Parivesh Portal in line with the CAF Rules, 2018 and as a result, the State had to transfer the entire user charges of 2023-24 to the NCAF. Further, it stated that subsequent to the correspondence made by the State Government with the CEO, NCAF, 90 *per cent* of the user charges are being transferred back to the SCAF and there are no dues pending from the NCAF. During 2024-25, the State has received user charges of ₹165.63 crore and ₹441.44 crore for the years 2022-23 and 2023-24 respectively.

2.7 Debt Management

Debt Management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements. Total outstanding debt and its percentage to GSDP during the period 2019-20 to 2023-24 are depicted in **Chart 2.15**.

Chart 2.15: Outstanding Debt and its percentage to GSDP during 2019-20 to 2023-24



Source: Finance Accounts

* The back-to-back Loan (₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22) received from GoI in lieu of GST compensation has not been considered as Debt for working out debt-GSDP ratio.

As seen from the chart above, the outstanding debt (inclusive of off-budget borrowings) as *per cent* to GSDP had increased from 20.89 *per cent* during 2019-20 to 23.49 *per cent* during 2023-24. However, it was well within the KFRA target of 25 *per cent*. This was on account of non-treating of the

back-to-back loans received from GoI as debt of the State for any norms provided by Finance Commission.

2.7.1 Debt profile components

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 GoI, public account liabilities and off-budget borrowings.

The component wise details of Debt, their rate of growth, ratio of these liabilities to GSDP are shown in **Table 2.32** and the buoyancy of fiscal liabilities with respect to Revenue Receipts and own resources are brought out in **Appendix 2.2**. The fiscal liabilities of the State increased by 88 *per cent* from ₹3,37,520 crore in 2019-20 to ₹6,33,531 crore in 2023-24. The composition of overall debt during 2023-24 is presented in **Chart 2.16** and the details of internal debt taken *vis-à-vis* repayment made during 2019-20 to 2023-24 is shown in **Chart 2.17**.

Table 2.32: Component wise debt trends

(₹ in crore)					
Component of fiscal liability	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Total Liability	3,37,520	4,15,926*	4,90,256*	5,53,363*	6,33,531*
Public Debt					
Internal Debt	2,20,337	2,81,140	3,29,042	3,53,894	4,17,455
Loans from GoI	13,908	26,617^	45,385^	49,139^	53,406^
Public Account Liabilities	85,172	89,748	99,147	1,33,024	1,49,192
Small Saving, Provident Funds, etc.	35,179	38,811	42,333	45,736	49,290
Reserve Funds bearing Interest	1,273	1,175	1,129	988	1,002
Reserve Funds not bearing Interest	17,160	18,888	22,003	26,425	31,552
Deposits bearing Interest	502	518	500	551	612
Deposits not bearing Interest	31,058	30,356	33,182	59,324	66,736
Rate of growth of outstanding total liability (per cent)	18.33	23.23	10.53	12.87	14.49
Gross State Domestic Product (GSDP)	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
Liability / GSDP (per cent)*	20.89	24.58	23.24	23.03	23.49
Total Receipts	50,459	84,528	80,641	44,549	90,280
Total Repayments	10,180	11,016	13,972	15,942	22,453
Net funds available	40,279	73,512	66,669	28,607	67,827
Repayments / Receipts (per cent)	20.17	13.03	17.33	35.79	24.87

Source: Finance Accounts

^ Effective Loans and Advances for GoI would be ₹14,210 crore as on year ending 2020-21, ₹14,869 crore as on year ending 2021-22 and ₹18,623 crore as on year ending 2022-23 as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore and ₹18,109 crore given to the State as back-to-back loan during 2020-21 and 2021-22 respectively under Debt Receipt would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

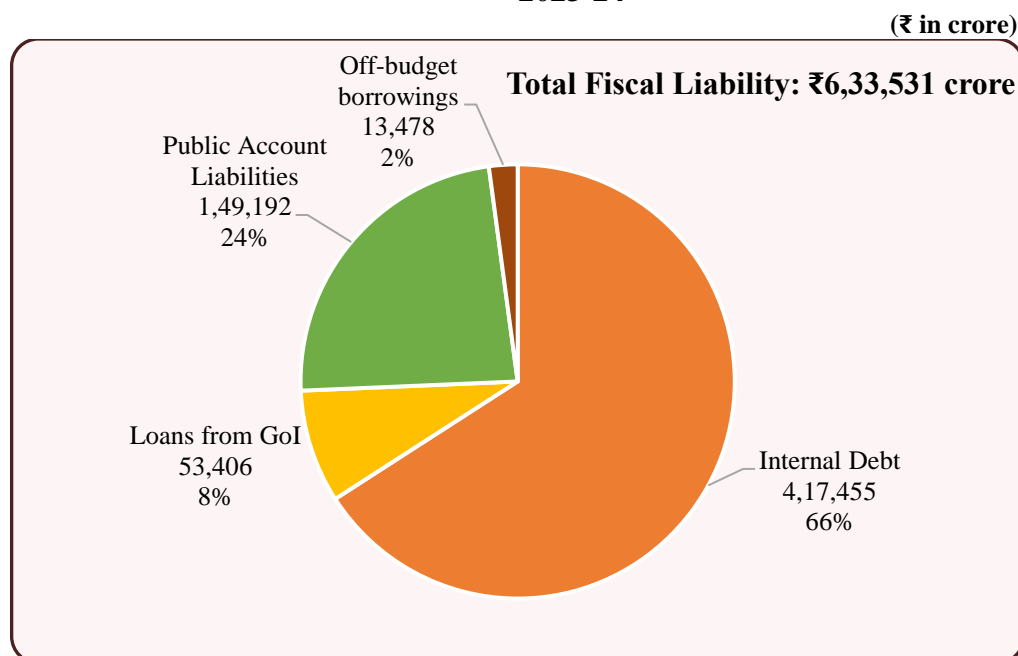
* Effective Outstanding Fiscal Liabilities would be ₹4,03,519 crore, ₹4,59,740 crore, ₹5,22,847 crore and ₹6,03,015 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22 given to the State as back-to-back loan under Debt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

The total debt liabilities of the State is on an increasing trend during the period from 2019-20 to 2023-24. It increased by ₹2,96,011 crore. The increase was

mainly under internal debt of ₹1,97,118 crore, Loans from GoI of ₹39,498 crore and Public Account Liabilities ₹64,020 crore. When compared to the previous year, the outstanding liability increased by ₹80,168 crore. This was mainly under Internal Debt (₹63,561 crore) followed by Reserve funds not bearing interest (₹5,127 crore) and Deposits not bearing interest (₹7,412 crore).

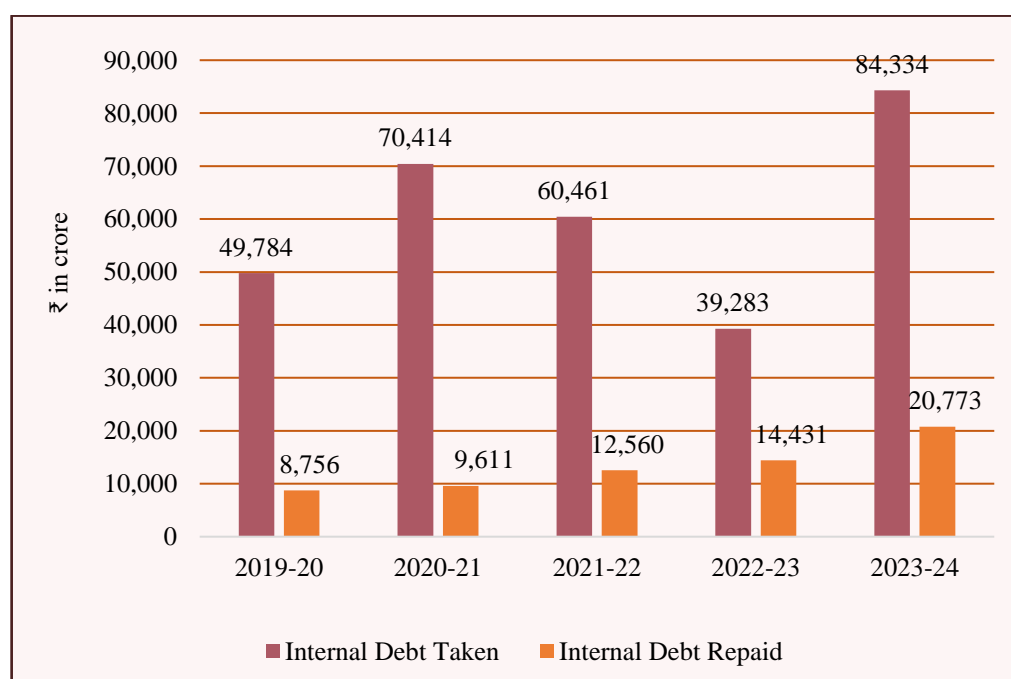
During 2023-24, the Public Debt availed by the State increased by ₹67,828 crore over the previous year from ₹4,03,033 crore to ₹4,70,861 crore.

Chart 2.16: Breakup of overall debt at the end of financial year 2023-24



Source: Finance Accounts

Chart 2.17: Internal Debt receipts vis-à-vis repayment



Source: Finance Accounts

Out of the total outstanding debt, internal debt consisting of market borrowings, loans from NABARD, LIC, GIC and special securities issued to NSSF of Central Government constituted 65.89 *per cent* (₹4,17,455 crore). Public Account liabilities account for 23.55 *per cent*, loans from GoI comprise 8.3 *per cent* and off-budget borrowings 2.13 *per cent*.

2.7.1.1 Off-Budget Borrowings

The borrowings of the State Government are governed by Article 293 (1) of the Constitution of India. The State stood as guarantor for loans availed by Government Companies/ Corporations/ Boards. These Companies/ Corporations/ Boards borrowed funds from the market/ financial institutions for implementation of various State Plan programme projected outside the State budget. The borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed 'Off-Budget Borrowings' (OBB). In the State, these are disclosed in the Budget Overview and also in the MTFPs.

The trend of OBB during 2019-20 to 2023-24 is detailed in **Table 2.33**. Though State's OBB was on a decreasing trend during 2019-20 to 2021-22 and during 2022-23, the OBBs increased by ₹1,679 crore when compared to previous year. However, during 2023-24 the State Government did not avail any OBB.

Table 2.33: Trend in off-budget borrowings (OBB)

(₹ in crore)					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
OBB	4,435.49	3,045.10	2,350.00	4,029.00	-

In the State, the Government had been repaying the loans availed of by these Companies/ Corporations/ Societies including interest through regular budget provision under capital account. During 2023-24, Capital Expenditure of ₹52,120 crore included ₹3,828 crore towards servicing of principal amount of off-budget borrowings. The interest payment during the year was ₹1,046 crore. **Table 2.34** gives the entity-wise position of borrowings as at the end of 2023-24.

Table 2.34: Entity-wise position of off-budget borrowings

(₹ in crore)					
Company/ Corporation/ Board	Outstanding off-budget borrowing	Borrowings during 2023-24	Repayment during 2023-24		Closing Balance
			Principal	Interest	
Krishna Bhagya Jala Nigam Limited	5,651	0	1,599	348	4,052
Karnataka Neeravari Nigam Limited	4,405	0	821	278	3,584
Karnataka Road Development Corporation Limited	743	0	35	55	708
Rajiv Gandhi Rural Housing Corporation Limited	2,800	0	550	166	2,250
Cauvery Neeravari Nigam Limited	965	0	263	73	702
Visvesvaraya Jala Nigam Limited	2,274	0	466	118	1,808
Skill Development	468	0	94	8	374
Total	17,306	0	3,828	1,046	13,478

Source: Finance Accounts

All the seven entities mentioned in the above table do not have their own source of revenue and are incurring losses.

Taking into account the OBBs of the State, the total liabilities at the end of March 2024 worked out to ₹6,33,531 crore. The rate of effective outstanding liabilities of ₹6,03,015 crore (including OBBs) which was excluding back-to-back loan of ₹30,516 crore received from GoI in lieu of GST compensation to GSDP works out to 23.49 *per cent* at the end of the year. The position of the fiscal deficit and outstanding debt to GSDP of the State for the year 2019-20 to 2023-24 is indicated in **Table 2.35**.

Table 2.35: Impact of Off-Budget Borrowing on Fiscal Indicators

(₹ in crore)

Year	GSDP	Off-Budget Borrowing	Fiscal Deficit	Fiscal Deficit + Off-Budget Borrowing	Fiscal Deficit/ GSDP	(Fiscal Deficit + Off-Budget Borrowing)/GSDP	Outstanding debt/GSDP
2019-20	16,15,827	4,435.49	38,166	42,601	2.36	2.64	20.89
2020-21	16,41,460	3,045.10	67,098	70,143	4.09	4.27	24.58
2021-22	19,78,094	2,350.00	66,036	68,386	3.34	3.46	23.24
2022-23	22,69,995	4,029.00	46,623	50,652	2.05	2.23	23.03
2023-24	25,67,340	0.00	65,522	65,522	2.55	2.55	23.49

It is also pertinent to mention that the State Government paid ₹1,046 crore on account of interest payment on OBB.

The State Government in its reply (November 2023) stated that since the repayment of borrowings (Off- Budget) of the current Financial Year has already been included in the fiscal deficit of the State, measuring the fiscal deficit by including off-budget borrowings availed is not a correct measure, as these loans will be serviced in the future years based on their maturity.

The ratio of Fiscal deficit to GSDP even after including the off-budget borrowings is less than the targets set by the KFRA 2002 as amended from time to time.

The XV FC has opined that these are implicit contingent liabilities, outside the framework of standard guarantee that can eventually devolve heavily on State Government. Hence, it was recommended to observe strict discipline by resisting further additions to the stock of off-budget borrowing as it is against the norm of fiscal transparency and detrimental to fiscal sustainability. Further, it was stated that these obligations need to be cleared in time bound manner, and it is also recommended that the resources for clearing should not be from the regular inflow of tax and non-Tax, but additional resources should be mobilised by the Government. This could include monetisation of assets.

2.7.2 Composition of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in **Table 2.36**. The breakdown of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above revenue and non-debt receipts.

Table 2.36: Components of fiscal deficit and its financing pattern

(₹ in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Composition of Fiscal Deficit	(-)38,166	(-)67,098	(-)66,036	(-)46,623	(-)65,522
1	Revenue Surplus/Deficit	1,185	(-)19,338	(-)13,666	13,496	(-)9,271

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
2	Net Capital Outlay	35,485	45,361	47,868	57,347	52,084
3	Net Loans and Advances	3,866	2,399	4,082	2,772	4,167
4	Appropriation to Contingency Fund	-	-	420	-	-
Financing Patterns of Fiscal Deficit*						
1	Market Borrowings	42,499	61,900	49,000	26,000	63,003
2	Loans from GoI	(-)749	12,709^	18,767^	3,755	4,267
3	Special Securities issued to NSSF	(-)1,628	(-)1,628	(-)1,628	(-)1,627	(-)1,628
4	Loans from Financial Institutions	156	531	529	480	2,186
5	Small Savings, PF etc.	4,156	3,632	3,522	3,403	3,554
6	Deposits and Advances	3,174	(-)685	2,808	26,192	7,474
7	Suspense and Miscellaneous	(-)1,364	(-)2,921	(-)153	1,196	2,606
8	Remittances	(-)347	(-)35	(-)133	159	56
9	Reserve Funds	4,728	6,275	9,173	7,282	7,328
10	Overall Deficit	50,625	79,778	81,885	66,840	88,846
11	Appropriation to Contingency Fund	-	-	420	-	-
12	Increase (-)/Decrease (+) in cash balance	(-)12,459	(-)12,680	(-)16,269	(-)20,217	(-)23,324
13	Gross Fiscal Deficit	38,166	67,098	66,036	46,623	65,522

Source: Finance Accounts

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

^ The effective Loans and Advances from GoI would be ₹1,707 crore and ₹2,070 crore by deducting the GST compensation of ₹12,407 crore for 2020-21 and ₹18,109 crore for 2021-22 received as back-to-back loans.

The State had attained Revenue Surplus since 2004-05 and the surplus on revenue account along with market borrowings, loans from GoI etc., were utilised to finance Capital Expenditure except during the years 2020-21 and 2021-22, where State witnessed Revenue Deficit due to COVID-19 pandemic, which resulted in utilisation of borrowing towards Revenue Expenditure and during 2022-23 the State attained Revenue Surplus again. However, during 2023-24 the State again witnessed a Revenue Deficit of ₹9,271 crore. The financing pattern of fiscal deficit for the year 2023-24 is shown in **Table 2.37**.

Table 2.37: Receipts and Disbursements under components financing the fiscal deficit during 2023-24

(₹ in crore)				
Sl. No.	Particulars	Receipt	Disbursement	Net
1	Market Borrowings	81,000	17,997	63,003
2	Loans from GoI	5,946	1,679	4,267
3	Special Securities issued to NSSF	0	1,628	(-)1,628
4	Ways and Means advances from RBI	0	0	0
5	Loans from Financial Institutions	3,334	1,148	2,186
6	Small Savings, PF etc.	9,861	6,307	3,554
7	Deposits and Advances	79,962	72,488	7,474
8	Suspense and Miscellaneous	2,69,299	2,66,693	2,606
9	Remittances	0	(-)56	56
10	Reserve Fund	9,677	2,349	7,328
11	Overall Deficit	4,59,079	3,70,233	88,846
12	Increase/Decrease in cash balance	83,941	1,07,265	(-)23,324
13	Appropriation to Contingency Fund	0	0	0
14	Gross Fiscal Deficit	5,43,020	4,77,498	65,522

Source: Finance Accounts

During 2023-24, the major contributors for financing fiscal deficit were Market borrowings, Reserve Funds and Deposits and Advances.

2.7.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or Debt Servicing. The repayment of Principal and Interest (variable) of the outstanding Public Debt is shown in **Table 2.38 and Chart 2.18**.

Table 2.38: Maturity profile of Public Debt

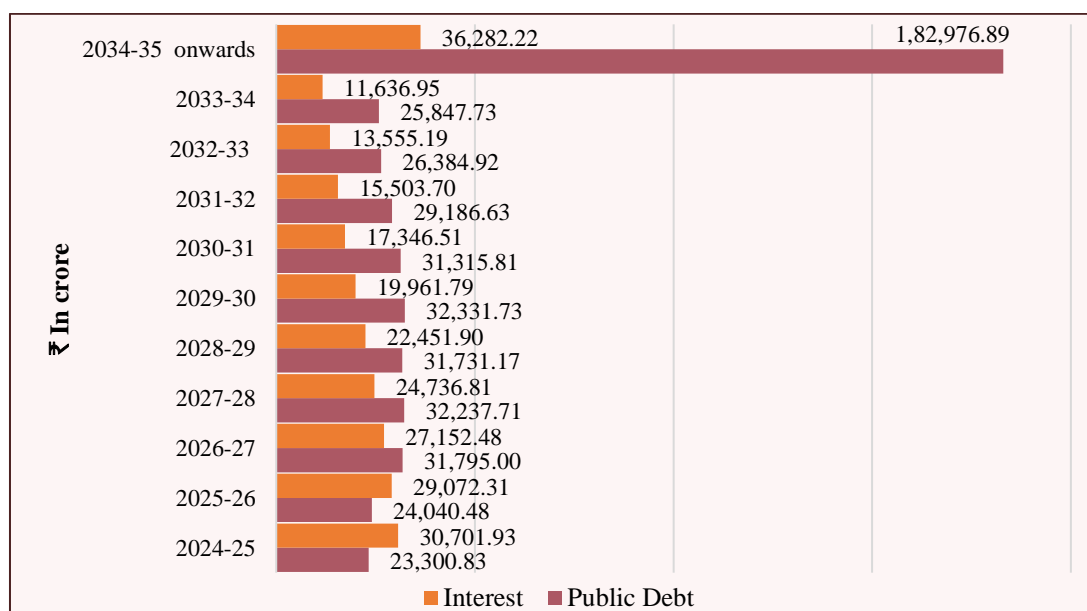
(₹ in crore)

Year of Maturity	Amount		
	Public Debt	Interest	Total
2024-25	23,300.83	30,701.93	54,002.76
2025-26	24,040.48	29,072.31	53,112.79
2026-27	31,795.00	27,152.48	58,947.48
2027-28	32,237.71	24,736.81	56,974.52
2028-29	31,731.17	22,451.90	54,183.07
2029-30	32,331.73	19,961.79	52,293.52
2030-31	31,315.81	17,346.51	48,662.32
2031-32	29,186.63	15,503.70	44,690.33
2032-33	26,384.92	13,555.19	39,940.11
2033-34	25,847.73	11,636.95	37,484.68
2034-35	27,339.09	9,736.79	37,075.88
2035-36	18,303.06	7,708.80	26,011.86
2036-37	20,179.15	6,388.06	26,567.21
2037-38	23,676.91	4,895.97	28,572.88
2038-39	15,532.45	3,130.18	18,662.63
2039-40 on wards	77,946.23	4,422.42	82,368.65
Total	4,71,148.90	2,48,401.79	7,19,550.69

Source: Finance Accounts

*The net public debt is 4,71,148.90 crore after taking into account the miscellaneous amount of ₹(-)288.55 crore.

Chart 2.18: Maturity profile of Public Debt



The maturity profile of the Public Debt as on 31 March 2024 indicates that out of the outstanding public debt of ₹4,71,148.90 crore, 37.24 *per cent* belongs to the maturity bracket of 1-6 years (₹1,75,436.92 crore) and 23.93 *per cent* (₹1,12,735.09 crore) in the maturity bracket of 7-10 years and 38.84 *per cent* (₹1,82,976.89 crore) in the maturity bracket of more than ten years. The State has acknowledged in their previous reply that additional borrowing was necessary for the State to meet its expenditure component, and it would burden the State with debt repayment in the near future. Even though FMRC (February 2023) has suggested reducing its committed expenditure, there would be an increase in committed expenditure on account of the increase in interest payment due to raise in internal debt of the State. As seen from the **Table 2.38**, in the next two years *i.e.*, 2024-25 and 2025-26, the repayment of interest exceeds the principle. In the next seven years, though it is decreasing, it is more than 50 *per cent* of the principle.

2.8 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the subsequent paragraphs.

Public Debt of the Government refers to all financial liabilities of the Government, irrespective of whom they are owned. Debt is considered sustainable if the State is able to service its debt now and in future. Apart from the magnitude of the debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the State by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

This section assesses the sustainability of debt/Liability of the State Government in terms of Liability-GSDP ratio, fiscal deficit and burden of interest payments (measured by ratio of interest payments to Revenue Receipts).

Table 2.39 indicates the time series data on different variables and the debt sustainability of the State according to these indicators for the five-year period beginning from 2019-20.

Table 2.39: Trends in Debt Sustainability indicators

		(₹ in crore)				
Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities or Overall Debt	3,37,520	4,15,926	4,90,256	5,53,363	6,33,531
2	Rate of Growth of Overall Liability (<i>per cent</i>)	18.33	23.23	17.87	12.87	14.49
3	GSDP (in nominal terms)	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
4	Nominal GSDP growth (<i>per cent</i>)	9.22	1.59	20.51	14.76	13.10
5	Overall Liability/GSDP (<i>per cent</i>)	20.89	24.58	23.24*	23.03*	23.49*
6	Maturity profile of all kinds of borrowings					
6a	0-2 years	23,330	26,335	34,518	44,784	47,341

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
6b	2-5 years	52,695	63,451	76,662	87,251	95,764
6c	5-10 years	1,40,798	1,54,736	1,50,575	1,41,126	1,45,067
6d	Over 10 years	8,140	40,763	71,290	87,467	1,39,066
7	Repayment to Gross Borrowings (<i>per cent</i>) [#]	60.69	67.27	72.98	62.77	74.55
8	Net borrowings available as a percentage of Gross Borrowings	39.31	32.73	27.02	37.23	25.45
9	Interest payments on Overall Liabilities	19,903	23,433	26,276	29,643	31,872
10	Effective rate of interest on Overall Liability (<i>per cent</i>)	7.51	7.29	6.93	7.08	6.82
11	Interest payment to Revenue Receipts (<i>per cent</i>)	11.34	14.95	13.42	12.94	13.66
12	Revenue Deficit/Surplus	1,185	(-)19,338	(-)13,666	13,496	(-)9,271
13	Primary Revenue Balance (PRB)	21,088	4,095	12,610	43,139	22,601
14	Primary Balance (PB)	(-)18,263	(-)43,665	(-)39,760	(-)16,980	(-)33,650
15	Difference between RoI and effective rate of interest on Overall Liability	(-)7.41	(-)7.17	(-)6.44	(-)6.50	(-)6.42
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	310.49 (02)	-	-	1,798.00 (05)	-
17	Debt Stabilisation (Quantum spread + Primary balance)	(-)13,318	(-)63,826	15,108	16,344	(-)2,201
18	Domar Criteria					
a	GSDP (in constant terms)	11,51,393	11,24,942	12,35,377	13,35,052	14,23,229
b	Real Growth (in constant terms) “g”	6.10	(-)2.30	9.80	8.10	6.60
c	Inflation based on Consumer Price Index (<i>per cent</i>)	5.57	5.26	6.11	5.48	5.79
d	Effective Rate of interest on Overall Liability as in Sl. No 10)	7.51	7.29	6.93	7.08	6.82
e	Real effective rate of interest (Effective rate of interest-Inflation) (18.d-18.c) “r”	1.94	2.03	0.82	1.60	1.03
f	Growth Interest Differential (Real growth-Real effective rate of interest) (18.b-18.e) “g-r”	4.16	-4.33	8.98	6.50	5.57

Source: Finance Accounts

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

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

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

4. *Effective Rate of Interest: Interest Payments/Average Outstanding Liabilities of Previous and Current Financial Year. This may be calculated excluding the non interest bearing reserve funds and deposits.*

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

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

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

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

9. *Effective rate of Interest Receipts: Interest Receipts/Average Outstanding Debt Loans and Advances Disbursed of Previous and Current Financial Year*

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

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

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

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

Effective outstanding Liabilities for 2020-21, 2021-22, 2022-23 and 2023-24 would be ₹4,03,519 crore, ₹4,59,740 crore, ₹5,22,847 crore and ₹6,03,015 crore respectively, as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore in 2020-21 and ₹18,109 crore in 2021-22 given to the State as back-to-back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. The outstanding Liabilities of the State have increased from ₹3,37,520 crore in 2019-20 to ₹6,33,531 crore in 2023-24. Analysis of the above table and based on the Fiscal consolidated road map recommended by the XV FC, the following were observed:

- A falling Debt/Liability-GSDP ratio (in percentage) can be considered as leading towards stability. The Debt/Liability-GSDP ratio saw a decreasing trend during the years 2021-22 and 2022-23. However, during 2023-24 the ratio increased over the previous year. This was on account of the rate of growth of GSDP being less than the rate of growth of outstanding Liabilities.
- Interest payment on overall Liabilities showed an increasing trend during the said period.
- The ratio of interest payments to Revenue Receipts is a good measure of debt sustainability. This ratio was on a decreasing trend from 2020-21 to 2022-23. However, during 2023-24 it again increased to 13.66 *per cent*. The increase indicates that the interest burden is increasing.
- Ideally, the higher the ratio of repayments to Gross borrowings, the greater the proportion of borrowings utilised for Debt Servicing rather than productivity. During the period 2019-20 to 2023-24, the percentage of debt repayments to Gross borrowings ranged from 60.69 to 74.55 *per cent*, which meant that the borrowings were utilised towards repayment leaving lesser space for productivity. During 2023-24, the ratio was highest.
- Applying the DOMAR analysis to Karnataka, it is observed that except in 2020-21, in all years the Domar gap (g-r) was positive as shown in the above Table. This indicated that the State had strong economic growth during the pre-Covid period *i.e.*, 2019-20, the real growth rate of the GSDP was 6.10 *per cent* and the Domar gap (expressed as g-r) remained positive but there was primary deficit in the State. Covid-19 affected the real growth rate of GSDP during 2020-21 and the Domar gap turned negative during the year. In the subsequent years (2021-22, 2022-23 and 2023-24), the Domar gap became positive. This, along with primary deficit, reflects that Debt/Liability as a percentage of GSDP tends towards stable value and is

therefore sustainable. Depending on the stock of debt/Liability, it will either increase or decrease in time to reach a stable level greater than zero. It may be mentioned that the sustainability of Public Debt will depend on whether the State economy maintains the real growth rate in the long run keeping the real interest rate under control.

2.8.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. The details of utilisation of borrowed funds during the period 2019-20 to 2023-24 are given in **Table 2.40**.

Table 2.40: Utilisation of borrowed funds

		(₹ in crore)				
Sl. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total borrowings	50,459	84,528*	80,641*	44,549	90,280
2	Repayment of earlier borrowings (Principal)	10,180	11,016	13,972	15,942	22,453
3	Net Capital Expenditure	35,485	45,361	47,868	57,347	52,084
4	Net loans and advances	3,866	2,399	4,082	2,772	4,167
5	Net availability of borrowed funds (1-2-3-4)	928	25,752	14,719	(-)31,512	11,576

Source: Finance Accounts

* During 2020-21 and 2021-22, total borrowings are inclusive of back-to-back loans. GoI had decided that GST compensation of ₹12,407 crore and ₹18,109 crore given to the State as back-to-back loan during 2020-21 and 2021-22 respectively under Debt Receipt would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

From the above table, it is noticed that during the period 2019-20 to 2021-22, the borrowed funds were sufficient to service the Capital Expenditure (including loans and Advances). During 2022-23 the State witnessed Revenue Surplus and as a result the State borrowed less. However, during 2023-24 the State again witnessed Revenue Deficit, and the borrowings were utilised towards Revenue Expenditure.

2.8.2 Status of Guarantees - Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The Karnataka Ceiling on Government Guarantees Act, 1999 provides for a cap on outstanding guarantees extended by the Government as on the first day of April of any year at 80 per cent of the State's Revenue Receipts of the second preceding year. The details of the last five years are shown in **Table 2.41**.

Table 2.41: Guarantees given by the State Government

					(₹ in crore)
Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees (80 <i>per cent</i> of Revenue Receipts of second preceding year)	1,17,600	1,31,983	1,40,354	1,25,343	1,56,610
Outstanding amount of guarantees	26,830	32,733	33,192	38,356	44,247

Source: Finance Accounts

The outstanding guarantees on 1 April of each year were within the prescribed limit. The outstanding guarantees amounting to ₹44,247 crore at the end of the

year 2023-24 (principal + interest) included guarantees extended to 146 institutions/ companies under various sectors¹⁶.

Against the total estimated guarantee commission of ₹647.70 crore receivable as reported by the State Government, only ₹306.69 crore was received during 2023-24. The guarantee commission received includes book adjustment made by the State Government towards the guarantee commission payable to it by different entities by way of subsidies/grants-in-aid/financial assistance.

As per the recommendation of XII FC the State Government had set up Guarantee Redemption Fund in 1999-2000 with a corpus of ₹one crore. However, since there are no transactions the PAC in its report recommended (July 2015) that suitable efforts should be made to operate and continue the Guarantee Reserve Fund. Taking note of the observations of earlier SFARs and based on the recommendation of PAC, the State Government, during 2022-23 invested ₹314 crore and ₹187.13 crore under Guarantee Redemption Fund Investment Account.

2.8.3 Management of Cash Balances

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

- The RBI grants Normal and Special Ways and Means Advances. Limit for Normal Ways and Means Advances to the State was reduced from ₹3,176 crore as on 01 April 2020 to ₹3,137 crore with effect from 31 March 2022. Since March 1999, the limits for Special Ways and Means Advance of the State Government are linked exclusively to their holdings of GoI Securities. These advances carry interest at such rates as may be fixed by the RBI from time to time.
- During 2022-23, the State Government had not availed¹⁷ any ways and means advances from RBI.
- It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. **Table 2.42** depicts the cash balances and investments made by the State Government during 2023-24.

Table 2.42: Cash Balances and their investment

	(₹ in crore)	
	Opening balance as on 1 April 2023	Closing balance as on 31 March 2024
A. General Cash Balances		
Deposits with Reserve Bank of India	2,788.21	4,699.34
Remittances in Transit	0.01	0.01

¹⁶ Irrigation (₹10,948 crore), Co-operation (₹1,492 crore) Finance (₹459 crore), Power (₹27,928 crore), Housing (₹1,774 crore), Transport (₹1,026 crore) and other sectors (₹620 crore)

¹⁷ As per the Annexure to Statement Number 2, Finance Accounts Vol 1.

	Opening balance as on 1 April 2023	Closing balance as on 31 March 2024
Investments held in Cash Balance Investment Account	47,919.99	67,143.36
Total (A)	50,708.21	71,842.71
B. Other Cash Balances and Investments		
Cash with departmental officers viz., forest and Public Works	2.09	2.09
Permanent advances with departmental officers for contingent expenditure	3.90	4.11
Investment of earmarked funds	33,228.43	35,415.56
Total (B)	33,234.42	35,421.76
Total (A + B)	83,942.63	1,07,264.47
Interest realised	1,139.09	792.78

Source: Finance Accounts

Cash with treasuries/departments, Deposits with RBI and Remittance in transit form cash and cash equivalent. In addition to the Treasury bills, cash balance is also invested in Earmarked funds viz., Consolidated Sinking Fund, Guarantee Redemption Fund *etc.* Out of the investment of ₹35,415.56 crore in earmarked funds, ₹13,600 crore was invested in the Consolidated Sinking Fund and ₹502 crore in Guarantee Redemption Fund.

The increase in the General cash balance was 42 *per cent* over the previous year. The General cash balances of the State Government at the end of the year increased significantly by ₹21,134.50 crore from ₹50,708.20 crore in 2022-23 to ₹71,842.70 crore in 2023-24. This included ₹26,192.08 crore of KMERC invested in treasury Bills.

The State Government in its reply (November 2023) stated that the investments of Earmarked funds should not be part of the cash balance of the State. However, as these investments are part of the cash balance as per annexure to Statement 2 of Finance Accounts, the same has been included.

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹792.78 crore during 2023-24 with an average interest rate of 1.28 *per cent* for 14-day Treasury bills and 6.86 *per cent* for 91-day Treasury bills against an average rate of 5.37 *per cent* per annum at which the borrowings were made.

The cash balance investments of the State during the five-year period 2019-20 to 2023-24 are given in **Table 2.43**.

Table 2.43: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

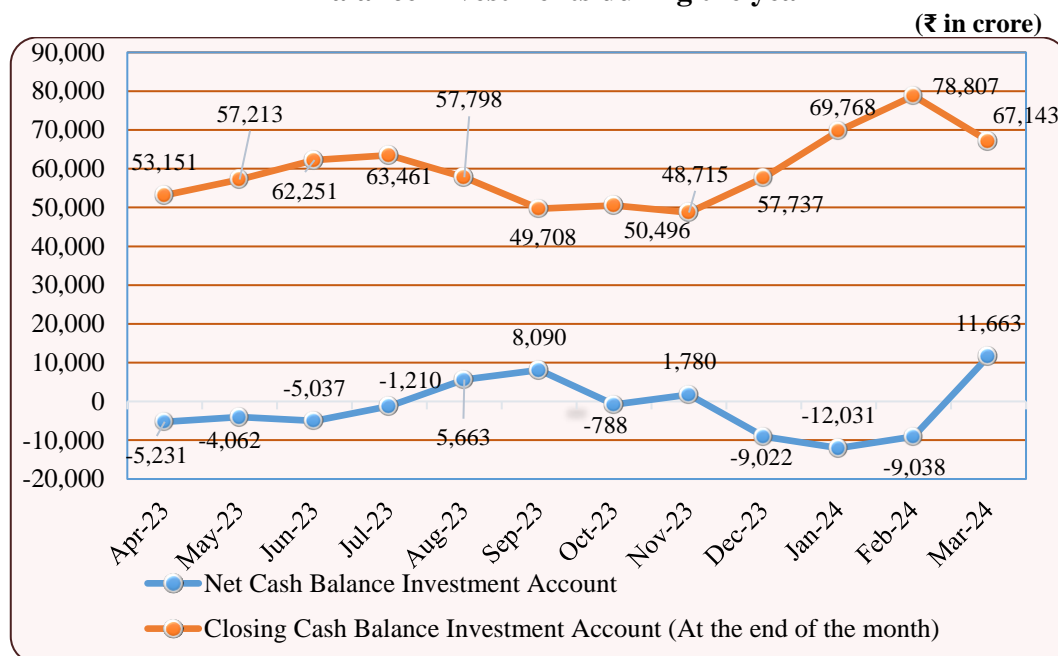
Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
2019-20	5,139.28	13,634.21	8,494.93	535.10
2020-21	13,634.21	21,744.33	8,110.12	627.42
2021-22	21,744.33	31,973.89	10,229.56	899.44
2022-23	31,973.89	47,919.99	15,946.10	1,139.09
2023-24	47,919.99	67,143.36	19,223.37	792.78

Source: Finance Accounts

The trend analysis of the cash balance investment of the State Government during 2019-20 to 2023-24 revealed that investment increased significantly from 2019-20 to 2023-24 though there was a marginal decrease in the year 2020-21.

Chart 2.19 compares month-wise movement of Cash balances and net Cash Balance Investments during the year.

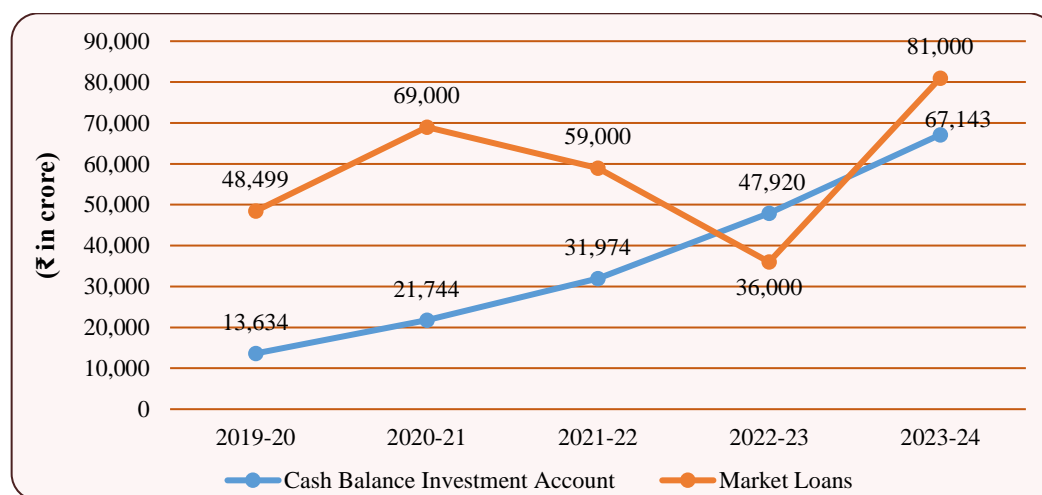
Chart 2.19: Month-wise movement of Cash Balances and Net Cash Balance Investments during the year



Source: Office of the AG(A&E)

Chart 2.20 compares the balances available in the Cash Balance Investment Account and the Market Loans raised by the State during the period 2019-20 to 2023-24. It is evident from **Chart 2.20** that the Cash Balance Investment Account is on an increasing trend. At the end of March 2024, the cash balance investment was ₹67,143 crore whereas Market loans raised were ₹81,000 crore. This is pertinent to mention that Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart 2.20: Market Loans vis-à-vis Cash Balance Investment Account



Source: Finance Accounts

2.9 Conclusion

State's own resources

The State Government registered an increase of 1.86 *per cent* in its Revenue Receipts during 2023-24, when compared to the previous year. The growth rate of Revenue Receipts was least in 2020-21 due to Covid 19 pandemic lockdown. Own-Tax revenue contributed a major part (70 *per cent*) of the Revenue Receipts of the State and the ratio of State's Tax revenue to GSDP increased when compared to 2022-23. The State witnessed a decline in the growth rate in non-Tax revenue (-5.73 *per cent*) during 2023-24. With the increase in the growth rate of Revenue Expenditure more than Revenue Receipts during the current year, the State witnessed a Revenue Deficit of ₹9,271 crore. As on 31 March 2024, the arrears of revenue in respect of principal heads of revenue viz., Taxes/VAT on Sales, Trade, etc., (₹13,937.44 crore) and Goods and Services Tax (₹16,082.29 crore) were ₹30,019.73 crore.

Revenue Expenditure

During 2023-24, expenditure increased by 5.4 *per cent* under general services over the previous year, the growth in expenditure on economic services increased by 17.28 *per cent* and under the social services by 15.69 *per cent* over the previous year.

Revenue Expenditure constituted 81 *per cent* of the total expenditure and it was understated by 0.93 *per cent* (₹2,256.06 crore) due to refunds of utilised amounts received from SNA Accounts.

Seventy-five *per cent* of Revenue Expenditure comprised committed expenditure including inflexible expenditure, devolution to local bodies, transfer of cess to reserve funds etc. During 2023-24, the subsidies constituted around 13 *per cent* of the Revenue Expenditure. This was understated as it did not include subsidies released under Schedule Caste Sub Plan and Tribal Sub Plan and also financial assistance by 12 *per cent*.

Quality of expenditure

The share of Capital Expenditure (including Loans and Advances) to total expenditure was 19 *per cent* during the current year, when compared to the previous year, the share decreased by three *per cent*. As a result, the number of incomplete projects increased during 2023-24 to 3,140 from the previous year (1,864). Funds aggregating ₹4,482 crore were locked up in incomplete projects at the end of 2023-24.

The return from investment of ₹73,487 crore as of 31 March 2024 in Companies/Corporations was negligible (₹290.74 crore).

Debt sustainability

Open Market Borrowings had a major share (70 *per cent*) of the total fiscal liabilities of the State. This increased by six *per cent* when compared to previous year. During 2023-24, the State Government increased its Market borrowings from ₹36,000 crore of previous year to ₹81,000 crore. The burden of interest payments measured by interest payments to Revenue Receipts ratio (IP/RR) has increased during 2023-24 and is at 12.12 *per cent* over the previous year. The net debt available to the State as percentage of Debt Receipts was on decreasing

trend during the period for 2019-20 to 2022-23 and during 2023-24 it increased to 11.30 *per cent*.

Position of Cash Balance

The cash balance (including investment of Earmarked funds and deposits with RBI) of the State at the end of the year increased by 27.78 *per cent* over the previous year.

2.10 Recommendations

- *The State Government should strengthen its monitoring over revenues to prevent an increase in arrears or short realization.*
- *The State should consider mobilizing additional resources for Tax and non-Tax to move towards Revenue Surplus status.*
- *The State Government, in order to boost the Capital Expenditure and prevent time and cost overruns, should formulate guidelines to ensure quick completion of incomplete projects and prioritise works nearing completion.*

Chapter – 3

BUDGETARY MANAGEMENT

Budgetary Management

3

3.1 Introduction

Effective financial Management ensures decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This chapter is based on the audit of Appropriation Accounts of the State. It reviews allocative priorities of the Government, reports on deviations from Constitutional provisions and highlights issues affecting transparency.

3.2 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called “the annual financial statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘*charged*’ and ‘*voted*’ items¹⁸ of expenditure separately and distinguish expenditure on revenue account from other expenditures. Legislative authorisation is necessary before incurring any expenditure by the State Government.

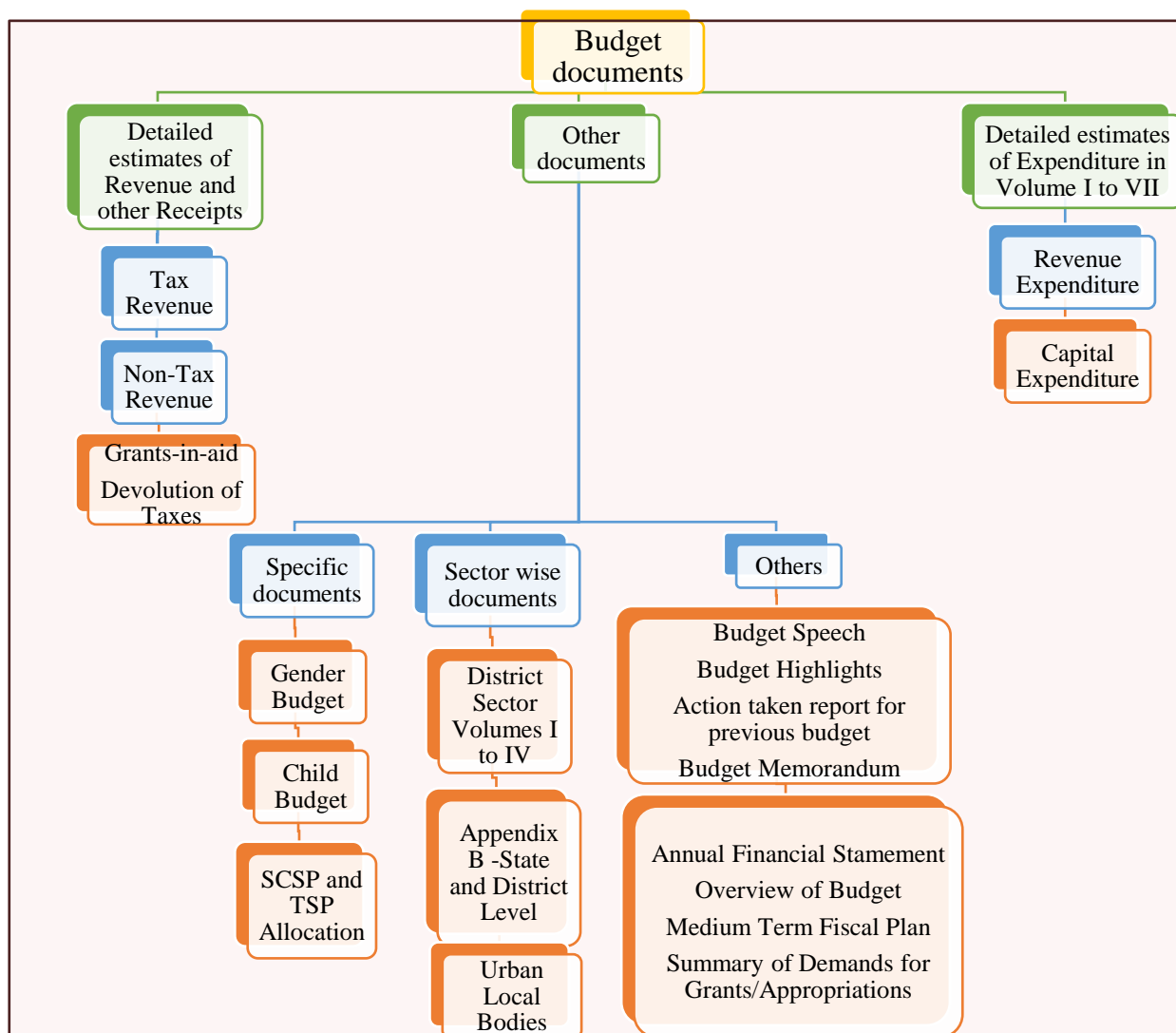
The Karnataka Budget Manual (KBM) prescribes the procedure to be followed for preparation of budget estimates and subsequent action relating to authorisation of expenditure. The Budget is prepared by the Finance Department on the basis of the proposals received from the Heads of the departments on the dates prescribed by the Finance Department. The Finance Department consolidates the Estimates embodying the decision of Government and prepares the following:

- i) Summary statement of the financial position for the budgeted year.
- ii) Detailed Estimates of receipts; and
- iii) Statements of demands for grants followed by detailed estimates of expenditure.

These estimates include both voted and *charged* expenditure to be met from the Consolidated Fund of the State. The State budget comprises the following documents as given in **Chart 3.1**.

¹⁸ **Charged Expenditure:** Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, *etc.*) constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature. **Voted Expenditure:** All other expenditure is voted by the Legislature.

Chart 3.1: Details of State Budget Documents

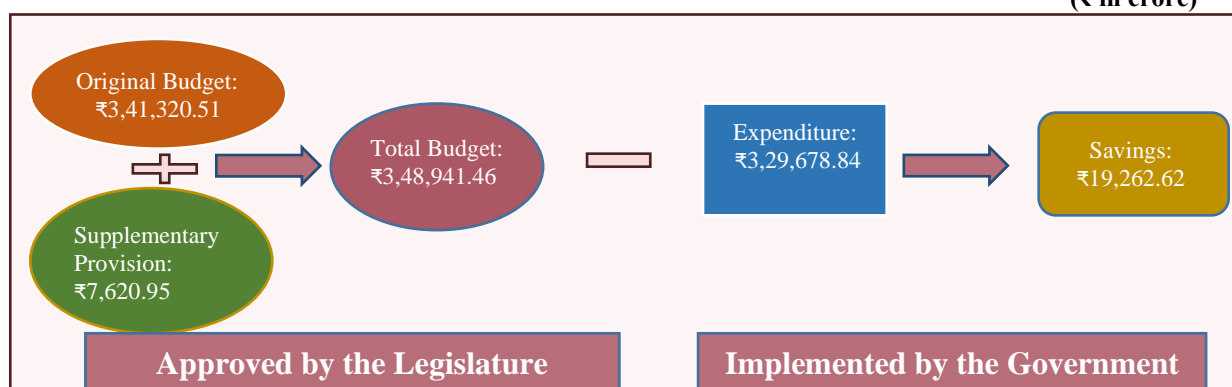


Source: Budget Documents

The annual budget is tabled in both the houses of the State Legislature by the Finance Minister each year.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during 2023-24 is depicted in **Chart 3.2**.

Chart 3.2: Summary of Budget and Expenditure of Karnataka for 2023-24
(₹ in crore)



3.3 Gender Budgeting in Karnataka

Gender Budget is considered worldwide as a significant policy tool to promote, directly or indirectly, various indicators and indices relating to gender development through allocation of budgetary resources on programmes and schemes. The gender indicators point towards the need for targeted or desired attainment levels to eliminate or reduce gender gaps and gender inequalities, especially in areas like health, education, empowerment, protection, participation *etc.*

A Gender Budgeting Statement was introduced for the first time as a part of the expenditure budget in the Union in the year 2005-06. GoK has been placing the Gender Budget document in the Legislature since 2007-08. A Gender Budget Cell in the Fiscal Policy Institute prepares the Gender Budget in co-ordination with various departments, non-Government Organisations and experts. The Department of Women and Child Development is the nodal agency for monitoring and evaluation of Gender Budgeting in collaboration with the Planning Department.

In the SFAR of the C&AG for the year ending March 2020 (**Paragraph 3.3**), a review of Gender Budgeting in Karnataka was taken up and the audit findings on planning and formulation of policy, analysis of Gender budget documents, Gender Budgeting Processes were brought out in detail. The State Government replied that the issues brought out in the report would be examined and the action would be taken thereof.

The total allocation earmarked for women across different departments for the period 2019-20 to 2023-24 under Category A (women specific schemes with 100 *per cent* allocation) and Category B (pro-women specific schemes with allocations more than 30 *per cent* and less than 100 *per cent*) along with their percentage to original budget provision is indicated in **Table 3.1**.

Table 3.1: Category-wise allocation during 2019-20 to 2023-24

(₹ in crore)

Year	Budget Provision (Original)	Total Category 'A'		Total Category 'B'		Percentage of Category 'A' to Budget Provision	Percentage of Category 'B' to Budget Provision
		No. of Schemes	Allocation	No. of Schemes	Allocation		
2019-20	2,40,745.86	59	5,222.46	725	1,05,790.40	2.17	43.94
2020-21	2,44,733.57	63	4,732.34	890	1,10,170.20	1.93	45.02
2021-22	2,52,391.98	58	4,585.66	818	1,08,674.22	1.82	43.06
2022-23	2,71,542.22	71	6,495.24	781	1,22,311.69	2.39	45.04
2023-24	3,41,320.51	93	26,826.90	851	1,45,333.96	7.86	42.58

Source: Appropriation Accounts and Gender Budget of the respective years

The percentage of Category 'A' allocation to original budget provision, which was in a decreasing trend since 2019-20, started increasing from 2022-23 and in 2023-24 it increased to 7.86 *per cent*. This was mainly on account of Government's introduction of two incentive schemes for women *viz.*, Shakti Scheme and Gruha Lakshmi Scheme. In respect of Category 'B', percentage of allocation to original budget provision has an inter-year variation and it decreased during 2023-24 when compared to previous year.

Analysis of trends in total number of schemes covered also indicated that there were inter-year variations since 2019-20 and was maximum in 2023-24 in respect of Category 'A'. In respect of Category 'B', it showed a decreasing trend from 2020-21 and again increased in 2023-24.

The State Government replied (January 2025) that based on the observations brought out in the SFAR for the year ended 31 March 2020, in the Gender Budget Circular (November 2024) it has been instructed to follow the Five Step Framework envisaged in the Gender Budget Manual of GoI for finalising the Gender Budget 2025-26.

3.4 Child Budget

The Child Budget Statement (CBS) is a policy tool to identify and classify the allocations and expenditure on children (0 - 18 years) within the annual budget of GoK. This statement gives information on how much budgetary resource is allocated and spent on child development programme in various departments of the State. GoK decided (August 2019) to prepare the CBS from the Financial Year 2020-21 onwards.

The allocation and expenditure in the different categories of Child Centric Programmes /Schemes from 2020-21 to 2023-24 are shown in **Table 3.2**. The table also indicates the percentage of allocation of Child Centric Programmes to total budget allocation (Original) for each financial year.

Table 3.2: Details of allocation under Child Centric Programme/Schemes
(₹ in crore)

Year	Total Budget (Total Child Budget)	Category	Child Centric Programme			Child Centric Non-Programme		
			Allocation	Expenditure	Percentage of Allocation to Total Budget	Allocation	Expenditure	Percentage of Allocation to Total Budget
2020-21	2,65,220.73 (51,084.28)	100%	11,881.94	10,321.61	4.48	15,421.42	13,869.29	5.81
		Less than 100%	18,892.79	16,950.08	7.12	4,888.13	4,418.79	1.84
2021-22	2,93,185.31 (59,464.07)	100%	12,402.13	12,071.41	4.23	18,917.05	18,757.53	6.45
		Less than 100%	18,433.01	17,065.39	6.29	9,711.88	9,590.56	3.31
2022-23	3,05,572.67 (61,609.49)	100%	13,930.35	16,604.33	4.56	20,225.19	19,944.90	6.62
		Less than 100%	16,506.02	16,926.91	5.40	10,947.93	9,484.94	3.58
2023-24	3,48,941.46 (76,214.58)	100%	15,350.12	13,887.50	4.40	25,083.90	24,911.84	7.19
		Less than 100%	23,709.34	19,568.81	6.79	12,131.75	10,525.31	3.48

Source: Grant Registers and Child Budget Document

As seen from the table, there is an increasing trend in the actual total child allocation, as well as the percentage of total child allocation to total budget allocation. Further, the following is evident from the table:

- The percentage of allocation was around four *per cent* in all the years for 100 *per cent* Child Centric Programme.

- In respect of 100 *per cent* Child Centric Non-Programme, the allocation in absolute terms as well as, percentage of allocation to total budget allocation was in an increasing trend in all the years.
- In respect of less than 100 *per cent* Child Centric Programmes and less than 100 *per cent* Child Centric Non-Programme, there was inter-year variation in percentage of allocation to total budget allocation.

The category wise/department wise budget allocation and expenditure during 2023-24 are shown in **Appendix 3.1**.

The provisions and allocations for gender and child budgeting should be translated into effective implementation of the schemes followed by robust monitoring mechanism else the entire objective of gendering budgeting would remain defeated.

3.5 Major policy pronouncements in the budget and their actual funding for ensuring implementation

The Government announced major policy initiatives in the budget 2023-24 (February 2023 and July 2023). An action taken report has been brought out along with the budget documents for 2024-25.

Audit undertook a study on the action taken by the Government in respect of Department of School Education and Literacy, Department of Higher Education and Department of Forest, Ecology and Environment. In total, the State Government initiated 29 new policies in the three departments. The action initiated by the Government with regard to major policies is summarised in **Appendix 3.2**.

Out of the 29 initiatives, action in respect of 21 has been initiated. While one initiative was dropped, the details of eight initiatives are not received from the department concerned.

3.6 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations *charged* for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Expenditure in Appropriation Accounts is on a Gross basis. These Accounts depicts the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both voted and *charged* items of the budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts¹⁹.

¹⁹ Finance Accounts provides broad perspective of finances of GoK during the financial year which is dealt in the Chapter 1 and 2 of this Report.

3.6.1 Summary of total provisions, actual disbursements and savings during financial year 2023-24

The summarised position of budget provision including supplementary budget, actual expenditure and savings/excess during 2023-24 under 28 grants/appropriation with its further bifurcation into revenue/capital and voted/*charged* is given in **Table 3.3**.

Table 3.3: Number of Grants Appropriations operated by the State in 2023-24

(₹ in crore)

Sl. No.	Description	Total No. of Grants/ Appropriations	Items of Expenditure Voted/ <i>Charged</i>	Revenue	Capital	Budget Provision	Disbursements
A	Grants	27	Voted/ <i>Charged</i>	2,31,737.21	58,731.78	2,90,468.99	2,74,399.46
B	Appropriations	01	<i>Charged</i>	36,031.88	22,440.59	58,472.47	55,279.38
Total (A+B)						3,48,941.46	3,29,678.84

Source: Appropriation Accounts

3.6.2 Voted and Charged disbursements

Summarised position of Voted and *Charged* disbursements for the period from 2019-20 to 2023-24 is shown in **Table 3.4**.

Table 3.4: Voted and *Charged* disbursement for the period from 2019-20 to 2023-24

(₹ in crore)

Year	Provisions		Disbursements		Savings (percentage of provision)	
	Voted	<i>Charged</i>	Voted	<i>Charged</i>	Voted	<i>Charged</i>
2019-20	2,29,742.85	34,061.82	2,01,922.89	32,055.34	27,819.96(12)	2,006.48(6)
2020-21	2,24,755.56	40,465.17	2,03,425.05	39,269.44	21,330.51(9)	1,195.73(3)
2021-22	2,43,817.37	49,367.94	2,34,244.94	48,090.76	9,572.43(4)	1,277.18(3)
2022-23	2,53,087.25	52,485.42	2,44,900.49	52,424.90	8,186.76(3)	60.52(0.1)
2023-24	2,84,948.39	63,993.07	2,68,984.89	60,693.95	15,963.50(6)	3,299.12(5)

Source: Appropriation Accounts

The unspent provision under voted section was on a decreasing trend during the period 2019-20 to 2022-23. In 2023-24, however, it was doubled as compared to the previous year and stood at six *per cent*. The significant savings was mainly under Urban Development (₹3,576.87 crore), Food and Civil Supplies (₹2,958.72 crore), Education (₹2,630.54 crore), Health and Family Welfare (₹2,268.64 crore), Women and Child Development (₹1,376.58 crore), *etc.*

In the *charged* section, the unspent provision ranged between 0.1 and six *per cent* during the period 2019-20 to 2023-24. The significant savings was mainly under Debt servicing (₹3,205.19 crore), Law (₹52.78 crore), Department of Personnel and Administrative Reforms (₹31.04 crore), *etc.*

3.6.3 Budget Marksmanship

Budget Marksmanship is about examining the relations between the budget projections of revenue and expenditure against actual receipt and spending. The World Bank's Public Expenditure and Financial Accountability (PEFA) measures the Budget Reliability in terms of Aggregate Expenditure Outturn and Expenditure Composition Outturn.

3.6.3.1 Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved. Summarised position of original provision and its deviation from the actual outturn during the year 2023-24 is shown in **Table 3.5**

Table 3.5: Deviation of outturn in comparison with BE

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*	Percentage of deviation in Actual Outturn with BE
Revenue	2,61,467.91	2,50,374.42	(-)11,093.49	(-)4.24
Capital	79,852.60	79,304.42	(-)548.18	(-)0.69
Total	3,41,320.51	3,29,678.84	(-)11,641.67	(-)3.41

Source: Appropriation Accounts and Budget documents

*Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure.

The grant wise budget allocation, outturn and deviation of the outturn compared with Budget Estimate and Revised Estimate during 2023-24 are shown in **Appendix 3.3**.

In the Revenue section, deviation in outturn compared with BE was (-)4.24 per cent. This was due to deviation between 0 and ± 25 per cent in 25 grants and between ± 25 per cent and ± 50 per cent in three grants.

In the Capital section, deviation in outturn compared with BE was (-)0.69 per cent. This was due to deviation between 0 and ± 25 per cent in 20 grants, between 25 per cent and ± 50 per cent in four grants and between ± 50 per cent and ± 100 per cent in three grants.

3.6.3.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition. Summarised position of original provision and actual outturn and their deviation from the revised estimate is shown in **Table 3.6**.

Table 3.6: Deviation of outturn in comparison with RE

(₹ in crore)

Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between BE and RE	Difference between Actual and RE*
Revenue	2,61,467.91	2,40,734.72	2,50,374.42	(-)20,733.19	9,639.70
Capital	79,852.60	78,855.21	79,304.42	(-)997.39	449.21
Total	3,41,320.51	3,19,589.93	3,29,678.84	(-)21,730.58	10,088.91

Source: Appropriation Accounts and Budget documents

*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over revised estimate is denoted as (-) figure

The grant wise budget allocation, outturn and deviation of the outturn compared with Budget Estimate and Revised Estimate during 2023-24 are shown in **Appendix 3.3**.

In the Revenue section, deviation in outturn compared with RE was (-) four *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 26 grants and between ± 25 *per cent* and ± 50 *per cent* in two grants.

In the Capital section, deviation in outturn compared with RE was 0.57 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 25 grants and between ± 25 *per cent* and ± 50 *per cent* in two grants.

3.7 Audit of Appropriation

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

3.7.1 Comments on integrity of budgetary and accounting process

3.7.1.1 Additional amount released through executive orders

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

During the year 2023-24 audit, it was observed that ₹6,337.09 crore covering 25 grants under Capital/Revenue section (this is only illustrative), (**Appendix 3.4**) was released through 142 executive orders. Out of this, 116 orders covering ₹4,850.73 crore were regularised through Supplementary demands, the remaining 26 orders covering 1,486.36 crore was not regularised. These orders were, however, issued after the Second and Final Supplementary demands to meet the obligatory release of State share for Centrally Sponsored Schemes (CSS).

The Public Accounts Committee (PAC) in its fifth report (Fourteenth Assembly) had recommended that sanctioning of additionality through executive instructions should be limited to emergent cases (July 2015). However, it was observed that the expenditure incurred out of these additionalities included mainly expenditure on routine items *viz.*, financial assistance, subsidies, minor works, other expenses, general expenses, building expenses, transport expenses, construction, *etc.*, which did not qualify as emergent/unforeseen expenditure. In addition, it was observed that incurring the expenditure first without the authority of Legislature and later obtaining the approval in the supplementary demands was not only continuing but was on an increasing trend despite the PAC's recommendations.

The details of additional amount released through the executive orders for the period 2019-20 to 2023-24 are shown in **Table 3.7**.

Table 3.7: Additional amounts released through executive orders during 2019-20 to 2023-24

Year	No. of grants covered	No. of cases	(₹ in crore)
			Amount
2019-20	19	78	3,518.84
2020-21	10	36	5,281.70
2021-22	21	68	8,489.40

Year	No. of grants covered	No. of cases	Amount
2022-23	21	147	10,948.60
2023-24	24	116	4,850.73

Source: Appropriation Accounts

The number of cases where the additional amount released through executive orders showed an increasing trend as compared to the previous year except for the year 2020-21. The amount released also showed an increasing trend except for the year 2023-24. Issuance of executive orders for expenditure without approval of the Legislature are in violation of the constitutional provisions and the PAC's recommendations.

The State Government replied (January 2025) that under the Single Nodal Agency (SNA) model for implementation of CSS, the State as mandated in **Paragraph 21** of the Guidelines issued for implementation of SNA will have to transfer the Central Share received in its account to the SNA account within 21 days of its receipt even when there is no allocation made in the Budget. Hence it is inevitable to issue executive orders. However, it is noticed that out of the 142 executive orders issued during 2023-24, only 48 *per cent* of the orders (₹3,025.28 crore) were towards CSS and the balance 52 *per cent* (₹3,311.81 crore) were towards other expenditure. Since the Executive orders for incurring expenditure other than CSS were routine in nature, the State should adhere to the PAC's recommendation and issue additionalities through Executive orders only on exceptional circumstances. In the Exit conference (January 2025), State Government while reiterating that it was inevitable to issue additionality orders for the CSS, it would examine with respect to other than CSS expenditure.

3.7.1.2. Misclassification of capital expenditure as Revenue Expenditure and vice-versa

Misclassification of transactions as Revenue/Capital are characterised by lack of application of rules of classification of transactions under relevant heads. Misclassification between Revenue and Capital expenditure has a bearing on Revenue account and the fiscal indicators *viz.*, Revenue Surplus/Deficit and Fiscal Deficit.

- During 2023-24, Revenue Expenditure amounting to ₹374.64 crore was shown as Capital Expenditure even though the expenditure was of revenue in nature as detailed below.

Grant	Head of Account	Nature of expenditure	Amount (₹ in crore)
07 – Rural Development and Panchayat Raj	4515-00-103-5-01-140 Minor Works	Installation of High Mast electric lights in Haveri district of Shiggaon Taluk	1.96
08 – Forest, Ecology and environment	4406-01-101-0-02-139 Major Works	Afforestation works in Vijayanagara Forest Division.	234.88
21 – Water Resources	4711-01-103-1-00-140 Minor Works	Construction of Protection wall to right bank canal of Haravalli Tank in Haliyal Taluk.	134.80
	4701-80-800-0-03-182 Repairs and carriages	TDS, e-filing charges, supply of spare parts and wages to the workers for the work conducted in Central Mechanical Organisation <i>etc.</i>	3.00
Total			374.64

- Similarly, capital expenditure amounting to ₹0.01 crore was classified as Revenue Expenditure.

Grant No.	Head of Account	Nature of expenditure	Amount (₹ in crore)
08 – Forest, Ecology and Environment	2406-02-110-0-01-140 Minor Works	Purchase of Electrical Vehicle for Ranganatithu Bird Sanctuary	0.01

- As per IGAS-2, the grants-in-aid distributed by the granting institution to grantees shall be classified as Revenue Expenditure in the financial statement of the grantor irrespective of the purpose for which the funds were distributed. However, during 2023-24, ₹129.65 crore which were in the nature of grants-in-aid were treated as Capital expenditure instead of Revenue Expenditure, which was contradictory to IGAS-2.

Grant No.	Head of Account	Institution	Amount (₹ in crore)
6	5051-80-001-0-01-132	Karnataka Maritime Board	15.00
7	4515-00-101-0-01-132	Karnataka Panchayath Raj University Gadag	5.00
22	4210-03-105-1-11-386	Jayadeva Institute of Cardiology	37.15
26	4515-00-103-0-02	Maidan Development Board	39.50
	4515-00-103-0-03	Malnad Area Development Board	33.00
Total			129.65

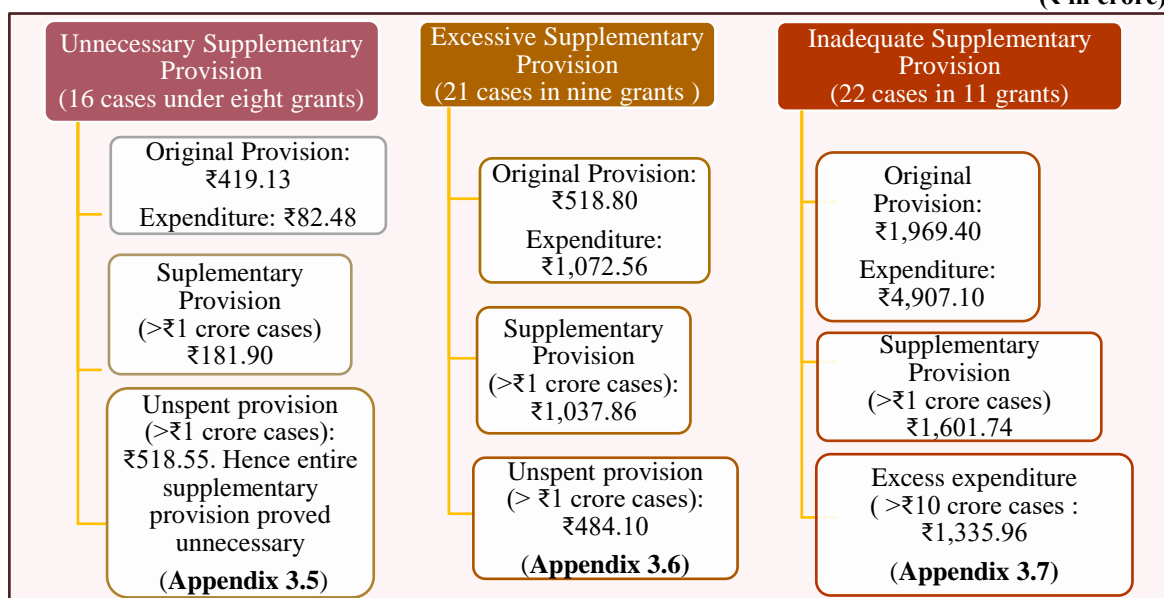
The State Government replied (January 2025) that instructions have been issued to all Departments (October 2024) indicating object heads covered under Revenue and Capital Expenditure to avoid misclassification in the financial year 2025-26. Further, it replied that the Karnataka Maritime Board, Maidan Development Board, Malnad Area Development Board, Jayadeva Institute of Cardiology and Karnataka Panchayat Raj University Gadag are extended parts of Government to implement Government schemes and carry out specific works in the respective regions and hence, their Capital Expenditure cannot be treated as Grants-in-Aid. In addition, it has also stated that Grants-in-aid for creation of Capital Assets has to be treated as Capital Expenditure. However, as per the IGAS 2, irrespective of type of work, the Grants-in Aid given by the State Government to Local Bodies, Autonomous Bodies, Agencies, Bodies and Institutions having distinct legal entity are to be treated as Revenue Expenditure. Hence, the reply is not acceptable.

In the Exit conference (January 2025), it was further stated that the Finance Department would furnish a detailed proposal with appropriate justification for treating the Grants-in-aid for creation of capital assets as Capital Expenditure in response to the Concept paper on IGAS 2 proposed by the Government Accounting Standards Advisory Board.

3.7.1.3 Unnecessary /Excessive /Inadequate supplementary grants

Test checked cases of supplementary provisions without taking into consideration the re-appropriation orders issued (does not have Legislature approval) showed instances of unnecessary/excessive/inadequate provisions (**Appendix 3.5, Appendix 3.6 and Appendix 3.7**) as detailed in **Chart 3.3**.

Chart 3.3: Unnecessary/Excessive/Inadequate Supplementary provision*
(₹ in crore)



Source: Grant Registers

* Re-appropriation orders have not been considered for working out the unnecessary/ excessive/inadequate supplementary provision.

From the above, it was noticed that there were instances where supplementary provision provided were unnecessary/excessive as original provisions were enough to take care of the expenditure. Further, it was also noticed that under certain heads of accounts, the total provision, including supplementary provision, was insufficient resulting in excess expenditure.

3.7.1.4 Re-appropriation of funds

A grant or appropriation for disbursement is distributed by functional head/sub-head /detailed head/object head under which it is accounted for. The competent executive authority may approve re-appropriation of funds between the primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation means the transfer, by a competent authority, of saving from one unit of grant/appropriation to meet excess expenditure under another unit within the same voted grant or *charged* appropriation. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or will result in unspent provision in the unit of appropriation.

During 2023-24, 776 re-appropriation orders for an amount ₹17,326.43 crore were accepted, as against 941 re-appropriation orders for ₹40,501.09 crore issued during 2022-23. Review of the orders/cases revealed the following.

(a) Unnecessary/Excessive/inadequate re-appropriation of Funds

In test checked cases of re-appropriation of funds during 2023-24, it was observed that there were cases of unnecessary/ excessive/inadequate re-appropriation of funds (Appendix 3.8) as detailed below:

- In nine cases under six grants, additional funds of ₹936.66 crore were provided through re-appropriation (cases more than ₹ five crore) which

proved unnecessary, as it resulted in unspent provision (cases more than ₹ five crore) of ₹1,355.73 crore.

- In 17 cases under nine grants, additional funds (cases more than ₹ ten crore) of ₹4,279.99 crore provided through re-appropriation were found excessive resulting in unspent provision (cases more than ₹10 crore) of ₹1,995.52 crore.
- In nine cases under three grants, additional funds of ₹87.41 crore provided through re-appropriation (cases more than ₹ one crore) were insufficient as it resulted in excess expenditure (cases more than ₹ one crore) of ₹411.76 crore.
- In two cases, under two grants, injudicious withdrawal (cases more than ₹ one crore) of ₹6.49 crore through re-appropriation, where the original provision itself was insufficient, resulted in excess expenditure (cases more than ₹ one crore) of ₹98.00 crore.

The Finance Department has to monitor that all the Heads of the Departments follow the instructions issued by them in order to avoid unnecessary/excessive Re-appropriation of funds.

(b) Defective re-appropriation

Article 309, 312 and 315(a) of Karnataka Financial Code (KFC) *inter alia* stipulated that no re-appropriation should be made from one grant voted by the Legislature to another such grant, from voted items of expenditure to *charged* items of expenditure, from capital head to revenue head and *vice-versa*, if the re-appropriation statement is not self-balanced and not in the prescribed form (Form 22A of KFC). During the year 2023-24, 42 re-appropriation orders for ₹8.52 crore (**Appendix 3.9**) were not accepted by AG (A&E) for reasons like difference in budget provisions and Form 22A not self-balanced.

The State Government replied (January 2025) that the Finance Department has guided and trained the field Departments regarding the issue of re-appropriation orders, on account of which the technical errors have been reduced considerably when compared to previous years. Though there is a reduction in the number of defective re-appropriation orders, acceptance of defective re-appropriation orders by the treasury would result in variation between the treasury and Accounts figures.

In the Exit conference (January 2025), it further stated that the Re-appropriation Module operated by the Finance Department would be made accessible to all other Departments for issuing their Re-appropriation orders to avoid the occurrence of Defective Re-appropriations.

3.7.1.5 Unspent provisions against allocation/large savings/surrenders

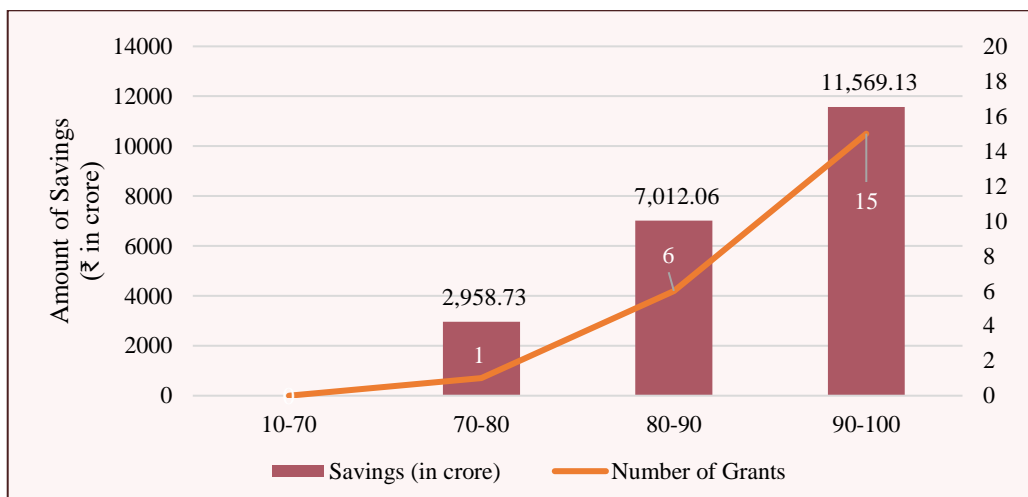
(a) Grants having large savings (savings above ₹500 crore and above) during 2023-24.

There were 11 cases of unspent provisions, each exceeding ₹500 crore and above, under 10 grants/appropriation, which aggregated ₹18,904.64 crore. Large unspent provisions, *i.e.*, more than ₹2,000 crore were in the areas of *Revenue Charged* under Debt Servicing and in Revenue Voted under Food and Civil Supplies, Urban Development and Housing and Education as indicated in **Appendix 3.10**.

As per Rule 264 of the KBM, all savings anticipated by the Controlling Officers should be reported by them with full details and reasons to the Finance Department immediately after they are foreseen. However, it was observed that the reasons were either not appropriately explained or furnished by the departments.

Details of grants grouped by the percentage of utilisation along with total savings during 2023-24 have been shown in **Appendix 3.11** and **Chart 3.4**.

Chart 3.4: The distribution of the number of Grants/Appropriations grouped by the percentage of utilisation along with total savings



Source: Appropriation Accounts

*Out of 28 grants, six grants with excess have not been included in the chart.

From the above **Chart 3.4**, we noticed that 22 out of 28 grants/appropriation had utilised more than 70 *per cent* of its allocation. Out of these 22 grants, 15 grants had utilised more than 90 *per cent* of its allocation. During 2023-24, there is an overall savings of ₹22,114.08 crore. No object is served by retaining savings which need to be surrendered on time. Observation on analysis of surrenders during 2023-24 is brought out in the succeeding paragraph.

(b) Surrender of Unspent provision

Rule 66(1) of GFR, 2017 states that departments are required to surrender all the anticipated unspent provision noticed in grants/appropriation controlled by them to the Finance Department by the stipulated date. During 2023-24, there was total unspent provision of ₹19,262.62 crore which was around 5.52 *per cent* of the total provision. This was on account of ₹22,114.08 crore of saving offset with ₹2,851.46 crore of excess. The amount surrendered during 2023-24 was ₹19,376.87 crore.

Grant wise analysis of unspent provision revealed the following:

- In six cases under four grants/appropriations, the entire unspent provision, aggregating ₹45.58 crore, was not surrendered (**Appendix 3.12**). These savings/unspent provisions are against the budget estimates and not against the actual releases. Since the actual release against these grants could not be ascertained by Audit, the savings/unspent provision could, therefore, be notional in nature.

- In 11 cases under nine grants/appropriations, the entire unspent provision, aggregating ₹839.18 crore was surrendered (**Appendix 3.13**).
- Further, in 22 grants/appropriations, there were only partial surrenders. In these grants against unspent provision of ₹19,432.00 crore, ₹15,801.88 crore was surrendered leaving ₹3,630.12 crore as not surrendered. The percentage of surrender ranged between 0.90 *per cent* to 99.94 *per cent*. (**Appendix 3.14**).
- Detailed analysis of grants/ appropriations, where surrenders were made revealed that there were substantial surrenders (more than 50 *per cent* including 100 *per cent* surrenders) in 113 cases (₹8,197.18 crore) (**Appendix 3.15**).
- Besides, in 25 grants where surrender of funds was in excess of ₹ five crore, ₹14,089.06 crore was surrendered on the last two working days of the financial year indicating inadequate financial control (**Appendix 3.16**).

3.7.1.6 Excess expenditure requiring regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from the Consolidated Fund except under appropriation made by law by the State Legislature. Article 205 stipulates that the Government should get the excess expenditure over a grant/appropriation regularised by the State Legislature. Although no timeframe for regularisation of expenditure was prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the PAC.

(a) Excess expenditure over provision during 2023-24

Excess expenditure of ₹2,851.48 crore incurred against eight grants during the year 2023-24 was required to be regularised, the grant wise details of which are given in **Table 3.8**.

Table 3.8: Excess expenditure over the provision during 2023-24 requiring regularisation

(₹ in crore)				
Sl. No.	Grant	Provision	Expenditure	Excess
1	01 - Agriculture and Horticulture Revenue Voted	6,505.73	6,653.64	147.91
2	03 - Finance Revenue Voted	30,037.10	30,612.99	575.89
3	06 - Infrastructure Development Revenue Voted	108.02	120.76	12.74
4	06 - Infrastructure Development Capital Voted	1,013.51	1,046.10	32.59
5	18 - Commerce and Industries Capital Voted	1,046.54	1,134.20	87.66
6	20 - Public Works Revenue Voted	2,464.68	2,592.81	128.13
7	21 - Water Resources Capital Voted	13,745.64	13,972.16	226.52
8	24 – Energy Revenue Voted	22,197.52	23,825.45	1,627.93
9	29 - Debt Servicing Capital Charged	22,440.59	22,452.70	12.11
Total		99,559.33	1,02,410.81	2,851.48

Source: Appropriation Accounts and Grant Register

The excesses were attributed to the reasons detailed below:

Grant	Amount (₹ in crore)	Reason for excess
1 - Agriculture and Horticulture (Revenue Voted)	159.63	2401-00-102-0-30 and 2401-00-102-0-31 Central and State Share – Paramparagat Krishi Vikas Yojana (RKVY). 2401-00-102-0-08 and 2401-00-102-0-09 Central and State Share – National Food Security Mission – Other Crops. 2402-00-102-0-30 and 2402-00-102-0-33 Central and State Share – Pradhana Mantri Krishi Sinchayi Yojana – Watershed Development Component 2.0 (PMKSY – WDC 2.0). The excess was due to release of central share of the scheme after providing the second and final instalment of Supplementary Provision for the year 2023-24.
3 - Finance (Revenue Voted)	674.13	3475-00-797-0-01 Transfer of Cess to the Infrastructure Initiative Fund. Expenditure under Inter Account Transfers depends on the actual collection of cess. Actual collection of cess exceeding the estimates under Inter Account Transfers resulted in excess expenditure under the Head.
6 - Infrastructure Development (Revenue Voted)	13.88	3051-02-797-0-02 Transfer of Receipts under Ports, Lighthouses & Shipping. Expenditure under Inter Account Transfers depends on the actual collection of receipts under Ports, Light Houses and Shipping. Actual collection of receipts exceeding the estimates under Inter Account Transfers resulted in excess expenditure under the Head.
6 - Infrastructure Development (Capital Voted)	57.00	5465-01-190-1-05 Development of Minor Airports. Additional funds provided through Supplementary Provision for Capital Assistance and Land Acquisition proved insufficient.
18 - Commerce and Industries (Capital Voted)	91.51	4851-00-190-0-20 Development of Industrial Infrastructure for MSMEs / Industrial Infrastructure for Peenya Industrial Estate. No specific reason furnished.
20 - Public Works (Revenue Voted)	160.91	3054-80-797-0-02 Transfer of Grants from Central Road and Infrastructure Fund to Deposit Head Subventions. Expenditure under Inter Account Transfers depends on the actual collection of excess Import duties on Motor Spirits. Actual collection of receipts exceeding the estimates under Inter Account Transfers resulted in excess expenditure under the Head.
21 - Water Resources (Capital Voted)	262.44	4700-03-001-0-03 Tungabhadra Project (Inter State Account of GoAP - (GoK). No specific reason furnished.
24 - Energy (Revenue Voted)	1,737.00	2801-80-101-1-04-106 Karnataka Power Transmission Corporation Limited - Subsidy for Supply to IP Sets, BJ/KJ Consumers. Reasons for excess under this head have not been intimated.
29 - Debt Servicing (Capital Charged)	13.17	6004-02-101-0-03 Additional Plan Assistance (Back-to-Back External Loans). Reasons for excess under this head have not been intimated.

Source: Appropriation Accounts and Grant Registers

(b) Excess expenditure of previous year and its regularisation

Excess expenditure aggregating to ₹2,323.74 crore for the years 2020-21 and 2022-23 is yet to be regularised as detailed in **Appendix 3.17**. For the year 2021-22 there was no excess expenditure under the grants/appropriations.

3.7.2 Comments on effectiveness of budgetary and accounting process

3.7.2.1 Budget Projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and 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.

During the year 2023-24, as against the provision of ₹3,48,941.46 crore, expenditure of ₹3,29,678.84 crore was incurred resulting in the unspent provision of ₹19,262.62 crore (around six *per cent*) under 28 grants/appropriation. The details are given in **Table 3.9**.

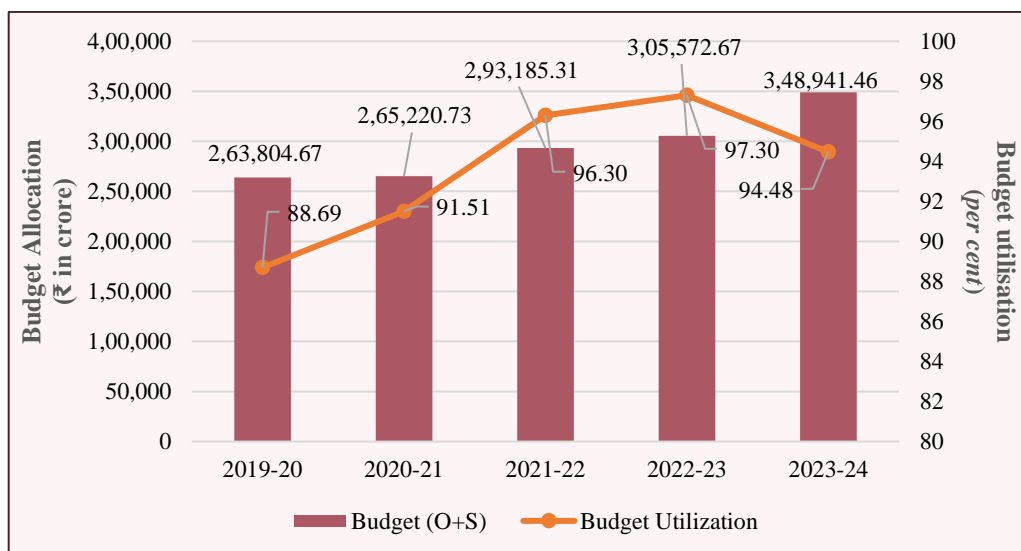
Table 3.9: Actual expenditure *vis-à-vis* budget provision during the financial year 2023-24

		(₹ in crore)					
Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Unspent Provision (-) / Excess over provision (+)	Amount surrendered
Voted	I Revenue	2,23,772.12	6,283.99	2,30,056.11	2,15,968.58	(-)14,087.53	14,023.71
	II Capital	49,188.49	985.76	50,174.25	48,543.46	(-)1,630.79	1,894.20
	III Loans and Advances	4,384.69	333.34	4,718.03	4,472.85	(-)245.18	198.65
	Total Voted	2,77,345.30	7,603.09	2,84,948.39	2,68,984.89	(-)15,963.50	16,117.56
Charged	IV Revenue	37,695.79	17.19	37,712.98	34,405.85	(-)3,307.13	3,258.09
	V Public Debt Repayment	22,440.59	0.00	22,440.59	22,452.70	(+)12.11	0.00
	VI Capital	3,838.83	0.67	3,839.50	3,835.40	(-)4.10	2.22
	Total Charged	63,975.21	17.86	63,993.07	60,693.95	(-)3,299.12	3,260.31
Grand Total		3,41,320.51	7,620.95	3,48,941.46	3,29,678.84	(-)19,262.62	19,376.87

Source: Appropriation Accounts

The position of budget utilisation during the previous five years is given in **Chart 3.5**.

Chart 3.5: Budget Utilisation during 2019-20 to 2023-24



Source: Appropriation Accounts

Trends in the original budget, revised estimate, actual expenditure for the period 2019-20 to 2023-24 are given in **Table 3.10**.

Table 3.10: Original Budget, Revised Estimate and Actual Expenditure during 2019-20 to 2023-24

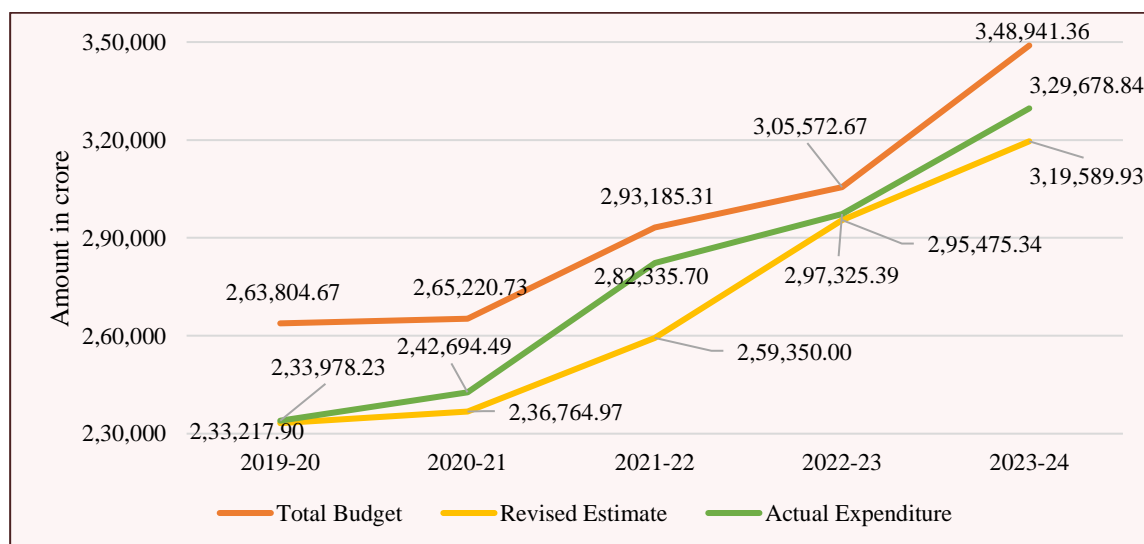
(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Original Budget	2,40,745.86	2,44,733.57	2,52,391.98	2,71,542.22	3,41,320.51
Supplementary Budget	23,058.81	20,487.16	40,793.33	34,030.45	7,620.95
Total Budget (TB)	2,63,804.67	2,65,220.73	2,93,185.31	3,05,572.67	3,48,941.46
Revised Estimate (RE)	2,33,217.90	2,36,764.97	2,59,350.00	2,95,475.34	3,19,589.93
Actual Expenditure (AE)	2,33,978.23	2,42,694.49	2,82,335.70	2,97,325.39	3,29,678.84
Savings	29,826.44	22,526.24	10,849.61	8,247.28	19,262.62
Percentage of supplementary to the original provision	9.58	8.37	16.16	12.53	2.23
Percentage of saving/excess to the overall provision	11.31	8.49	3.70	2.70	5.52
TB – RE	30,586.77	28,455.76	33,835.31	10,097.33	29,351.53
RE – AE	(-)760.33	(-)5,929.52	(-)22,985.70	(-)1,850.05	(-)10,088.91
(TB - RE) as a percentage of TB	11.59	10.73	11.54	3.30	8.41
(RE - AE) as a percentage of TB	(-)0.29	(-)2.24	(-)7.84	(-)0.61	(-)2.89

Source: Summary of Demands for Grants and Charged Appropriations, and Appropriation Accounts

Table 3.10 shows that supplementary provision of ₹7,620.95 crore during 2023-24 constituted only 2.23 *per cent* of the original provision as against 12.53 *per cent* in the previous year. Nevertheless, the percentage of savings to overall provisions was higher than the previous year by 2.82 *per cent*.

Chart 3.6: Trend showing BE, RE, and Actuals



Source: Appropriation Accounts

From the **Chart 3.6**, it can be seen that over the years from 2019-20 to 2023-24, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between RE and the TB showed an inter-year variation and was least in 2022-23 with a gap being less than four *per cent*. During 2023-24, the gap, however, was more than doubled and is around eight *per cent*.

The actual expenditure was more than the Revised Estimates in all the years. The deviation which was in an increasing trend from 2019-20 to 2021-22 saw a decrease in 2022-23 and once again increased during 2023-24.

3.7.2.2 Missing/incomplete explanation for variation from budget

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

The threshold levels for inclusion of detailed comments in the Appropriation Accounts are as per the limits approved by the PAC. These norms are effective from the financial year 1983-84.

The norms for selection of sub-heads for comments and for detailed comments in Appropriation Accounts are as shown below:

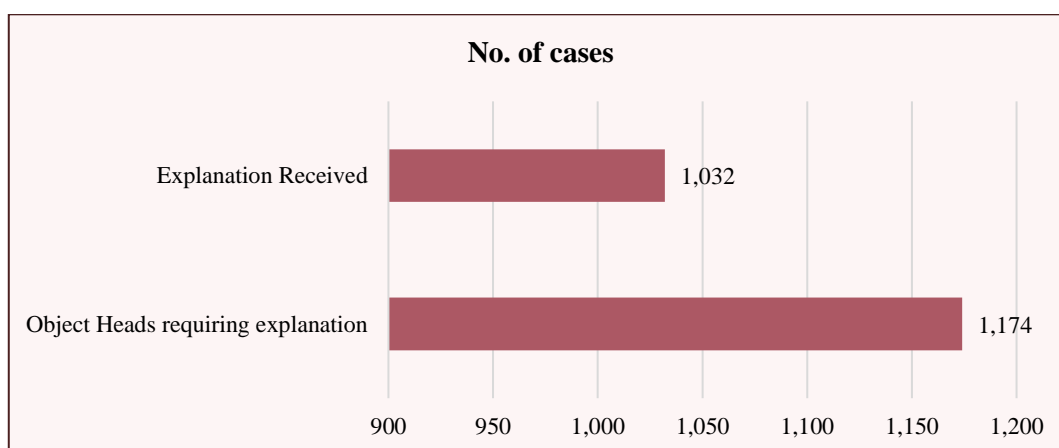
Savings	Comments are to be made if overall saving is more than two <i>per cent</i> of Grants/Appropriation and if saving is more than 10 <i>per cent</i> under any Sub-head.
Excess	Comments are to be made if the overall excess is more than 10 <i>per cent</i> of the Grant/Appropriation and also if excess is more than ₹ two lakh under any sub-head.

Source: Appropriation Accounts

In the Audit of Appropriation Accounts of 2023-24, it was noticed that the Controlling Officers have not provided explanation/specific reasons for the variations in the expenditure *vis-à-vis* budgeted allocation in about 14 *per cent* of the savings. Of the 28 grants/appropriations, in 23 grants/appropriations specific reasons for variation for an amount of ₹3,179.08 crore was not furnished by the Controlling Officers of Government Departments. The grant-wise details are shown in **Appendix 3.18**.

The summary of explanations received in case of variation in Appropriation Accounts is depicted in **Chart 3.7**.

Chart 3.7: Summary of Explanation for Variation in Appropriation Accounts



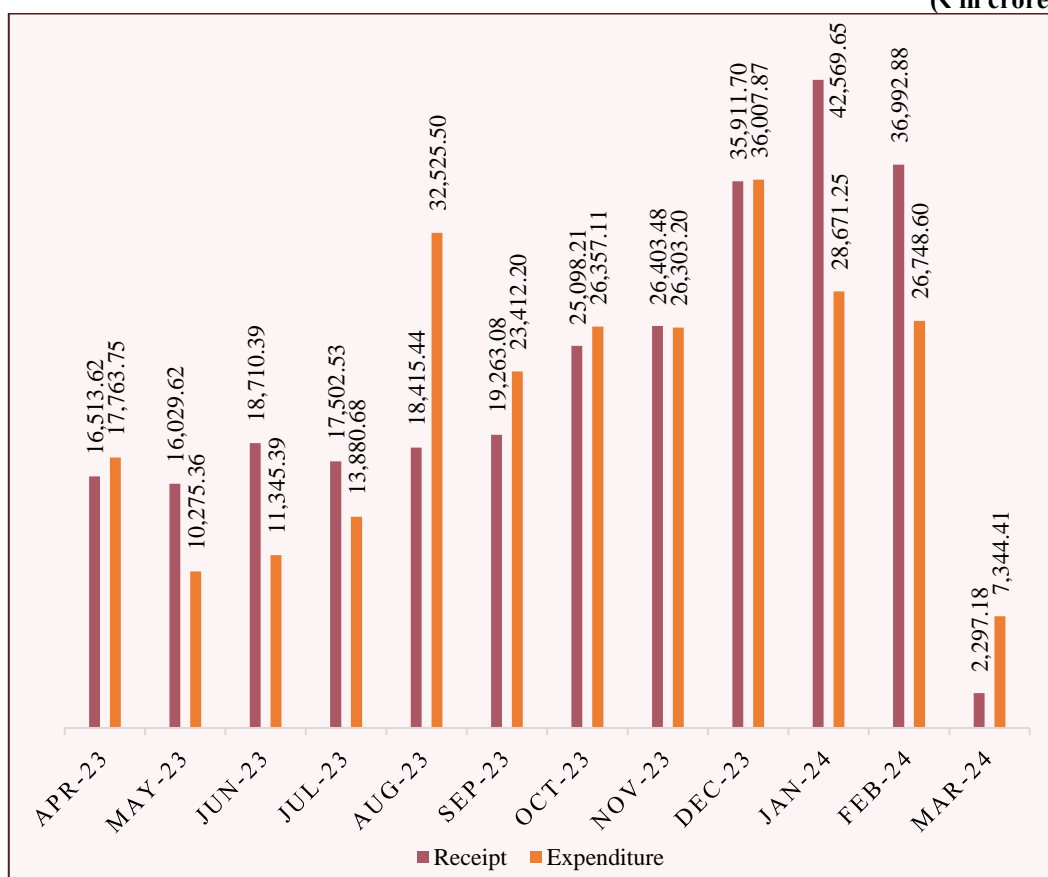
Source: Appropriation Accounts

3.7.2.3 Rush of Expenditure during 2023-24

The monthly flow of receipts to the State's exchequer and disbursements during 2023-24 is given in **Chart 3.8**.

Chart 3.8: Monthly Receipts and Disbursements during 2023-24

(₹ in crore)



Source: Monthly Civil Accounts

It was observed that the State Government incurred an expenditure of ₹7,344.41 crore constituting only two *per cent* of the total expenditure of ₹3,29,678.84 crore (including public debt expenditure) during March 2024 alone.

Major cases where more than 50 *per cent* of the total expenditure was incurred in March 2024 alone are detailed in **Table 3.11**.

Table 3.11: Quantum of Expenditure in March 2024

(₹ in crore)

Major Head/Description	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total Expenditure	Expenditure in March 2024	Expenditure in March as a percentage of TE
2030 - Stamps and Registration	12.87	22.69	19.28	109.16	164.00	85.56	52.17
2401 - Crop Husbandry	190.32	(-)174.04	1,158.08	2,585.65	3,760.01	1,915.29	50.94
4059 - Capital Outlay on Public Works	12.54	79.46	218.59	2,028.35	2,338.95	1,880.80	80.41
4202 - Capital Outlay on Education, Sports, Art and Culture	(-)1.97	21.53	263.10	918.42	1,201.09	639.65	53.26
4215 - Capital Outlay on Water Supply and Sanitation	200.00	240.58	611.32	4,929.32	5,981.22	3,712.96	62.08
4217 - Capital Outlay on Urban Development	0.09	119.27	132.63	99.27	351.26	206.65	58.66
4235 - Capital Outlay on Social Security and Welfare	0.00	16.00	0.00	58.10	74.09	37.75	50.95

Major Head/Description	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total Expenditure	Expenditure in March 2024	Expenditure in March as a percentage of TE
4401 - Capital Outlay on Crop Husbandry	0.00	0.00	6.23	56.90	63.12	33.62	53.25
4405 - Capital Outlay on Fisheries	7.50	12.50	0.00	48.42	68.42	48.42	70.77
4702 - Capital Outlay on Minor Irrigation	196.79	428.79	433.52	1,240.97	2,300.07	1,189.81	51.73
4705 - Capital Outlay on Command Area Development	(-)0.03	(-)1.91	8.80	56.46	63.32	39.07	61.70
4711 - Capital Outlay on Flood Control Projects	9.37	23.16	30.24	92.03	154.80	84.16	54.37
4851 - Capital Outlay on Village and Small Industries	0.00	3.84	44.52	185.81	234.17	160.47	68.53
5452 - Capital Outlay on Tourism	0.00	0.00	39.37	127.62	166.98	117.01	70.07

Source: Office of AG(A&E)

As seen from the table, a substantial quantum of expenditure was incurred by the Government in some major heads at the fag end of the year indicating inadequate control over expenditure.

3.8 Outcome of review of selected Grants

The amount voted by the Legislative Assembly authorizing drawing of money from the Consolidated fund is referred to as a Grant²⁰. ‘Demand for Grants’ is a formal request for funds made by Government Departments as part of the annual budgetary process. Audit reviewed the Budgetary Procedures, and the methodology employed to exercise control over allocation and expenditure in respect of the following two grants.

1. Grant No. 17 - Education
2. Grant No. 08 - Forest, Ecology and Environment

The two grants were selected based on the highest percentage of savings in both revenue and capital heads over a three-years period from 2021-22 to 2023-24, which had not been reviewed in previous five years. Audit findings are detailed in the subsequent paragraph.

3.8.1 Review of Grant No.17 - Education

3.8.1.1 Introduction

Grant no. 17 - Education comprises of the following functional major heads:

- 2202 - General Education
- 2203 - Technical Education
- 2204 - Sports and Youth Services
- 2205 - Art and Culture
- 2058 - Stationery and Printing
- 4202 - Capital Outlay on Education, Sports, Art and Culture

The Budget Allocation received under Grant No.17 is primarily disbursed to two

²⁰ ‘Demand for grant’ means a proposal for expenditure made to the Legislative Assembly on the recommendation of the Governor of expenditure from and out of the Consolidated Fund of the State on the service to which the Demand relates other than charged expenditure.

Departments in the education sector – the Department of School Education and Literacy and the Department of Higher Education.

3.8.1.2 Overview of Departments

- **Department of School Education and Literacy**

In the State, Primary Education, Secondary Education, Pre-University Education, Adult Education, and the Department of Public Libraries comes under the purview of the Department of School Education and Literacy. Government aided and unaided schools from Class I to Class VIII is classified²¹ as primary, Class IX to XII as secondary education. The Commissioner for public instruction administers the primary and secondary education in the State with the assistance of various directors. The Government aided and un-aided schools of the State (from I to VII Standard) come under the purview of the Director, Primary Education. The Government aided and un-aided high schools of the State (from VIII to X Standard) come under the purview of the Director, Secondary Education. The classes from XI to XII come under the Director Pre-University Board.

The Directorate of State Education Research and Training, Karnataka Textbook Society, Karnataka School Examination and Assessment Board, State Institute of School Education and Educational Planning and Management, Centralized Admission Cell comes under the jurisdiction of the Department. The Department administers the CSS *viz.*, Samagra Shikshana Scheme, PM Poshan Scheme and New India Literacy Programme, PM SHRI *etc.*

- **Department of Higher Education**

The Department of Higher Education has jurisdiction over all the Higher Education Institutions in the State. The Department of Collegiate Education, Department of Technical Education, Universities and other Institutions of Higher Learning come under the administrative jurisdiction of the Department of Higher Education. The autonomous bodies such as Karnataka Examination Authority, Karnataka State Higher Education Academy, Karnataka State Higher Education Council, Institute of Social and Economic Change, Directorate of Sanskrit Education, Sri Gangubai Hanagal Gurukula Trust, Bagavad Ramanuja Research Institute, Karnataka Chitrakala Parishad, NCC Department *etc.* falls under the jurisdiction of the Department of Higher Education. The Department implements the CSS Rashtriya Uchchatar Shiksha Abhiyan.²²

3.8.1.3 Budget and Expenditure

The overall position of Budget provision, Expenditure and Unutilised Provision under the functional major heads for the Grant - 17 Education for the last three years (2021-22 to 2023-24) is given in **Table 3.12**.

²¹ There are certain overlapping in these classifications. Some primary schools in the State has classes upto 7th Class only and some secondary schools in the State has Class 8 and some secondary schools have higher secondary classes of XI and XII as the pattern of classes in the schools are not uniform across the schools.

²² The Rashtriya Uchchatar Shiksha Abhiyan (RUSA) scheme has been relaunched during June 2023 as the Pradhan Mantri Uchchatar Shiksha Abhiyan (PM-USHA) in light of the National Education Policy

Table 3.12: Budget and Expenditure

(₹ in crore)

Year	Section	Budget Provision	Expenditure	Unutilised Provision	Unutilised Provision (Percentage)
2021-22	Revenue	29,095.38	28,556.45	538.93	1.85
	Capital	1,565.66	1,521.42	44.24	2.83
2022-23	Revenue	31,928.27	30,831.84	1,096.43	3.43
	Capital	1,628.48	1,397.46	231.02	14.19
2023-24	Revenue	36,381.35	33,948.33	2,433.02	6.69
	Capital	1,323.23	1,125.72	197.51	14.93

Source: Appropriation Accounts

From the Table above, it is noticed that the percentage of unutilized provision under Revenue was on an increasing trend, whereas under Capital which was less during 2021-22, increased during 2022-23 and 2023-24. During 2023-24, the savings were basically due to non-completion of construction of First Grade colleges.

3.8.1.4 Budget Preparation

According to Paragraph 83 of the Budget Manual, the preparation of the departmental estimates should receive the closest personal attention of the officers who submit them to the Finance Department. The estimates should be framed after a careful and thorough consideration of all items of expenditure and of all sources of income, so that they may neither be inflated nor under-pitched and are as accurate as possible.

(a) Excess provisioning of the budget

The details of the budget during the period 2021-22 to 2023-24 and expenditure thereof in respect of some of the Head of Accounts are detailed in **Table 3.13** below.

Table 3.13: Excess provision of Budget

(₹ in crore)

Year	Budget	Supplementary	Re-appropriation	Surrender	Expenditure	Savings not surrendered
Grant-in-Aid to non-government colleges						
2021-22	911.99	0	0	0	909.96	2.03
2022-23	1,108.67	0	0	285.10	823.57	0
2023-24	1,149.09	0	(-)65.00	336.23	747.86	0
Grant-in-Aid to government colleges						
2021-22	1,327.75	0.01	(-)2.02	0.35	1,283.92	41.48
2022-23	1,627.45	1.51	(-)1.46	127.81	1,499.68	0
2023-24	1,648.58	18.25	114.23	217.14	1,563.65	0.27
Directorate of PU Board						
2021-22	75.05	0	(-)5.10	41.62	28.33	0
2022-23	102.86	11.00	20.00	4.90	118.54	10.41
2023-24	29.20	0	3.39	5.04	27.39	0.17
Secondary Education						
2021-22	99.74	0.01	6.20	4.92	95.58	5.45
2022-23	184.21	20.10	21.68	8.95	217.12	0.07 (Excess)
2023-24	1,384.65	21.83	(-)699.55	495.45	205.40	6.08
Grants to Institutions of Higher Learning						
2021-22	22.15	30.05	0.35	0	52.55	0
2022-23	33.57	44.69	0	10.14	68.11	0
2023-24	35.94	2.00	3.26	8.69	32.51	0

Year	Budget	Supplementary	Re-appropriation	Surrender	Expenditure	Savings not surrendered
Provision for Vacant Posts						
2021-22	101.91	0	(-)48.38	53.54	0	0
2022-23	68.39	0	(-)65.78	0.11	0	2.50
Language Development						
2023-24 (1)	246.58	0	(-)140.43	106.15	0	0
Secondary Education						
2023-24 (2)	1,213.31	0	(-)731.36	481.95	0	0

Source: Grant Registers

From the table the following is observed:

- In respect of Grant-in-aid to non-Government colleges, it was observed that while the expenditure under the head of account was showing a declining trend over the years, the Department was proposing the grants on an incremental basis year after year resulting in avoidable re-appropriations and surrender of ₹686.33 crore²³.
- In respect of others, the amount re-appropriated during the year 2023-24 was not used in some heads.
- In respect of Institute of Higher Learning, the supplementary grants and the re-appropriations obtained during the year 2023-24 were not utilised and the entire amount was surrendered indicating that supplementary and re-appropriation was not based on analysis of the progress of expenditure under the activity.
- Provision for vacant posts was made every year, and no amount was utilised towards vacant posts.

(b) Budget proposals did not consider the availability of alternative sources of funds with the Department

The request for funds by the Department of Libraries forms part of Grant No. 17. The details of amount allocated to the Department of Public Libraries during the years 2021-22 to 2023-24 is indicated in **Table 3.14**.

Table 3.14: Budget allocation to the Department of Public Libraries

(₹ in crore)

Year	Budget	Supplementary	Re-appropriation	Surrender	Expenditure	Savings not surrendered
2021-22	60.86	0.00	19.60	8.72	71.20	0.53
2022-23	68.26	0.00	12.51	3.80	76.89	0.08
2023-24	79.34	0.00	2.51	0.00	77.06	4.79

Source: Departmental Records

As per section 30 of Karnataka Public Libraries Act 1965, Library Cess is levied in the form of a surcharge on tax on lands and buildings, tax on entry of goods into the local area for consumption, use or sale therein, tax on vehicles and tax on professions, trades, calling and employment at the rate of six paise for every rupee of the taxes so levied with effect from 26.03.1994. The Local Bodies collect the cess and after retaining 10 *per cent* of the Cess so collected, as collection charges, remit the balance to the library authorities concerned. The available amount in the Personal Deposit (PD) accounts of the Department of

²³ Total of Surrendered amount of ₹621.33 crore, Re-appropriated amount of ₹65 crore and un-surrendered savings of ₹ 2.03 crore.

Public Libraries and the balance available with the local bodies is detailed in **Table 3.15** below.

Table 3.15: The details of collection and balance of Library Cess
(₹ in crore)

Year	Cess received	Amount spent	Balance lying with Department	Cess not remitted to the Department
2021-22	119.53	140.31	41.29	637.83
2022-23	155.31	141.75	54.85	700.26
2023-24	202.56	131.95	125.83	733.96

Source: Departmental Records

The Budget speech 2023-24 mentioned that in response to the demands of literary authors and publishers in the State, ₹10 crore would be provided to purchase books for public libraries. The amount was allocated under public libraries' other expenses. It was observed that out of ₹10 crore sanctioned, ₹8.55 crore was released, and the entire amount was spent for the procurement of books.

The demand for procurement for the books could have been effectively undertaken if the Department mobilized the cess amount. The Department had cess amount of ₹90 crore and ₹733.96 crore was receivable from the local bodies. Communication of the available sources of funds along with the budget sources would facilitate the effective budgeting and utilisation of cess funds.

Audit observed that during the preparation of the Union Budget, GoI seeks the information on the Funds available in the Public Account (in case of say funding from cess). In the absence of similar procedure, Finance Department/State Legislature did not have any means to ascertain the other sources of funds available with the Departments that seek grants from the Consolidated Fund.

(c) Operation of Omnibus Object Head 059 - Other Expenses

For the purpose of departmental control over expenditure, it is necessary to analyse the expenditure on an item in terms of inputs such as salaries, grant-in-aid, investments, *etc.* and the detailed head “Other Expenses” is a residuary head that will embrace all charges which cannot appropriately be brought to account under any other detailed head. The object head, being the last tier of classification, exhibits the object/nature of expenditure, required to be prepared by exercising high degree of accuracy.

However, it was observed that though classification was possible with better accuracy, the object head 059- other expenses are routinely used. For example, as mentioned in the previous paragraph, in the Budget Speech 2023-24, the Government announced the allocation of ₹10 crore for the procurement of books for Department of Public Libraries. Scrutiny of the budget document and expenditure booked in the accounts it was observed there was no object head to reflect the procurement of books in the accounts of the Department of Libraries even though procurement of the books was one of the major activities of the department that deals with libraries. Audit observed that the procurement of books was undertaken by operating the omnibus head of account 059-Other expenses every year which did not disclose the actual purpose for which the amount was utilized impairing the quality of the budgetary information.

The amount allocated under non-salary purpose in the budget of the Department of Public Libraries and the expenditure on purchase of books during the year 2023-24 is as shown in the **Table 3.16**.

Table 3.16: Statement showing the amount of other expenses against the non-salary expenses of the Department of Libraries

(₹ in crore)			
Year	Purpose	Budget	Expenditure
2023-24	Non-Salary expenses	22.38	21.97
	Other-Expenses (under Non-Salary expenses)	8.55	8.55
	Percentage of other expenses	38.21	38.94

Source: Grant Registers

The expenditure for procurement of books was accounted against the object heads “059-other expenses”. There was no method to identify the amount utilised for the procurement of books even though the expenditure on procurement of books accounted for more than 38 *per cent* of the non-Salary expenditure. Thus, classifying the expenditure on procurement of books under the omnibus head “059-Other expenditure” impaired the transparency.

(d) Participation of the DDOs in preparation of the Budgets

The Budget is prepared by the Finance Department and for this purpose it requests the Departments of the Secretariat, Heads of Departments and other Estimating Officers to furnish material on the basis of which the estimates are finalized. The Heads of Departments in turn depend on material furnished by District and other Officers who collect revenues for incurring expenditure. Thus, the heads of Departments prepare the estimates based on the material furnished by their subordinate officers in respect of the Heads of accounts with which they are concerned and forward them by prescribed dates to the Finance Department in the forms supplied by that Department earlier.

It was observed that in the Department of Public Libraries, the budget estimates were prepared without seeking the budget requirements from the sub-ordinate Drawing and Disbursing Officers. The Commissioner stated that the Schemes are implemented at the Commissioner level and as such proposals are not sought from the subordinate drawing and disbursement officers. The reply confirms that the estimates from the district level officers were not obtained before submitting the budget proposals to the Administrative Department.

3.8.1.5 Budgetary Control

According to Paragraph 229 of the Budget Manual, the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The heads of departments are responsible for controlling expenditure from the grant placed at their disposal from time to time. As per Paragraph 232 of the Budget Manual, controlling officers are responsible for surrendering appropriations which are not likely to be required during the year or taking measures for timely re-appropriation of funds as soon as savings are foreseen.

3.8.1.6 Expenditure Control

(a) Analysis of Expenditure

The total expenditure during 2021-22 to 2023-24 under Grant-17 was ₹97,381.21 crore, out of which, ₹4,044.60 crore (4.15 *per cent*) was under the capital head of account. The expenditure is made directly through departmental officers or through the designated implementing agencies. The amount transferred to various implementing agencies was accounted as expenditure in the Government Account even though they were pending utilisation at the implementing agency level. Hence the amount of expenditure booked in the Government Accounts does not represent the actual expenditure. The details of unutilized amount lying outside the Government Account in the SNA as well as other implementing agencies are discussed in the subsequent paragraphs.

(b) Unutilised Amounts under Single Nodal Agencies (SNA)

The GoI introduced (March 2021) a revised Guidelines for the release of funds under CSS. According to the Guidelines, every State Government would designate a SNA for implementing each CSS towards better monitoring of availability and utilization of funds. Accordingly, the Department of School Education implementing the Samagra Shikshana Abhiyana, PM Poshan Scheme, PM SHRI Schools and the Department of Higher Education implementing the Rashtriya Uchatham Shikshana Abhiyan are designated SNA. The expenditure reported under the Grant towards these schemes does not represent the actual expenditure. It represents the transfer of funds from Government accounts to SNA accounts as indicated in **Table 3.17**.

Table 3.17: Details of expenditure as per Accounts and unutilized balance in SNA

(₹ in crore)							
Scheme	Year	Budget	Suppleme ntary	Re- appropriation	Surrender	Expenditure	Unutilised balance in SNA as on 31.03.2024
PM Shri	2023-24	0.02	25.15	0.00	0.00	44.00	21.05
NILP	2022-23	0.00	9.87	0.00	2.47	7.40	7.40
	2023-24	9.87	0.00	0.00	9.87	0.00	0.00
PM Poshan Shakti Nirman	2023-24	900.00	0.00	70.73	0.00	970.73	151.56
Samagra Shikshana	2021-22	346.58	4.85	(-)51.70	0.00	291.09	305.24
	2022-23	394.13	990.07	173.47	6.29	1,612.28	
	2023-24	1,677.62	0.00	5.38	297.58	1,518.55	
Rashtriya Uchatham Shiksha Abhiyan	2021-22	98.70	0.00	0.00	0.00	39.00	42.69
	2022-23	98.70	0.00	0.00	98.70	0.00	
	2023-24	0.04	18.24	0.00	18.28	0.00	

Source: Grant Registers and Departmental Records

In respect of PM SHRI scheme, the unutilized balance in the bank accounts earned an interest of ₹11.68 lakh as at the end of March 2024. Out of which, ₹7.01 lakh was remitted to the Central Government account. In respect of other schemes, interest amount could not be ascertained.

(c) Loss of Central Assistance

GoI provided ₹151.10 crore under the Scheme - Rashtriya Uchatar Siksha Abhiyan (RUSA) prior to the year 2021-22. It was observed that the State Government did not fully utilise the available funds. The Department also did not furnish the Utilisation Certificates for the funds utilised. Due to non-utilization of the released amount, the GoI did not release funds during the period 2021-24.

It was observed that GoI directed (January 2024) to remit back the unutilized central share amount in the account amounting to ₹25.41 crore. Thus, due to failure in utilisation of the funds, State lost the central grants during the period 2021-24 and created a liability to remit back ₹25.41 crore from the unspent balance.

(d) Advance amounts to implementing Agencies

Departments entrust various works of capital nature to construction agencies such as Karnataka Housing Board, Karnataka Rural Infrastructure Development Corporation, Rail India Technical and Economic Service (RITES). The funds are drawn in payee receipts bills and transferred to these executing agencies towards the execution of the works. Thus, the expenditure reported in the Budget as expenditure represents the advances to the agencies as illustrated below:

Grant-17 provided for construction of polytechnics and construction of engineering colleges under the capital heads of account 4202-02-104-1-01 and 4202-02-104-1-03. The amount provided under these heads during the period 2021-22 to 2023-24 is detailed in **Table 3.18**.

Table 3.18: Amount provided for construction of Polytechnics and Engineering Colleges

(₹ in crore)							
Year	Construction of	Budget	Supplementary	Re-appropriation	Surrender	Expenditure	Savings
2021-22	Polytechnics	70.00	0.00	0.00	0.00	70.00	0.00
	Engineering Colleges	50.00	0.00	0.00	0.00	50.00	0.00
2022-23	Polytechnics	76.49	0.00	(-)5.88	0.04	70.57	0.00
	Engineering Colleges	71.00	79.21	0.00	0.00	150.21	0.00
2023-24	Polytechnics	90.00	10.00	0.00	30.00	60.40	9.60
	Engineering Colleges	40.00	4.73	0.00	0.00	44.73	0.00
Total						445.90	

Source: Grant Registers

The amount of expenditure accounted under the budget heads represents the advance amounts given to the construction agencies such as RITES, KHB, PWD etc. While the entire amount was drawn and transferred to the agencies, there was no mechanism in place to ascertain the progress of expenditure on a periodic basis to ascertain the actual expenditure done by these agencies against the advances made. Thus, the expenditure amount in the budget refers only to the transfer of funds to the implementing agencies and not the actual expenditure.

(e) Submission of monthly statement of expenditure by disbursing officers to controlling officers

According to the Budget Manual, after the closing of each month, each disbursing officer should, after such reconciliation with the treasury figures as may be prescribed by the Chief Controlling Officer in consultation with Treasury Officer, forward to the Controlling Officer immediately superior to him statements of expenditure and liabilities in respect of the previous month in Forms B.M. No. 15A and 15B.

It was observed that the progress of expenditure was not watched by instituting a suitable mechanism in respect of the following case.

Table 3.19: The amount provided for maintenance of school facilities by the Education Department

(₹ in crore)						
Year	Budget	Supp	Re-app	Surrender	Expenditure	Savings
2021-22	41.03	0.00	0.00	0.00	40.90	0.13
2022-23	51.00	0.00	0.00	0.11	50.89	0.22
2023-24	97.40	20.00	0.00	18.14	99.26	0.00

Source: Grant Registers

According to the conditions of release, the schools were to submit utilisation certificates after spending the amounts. However, no details were maintained by the Department regarding the actual utilisation of the funds.

(f) Lumpsum provisioning of funds - RTE

The Department provides re-imbursement of fees of students enrolled in private schools under the Right to Education Act. It was observed that amounts were released to the District Officers for further disbursement to the schools. The Commissioner for Public Instruction was to monitor the utilisation of the funds. However, no details were maintained by the Department regarding the actual utilisation of the funds.

Table 3.20: Funds allocated and expenditure incurred on RTE

(₹ in crore)						
Year	Budget	Supplementary	Re-appropriation	Surrender	Expenditure	Savings
2021-22	700.00	0.00	0.00	0.00	699.99	0.01
2022-23	500.00	0.00	(-)142.85	0.00	357.15	0.01
2023-24	296.00	0.00	0.00	0.00	294.79	1.21

Source: Grant Registers

In the absence of expenditure details, the amount finally utilised by the district officers under the RTE was not ascertainable.

(g) Refund of Programme Grants

According to the information obtained on Samagra Shikshana from Avalokana²⁴, the refund of salary grants is detailed in **Table 3.21**.

²⁴ Avalokana software is a decision support system that was launched by the Karnataka Government. It provides the Government with access to data on expenditures and sanctions related to 1,800 programs. This data helps the Government to manage the financial aspects associated with these programs.

Table 3.21: Refund details in respect of Samagra Shikshana Abhiyan from Avalokana

(₹ in crore)			
Year	Particulars	HOA	Refund
2021-22	Refund of program grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-10	(-)21.33
	Refund of salary grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-09	(-)735.09
2022-23	Refund of program grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-10	(-)95.90
	Refund of salary grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-09	(-)562.29
2023-24	Refund of program grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-10	(-)21.33
	Refund of salary grants from SNA Bank Account-Samagra Shikshana	2202-01-911-0-09	(-)735.09
Total			(-)2,171.03

As per Avalokana, an amount of ₹2,171.03 crore was refunded under the Samagra Shikshana Abhiyan. Thus, the expenditure reported in the previous year's stands deducted to that extent showing the expenditure reported in the previous years was merely a transfer of funds from Government account to the SNA account and not the actual expenditure under the Scheme. However, as per the Accounts, the amount refunded under the Samagra Shikshana Abhiyan was ₹1,393.28 crore. As there is a variation between the figures, this needs reconciliation.

3.8.2 Review of Grant No. 8 - Forest, Ecology and Environment

3.8.2.1 Introduction

The Karnataka Forest Department has the primary mandate of protecting the forests and wildlife, conserving the rich biodiversity of the State and ensuring that the ecological balance of the forest eco-systems is maintained. The Grant covers the following major heads:

2406 - Forest

3435 - Ecology & Environment

4406 - Capital Outlay on Forestry & Wildlife

3.8.2.2 Budget & Expenditure

The overall position of budget provision, expenditure and unutilised provision under the functional major heads of Grant No. 08 for three years (2021-22, 2022-23 and 2023-24) is given in **Table 3.22**.

Table 3.22: Budget and Expenditure for the period 2021-22 to 2023-24

(₹ in crore)					
Year	Section	Total Budget	Expenditure	Savings	Percentage of savings
2021-22	Revenue - (Voted)	1,744.61	1,594.40	150.21	8.61
	Revenue - (Charged)	19.31	18.03	1.28	6.63
	Capital - (Voted)	535.50	535.17	0.33	0.06
2022-23	Revenue - (Voted)	1,848.63	1,739.02	109.61	5.93
	Revenue - (Charged)	20.15	15.60	4.55	22.58
	Capital - (Voted)	607.00	606.77	0.23	0.04
2023-24	Revenue - (Voted)	1,838.23	1,718.37	119.86	6.52
	Revenue - (Charged)	20.15	14.39	5.76	28.59
	Capital - (Voted)	672.00	671.60	0.40	0.06

Source: Grant Registers

During 2021-22 to 2023-24, as a percentage of total provision, unutilised provision ranged between six and nine *per cent* under Revenue voted, between

six and 29 *per cent* under Revenue *charged* and between zero and one *per cent* under capital voted.

3.8.2.3 Anticipated Savings not Surrendered/ Partially Surrendered/ Surrendered in Excess

As per 264 of the KBM 1975, the spending departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. Further, surrender of funds should be made upon anticipation of savings without waiting for the end of the financial year, to enable the Finance Department to efficiently redeploy the anticipated savings in other needy schemes.

The details of savings, amount surrendered, and amount not surrendered under Revenue and Capital section of the Grant during the period 2021-22 to 2023-24 are given in **Table 3.23**.

Table 3.23: Details of Anticipated Savings Surrendered/Partially Surrendered/Surrendered in Excess

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2021-22	151.48	0.33	137.66	0.33	13.82	0.00
2022-23	114.16	0.23	129.97	0.23	(-)15.82	0.00
2023-24	125.63	0.40	135.80	0.40	(-)10.18	0.00

Source: Appropriation Accounts

During 2021-22, the amount surrendered under Revenue is around 91 *per cent* of the savings. However, during all three years the percentage of surrender under Capital stood at 100 *per cent*. In 2022-23 and 2023-24 the amount surrendered under Revenue exceeded the savings. The reason for surrender exceeding the savings was analysed and was attributable to the fact that in many of the units which had been provided with additional funds through re-appropriation for meeting its excess expenditure had in-turn surrendered the funds for non-implementation of the intended objective. The surrender of such re-appropriated funds resulted in surrender being excess of actual total savings in the grant.

3.8.2.4 Persistent Savings

Para 110 of the KBM stipulates that a due note of the past performance of the preceding three financial years may be taken while preparing the budget estimates for the ensuing year.

However, persistent savings were observed during 2021-22 to 2022-23 in the Heads of Accounts detailed in **Table 3.24** which were in contravention of the provisions of para 110 of KBM.

Table 3.24: Persistent savings during 2021-22 to 2023-24

(₹ in crore)

Head of Account	Nomenclature	2021-22	2022-23	2023-24
2406-01-101-2-32	CSS-State Share-Implementation and Management Action Plan for Mangroves	0.01	0.53	1.02
2406-01-102-2-17	CSS-Forest fire prevention and Management schemes	3.43	1.13	1.47

Head of Account	Nomenclature	2021-22	2022-23	2023-24
2406-02-110-0-23	CSS-Central Share-Project Elephant	3.43	4.00	2.64
2406-02-110-0-53	CSS-Central Share-Green India Mission	8.96	10.07	8.18
2406-04-103-1-01	Compensatory Afforestation	5.44	1.21	7.47

Source: Grant Registers

3.8.2.5 Bank accounts maintained in contradiction to the directions of Finance Department

The Finance Department in their directives (January 2017) for maintenance of bank accounts had stated that only Sweep-in-sweep-out deposit accounts were to be considered for operation of funds in banks.

However, scrutiny of bank accounts maintained by the Social Forestry Division revealed that bank accounts were operated without sweep-in-sweep-out facility. As a result, an amount of ₹6.54 crore was lying unspent in seven bank accounts without interest.

Table 3.25: Bank Accounts having unspent balance

(Amount in ₹)						
Sl. No.	Division	Purpose	Name of the Bank	Account Number	Balance as on 31.03.2023	Remarks
1	Mangaluru SF Division	Felling	Bank of Baroda, Mangaluru	73600100007117	23,49,223.00	Savings Account
2	Mangaluru SF Division	Gramabhivridhi	Bank of Baroda, Mangaluru	73600100007888	28,84,424.00	Savings Account
3	Mangaluru SF Division	Biodiversity	Karnataka Vikasa Grameena Bank, Mangaluru	17204002071	22,164.00	Savings Account
4	Mangaluru SF Division	Vanasamvardhana (Seedling Raising)	Karnataka Vikasa Grameena Bank, Mangaluru	17204001317	1,13,497.00	Balance in savings account is related to the scheme Vanasamvardhana (Seedling Raising) which has been closed
5	DCF Dharwad	Timber Auction, GST	Axis Bank	913020000175998	5 35,40,815.70	Balance kept in current Account causing Loss of interest to Govt
6	RFO Hubli range	Timber Auction	State Bank of India	30761602847	6,78,418.00	Savings Account
7	RFO Dharwad	Timber Auction	Bank of Baroda	19090100016170	58,41,286.44	NA
Total					6,54,29,828.14	

3.8.2.6 Non-closure of Inoperative bank accounts

The Finance Department in their directives (January 2017) for maintenance of bank accounts had stated that inoperative bank accounts need to be closed and the balance to be remitted to the Government account. However, from the records of Forest Divisions, it was noticed that there were 22 Inoperative bank accounts with a balance of ₹59.95 crore, which were not closed. (**Appendix 3.19**)

3.8.2.7 Delay in remittance of interest earned by the Single Nodal Agency

The guidelines issued by the GoI specified that the State Government had to transfer the interest to Central Government as well as State Government by first week of April for the previous year on pro-rata basis.

Contrary to the above condition, it was observed that there was a delay in remittance of interest during the period 2021-22 to 2023-24 which ranged from 14 days to 536 days (**Appendix 3.20**).

3.9 Conclusion

- During 2023-24, the unspent provision of ₹19,262.62 crore under 28 grants/ appropriations increased over the previous year (₹8,247.28 crore). The unspent provision was around 5.5 *per cent* of the total grants / appropriations (₹3,48,941.46 crore) provided for the year against 2.7 *per cent* during the previous year.
- The supplementary provision constituted 2.23 *per cent* of the original budget. There were cases of unnecessary, excessive and inadequate supplementary provision that resulted in savings/excess expenditure.
- Executive orders for expenditure, prior to approval of the Legislature were issued for ₹6,337.09 crore, of which ₹4,850.73 crore was regularised through Supplementary Estimates. This constituted 63.65 *per cent* of the total Supplementary Estimates.
- Excess expenditure of ₹2,851.48 crore for the year 2023-24 incurred under nine grants is required to be regularised under Article 205 of the Constitution. An amount of ₹2,323.74 crore for the years 2020-21 and 2022-23 are yet to be regularised.
- Re-appropriations were obtained without adequate justification resulting in savings/excess. In 42 cases, the re-appropriation orders issued were defective and hence were rejected; and
- Misclassification of ₹504.29 crore Revenue Expenditure as Capital Expenditure and ₹0.01 crore of Capital Expenditure as Revenue Expenditure resulted in understatement of Revenue Expenditure to the tune of ₹504.28 crore and understatement of Revenue Deficit to that extent.

3.10 Recommendations

- *Resorting to executive route of incurring expenditure before Legislature's sanction should be to the barest minimum and in exceptional circumstances.*
- *The Government should ensure that the re-appropriation orders are issued in conformity with the provisions of the Karnataka Financial Code.*
- *GoK should analyze the reasons for the excess expenditure and work on its budget preparation to avoid such future occurrences.*

Chapter – 4

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

Quality of Accounts and Financial Reporting Practices

4

A sound internal financial reporting system based on compliance with financial rules and accurate accounts is one of the attributes of good governance. This chapter provides an overview and status of compliance with various financial rules, procedures and directives during the current year.

A. Observations relating to completeness of accounts

4.1 Loans of State Government not being credited to the Consolidated Fund

The borrowings of the State Government are governed by Article 293 (1) of the Constitution of India. The State stood as guarantor for loans availed by Government Companies/ Corporations/ Boards. These Companies/ Corporations/ Boards borrowed funds from the market/ financial institutions for implementation of various State Plan programme projected outside the State budget. The borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed 'Off-Budget Borrowings' (OBB). In the State, these are disclosed in the Budget Overview and also in the MTFPs.

The year-wise OBB during 2019-20 to 2023-24 is detailed in **Table 4.1**.

Table 4.1: Year-wise position of off-budget borrowings

(₹ in crore)					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
OBB	4,435.49	3,045.10	2,350.00	4,029.00	Nil

Since the above borrowings do not form part of the Government's borrowings and are not accounted for in the Internal debt (6003), the accounts of the State Government is therefore not complete to that extent.

4.2 Non remittance of interest earned out of Government grants

The Government releases funds to Companies, Corporations, Autonomous Bodies including Statutory Boards and Regional Societies in the form of paid-up share capital of the organisation concerned, grants, subsidies, re-imbursement of expenditure, loans and funds released for schemes, *etc.*

The Finance Department *vide* Government Order (July 2003) directed all Corporation / Companies /Autonomous Bodies *etc.*, to remit interest earned on Government funds received by them to the Government account by crediting the head of account "0049 Interest Receipts". It also emphasised that the interest earned shall not be used for any expenditure by the institutions. This was reiterated *vide* its circular in August 2019.

Audit observed that the Companies/Corporations in contravention to the above instructions had not remitted the interest earned amounting to ₹14,549.91 crore to Government. Out of this, 97.60 *per cent* pertained to five companies/corporations viz., Karnataka Biodiversity Board, Karnataka Neeravari Nigam Limited, Karnataka Rural Infrastructure Development Limited, Vishweshwaraya Jala Nigam Limited and Karnataka Maharshi Valmiki Scheduled Tribes Development Corporation Limited. The details of interest earned up to 2023-24 are indicated in the **Appendix 4.1**.

The State Government in reply to the SFAR for the year ending 31 March 2022 stated (October 2024) that the Department concerned have been requested (October 2023) to remit the interest earned to Government Account. The Government, however, should initiate action in respect of all Departments to remit the interest earned on Government grants to Government Accounts, as it would help to increase the non-Tax Revenue of the State.

4.3 Non-discharge of liability in respect of interest towards Interest-bearing Deposits/ Reserve Funds

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

Audit observed that ₹27.73 crore were required to be paid as interest on the funds/Deposits as indicated in the **Table 4.2**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal deficit.

Table 4.2: Details of interest not paid

(₹ in crore)			
Sl. No.	Funds/Deposits	Balance as on 1 April, 2023	Interest due
1	State Disaster Response Fund	89.20	7.58
2	State Disaster Mitigation Fund	237.10	20.15
Total			27.73

4.4 Funds transferred directly to State implementing agencies

The GoI has been transferring sizeable funds directly to the State implementing agencies for the implementation of various schemes. GoI decided to route these funds through State Budget from 2014-15 onwards. However, during the year 2023-24, GoI transferred ₹22,308.76 crore directly to the implementing agencies. Out of this, ₹8,873.10 crore were directly transferred to Centrally Sponsored Schemes as detailed in **Appendix 4.2**, bypassing the Consolidated Fund of the State. This constitutes 3.80 *per cent* and 57.14 *per cent* of total Revenue Receipts (₹2,33,342.88 crore) and Grants-In-Aid (₹15,527.85 crore) respectively. Thus, the State revenue for the year 2023-24 was understated to that extent. The amount of direct transfer to the Implementing Agencies under these eight CSS ranged between 0.7 *per cent* and 100 *per cent* of the total transfers.

B. Observation relating to transparency

4.5 Delay in submission of Utilisation Certificates

Rule 161(5) of the Karnataka Financial Code (KFC), 1958 stipulates Utilisation Certificates (UCs) should be obtained by the departmental officers from the Grantees in respect of grants provided for specific purposes and these should be

forwarded to the AG (A&E) after verification within 18 months from the date of their sanction unless specified otherwise.

Utilisation certificates (UC) outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent can't be treated as final. The status of outstanding UCs as on 31 March 2024 is given in **Table 4.3**.

Table 4.3: Age wise pendency of Utilisation Certificates

(₹ in crore)

Year*	Number of UCs	Amount
2017-18	1	0.76
2020-21	7	9.22
2021-22	9	8.12
2022-23	6	5.25
2023-24	69	95.29
Total	92	118.64

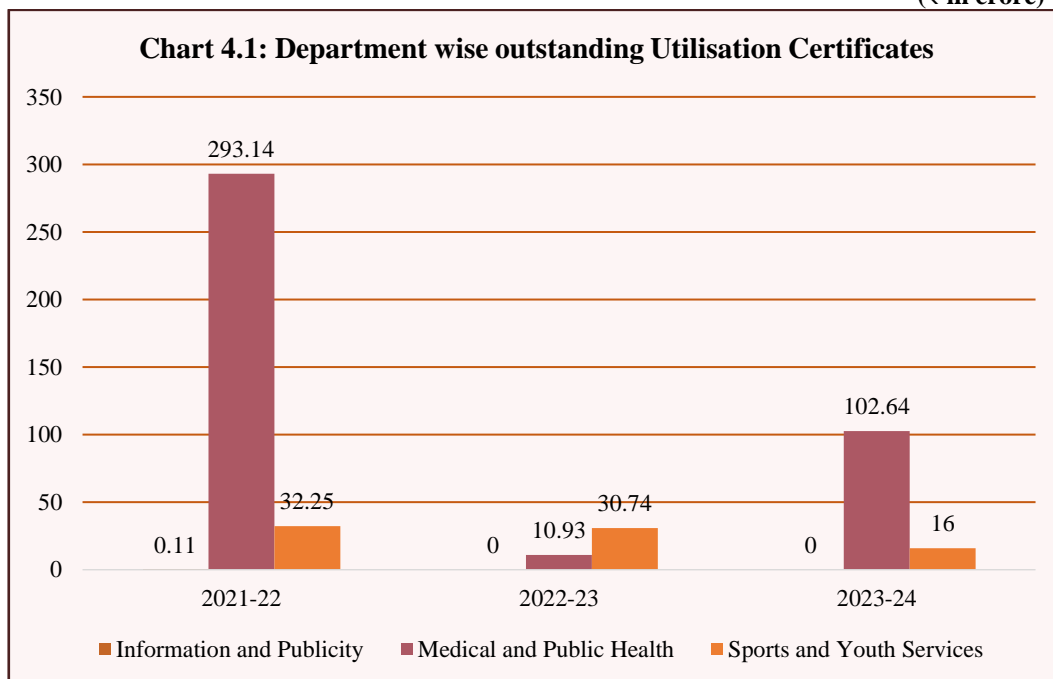
Source: Office of the AG(A&E)

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

Further, under Rule 161(5) the form of UC required to be submitted clearly indicates that the grant unutilised in a year should be surrendered or adjusted towards the grants payable in the subsequent year. The number of outstanding 48 UCs amounting to ₹41.67 crore at the year end of 2022-23 increased to 92 with ₹118.64 crore as outstanding. This indicates that the departments have to step up their monitoring of utilisation of grants.

Department wise outstanding UCs are indicated in **Chart 4.1**

(₹ in crore)



Source: Office of the AG(A&E)

As in earlier years during 2023-24, ₹102.64 crore i.e., 86.51 per cent and ₹16.00 crore i.e., 13.49 per cent of the total outstanding UCs (₹118.64 crore) pertained to two Departments viz., Sports and Youth Services and Medical and Public Health respectively. In the case of the Department of Information and Publicity,

outstanding UCs existed only during 2021-22. There was an inter-year variation for the Department of Medical and Public Health and a decreasing trend for the Department of Sports and Youth Services. Major Head-wise and Department-wise details of outstanding UCs separately for each year are detailed in **Appendix 4.3**.

Since non-submission of UCs is fraught with the risk of misutilisation, the State Government should continue its effort to monitor this aspect closely and hold the concerned people accountable for submission of UCs in timely manner.

In addition, Rule 161(5) states that cases in which the conditions are attached to the utilization of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent, then the departmental officer on whose signature grant-in-aid was drawn should be primarily responsible for certifying to the Accountant General, the fulfillment of the conditions. Every year the State has been releasing the grants-in-aid to Local Bodies and Panchayati Raj institutions, PSUs, NGOs, Autonomous Bodies, etc. Against this, grantees viz., child labour, certain boards, colleges, etc., were furnishing UCs to AG(A&E) and during 2023-24, they constituted 8.9 per cent of the total grants given by the State. Hence, around 90 per cent of the grants-in-aid organisations are out of ambit of monitoring.

The State Government replied (January 2025) that instructions were issued (July 2023) to all the Administrative Departments to submit UCs for the grants received by the Departments. However, it is noticed that even though instructions were issued by the Finance Department, the number of pendency of UCs increased by almost 92 per cent.

4.6 Abstract Contingent Bills

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

Detailed bills aggregating to ₹45.58 crore, drawn on 934 AC bills, were pending at the end of March 2024 as detailed in **Table 4.4**.

Table 4.4: Year wise progress in submission of NDC bills against the AC bills
(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2019-20	2,095	93.27	2,109	182.90	2,245	179.49	1,959	96.68
2020-21	1,959	96.68	2,247	153.46	1,985	123.80	2,221	126.34
2021-22	2,221	126.34	2,577	154.00	3,422	216.45	1,376	63.89
2022-23	1,376	63.89	2,217	158.65	2,131	149.78	1,462	72.76
2023-24	1,462	72.76	2,798	233.61	3,326	260.79	934	45.58

Source: Finance Accounts

*Excluding Bills for the Month of March 2024

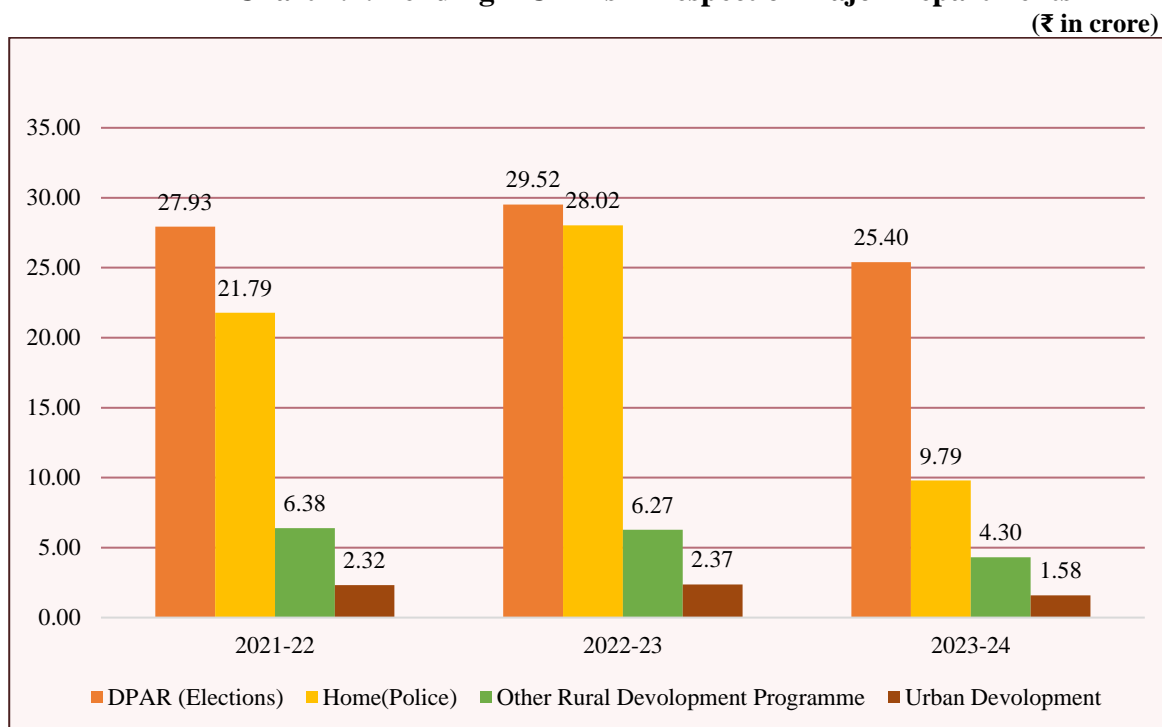
The age-wise pendency of AC bills is detailed in **Table 4.5.** below.

Table 4.5: Age-wise pendency of AC bills

(₹ in crore)		
Year of Grant	No. of AC bills	Amount
Up to 2021-22	803	40.13
2022-23	52	2.89
2023-24	79	2.56
Total	934	45.58

During 2023-24, 2,798 AC bills amounting to ₹233.61 crore were drawn and out of these 209 AC bills amounting to ₹17.20 crore (7.36 *per cent*) were drawn in March 2024.

Chart 4.2: Pending DC Bills in respect of Major Departments



Source: Office of the AG(A&E)

Chart 4.2 reveals that ₹41.07 crore *i.e.*, around 90.11 *per cent* of the total outstanding AC bills amounting to ₹45.58 crore pertains to four Departments *viz.*, Elections (₹25.40 crore) 55.73 *per cent*, Police (₹9.79 crore) 21.48 *per cent*, Other Rural Development Programmes (₹4.30 crore) 9.43 *per cent* and Urban Development (₹1.58 crore) 3.47 *per cent*. As a comparison among the last three years *i.e.*, 2021-22, 2022-23 and 2023-24, the Department of Urban Development has shown the least amount of pending DC bills while Department of Personal and Administrative Reforms (Elections) has shown the highest. Except for the Department of Other Rural Development Programme, which showed a decreasing trend, the other three departments have shown an inter-year variation.

The withdrawal of money on an AC bill is accounted for against the functional Major Head in the Consolidated Fund. Unless the accounts are settled within the time allotted, the expenditure stands inflated. Further, non-adjustment of advances for long periods is fraught with the risk of misappropriation and

therefore requires close monitoring by the respective DDOs for ensuring submission of DC Bills.

The State Government replied (January 2025) that instructions were issued (July 2023) to all the Administrative Departments to submit NDC bills for the pending AC bills drawn by the Departments. It also stated that action would be initiated to issue further instructions to the above four departments who have a high percentage of pending AC bills.

4.7 Personal Deposit Accounts

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

4.7.1 Status of PD Accounts

The details of PD Accounts operated during 2023-24 as per the records of AG(A&E) are given in the **Table 4.6**.

Table 4.6: Details of PD Accounts during the year 2023-24

Opening Balance		PD Accounts opened	Transfers to PD Accounts	PD Accounts closed	Withdrawals from PD Accounts	Closing Balance	
Number	Amount					Number	Amount
85	29,509.54	06	11,055.28	--	7,730.13	91	32,834.69

4.7.2 Trends in the closing balance of PD Accounts

The closing balances in the PD Accounts for the period from 2019-20 to 2023-24 are indicated in **Table 4.7**.

Table 4.7: Funds kept in PD Accounts

(₹ in crore)				
Year	Opening Balance	Receipts/Deposits	Withdrawals	Closing balance
2019-20	4,085.14	6,557.67	6,221.25	4,421.56
2020-21	4,421.56	4,711.16	5,143.49	3,989.23
2021-22	3,989.23	4,787.13	4,670.75	4,105.61
2022-23	4,105.61	32,201.44	6,797.51	29,509.54
2023-24	29,509.54	11,055.28	7,730.13	32,834.69

Source: Finance Accounts

The closing balance in the deposit accounts showed increase of ₹3,325.15 crore during 2023-24 from that of 2022-23.

The net closing balance in respect of some of the PD accounts of the administrators having huge balances (above One hundred crore) as at the end of

2023-24 are shown in **Table 4.8**. This was offset by some of the PD accounts which had negative balances.

Table 4.8: Closing balances in PD Accounts

		(₹ in crore)
Sl. No.	Administrator	Amount
1	Personal Deposits – General	390.66
2	PD Accounts of Deputy Commissioners	8,242.08
3	Special Land Acquisition Officer SCR Project Karnataka	846.84
4	Under Secretary 1&3 Karnataka Legislative Assembly (Karnataka Legislative Home), Bengaluru	146.53
5	Personal Deposits, Assistant Commissioner under the Revenue Department	323.77
6	Special Land Acquisition Officer, Mandya	179.75
7	Tahsildar, Calamity Relief Fund	106.28
8	Karnataka Mining Environment Restoration Corporation	26,192.09
9	The Commissioner, Department of Collegiate Education, Bengaluru	197.41
10	SLAO Kabini Reservoir Project, Mysuru	602.37
11	The Director, Department of Scheduled Tribes	351.46

Source: DDR Ledger

The increase in the closing balance of PD Accounts during 2023-24 was mainly under the Karnataka Mining Environment Restoration Corporation. The Hon'ble Supreme Court *vide* its order dated 21.04.2022 directed the State Government to channelize the receipts and expenditure of the Special Purpose Vehicle for executing Comprehensive Environment Plan for Mining Impact Zone through opening of PD Account in the Public Accounts of the State.

(a) In-operative PD Accounts

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

During the year 2023-24, out of 91 PD accounts, 28 PD Accounts were inoperative for more than three years as detailed in **Appendix 4.4**. Out of this, four PD Accounts had zero balance, and the Government may take action to close these in-operative PD Accounts.

(b) PD Accounts with negative balances

The receipts under PD Accounts are either credited into PD Accounts by debit to Consolidated Fund or remitted from other sources. Expenditure is incurred out of the available balances under PD Accounts. Hence, there should not be any negative balances in the PD Accounts. There were, however, 20 PD Accounts as per books of AG (A&E) with negative balances amounting to ₹1,860.47 Crore. (**Appendix 4.5**)

4.8 Indiscriminate use of Minor Head - 800

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

It was observed that during the year 2023-24, ₹10,836.47 crore under 32 Major Heads of account, constituting 3.68 *per cent* of the total Revenue and Capital Expenditure (₹2,94,734.52 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Details of substantial expenditure (20 *per cent* and above) booked under Minor Head-800-Other Expenditure are given at **Appendix 4.6**.

Analysis of a few vouchers revealed that in respect of the following instances, though specific minor heads were available, minor head 800 Other Expenditure was operated.

Sl. No.	Head of Account	Reason/ Remarks
1	4217-60-800-6-01-159	As it is a construction work, minor head 059 could be operated.
2	2401-800-1-57	Where the minor head 800 Other Expenditure exists under a major head, then code for minor head Other Grants / Others Schemes <i>etc.</i> , is to be kept as 600.
3	4701-76-800-0-01	
4	2216-02-800-0-04	

Similarly, ₹2,000 crore under 49 major Heads of Accounts, constituting 0.86 *per cent* of the total Revenue Receipts (₹2,33,342.93 crore) was classified under 800- other receipts in the accounts.

C. Observation relating to measurement

4.9 Outstanding balances under suspense and DDR heads

4.9.1 Balances under Major Suspense and DDR heads

The accounts of the Government are kept on a cash basis. Certain intermediary/adjusting heads of accounts known as ‘Suspense Heads’ are operated in Government Accounts to reflect transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information as to their nature, or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the amounts are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect the Government’s receipts and expenditure accurately. The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by AG (A&E), for the last three years are indicated in **Table 4.9**.

Table 4.9: Balances under Suspense and Remittance Head

Minor Head	2021-22		2022-23		2023-24	
	Dr	Cr	Dr	Cr	Dr	Cr
Major Head						
8658 - Suspense						
102 - Suspense Account - Civil	16.94	372.49	Nil	411.74	0.05	Nil
Net	Cr.355.55		Cr.411.74		Dr.0.05	
110 - Reserve Bank	172.52	35.49	273.45	Nil	134.73	114.27
Suspense- Central Accounts Office						
Net	Dr.137.03		Dr.273.45		Dr.20.46	
Major Head						

Minor Head	2021-22		2022-23		2023-24	
8782 - Remittances						
102 - 1 Public Works	82.61	Nil	82.61	Nil	82.61	Nil
Remittances into treasury						
Net	Dr.82.61		Dr.82.61		Dr.82.61	
103 - 1 Forest Remittances	12.13	Nil	12.13	Nil	12.13	Nil
Net	Dr.12.13		Dr.12.13		Dr.12.13	
8793 - Inter State	214.49	Nil	55.72	Nil	0.02	Nil
Suspense Account						
Net	Dr.214.49		Dr.55.72		Dr.0.02	

Source: Finance Accounts

Debt, Deposit and Remittances (DDR) are heads of account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

The accuracy of the State Finance Accounts 2023-24 was adversely affected by factors such as:

- (i) Large number of transactions under suspense heads awaiting final classification; and
- (ii) Increased magnitude and quantum of adverse balances under DDR heads.

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs:

- **Suspense Account (Civil)**

Transactions where full particulars of the classification are not available, or where the relevant vouchers/schedules in support thereof are not available or where there is some discrepancy between the figures reported in the treasury schedules of payment/cash accounts and those appearing in the supporting vouchers, schedules, etc., constitute the major portion of outstanding figure under this head. Transactions taking place at State treasuries on behalf of Railways, Defence and Postal and Telecommunication Department are also initially classified under this head, pending settlement of claims by these authorities. The net debit balance (unadjusted balances) under this head during 2023-24 is ₹0.05 crore. In so far as accounts with Railways (₹3.14 crore) and accounts with Defense (₹0.39 crore) are concerned, the cash balance will increase on clearance. There is no impact on cash balance in respect of the rest.

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

This head is operated for recording inter-governmental transactions where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the RBI. This head is cleared by transferring the amount to the final head of account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transactions, which get settled through this suspense head are grants, loans received from the GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments. During 2023-24, the debit balance under this head decreased by

₹252.99 crore compared to previous year and was ₹20.46 crore. On clearance/settlement of this, the cash balance of the State Government will increase.

- **Public Works Remittance into Treasury**

This head is operated to watch whether the Treasury acknowledges amounts remitted by the divisional officers of Public Works. The debit balance of ₹82.61 crore at the end of year 2023-24 is due to non-reconciliation by the Division Offices with the Treasury and these differences could lead to non-detection of cases of defalcation, which may result in loss to Government.

- **Forest Remittances into Treasury**

Collection for Forest Revenues by the divisions and their remittance to the Government Accounts at treasury initially takes place under this head. The debits under this head get cleared by credits appearing in the treasury accounts when the remittances are acknowledged and accounted by the treasury officers. Due to the time lag between actual realisation of revenue and its remittance into the treasury, the debits appearing in the division accounts under this head would continue to appear till remittance made is finally accounted in the Treasury Accounts. There is a debit balance of ₹12.13 crore at the end of 2023-24 under this head.

- **Inter State Suspense Account**

An Inter State Suspense Account is used to temporarily record transactions between the States which lacks the necessary information to account under the correct Head of Account. On receipt of the required information on the transactions, it is accounted under the correct Head of the respective State. The balance under this Head is in a decreasing trend and during 2023-24, the account has a debit balance of ₹0.02 crore and on clearance/settlement of this, the cash balance of the State Government will increase.

4.9.2 Adverse Balances under DDR Heads

Adverse balances are negative balances appearing under those heads of accounts where there should not be a negative balance. For example, against the accounting head of any loan or advance or public account, a negative balance will indicate more repayment than the original amount advanced. **Table 4.10** indicates adverse balance under Public Debt, Loans & Advances and Public Account. The balance under Public Debt increased by ₹33.38 crore in the year 2023-24 as compared to the year 2022-23 and under the Loans and Advances, the balance increased by ₹7.23 crore in the year 2023-24 as compared to year 2022-23. However, under Public Account, the balance decreased by ₹0.69 crore in the year 2023-24 as compared to the year 2022-23. Necessary action for clearing the adverse balances in respect of Public Debt, Loans and Advances and Public Account is required to be taken.

Table 4.10: Adverse balance under DDR Heads

Public Debt					(₹ in crore)
Sl. No.	HoA	Description	2022-23	2023-24	
Public Debt					
1	6003-00-103,104,108	Loans from Life Insurance Corporation of India, General Insurance Corporation of	Dr.165.96	Dr.199.34	

Sl. No.	HoA	Description	2022-23	2023-24
		India, National Co-operative Development Corporation, State Plan Schemes, etc.		
2	6004-04	Loans for Centrally Sponsored Schemes	Dr.18.25	Dr.18.25
Total			Dr.184.21	Dr.217.59
Loans and Advances				
3	6401, 6402, 6405 & 7475	Loans to State Institutions, etc.	Cr.0.75	Cr.0.75
4	7610	Loans and Advances to Government servants	Cr.10.29	Cr.11.05
5	7615	Miscellaneous Loans	Cr.88.74	Cr.95.21
Total			Cr.99.78	Cr.107.01
Public Account				
6	8009, 8031, 8338, 8443 & etc.	State provident fund, civil deposits, etc.	Dr.12.22	Dr.11.53
Total			Dr.12.22	Dr.11.53

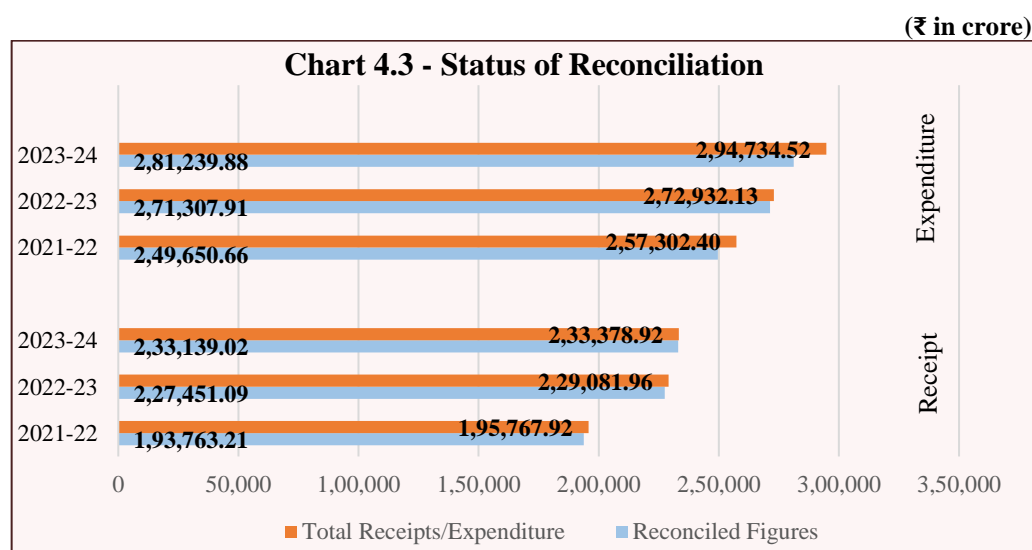
Source: Office of the AG(A&E)

The adverse balance in a head of account arises either due to misclassification, more disbursement than the availability of funds, more disbursement than the contribution received, non-carrying forward of balances from one accounting unit to another, administrative reorganization leading to creation of States / more accounting units, etc., the details of adverse balances are shown in **Appendix 4.7**

Non-reconciliation of these adverse balances has resulted in an understatement of the loans given and borrowed by the State Government.

4.10 Non-reconciliation of Departmental figures

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, all Controlling Officers are required to reconcile every month the receipts and expenditure recorded in their books with the figures accounted for by the AG (A&E). The details of the last three years from 2021-22 revenue and expenditure reconciliation are indicated in **Chart 4.3**.



Source: Finance Accounts

* Excludes loans and advances

The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table 4.11**.

Table 4.11: Status of Reconciliation of Receipts and Expenditure figures
(₹ in crore)

Year	Total No. of Controlling Officers	Fully reconciled	Partially Reconciled	Not reconciled at all	Controlling Officers not transacted during the month	Total Amount	Reconciled Amount	Percentage
Receipts								
2021-22	103	71	20	12	0	1,95,767.92	1,93,763.21	98.98
2022-23	96	72	14	7	3	2,29,081.96	2,27,451.09	99.29
2023-24	103	51	32	15	5	2,33,378.92	2,33,139.02	99.90
Expenditure								
2021-22	333	260	42	31	0	2,57,302.40	2,49,650.66	97.03
2022-23	346	280	23	7	36	2,72,932.13	2,71,307.91	99.40
2023-24	346	156	114	32	44	2,94,734.52	2,81,239.88	95.42

Source: Report on MCA and Finance Accounts

As indicated in the table above, during 2023-24, there was an increase in reconciliation of Receipts and decrease in reconciliation of Expenditure. No reconciliation was carried out in respect of receipts and disbursements under loans and advances. Necessary action for reconciliation in respect of receipts and expenditure under loans and advances is required to be taken.

4.11 Reconciliation of cash balance

There should be no difference between cash balance of the State as per books of Accounts of the AG (A&E) and the cash balances as reported by RBI for the financial year as on 30 June of the following year as per the provisions made at para 3.65 in Report of the Working Group on Accounting and Reconciliation procedure of the State Government transactions by RBI.

As of March 2024, there was a difference of {₹4,636.81 crore (Dr.)}, between the figures reflected in the accounts {₹4,699.34 crore (Dr.)} and that intimated by the RBI {₹62.53 crore (Cr.)}, mainly due to non-reporting and non-reconciliation of figures by the Agency Banks as well as non-accounting of cheques issued by State Huzur Treasury for secret services, etc. It is under reconciliation in the office of AG (A&E).

4.12 Impact of certain transactions on major fiscal indicators during 2023-24

Scrutiny of certain major transactions during 2023-24 revealed that Revenue Deficit and Fiscal Deficit were affected by certain accounting adjustments (some of them are brought out in the Notes to Accounts of Finance Accounts) and through post audit analysis which are detailed in **Table 4.12**.

Table 4.12: Impact of certain major transactions during 2023-24
(₹ in crore)

Sl. No.	Nature of transaction	Revenue Deficit		Fiscal Deficit	
		Over-statement	Under-statement	Over-statement	Under-statement
1	Booking of capital expenditure instead of revenue expenditure	-	374.64	-	-
1a	Booking of capital expenditure instead of revenue expenditure (Grants-in-aid)	-	129.65	-	-

Sl. No.	Nature of transaction	Revenue Deficit		Fiscal Deficit	
		Over-statement	Under-statement	Over-statement	Under-statement
2	Booking of Revenue expenditure instead of Capital expenditure	0.01	-	-	-
3	Non payment of interest in respect of State Disaster Response Fund/ State Disaster Mitigation Fund	-	27.73	-	27.73
4	Non transfer of Capital expenditure incurred from CRIF to CRIF Fund.	-	-	492.12	-
Total		0.01	532.02	492.12	27.73

Source: Notes to Accounts 2023-24 and Post audit analysis

4.13 Compliance with Accounting Standards

The Government Accounting Standards Advisory Board (GASAB) set up in the office of the C&AG with the support of the GoI is entrusted with the responsibility of formulating and proposing accounting and financial reporting standards for Government departments and organisations. On the advice of the C&AG of India, the President of India has so far notified four Indian Government Accounting Standard (IGAS).

The details of IGAS and compliance with these by GoK for the year 2023-24 are discussed in **Table 4.13**.

Table 4.13: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Status	Impact of deficiency
1	IGAS-1 Guarantees given by the Government-Disclosure requirement	The standard is set out to disclose the norms in respect of Guarantees given by Government in their respective Financial Statements along with the maximum amount of guarantees given during the year, addition, deletions (other than invoked during the year), outstanding at the beginning and end of the year and Guarantee commission or fee.	Complied	Guarantees disclosure has been complied with the standard.
2	IGAS-2 Accounting and Classification of Grants-in-Aid	It states that grants-in-aid should be classified under revenue expenditure under the accounts of grantor and revenue receipts in the accounts of grantee even if it involves creation of assets, except in cases specifically authorised by the President on the advice of the C&AG of India.	Partially Complied	Grants-in-Aid for creation of capital assets has been granted to Grants-in-Aid institutions viz., Malnad Area Development Board, Maidan Development Board, Karnataka Maritime Board as capital expenditure.
3	IGAS-3 Loans and Advances	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances	Partially Complied	The State government complied with the format prescribed by the Standard. However, the information in

Sl. No.	Accounting Standards	Essence of IGAS	Status	Impact of deficiency
	made by Government	made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.		this regard is incomplete since the details of all the outstanding principal and interest in respect of loans accounts maintained by the State Government Departments have not been provided to the AG (A&E).
4	IGAS-4 Prior-period Adjustments	This Standard recognises Prior-period Adjustments for rectification of errors for one or more periods on cash basis accounting for which accounts have been closed.	Complied	Adjustments disclosure has been complied with the standard.

D. Observation relating to disclosure

4.14 Submission of accounts and placing of Separate Audit Reports of Autonomous Bodies in the Legislature

Several Autonomous Bodies were set up by the State Government in the fields of Village and Small Industries, Urban Development, *etc.* The audit of accounts of 14 autonomous bodies in the State was entrusted to the C&AG under Sections 19 and 20 of the C&AG's (DPC) Act, 1971.

The status of entrustment of audit, rendering of accounts, issuing of Separate Audit Reports (SAR) and their placement before the State Legislature is indicated in (**Appendix 4.8**). As seen from the Appendix, one SAR in respect of seven Autonomous Bodies, two SAR in respect of two Autonomous Bodies, and 13 SAR in respect of one Autonomous Body were due for placement in the Legislature.

4.15 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government Departments performing activities of a 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.

The Heads of Departments in the Government are to ensure that the undertakings prepare and submit accounts to the AG for audit within a specified timeframe. Out of the nine undertakings, which are closed/ transferred/converted into co-operative federations, proforma accounts in respect of two undertakings were due from 1969-70. The position of arrears in preparation of proforma accounts by the undertakings is given in **Appendix 4.9**.

As seen in the Appendix an investment of ₹8.87 crore has been made in the six undertakings as per the accounts finalised up to 2008-09 (₹0.07 crore) in respect of one undertaking, 2015-16 (₹7.56 crore) in respect of four undertakings and 2016-17 (₹1.24 crore) in respect of one undertaking.

4.16 Non-Submission of details of grants given to bodies and authorities

Under Section 14 of the C&AG's (DPC) 1971 whenever anybody or authority is substantially financed by grants from Consolidated Fund of the State, the C&AG shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all such receipts and expenditure of that body or authority and report the receipts and expenditure audited by him. Under Section 15 of the C&AG's (DPC) 1971, where any grant is given for any specific purpose, the C&AG shall scrutinise the procedures by which sanctioning authority satisfies itself as to the fulfilment of the conditions.

The institutions/bodies/authorities which are audited under the above sections needs to be identified and the heads of the Government Departments are required to furnish to audit information about the institutions every year to which financial assistance of ₹25 lakh or more was given, the purpose for which assistance was granted and the total expenditure of the institutions.

Thirteen Departments did not furnish the information pertaining to 1,065 institutions receiving grants aggregating ₹25 lakh or more for periods ranging from two years to more than eight years, as detailed in **Appendix 4.10**. As seen from the Appendix, the major defaulter was the Department of Education.

4.17 Misappropriation, losses, thefts etc.

There were 47 cases of misappropriation, losses *etc.*, involving Government money amounting to ₹43.19 crore as at the end of 2023-24 on which final action is pending. The department wise break up of pending cases is given below in **Table 4.14** and age wise break up is indicated in **Appendix 4.11**.

Table 4.14: Pending cases of misappropriation, losses and thefts etc.

(₹ in lakh)

Name of the Department	Cases of misappropriation / losses/ thefts of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, thefts etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal proceedings finalised but recovery of the amount pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Home	5	125.28	-	-	5	125.28	-	-
Law	1	227.00	1	227.00	-	-	-	-
Public Works	2	1,180.18	-	-	2	1,180.18	-	-
Karnataka Soaps and Detergents Ltd.	1	499.21	-	-	1	499.21	-	-
Karnataka Handloom Development Corporation	4	23.33	1	12.57	-	-	3	10.76
Karnataka State Coir Development Corporation	11	32.86	7	27.17	4	5.69	-	-
BESCOM	4	142.98	4	142.98	-	-	-	-
CESCOM	2	99.30	2	99.30	-	-	-	-

Name of the Department	Cases of misappropriation / losses/ thefts of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, thefts etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal proceedings finalised but recovery of the amount pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
GESCOM	3	227.34	3	227.34	-	-	-	-
HESCOM	3	111.97	1	79.88	1	31.58	1	0.51
KPTCL	3	468.72	3	468.72	-	-	-	-
Archaeology, Museums and Heritage	1	3.38	1	3.38	-	-	-	-
Urban Development Department	1	2.02	-	-	1	2.02	-	-
Fisheries	1	6.25	-	-	1	6.25	-	-
Food and Civil Supplies	1	525.00	1	525.00	-	-	-	-
Animal Husbandry and Veterinary Services	4	643.7	4	643.70	-	-	-	-
Total	47	4,318.52	28	2,457.04	15	1,850.21	4	11.27

Source: Offices of the Pr.AG (Audit-I) and Pr.AG (Audit-II)

4.18 Follow up action on State Finance Audit Report

The Report of C&AG of India on State Finances for the year 2019-20 was discussed by the PAC in July 2022. The similar paras and important points of State Finance Audit Report for the years 2012-13 to 2018-19 were also taken up in PAC. It deliberated on regularisation of the Excess expenditure of ₹2,409.53 crore for the period from 2012-13 to 2017-18. The recommendation of the PAC is placed (Feb 2023) in the State Legislature.

4.19 Conclusion

The interest amount of ₹14,54,991.25 lakh earned (up to 2023-24) on the grants by the Government in Departments/Government Companies/Corporations were not remitted to Government Account in spite of instructions issued by the Finance Department there by understating the non-tax receipt to that extent.

Non-submission of Utilisation Certificate (UCs) which had decreased during 2022-23 and was 48 amounting to ₹41.67 crore increased to 92 amounting to ₹118.64 crore in 2023-24. Pendency in submission of UCs not only results in absence of assurance on utilisation of grant released for intended purpose but also lack of monitoring of utilisation of grants.

The pending Non-payment Detailed Contingent bills (NDC) decreased by 37.36 per cent when compared to the previous year.

The closing balance in the Personal Deposit accounts was on an increasing trend from 2020-21 and increased enormously during 2022-23 and 2023-24. Retention of such large sums of money was against principle of Legislative financial control.

In spite of the Finance Department issuing instructions to Administrative Departments to furnish information to audit about the Institutions which were substantially financed by the Government, there was an increase in number of Institutions not furnishing the required information. This points to inadequate internal control as well as monitoring mechanisms in the State Government.

4.20 Recommendations

- *The Government may consider adopting a module similar to Expenditure Advance Transfer (EAT) available in Public Financial Management System (PFMS) to address the problem of pending UCs and AC bills.*
- *Cleaning up of balances in the PD Accounts which have outlived its utility needs to be examined and steps taken to close such PD Accounts after reconciliation of balances in consultation with the Administrators and Treasury.*

**Bengaluru
The**

**(Vimalendra Anand Patwardhan)
Principal Accountant General (Audit I)
Karnataka**

Countersigned

**New Delhi
The**

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

APPENDICES

Appendix 1.1

State Profile

(Reference: Paragraph 1.2; Page 1)

A		General Data	
Sl. No.	Particulars	Figures	
1	Area	1,91,791 sq.km	
2	Population		
	a. As per 2001 Census	5.29 crore	
	b. As per 2011 Census	6.11 crore	
3	¹ Density of Population (2011 Census) (All India Density = 382 persons per Sq. Km)	319 persons per sq.km	
4	² Population below poverty line (2011 Census) (All India Average= 21.92 per cent)	20.91 per cent	
5	³ Literacy (2011 Census) (All India Average = 73.00 per cent)	75.36 per cent	
6	⁴ Infant Mortality (per 1,000 live births) (All India Average = 33 per 1,000 live births)	19 per 1,000 live births	
7	⁵ Life Expectancy at birth (All India Average = 67.9 years)	68.8 years	
8	⁶ Human Development Index [#] (2022) (India = 0.629)	0.644	
9	⁷ Gross State Domestic Product (GSDP) 2023-24 at current price (in crore)	25,67,340	
10	Per capita GSDP (2023-24) (Rupee)	Karnataka [@]	3,76,996
		All India Average	2,11,725
11	Per capita GSDP/GDP CAGR (2014-15 to 2023-24)	Karnataka	11.29
		All India	8.89
12	GSDP/GDP CAGR (2014-15 to 2023-24)	Karnataka	11.83
		All India	10.06
13	Population Growth (2014-24)	Karnataka	8.16
		All India	11.26
B		Financial Data	
Particulars		Figures in per cent	
CAGR		General Category States*	
		Karnataka [^]	
		2018-19 to 2021-22	2021-22 to 2022-23 to 2023-24
		2018-19 to 2021-22	2021-22 to 2022-23 to 2023-24
a	of Revenue Receipts.	7.12	13.41
b	of Own Tax Revenue.	7.17	19.80
c	of Non-Tax Revenue.	5.44	12.94
d	of Total Expenditure.	7.57	12.53
e	of Capital Expenditure.	4.80	18.92
f	of Revenue Expenditure on Education.	7.34	13.21
g	of Revenue Expenditure on Health & Family Welfare.	14.96	0.88
h	of Salary and Wages.	8.19	9.71
i	of Pension.	9.66	11.38

Source: Financial data is based on Finance Accounts

[#] Human Development Index is a composite index comprising of life expectancy, education and per-capita income.^{*} GC States figures are adopted from the information sent by the Economic Advisor, O/o the CAG, New Delhi and in respect to Karnataka, the revenue expenditure on salaries and wages excludes salaries of PRIs and ULBs.[^]2018-19 to 2023-24 figures arrived by considering the Finance Accounts of the respective years.[@] Per Capita GSDP (2019-20 to 2022-23) as per Economic Survey 2023-24, GoK and per capita GSDP for the year 2023-24 have been worked out based on the projected population of the State of 6.81 crore as per National Commission on Population, Ministry of Health and Family Welfare.

The development indicators relating to the major infrastructures are as follows:

- (i) Surfaced roads per 100 sq. km (2022-2023) is **42.99 km.**
- (ii) Unsurfaced roads per 100 sq. km (2022-2023) is less than **0.68 km.**
- (iii) Percentage of households with electricity (2022-2023) is **99.22.**
- (iv) Grossed cropped area (2022-2023) is **149.10 hectares.**
- (v) Number of Primary schools (2023-2024) is **53,682.**
- (vi) Number of Primary health centers (2023-2024) is **2,524.**

- 1. *Economic Survey, Government of Karnataka 2023-24.*
- 2. *Economic Survey, Government of Karnataka 2023-24.*
- 3. *Economic Survey, Government of Karnataka 2023-24.*
- 4. *Economic Survey, Government of Karnataka 2023-24.*
- 5. *Economic Survey, Government of Karnataka 2023-24.*
- 6. *Economic Survey, Government of Karnataka 2023-24.*

Note: All India average of General Category States has been calculated based on figures provided by 16 General Category States such as Andhra Pradesh including Telangana, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh and West Bengal.

Appendix 1.2

Structure of Government Accounts

(Reference: Paragraph 1.4; Page 5)

The Layout of Finance Accounts of the State Government is detailed below:

Finance Accounts is prepared in two volumes with Volume-I presenting the summarised financial statements of the Government and Volume-II presenting the detailed statements. The layout is detailed below. Further, Volume II contains details such as comparative expenditure on salaries and subsidies by major head, grants-in-aid and assistance given by the State Government, externally aided projects, expenditure on plan scheme, direct transfer of Central scheme funds to implementing agencies, summary of balances, financial results of irrigation schemes, commitments on incomplete public works contracts and maintenance expenditure which are brought out in various appendices.

Statement number	Layout
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts (Consolidated Fund)
4	Statement of Expenditure (Consolidated Fund)
5	Statement of Progressive Capital Expenditure
6	Statement of Borrowings and Other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-aid given by the Government
11	Statement of Voted and <i>Charged</i> Expenditure
12	Statement on Sources and Application of funds for expenditure other than on Revenue Account
13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
14	Detailed Statement of Revenue and Capital Receipts by Minor Heads
15	Detailed Statement of Revenue Expenditure by Minor Heads
16	Detailed Statement of Capital Expenditure by Minor Heads and Subheads
17	Detailed Statement of Borrowings and other Liabilities
18	Detailed Statement on Loans and Advances given by the Government
19	Detailed Statement of Investments of the Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement of Contingency Fund and other Public Account Transactions
22	Detailed Statement on Investment of Earmarked Balances

Appendix 1.3

Summarised Financial position of Government of Karnataka as on 31 March 2024

(Reference: Paragraph 1.7; Page 9)

(₹ in crore)

As on 31.03.2023		LIABILITIES		As on 31.03.2024
3,53,893.89		Internal Debt		4,17,454.56
	3,37,289.84	Market Loans bearing interest	4,00,292.60	
	(-)0.04	Market Loans not bearing interest	-	
	(-)24.11	Loans from Life Insurance Corporation of India	-	
	6,151.24	Loans from other Institutions	8,312.96	
	10,476.92	Loans from RBI - Special Securities issued to National Small Savings Fund of the Central Government	8,849.00	
49,139.16^		Loans and Advances from Central Government		53,405.78
	0.07	Pre 1984 - 85 Loans	0.07	
	20.43	Non-Plan Loans	15.58	
	5,506.97	Loans for State Plan Schemes	3,832.82	
	7.89	Loans for Central Plan Schemes	7.89	
	-18.25	Loans for Centrally Sponsored Plan Schemes	(-)18.25	
	0.03	Loans for Centrally Sponsored Schemes	0.02	
	43,622.02	Other Loans	49,567.65	
500.00		Contingency Fund		500.00
45,736.19		Small Savings, Provident Funds, etc.		49,290.49
60,641.72*		Reserve Funds		67,969.29
59,874.35		Deposits		67,347.89
3,420.65		Suspense and Miscellaneous balances		6,026.44
5,73,205.96		Total		6,61,994.45
		ASSETS		
4,56,415.23		Gross Capital Outlay on Fixed Assets		5,08,558.24
	72,799.77	Investments in shares of Companies, Corporations etc.	73,486.87	
	3,83,617.67&	Other Capital Outlay	4,35,071.37	
38,101.37		Loans and Advances		42,268.12
	5,305.08	Loans for Power Projects	5,155.26	
	32,886.74	Other Development Loans	37,199.05	
	(-)90.45	Loans to Government Servants and Miscellaneous Loans	(-)86.19	
1,047.50		Remittances		991.79
6.94		Other Advances		6.94
83,942.63*		Cash		1,07,264.47
-		Cash in treasuries		
	5.99	Departmental Cash Balance including Permanent Advances	6.20	
	2,788.21	Deposits with Reserve Bank of India	4,699.34	
	0.01	Remittances in Transit	0.01	
	47,919.99	Cash Balance Investment Account	67,143.36	
	33,228.43	Investment from earmarked funds	35,415.56	
(-)6,307.72		Surplus on Government Accounts		2,904.89#
	7,188.07	Accumulated Surplus	(-)6,307.72	
	(-)13,495.79	Deduct Revenue Surplus/Add Revenue Deficit	9,271.57	
	-	Deduct Other adjustments	(-)22.91	
	-	Deduct Capital receipts	(-)35.99	
5,73,205.96		Total		6,61,994.45

^ Effective Loans and Advances for GoI would be ₹14,869 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹12,407 crore and ₹18,109 crore given to the State as back-to-back loan during 2020-21 and 2021-22 respectively under Debt Receipt would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

The difference of 0.05 is due to rounding in Revenue Deficit (Statement 2 of FA) and 0.01 due to rounding.

*The Investment of ₹314.00 crore (Guarantee Redemption Fund) has been included for Investments of Earmarked Funds for the year 2022-23.

&The effective "other Capital Outlay" is ₹3,83,615.46 crore after taking account of ₹2.21 crore of proforma correction.

Appendix 2.1

Abstract of Receipts and Disbursements

(Reference: Paragraph 2.2; Page 19)

(₹ in crore)

Receipts			Disbursements		
2023-24		2022-23	2023-24		2022-23
Section-A: Revenue					
2,33,342.93	I. Revenue Receipts	2,29,079.74	2,42,614.45	I. Revenue Expenditure	2,15,583.99[#]
1,63,505.04	Tax revenue	1,43,701.93	75,699.58	Total General Services	71,816.05
13,117.41	Non-tax revenue	13,914.13		Social Services	
41,192.63	State's share of Union Taxes & Duties	34,596.18	32,725.35	Education, Sports, Art and Culture	31,263.04
15,527.85	Grants for Central and Centrally Sponsored Schemes	36,867.50	12,237.87	Health and Family Welfare	11,308.77
9,865.95	Centrally Sponsored Schemes	11,628.10	4,723.12	Water Supply, Sanitation, Housing and Urban Development	12,502.78
3,768.63	Finance Commission Grants	3,495.25	300.04	Information and Broadcasting	298.12
1,893.27	Other transfer/grants to State/UT with Legislature	21,744.15	8,850.92	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and minorities	8,515.43
			785.14	Labour and Labour Welfare	637.96
			33,908.00	Social Welfare and Nutrition	15,893.28
			192.97	Others	591.77
			93,723.41	Total Social Services	81,011.15
				Economic Services	
			18,269.32	Agriculture and Allied Activities	16,214.41
			9,759.81	Rural Development	11,234.31
			11.69	Special Areas Programmes	213.25
			1,854.87	Irrigation and Flood Control	1,890.57
			23,795.16	Energy	14,103.43
			1,486.28	Industry and Minerals	1,579.66
			6,362.20	Transport	6,346.71
			77.59	Science, Technology and Environment	38.50
			5,345.44	General Economic Services	5,474.09
			66,962.36	Total Economic Services	57,094.93
			6,229.10	Grants-in-aid and Contribution	5,661.86
			(-)9,271.57	II Revenue Deficit carried over to Sec.-B	13,495.75
2,33,342.93^{\$}		2,29,079.74	2,33,342.88^{\$}	Total	2,29,079.74

Section B – Capital and others					
Receipts			Disbursements		
2023-24		2022-23	2023-24		2022-23
83,942.63	II. Opening Cash Balance including Permanent Advances & Cash Balance Investments & Investments from earmarked funds	63,412.36			
35.99	III. Miscellaneous Capital receipts	2.21	52,120.07	III. Capital Outlay	57,348.17*
			2,971.64	Total General Services	1,651.39
				Social Services	
			1,201.09	Education, Sports, Art and Culture	1,590.01
			1,113.82	Health and Family Welfare	1,230.26
			6,616.84	Water Supply, Sanitation, Housing and Urban Development	7,018.25
			2.30	Information and Broadcasting	-
			2,764.10	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2,315.07
			74.09	Social Welfare and Nutrition	151.99
			254.02	Other Social Services	171.36
			12,026.26	Total Social Services	12,476.94
				Economic Services	
			871.43	Agriculture and Allied Activities	1,166.13
			223.53	Rural Development	263.87
			3,595.50	Special Areas Programmes	3,399.96
			17,435.66	Irrigation and Flood Control	21,221.14
			500.00	Energy	724.00
			81.05	Industry and Minerals	686.24
			9,644.80	Transport	14,127.54
			4,770.20	General Economic Services	1,630.96
			37,122.17	Total Economic Services	43,219.84
306.11	IV. Recoveries of Loans and Advances	478.30	4,472.85	IV. Loans and Advances	3,250.38
263.14	From Power Projects	277.72	113.33	For Power Projects	396.92
3.98	From Government Servants	4.72	14.70	To Government Servants	4.07
38.99	From Others	195.86	4,344.82	To Others	2,849.39
90,279.93	V. Public Debt receipts	44,548.73	22,452.64	V. Public Debt repayment	15,942.49
84,334.12	Internal debt other than Ways and Means Advances and Overdraft	39,282.63	20,773.45	Internal debt other than Ways and Means Advances and Overdraft	14,430.55

Receipts			Disbursements		
2023-24		2022-23	2023-24		2022-23
	Ways and Means Advances from Reserve Bank of India	-	-	Ways and Means Advances from Reserve Bank of India	-
5,945.81	Loans and Advances from the Central Government	5,266.10	1,679.19	Repayment of Loans and Advances to Central Government	1,511.94
-	VI. Contingency Fund	-	-	VI. Contingency Fund Disbursements	-
3,68,797.79	VII. Public Account Receipts	3,68,235.82	3,47,781.07	VII. Public Account Disbursements	3,30,003.50
9,861.00	Small Savings and Provident Funds, etc.	9,192.22	6,306.70	Small Savings and Provident Funds, etc.	5,788.92
9,676.52	Reserve Funds	10,069.18	2,348.95	Reserve Funds	2,787.31
79,961.55	Deposits and Advances	1,01,650.21	72,488.00	Deposits and Advances	75,458.16
2,69,298.72	Suspense and Miscellaneous	2,47,324.26	2,66,693.12	Suspense and Miscellaneous	2,46,127.93
-	Remittances	(-)0.05	(-)55.70	Remittances	(-)158.82
(-)9,271.57	VIII. Revenue Surplus (+)/ Deficit(-) carried over from Sec.-A	13,495.75	1,07,264.47	VIII. Cash Balance at the end of 31-03-2024	83,628.63
			0.01	Cash in Treasuries and Local Remittances	0.01
			4,699.34	Deposits with Reserve Bank	2,788.21
			6.20	Departmental Cash Balances including Permanent Advances	5.99
			67,143.36	Cash Balance Investment	47,919.99
			35,415.56	Investment from Earmarked Funds	32,914.43
5,34,090.88 ^{\$}	Total	4,90,173.17	5,34,091.10 ^{\$}	Total	4,90,173.17

Includes expenditure on interest payment in respect of off-budget borrowings etc., under various service heads (₹1,046 crore) borrowed through Special Purpose Vehicles - Social Services (₹80.44 crore) and Economic Services (₹965.56 crore).

*Includes expenditure of ₹4,873.43 crore on account of off-budget borrowings.

\$ The difference is due to rounding.

Appendix 2.2

Time series data on the State Government Finances

(Reference: Paragraph 2.2, 2.4.3, 2.7.1; Page 19, 25, 59)

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Part A: Receipts					
1. Revenue Receipts	1,75,443	1,56,716	1,95,762	2,29,080	2,33,343
Rate of growth	6.34	(-10.67	24.92	17.02	1.86
(i) Tax Revenue	1,02,363(58)	97,052(62)	1,20,739(62)	1,43,702(63)	1,63,505 (70)
Rate of growth	5.71	(-5.19	24.41	19.02	13.78
State Goods and Services Tax	42,147(41)	37,711(39)	49,929(41)	61,403(43)	71,041(43)
Taxes on Agricultural Income	1	-	-	-	-
Taxes on Sales, Trade, etc.	16,424(16)	16,028(17)	19,274(16)	19,082(13)	20,811(13)
State Excise	21,584(21)	23,332(24)	26,378(22)	29,920(22)	34,629(21)
Taxes on Vehicles	6,763(7)	5,607(6)	6,915(6)	10,611(7)	11,287(7)
Stamps and Registration fees	11,308(11)	10,576(11)	14,020(12)	17,726(12)	20,147(12)
Land Revenue	203	184	181	364	860(1)
Taxes on Goods and Passengers	65	16	18	3	(-5
Taxes and Duties on Electricity	2,693(3)	2,433(2)	2,724(2)	3,052(2)	3,323(2)
Other Taxes on Income and Expenditure	1,140(1)	1,127(1)	1,269(1)	1,499(1)	1,341(1)
Other Taxes and Duties on Commodities and Services	34	38	31	42	71
(ii) Non Tax Revenue	7,681(4)	7,894(5)	11,777(6)	13,914(6)	13,117(6)
Rate of growth	13.41	2.77	49.19	18.15	(-5.73
Interest receipts	895	920	1,315(11)	1,377(10)	1,493(11)
Dividend and profits	54	81	350(3)	429(3)	303(2)
Nonferrous Mining and Metallurgical Industries	3,629	3,893	6,308(54)	5,946(44)	7,322(56)
Medical and Public Health	599	419	522(4)	431(3)	488(4)
Other Administrative Services	305	388	417(4)	1,156(8)	570(4)
Forestry and Wildlife	267	276	281(2)	325(2)	423(3)
Education, Sports and Culture	183	175	287(2)	178(1)	168(1)
Police	308	367	500(4)	579(4)	349(3)
Roads and Bridges	71	50	60(1)	25	8
Other non-Tax receipts	1,370	1,325	1,737(15)	3,468(25)	1,993(15)
(iii) State's share of Union taxes and duties	30,919(18)	21,694(14)	33,284	34,596(15)	41,193(18)
Rate of growth	(-13.86	(-29.84	53.42	3.94	19.07
(iv) Grants-in-aid from GoI	34,480(20)	30,076(19)	29,962(15)	36,868(16)	15,528(7)
Rate of growth	35.32	(-12.77	(-0.38	23.05	(-57.88
Grants for State Plan schemes	-	-	-	-	-
Grants for Central plan schemes	-	-	-	-	-
Grants for Centrally Sponsored Schemes	12,214	9,852	12,659(42)	11,629(32)	9,866(64)
Other transfers/Grants to States	17,593	14,667	11,064(37)	21,744(59)	1,893(12)
Finance Commission Grants	4,673	5,557	6,239(21)	3,495(9)	3,769(24)
2. Capital Receipts	50,707	84,843	80,774	45,029	90,622
(i) Miscellaneous Capital Receipts	45	45	6	2	36
(ii) Recoveries of Loans and Advances	203	270	127	478	306
(iii) Public Debt Receipts	50,459	84,528##	80,641##	44,549	90,280
Rate of growth of Public Debt Receipts	20.39	67.52	(-4.60	(-44.76	102.65
Internal Debt (excluding Ways and Means Advances and Overdrafts)	49,473(98)	70,414(83)	60,462(75)	39,283(88)	84,334(93)
Net transactions under Ways and Means Advances and Overdrafts	310(1)	-	-	-	-

	2019-20	2020-21	2021-22	2022-23	2023-24
Loans and Advances from GoI	675(1)	14,114(17) ^s	20,179(25) ^s	5,266(12)	5,946(7)
3. Total Revenue and Non-debt capital receipts (1+2(i)+2(ii))	1,75,691	1,57,031	1,95,895	2,29,560	2,33,685
4. Total Receipts in the Consolidated Fund (3+2(iii))	2,26,150	2,41,559	2,76,536	2,74,109	3,23,965
5. Contingency Fund Receipts	-	-	420	-	-
6. Public Account Receipts	2,55,638	2,72,457	3,28,313	3,68,236	3,68,798
7. Total Receipts of the State (4+5+6)	4,81,787	5,14,016	6,05,269	6,42,345	6,92,763
Part B: Expenditure/Disbursements					
8. Revenue Expenditure	1,74,258	1,76,054	2,09,428	2,15,584	2,42,614
Rate of growth	6.06	1.03	18.96	2.94	12.54
General Services (including interest payments)	48,824(28)	55,018(31)	62,669(30)	71,816(33)	75,700(31)
Social Services	66,373(38)	61,726(35)	79,804(38)	81,011(38)	93,723(39)
Economic Services	52,636(30)	53,629(30)	60,339(29)	57,095(26)	66,962(28)
Grants-in-aid and contributions	6,425(4)	5,681(4)	6,616(3)	5,662(3)	6,229(3)
9. Capital Expenditure	35,530	45,406	47,874	57,349	52,120
Rate of growth	2.51	27.80	5.44	19.79	(-)9.12
General Services	779(2)	1,206(3)	940(2)	1,652(3)	2,972(6)
Social Services	9,192(26)	11,547(25)	13,228(28)	12,477(22)	12,026(23)
Economic Services	25,559(72)	32,653(72)	33,706(70)	43,220(75)	37,122(71)
10. Disbursements of Loans and Advances	4,069	2,669	4,209	3,250	4,473
General Services	-	-	-	-	-
Social Services	1,061	1,393	2,770(66)	1,846(57)	3,078(69)
Economic Services	3,002	1,271	1,435(34)	1,400(43)	1,380(31)
Miscellaneous Loans	6	5	4	4	15
11. Total Capital Expenditure (9+10)	39,599	48,075	52,083	60,599	56,593
Rate of growth	1.15	21.4	8.34	16.35	-6.61
12. Total Expenditure (8+9+10)	2,13,857	2,24,129	2,61,511	2,76,183	2,99,207
Rate of growth	5.11	4.8	16.68	5.61	8.34
13. Repayment of Public Debt	10,180	11,016	13,972	15,942	22,453
Internal Debt (excluding Ways and Means Advances and Overdrafts)	8,446(83)	9,611(87)	12,560(90)	14,430(91)	20,774(93)
Net transactions under Ways and Means Advances and Overdraft	310(3)	-	-	-	-
Loans and Advances from GoI	1,424(14)	1,405(13)	1,412(10)	1,512(9)	1,679(7)
14 Appropriation to Contingency Fund	-	-	420	-	-
15. Total disbursement out of Consolidated Fund (12+13+14)	2,24,037	2,35,145	2,75,903	2,92,125	3,21,660
16. Contingency Fund disbursements	-	-	-	-	-
17. Public Account disbursements	2,45,292	2,66,193	3,13,096	3,30,004	3,47,781
18. Total disbursement by the State (15+16+17)	4,69,329	5,01,338	5,88,999	6,22,129	6,69,441
Part C: Surplus/Deficit					
19. Revenue Deficit (-)/ Revenue Surplus (+) (1-8)	1,185	(-)19,338	(-)13,666	13,496	(-)9,271
20. Fiscal Deficit (3-12)	38,166	67,098	66,036	46,623	65,522
21. Primary Deficit (20-22)	18,263	43,665	39,760	16,980	33,650
Primary Surplus (22-20)	-	-	-	-	-
Part D: Other data					
22. Interest Payments[#] (included in Revenue Expenditure)	19,903	23,433	26,276	29,643	31,872

	2019-20	2020-21	2021-22	2022-23	2023-24
23. Financial Assistance to local bodies etc.	54,603	53,771	57,582	62,708	66,039
24. Ways and Means Advances/ Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	2	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
25. Interest on Ways and Means Advances/Overdraft	0.05	-	-	-	-
26. Gross State Domestic Product * (GSDP)	16,15,827	16,41,460	19,78,094	22,69,995	25,67,340
27. Rate of growth	9.22	1.59	20.51	14.76	13.10
28 Off-Budget Borrowings during the year	4,435	3,045	2,350	4,029	-
28.(a) Outstanding Fiscal Liabilities (inclusive of off-budget borrowings)	3,37,520	4,15,926^^	4,90,256^^	5,53,363^^	6,33,531^^
29. Rate of growth	18.33	23.23	10.53	12.87	14.49
30. Outstanding guarantees (year-end) (including interest)	26,830	32,733	33,193	38,356	44,247
31. Maximum amount guaranteed (year-end)	35,694	45,104	49,467	70,095	78,147
32. Number of incomplete projects	978	1,133	1,208	1,864	3,140
33. Capital blocked in incomplete Projects	4,359	6,469	5,938	8,476	8,920
Part E: Fiscal Health indicators					
I Resource Mobilisation					
Revenue Receipts/GSDP	10.86	9.55	9.90	10.09	9.09
Own-Tax Revenue/GSDP	6.34	5.91	6.10	6.33	6.37
Own non-Tax Revenue/GSDP	0.48	0.48	0.60	0.61	0.51
Central Transfers/GSDP	4.05	3.15	3.20	3.15	2.21
Non-Tax revenue to Revenue Receipts	4.38	5.04	6.02	6.07	5.62
Rate of growth of State's own-Tax	6.22	(-)-4.63	26.27	18.94	12.06
II Expenditure Management					
Total Expenditure/GSDP	13.24	13.65	13.22	12.17	11.65
Revenue Receipts/Total Expenditure	82.04	69.92	74.86	82.95	77.99
Revenue Expenditure/Total Expenditure	81.48	78.55	80.08	78.06	81.09
Expenditure on Social Services/Total Expenditure	35.83	33.31	36.63	34.52	36.37
Expenditure on Economic Services/Total Expenditure	37.97	39.06	36.51	36.83	35.25
Capital Expenditure/Total Expenditure	18.52	21.45	19.92	21.94	17.42
Capital Expenditure on Social and Economic Services/Total Expenditure	18.15	20.91	19.56	21.34	17.92
III Management of Fiscal Imbalances					
Revenue Surplus (Deficit)/GSDP	0.07	(-)-1.18	(-)-0.69	0.59	(-)-0.36
Fiscal Deficit/GSDP	2.36	4.09	3.34	2.05	2.55
Primary Deficit (surplus)/GSDP	1.13	2.66	2.01	0.75	1.31
Primary Revenue Balance (₹ in crore)	18,718	4,095	12,610	16,147	22,601
Primary Revenue Balance/GSDP	1.16	0.25	0.64	0.71	0.88
IV Management of Fiscal Liabilities					
Fiscal Liabilities (inclusive of off-budget borrowings)/GSDP^	20.89	24.58	23.24	23.03	23.49

	2019-20	2020-21	2021-22	2022-23	2023-24
Fiscal Liabilities/Revenue Receipts	192.38	257.48	234.85	228.24	258.42
Fiscal Liabilities/Own Resources	306.71	384.50	346.93	331.72	341.42
V Other Fiscal Health Indicators					
Return on Investment (₹ in crore)	53.64	80.7	349.78	425.23	290.74
Financial Assets/Liabilities	1.00	1.00	1.00	1.00	1.00
Revenue Buoyancy** w.r.t					
GSDP	0.71	(-)6.73	1.21	1.15	0.14
States' own-Tax	0.98	0.43	1.05	1.11	6.48
State's own-Tax Buoyancy w.r.t GSDP	0.70	(-)2.92	1.28	1.28	0.92
Buoyancy of total expenditure with					
GSDP	0.57	3.03	0.81	0.38	0.64
Revenue receipts	0.81	(-)0.45	0.67	0.33	4.48
Buoyancy of Revenue Expenditure with					
GSDP	0.68	0.65	0.92	0.20	0.96
Revenue receipts	0.96	(-)0.10	0.76	0.17	6.74
Buoyancy of Capital Expenditure with					
GSDP	0.28	17.52	0.27	1.34	(-)0.70
Revenue receipts	0.40	(-)2.60	0.22	1.16	(-)4.90
Buoyancy ratio of fiscal liabilities with					
GSDP	2.06	14.64	0.51	0.87	1.11
Revenue Receipts	2.89	(-)2.18	0.42	0.76	7.79
Own Resources	2.95	(-)5.01	0.40	0.68	1.20

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

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

*GSDP figures adopted in previous audit report are 2019-20 ₹16,11,134 crore), 2020-21 (₹16,25,073 crore), 2021-22(₹19,62,725 crore) and 2022-23 (₹21,81,217 crore)

** Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

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

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

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

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

Appendix 2.3

Department-wise share of Subsidies

(Reference: Paragraph 2.5.2.4; Page 41)

(₹ in crore)

Department	2019-20	2020-21	2021-22	2022-23	2023-24	Remarks
Energy	9,110	9,139	14,736	11,512	18,603	It includes financial assistance to ESCOMS for supply to IP sets, Bhagya Jyothi and Kutira Jyothi consumers also includes subsidies for Gruha Jyoti consumers.
Food & Civil Supplies	2,692	2,324	6,057	2,015	5,680	It includes subsidy towards Anna Bhagya for BPL and APL beneficiaries and formalisation of Micro food processing
Agricultural and Other Allied Activities	2,254	2,774	2,447	3,687	2,998	It includes subsidy towards crop husbandry, fisheries, forestry, Soil and Water Conservation and wildlife <i>etc.</i>
Co-operation	1,074	1,231	1,026	1,006	1,161	Represents waiver of overdue loans, both principal and interest.
Transport	728	1,529	1,705	3,053	2,656	Subsidy is towards fare concession extended to Students and consumers of Shakti scheme.
Housing	943	450	1,150	513	435	Subsidy is towards Ashraya scheme.
Others	733	985	1,098	968	857	It includes interest subsidy for Crop loan and Self-Help Group.
Total	17,534	18,432	28,219	22,754	32,390	

Source: Finance Accounts

Appendix 2.4

Subsidies in the form of financial assistance, incentives etc.

(Reference: Paragraph 2.5.2.4; Page 42)

(₹ in crore)

Sl. No.	Head of Account	Name of the Scheme	2019-20	2020-21	2021-22	2022-23	2023-24
1	2202-01-109-0-03	Vidya Vikasa Scheme	538.08	266.98	248.83	339.16	384.30
2	2216-02-101-0-07	Vajpayee Urban Housing Scheme	93.75	150.00	250.00	100.00	0
3	2216-02-102-0-02	Housing for weaker section	0	0	0	0	0
4	2216-03-104-0-01	Ashraya	1,461.35	600.00	1,600.00	265.19	575.00
5	2235-02-102-0-25	Bhagya Lakshmi	294.3	46.82	97.26	137.04	179.41
6	2401-00-103-0-15	Supply of seeds and other inputs (Agricultural inputs and Quality Control)	590.85	550.38	491.63	852.8	503.18
7	2405-00-103-0-20	Matsya Ashraya	0	0	0	0	2
8	2425-00-108-0-57	Yashaswini	0	0	0	100	31.28
9	2851-00-103-0-62	Weavers package	127.15	260.1	135	125.77	102.00
10	2851-00-103-0-69	Weavers Package-KHDC	20.00	40.00	15.00	15.00	12.00
11	2852-80-103-0-59	Refund of sales tax to eligible industries	155.26	195.00	50.00	0	0
12	3475-00-107-0-20	Minimum Floor Price Scheme	0	60.00	60.00	1,075.90	249.35
13	2235-02-103-0-73	Gruha Lakshmi	0	0	0	0	16,964.40
14	2230-02-101-0-17	Yuvandhi Scheme	0	0	0	0	88.88
Total			3,280.74	2,169.28	2,947.72	3,010.86	19,091.80

Source: Consolidated Abstract of major heads

Appendix 2.5**Detailed Loan Accounts maintained by Accountant General (A&E)**

(Reference: Paragraph 2.5.4.2; Page 48)

(₹ in crore)

Sl. No.	Head of Account/Institutions	Arrears as on 31 March 2024	
		Principal	Interest
1	6215-01-190-2-86: Bangalore Water Supply and Sewerage Board	8,094.67	5,909.04
2	6215-01-190-1-00: Karnataka Urban Water Supply and Drainage Board	1,576.07	1,008.80
3	6216-02-201-1-00: Karnataka Housing Board	26.17	105.91
4	6217-60-191-1-03: Bangalore Development Authority (for repayment of HUDCO Loans)	225.32	85.72
5	6220-01-190-1-00: Karnataka State Film Industries Development Corporation	0.42	2.03
6	6401-00-113-2-00: Karnataka Agro Proteins Limited	1.44	7.48
7	6401-00-103-2-00: Karnataka State Seeds Corporation Limited	2.88	8.29
8	6401-00-103-3-00: Karnataka State Co-operative Oil Seeds Growers Federation	0.7	4.13
9	6851-00-200-0-00: Leather Industries Development Corporation	1.26	5.04
10	6852-02-190-3-00: Dandeli Steel and Ferro Alloys Limited	0.99	1.74
11	6853-02-190-1-00: Hutti Gold Mines Company Limited	3.02	2.61
12	6858-01-190-3-00: Karnataka Implements and Machinery Company	214.79	275.89
13	6858-02-190-1-00: Electro Mobile India Limited	2.16	6.13
14	6858-02-190-0-01: Chamundi Machine Tools	0.61	3.1
15	6858-01-190-2-00: New Government Electric Factory	2.22	0.99
16	6859-01-190-0-01: Karnataka Telecommunication Limited	3.01	7.77
17	6860-04-190-2-01: Mysore Sugar Company	205.42	103.9
18	6860-60-212-1-00: Karnataka Soaps and Detergents Limited	0.81	16.55
19	6860-60-600-3-00: Mysore Tobacco Company Limited	13.54	16.41
20	6885-01-190-3-00: Karnataka State Finance Corporation	13.08	4.35
21	7452-80-190-1-00: Karnataka State Tourism Development Corporation	1.2	4.21
Total		10,389.78	7,580.09

Source: Finance Accounts

Appendix 3.1

Category wise/department wise budget allocation/expenditure for Child Budget for the year 2023-24

(Reference: Paragraph 3.4; Page 81)

(₹ in crore)

Sl. No.	Grant	Child Centric Programme/Schemes				Child Centric Non Programme/Schemes			
		100%		Less than 100%		100%		Less than 100%	
		Budget	Expr.	Budget	Expr.	Budget	Expr.	Budget	Expr.
1	01 - Agriculture and Horticulture	0.00	0.00	270.00	0.00	0.00	0.00	0.00	0.00
2	02 - Animal Husbandry and Fisheries	0.00	0.00	1.00	0.70	0.00	0.00	0.00	0.00
3	05 - Home and Transport	0.00	0.00	1,305.48	1,102.47	0.00	0.00	301.62	287.30
4	07 - Rural Development and Panchayat Raj	0.00	0.00	80.45	80.29	0.00	0.00	0.00	0.00
5	08 - Forest, Ecology and Environment	0.00	0.00	40.05	49.22	0.00	0.00	0.00	0.00
6	09 - Co-operation	0.00	0.00	150.00	31.28	0.00	0.00	0.00	0.00
7	10 - Social Welfare	3,117.33	2,971.96	5,045.92	4,975.35	0.00	0.00	0.00	0.00
8	11 - Women and Child Development	6,906.72	6,116.87	215.15	217.91	19.44	10.04	0.00	0.00
9	12 - Information, Tourism and Youth Services	0.00	0.00	254.71	215.76	0.00	0.00	0.00	0.00
10	13 - Food and Civil Supplies	0.00	0.00	10,275.00	7,349.74	0.00	0.00	0.40	0.28
11	14 - Revenue	0.00	0.00	1,477.90	1,443.54	0.00	0.00	0.00	0.00
12	15 - Information Technology	0.00	0.00	93.00	92.58	0.00	0.00	25.51	25.45
13	17 - Education	5,302.07	4,789.67	154.14	106.14	24,995.85	24,834.75	1,087.25	1,040.90
14	20 - Public Works	0.00	0.00	150.00	169.89	0.00	0.00	0.00	0.00
15	22 - Health and Family Welfare	20.00	5.00	3,881.45	3,395.57	68.61	67.05	10,279.86	8,759.45
16	23 - Labour and Skill Development	4.00	4.00	293.84	314.74	0.00	0.00	412.19	396.19
17	25 - Kannada and Culture	0.00	0.00	21.25	23.63	0.00	0.00	0.00	0.00
18	27 - Law	0.00	0.00	0.00	0.00	0.00	0.00	24.93	15.74
Total		15,350.12	13,887.50	23,709.34	19,568.81	25,083.90	24,911.84	12,131.76	10,525.31

Source: Child Budget Document and Grant Registers

Appendix 3.2

Major Policy Initiatives in the Budget 2023-24

(Reference: Paragraph 3.5; Page 81)

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
Department of Forest, Ecology and Environment			
1	To reduce man - elephant conflict and to discourage wild elephants from wandering out of forests, during our previous tenure we had proposed to construct 520 km of forest barricades. Under this plan, approximately 312 km barricade has been constructed till now and priority will be given to the construction of the remaining barricade. ₹120 crore is set aside for the implementation of these works during 2023-24.	Administrative approval has been accorded vide G.O. No. FEE 88 FWL 2023 dated 22.08.2023. ₹4999.98 lakh has been released to this scheme.	During the year out of ₹120 crore announced in the budget speech, ₹100 crore has been released. Out of this ₹68.49 crore has been paid for the work of 72.768 KM done during 2022-23 and the remaining ₹31.51 crore is being utilized for the new work. Total work of construction of barricade completed – 15.256 Km and 105.531 Km is in progress. Total release of ₹100 crore has been utilized for the purpose and there was short release of funds of ₹20 crore as announced in the budget speech.
2	To control man - elephant conflict, elephant task forces have been set up in Mysuru, Mandya, Chikkamagaluru, Hassan and Kodagu districts and in the current year, two new elephant task forces will be set up in Ramanagara and Bannerughatta area.	G.O No: FEE 170 FWL 2022, dated: 30.06.2023 has been issued. ₹100.00 lakh has been released to this scheme.	Task force has been set up in Ramanagara and Bannerughatta National Park and the same is functional.
3	Measures will be taken to strengthen the Rehabilitation Centres at Bannerughatta and Mysuru which are responsible for the protection and care of the wounded and sick animals rescued during man-animal conflicts. Further, construction of new rehabilitation centres will be taken up at Shivamogga and Belagavi.	Administrative Approval has been accorded vide G.O. No. FEE 90 FWL 2023, dated 04.09.2023. ₹200.00 lakh has been released to this scheme.	₹ five crore for new Rehabilitation Centre @ Shivamogga (under CAMPA), Strengthening of the Centre at Bannerughatta (₹ five crore) & Mysore (₹ two crore) has been done. ₹ five crore has been released for construction of new Rehabilitation Centre in Belgaum.
4	As Bidar district is home to large numbers of Blackbucks, a Blackbuck Conservation Reserve will be declared for their protection. For the protection and management of this conservation reserve, ₹ two crore will be earmarked.	Administrative approval has been accorded vide G.O. No: FEE 91 FWL 2023, dated: 04.09.2023. ₹50.00 lakh has been released to this scheme.	₹ two crore has been released for the Blackbuck Conservation Reserve work under 4406-01-101-0-01-139 and the work is in progress. The proposal to declare a total area of 2,187.34 acres in Balki, Bidar, Aurad ranges as Blackbuck Conservation Reserve has been approved by the Standing Committee.
5	As per National Forest Policy, 33 per cent of the geographical area should be covered with forests. However, less than 10% of the area of the 17 districts of Bayaluseeme region of the State is covered by forests.	Administrative approval has been accorded vide G.O. No: FEE 90 FAP 2023, dated: 08.12.2023.	G.O. No. FEE/90/FAP/2023, dated 08.12.2023 has been issued for implementation of the said programme. However no separate funds were allocated for this purpose. Afforestation activities in an area of 22,311 has been

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
	Therefore, it is proposed to implement Hasireekarana program in these districts in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme at a cost of ₹500.00 crore for a period of 5 years.		carried by utilizing funds allocated in the programmes.
6	To reduce carbon footprint, Environmental Management and Policy Research Institute (EMPRI) will undertake assessment of all major schemes of Government and ensure environmental balance.	It is an administrative action. In-principle approval has been accorded vide G.O. No: FEE 202 EPC 2023, dated: 16.09.2023.	To promote decarbonization of the economy and encourage green growth Karnataka Voluntary Disclosure of GHG Emissions Scheme is being implemented by the EMPRI utilizing the existing budget provision of EMPRI.
7	To promote decarbonisation of economy and encourage green growth, a scheme will be commenced for the voluntary disclosure of Green House Gases (GHGs) by the organisations in the State.	It is an administrative action. In-principle approval has been accorded vide G.O No: FEE 203 EPC 2023, dated: 16.09.2023.	A State Level Steering Committee (SLSC) and Expert Level Committee has been constituted by the FEE dept. Further Centre for Science, Technology & Policy (CSTEP) has been identified as Green House Gases inventory expert institute for implementing the scheme for three years for which 4(g) exemption has been granted by GOK.

Department of Primary and Secondary Education

8	School Education plays a prominent role in the development of young minds and in turn overall development of the society. Education should support the physical, emotional, and mental development of children. Education should impart the values of fraternity, harmony and coexistence in children. The previous Government had introduced certain concepts in the textbooks which were antithetical to these value systems. Measures will be taken in the current year to drop such content from the textbooks.	G.O. No: EP 151 PMC 2023, dated:17.6.2023 has been issued to include essential elements in the Kannada Language and Social Science textbooks of Class 6 to 10. This program has been implemented.	The textbooks of 6 th and 10 th class Kannada First Language, Second Language and Social Science textbooks of 6 th , 7 th and 10 th class in force in the year 2023-24 were reviewed. The corrections suggested by the subject experts were consolidated subject wise in Kannada and English media, printed and supplied one to each school. These amendments have been incorporated in the departmental website. Also, teachers have been instructed to take action to ensure that students of all mediums make amendments in the textbooks supplied in the year 2023-24 as per this schedule. Accordingly, teachers of all mediums have been asked to adopt and follow the suggested amendments in teaching, learning and evaluation.
9	₹310 crore is allotted for the construction of classrooms in schools and ₹240 crore for construction of classrooms in Pre-University colleges. With a total allotment of ₹550 crore, construction of 8,311 school and college classrooms will be completed shortly. This will ensure better facilities to the	Ongoing Scheme. Administrative approval has been accorded vide G.O. No: EP 118 YSK 2023 (P-1), dated:7.9.2023 to complete the construction of 8311 classrooms under ongoing schemes of State Government Schools and Colleges. ₹378 crore has been released for this program and ₹180 crore has been spent. 790 classrooms construction	In the allocated amount total ₹21,724.30 lakh was released to concerned agency (PWD/PRED) through DDPI's for new classroom construction and for providing basic infrastructure facilities in Govt. primary and high schools. These are ongoing scheme, and the works are in final stage. This year under Viveka Scheme total 2,359 classrooms have been completed

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
	students of government schools and colleges.	has been completed, and 1569 classrooms have been handed over.	in which 1,569 has handed over to the schools for use and 790 was yet to hand over to concerned HMs. However, in the current year these 790 rooms have also been handed over to the heads of the schools.
10	New toilet complexes will be constructed in 5775 schools and 150 colleges, in proportion with student's strength. This will promote hygiene and improve the health of the students. The project will be taken up in convergence with MGNREGS at a cost of ₹200.00 crore	Ongoing Scheme. Administrative approval has been accorded vide G.O. No: EP 118 YSK 2023 (P-3), dated:7.9.2023. ₹80 crore has been approved for this Program, of which, ₹47.50 crore is released, and ₹14.24 crore is spent. All the toilets are under construction in convergence with MGNREGA scheme	In the year 2023-24 an amount of ₹8,000.00 lakh was released to all the districts for the construction of toilets in convergence with MGNREGA scheme. Total number of approved toilets were 3,439 and out of which 1,153 toilets were constructed.
11	Around 3833 old, dilapidated and rain damaged school buildings and 724 Pre-university college rooms will be renovated at a cost of ₹100 crore and made suitable for usage.	Ongoing Scheme. Administrative approval has been accorded vide G.O No: EP 118 YSK 2023 (P-2), dated:07.09.2023. ₹52.76 crore has been released. 1631 school rooms have been handed over until now under Aspirational Taluk Program	A grant of ₹7,000.00 lakh was released to 2,162 Government schools in aspirational taluks for the year 2023-24 and an action plan of ₹5,129.66 lakh for the repair work of 2132 non-aspirational Government schools have been submitted to the Government for approval under the ongoing plan for the year 2023-24. Out of 2,162 schools (aspirational blocks) repair works of 675 schools are in progress, 210 works have been completed, and remaining works are yet to be started. (Progress as on 30-08-2024).
12	A grant of ₹20,000 to ₹45,000 is provided to each Government Primary and High School in the State for maintenance and upkeep of the buildings. In the current year a total grant of ₹153 crore will be provided for maintenance of around 47,272 schools and 1,231 Pre-University colleges.	Ongoing Scheme. Administrative approval has been accorded vide G.O No: EP 118 YSK 2023 (P-4), dated:11.09.2023. Out of ₹97.40 crore approved for this program, ₹74.00 crore has been released, and ₹38.20 crore has been spent	Total ₹12,033.00 lakh is allocated, and ₹7,122.16 lakh was released to the schools based on the enrolment in particular school.
13	Students studying in classes 1 to 8 in Government and Aided Schools are being given egg/peanut chikki/banana once a week as supplementary nutrition. Now, it will be given twice a week. From the current year, this program will also be extended to students studying in classes 9 and 10, covering a total of around 60 lakh students in the State. For this, a total of ₹280 crore will be allotted in the budget.	Ongoing Scheme. G.O. No: EP 30 MMS 2023, dated:09.08.2023 has been issued to implement this scheme. ₹27,977.11 lakh have been approved for this program, expenditure incurred is ₹18,194.24 lakh. A total of 55,55,900 student beneficiaries have been covered.	The supplementary Nutrition Programme is going on with its extended coverage as Flexi Component in MDM.
14	With the aim of addressing the learning deficiencies in children, 'Kalika Balavardhane' program will be launched at a cost of ₹80 crore.	Administrative approval has been accorded for implementation of 'Kalika Balavardhane' program for students of class 1 to 10 of	Kalika Balavardhane Programme was implemented in the year 2023-24. The activity books were supplied to the children of classes 1 to 9 in order to

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
	Around 33 lakh students are expected to benefit from this program. Further, under a new program 'Marusinchana', 1.5 lakh students with learning deficiency will be prepared for secondary level examinations through special training.	Government schools, vide G.O. No: EP 322 Ysk 2022, dated:24.08.2023. & Administrative approval has been given vide G.O. No: EP 170 YSK 2023, dated:12.10.2023 for implementing 'Marusinchana' program for giving special training to around 1.5 lakh children with learning deficiencies in the Aspiration Talukas. ₹2.66 crore has been released. Tender process is going on for procuring materials to distribute it to students.	strengthen the learning loss of the previous years. In the year 2023-24 the Marusinchana programme was started in 93 aspirational blocks for 9 th standard students of selected 982 schools. Around one lakh children were beneficiaries of this programme. The teachers at the selected schools were trained to go ahead with this programme and the children were provided with marusinchana activity books.
15	Various activities of the School Education Department being carried out through SATS software. This software will be upgraded as SATS 2.0.	Ongoing Scheme. G.O No: EP 1 EGOV 2023, dated:21.11.2023 has been issued along with guidelines for development of FRS document under SATS 2.0 software. Tender has been floated and the tender proposal opening date is 18.01.2024. An approximate tender value of ₹49 lakh is estimated.	A sum of ₹45,17,861/- for FRS document development as part of SATS 2.0 software development for the year 2023-24 under sub head of 2202-02-001-0-03 is allotted to The Commissioner, School Education Department. The work of preparation of SRS is completed (September 2024).
16	Innovation labs will be established in Higher Primary and Pre-University Colleges to encourage children to transform their imaginations into reality. During 2023-24, four labs will be established in every revenue division of the State at a cost of ₹ two crore.	Administrative approval has been accorded vide G.O No: EP 171 YSK 2023, dated:16.11.2023. Tender process is going on for procuring tools and equipment.	The programme is in progress and ₹1,107.00 lakh was released to district for procuring tools and equipment.
17	An innovative program called 'Sasya Shamala' will be launched. Under this program, in the current year, 50 lakh saplings will be planted in and around schools. This will be done in collaboration with the Education and Forest Department.	Administrative approval has been accorded vide G.O No: EP 116 YYK 2023, dated:07.09.2023. 3,79,109 saplings have been planted so far.	The details were yet to be provided.
18	In response to the demands of litterateurs and publishers in the State, ₹10 crore will be provided to purchase books for public libraries.	Ongoing Scheme. Administrative approval has been accorded vide G.O No: EP 78 LIB 2023, dated:17.10.2023. ₹8.31 crore has been released with an expenditure of ₹7.14 crore. 13,05,521 books have been procured so far.	₹8.55 crore was spent on procurement of books from the different authors and publications.
Department of Higher Education			
19	The National Education Policy implemented by the Central Government is incompatible with the federal system of governance. It has several anomalies which undermine the constitution and democracy.	State Education Policy Commission has been constituted vide G.O No: ED 166 UNE 2023, dated:11.10.2023 under the Chairmanship of Education Expert Prof. Sukadev Tharot to draft the Karnataka State Education Policy and the Commission has been	The report of the Commission is awaited.

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
	Uniform Education System does not suit a nation like India which has diverse religions, languages and cultures. A New Education Policy will be formulated keeping in mind the local social, cultural and economic milieu of the State. The new Policy will elevate the higher education standards in the State to the global level and empower our youth to compete globally and gain meaningful employment opportunities.	instructed to submit its report by 28.02.2024. The report of the Commission is awaited.	
20	A grant of ₹25 crore is allocated to provide infrastructure facilities to University of Visvesvaraya College of Engineering (UVCE), Bengaluru.	Ongoing scheme. Cabinet approval has been obtained for DPR to provide infrastructure to University of Visvesvaraya College of Engineering (UVCE) at cost of ₹25.00 crore. Administrative approval has been accorded vide G.O No: ED 74 HPU 2023, dated:10.01.2024 to release ₹25.00 crore.	The details were yet to be provided.
21	To prevent the menace of fake marks cards, we will make it mandatory for all the higher education students of the State to get registered in 'Academic Bank of Credits' and to access marks cards and certificates from NAD / Digilocker.	G.O No: ED 29 EGOV 2023, dated:16.10.2023 has been issued directing the subordinate departments under the Department of Higher Education, Public Universities and all the Educational Institutions to compulsorily store the marksheets, certificates and other academic documents of Undergraduate and Postgraduate Degrees in NAD-Digilocker in digital form and also the students of higher education to register the credits of such marksheets in Academic Bank of Credit (ABC), from the academic year 2023-24.	The details were yet to be provided.
22	224 residential hostels with a capacity of 13,169 students, currently under the Higher Education Department, will be transferred to Social Welfare and Backward Classes Welfare Department.	Approval has been accorded for the temporary transfer 71 hostels under the Higher Education Department to Backward Class Welfare Department vide G.O No: ED 20 HPT 2021, dated:18.10.2023.	The details were yet to be provided.
23	Measures will be taken to integrate all scholarship schemes of higher education department under a single scholarship scheme.	G.O No: ED 28 E Gov 2023, dated:21.09.2023 to disburse all types of scholarships of students to their bank accounts directly through DBT under State Scholarship Portal.	All the scholarships are routed through the DBT. The payments are covered under one HoA 2202-03-107-1-10-117.
24	To incentivize good governance in Public Universities, 10 Good Governance Indicators have been framed and an incentive of ₹50 lakh each will be provided	Ongoing Scheme. G.O No: ED 86 HPU 2023, dated:28.12.2023 has been issued with Good Governance Indicators/Guidelines for improving the governance system of Public	The committee is constituted, and meeting was held on 29-02-2024. The committee evaluated the proposals presented by the department regarding the good achievement made by the

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
	to universities which show commendable performance.	Universities and approval has been accorded to provide ₹50.00 lakh each to the Universities who show commendable performance. 30 days' time has been given to the eligible Universities to submit their applications with specific achievements and the applications as received from the Universities will be scrutinized and selected through a Selection Committee. A committee under the chairmanship of Vice Chairman, Karnataka State Higher Education Council to evaluate the Good Governance in Public Universities has been constituted vide G.O No: ED 86 HPU 2023, dated: 25.01.2024	State universities under the higher education department in relation to the good governance principles listed in the Government Order and selected 07 universities and recommended them. The proceedings of the committee meeting with recommendations are submitted for further action.
25	Suitable training programs will be organized for around 7,800 departmental staff at Higher Education Academy, Dharwad under 'Vruthi Chaitanya' program at an estimated cost of ₹10 crore.	Ongoing Scheme. Approval has been accorded to Director, Higher Education Academy, Dharwad, to organise training to 7,800 Departmental staff under 'Vruthi Chaitanya' program in G.O. No: ED 84 HPU 2023, dated:15.09.2023. Accordingly, approval has been accorded for the Action Plan of Higher Education Academy, Dharwad vide G.O No: ED 84 HPU 2023, dated:22.01.2024.	Program is stated to be dropped. The confirmation in writing is awaited.
26	To bring uniformity in the process of filling up of Ph.D. seats in all the Universities of the State, common counselling will be conducted for Ph.D. seats of all Government universities and 40% of seats under private universities.	Karnataka Higher Education Council has been directed to submit the Draft proposal.	The report is finalised and sent to the Government for consideration.
27	The textile technology department in S.K.S.J.T.I. Engineering college, Bengaluru, will be upgraded as a Smart and Technical Textile Centre under National Technical Textile Mission and PM-Mitra scheme.	In-principle approval has been accorded and the Commissioner, Collegiate and Technical Education, has been instructed to submit proposal for implementation of this program vide G.O No: ED 370 TEC 2023, dated:07.10.2023.	The information on latest status is awaited.
28	Conversational English classes will be started in all Government higher education institutions of the State in collaboration with the British Council and Regional Institute of English.	Ongoing Scheme. G.O No: ED 135 HPC 2023, dated:21.10.2023 has been issued for implementation of this program. Commissioner, Department of College and Technical Education is initiating action to enter an MoU with the British Council and the Regional English Institute. ₹100.00 lakh provided in the budget	The full amount of ₹100.00 lakh was surrendered stating that Finance Department did not extend the deadline for disbursing the redistributed grant.

Sl. No.	Budgetary Assurance	Action taken as per Action taken Report	Audit Analysis
		for the said program has been released to the Commissioner.	
29	To eliminate language barriers in pursuing higher education and to enable university students to write exams in Kannada, we will translate widely used reference books and syllabi into Kannada.	It is an administrative action. Action is being taken by the Administrative Department to constitute a committee to implement this scheme.	The latest status on this activity is awaited.

Source: Action Taken Report and Departmental Records

Appendix 3.3

Grant wise Budget allocation/outturn and the deviation of outturn from BE and RE

(Reference: Paragraph 3.6.3.1, 3.6.3.2; Page 83)

(₹ in crore)

Sl. No.	Grant Name/ Nomenclature	Description	Original Budget (BE)	Revised Estimate (RE)	Actual Outturn	RE - BE	Actual - BE	Percentage deviation in outturn compared with BE	Actual - RE	Percentage deviation in outturn compared with RE
1	01 - Agriculture and Horticulture	Revenue	5,748.81	5,472.48	6,653.64	(-)276.33	904.83	15.74	1,181.16	21.58
		Capital	111.01	111.01	99.79	0.00	(-)11.22	(-)10.11	(-)11.22	(-)10.11
2	02 - Animal Husbandry and Fisheries	Revenue	2,927.39	2,835.60	2,825.99	(-)91.79	(-)101.40	(-)3.46	(-)9.61	(-)0.34
		Capital	97.00	119.00	130.42	22.00	33.42	34.45	11.42	9.60
3	03 - Finance	Revenue	29,989.36	29,962.62	30,612.99	(-)26.74	623.63	2.08	650.37	2.17
		Capital	1,911.70	1,915.70	1,553.16	4.00	(-)358.54	(-)18.76	(-)362.54	(-)18.92
4	04 - Department of Personnel and Administrative Reforms	Revenue	1,402.24	1,453.18	1,268.89	50.94	(-)133.35	(-)9.51	(-)184.29	(-)12.68
		Capital	7.52	16.62	14.00	9.10	6.48	86.17	(-)2.62	(-)15.76
5	05 - Home and Transport	Revenue	14,905.27	14,356.58	14,327.04	(-)548.69	(-)578.23	(-)3.88	(-)29.54	(-)0.21
		Capital	1,732.71	1,732.88	1,683.85	0.17	(-)48.86	(-)2.82	(-)49.03	(-)2.83
6	06 - Infrastructure Development	Revenue	108.03	86.05	120.76	(-)21.98	12.73	11.78	34.71	40.34
		Capital	967.51	998.51	1046.10	31.00	78.59	8.12	47.59	4.77
7	07- Rural Development and Panchayat Raj	Revenue	11,487.47	10,871.26	10,611.00	(-)616.21	(-)876.47	(-)7.63	(-)260.26	(-)2.39
		Capital	6,550.85	6,682.83	6,621.65	131.98	70.80	1.08	(-)61.18	(-)0.92
8	08 - Forest, Ecology and Environment	Revenue	1,769.62	1,451.35	1,732.76	(-)318.27	(-)336.86	(-)2.08	281.41	19.39
		Capital	672.00	672.00	671.60	0.00	(-)0.40	(-)0.06	(-)0.40	(-)0.06
9	09 - Co-operation	Revenue	2,239.10	1,890.11	1,945.73	(-)348.99	(-)293.37	(-)13.10	55.62	2.94
		Capital	37.00	296.00	296.00	259.00	259.00	700.00	0.00	0.00
10	10 - Social Welfare	Revenue	8,648.95	8,613.04	8,913.07	(-)35.91	264.12	3.05	300.03	3.48
		Capital	2,524.52	2,699.52	2,764.10	175.00	239.58	9.49	64.58	2.39
11	11 - Women and Child Development	Revenue	24,033.57	23,193.74	23,556.08	(-)839.83	(-)477.49	(-)1.99	362.34	1.56
		Capital	132.01	132.01	80.74	0.00	(-)51.27	(-)38.84	(-)51.27	(-)38.84
12	12 - Information, Tourism and Youth Services	Revenue	382.25	381.39	567.28	(-)0.86	185.03	48.41	185.89	48.74
		Capital	345.01	347.01	261.49	2.00	(-)83.52	(-)24.21	(-)85.52	(-)24.64
13	13 - Food and Civil Supplies	Revenue	10,453.54	8,813.30	7,792.29	(-)1,640.24	(-)2,661.25	(-)25.46	(-)1,021.01	(-)11.58
		Capital	6.01	6.01	6.00	0.00	(-)0.01	(-)0.17	(-)0.01	(-)0.17
14	14 - Revenue	Revenue	15,954.31	15,120.40	16,129.06	(-)833.91	174.75	1.10	1,008.66	6.67
		Capital	213.03	213.03	255.01	0.00	41.98	19.71	41.98	19.71
15	15 - Information Technology	Revenue	237.22	221.81	232.74	(-)15.41	(-)4.48	(-)1.89	10.93	4.93
		Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	17 - Education	Revenue	36,294.10	29,899.58	33,948.33	(-)6,394.52	(-)2,345.77	(-)6.46	4,048.75	13.54
		Capital	1,292.49	1,323.23	1,125.72	30.74	(-)166.77	(-)12.90	(-)197.51	(-)14.93
17	18 - Commerce and Industries	Revenue	1,143.79	1,087.06	1,136.55	(-)56.73	(-)7.24	(-)0.63	49.49	4.55
		Capital	1,045.53	1,045.69	1,134.20	0.16	88.67	8.48	88.51	8.46
18	19 - Urban Development and Housing	Revenue	12,749.51	10,745.69	10,311.92	(-)2,003.82	(-)2,437.59	(-)19.12	(-)433.77	(-)4.04
		Capital	8,910.07	7,943.83	8,249.14	(-)966.24	(-)660.93	(-)7.42	305.31	3.84

State Finance Audit Report for the Year ended 31 March 2024

Sl. No.	Grant Name/ Nomenclature	Description	Original Budget (BE)	Revised Estimate (RE)	Actual Outturn	RE - BE	Actual - BE	Percentage deviation in outturn compared with BE	Actual - RE	Percentage deviation in outturn compared with RE
19	20 - Public Works	Revenue	2,519.51	2,294.48	2,647.62	(-)225.03	128.11	5.08	353.14	15.39
		Capital	7,623.36	6,898.35	7,687.59	(-)725.01	64.23	0.84	789.24	11.44
20	21 - Water Resources	Revenue	1,862.36	1,846.44	1,856.05	(-)15.92	(-)6.31	(-)0.34	9.61	0.52
		Capital	17,181.31	17,180.58	17,407.83	(-)0.73	226.52	1.32	227.25	1.32
21	22 - Health and Family Welfare	Revenue	13,508.05	12,246.95	11,624.49	1,261.10	1,883.56	13.94	622.46	5.08
		Capital	1,442.02	1,442.02	1,114.83	0.00	(-)327.19	(-)22.69	(-)327.19	(-)22.69
22	23 - Labour and Skill Development	Revenue	1,943.42	1,787.45	2,063.64	(-)155.97	120.22	6.19	276.19	15.45
		Capital	296.82	316.82	314.61	20.00	17.79	5.99	(-)2.21	(-)0.70
23	24 - Energy	Revenue	22,197.52	20,597.52	23,825.45	1,600.00	1,627.93	7.33	3,227.93	15.67
		Capital	575.00	583.97	613.33	8.97	38.33	6.67	29.36	5.03
24	25 - Kannada and Culture	Revenue	207.76	225.67	214.08	17.91	6.32	3.04	(-)11.59	(-)5.14
		Capital	42.00	42.00	36.69	0.00	(-)5.31	(-)12.64	(-)5.31	(-)12.64
25	26 - Planning, Statistics, Science and Technology	Revenue	150.31	142.60	115.62	(-)7.71	(-)34.69	(-)23.08	(-)26.98	(-)18.92
		Capital	3,683.00	3,683.00	3,673.50	0.00	(-)9.50	(-)0.26	(-)9.50	(-)0.26
26	27 - Law	Revenue	2,175.79	2,193.99	2,140.68	18.20	(-)35.11	(-)1.61	(-)53.31	(-)2.43
		Capital	10.01	10.01	8.75	0.00	(-)1.26	(-)12.59	(-)1.26	(-)12.59
27	28 - Parliamentary Affairs and Legislation	Revenue	401.58	401.58	373.99	0.00	(-)27.59	(-)6.87	(-)27.59	(-)6.87
		Capital	2.52	2.99	1.62	0.47	(-)0.90	(-)35.71	(-)1.37	(-)45.82
28	29 - Debt Servicing	Revenue	36,027.08	32,542.80	32,826.68	3,484.28	3,200.40	8.88	283.88	0.87
		Capital	22,440.59	22,440.59	22,452.70	0.00	12.11	0.05	12.11	0.05
Total		Revenue	2,61,467.91	2,40,734.72	2,50,374.42	20,733.19	11,093.49	4.24	9,639.70	4.00
		Capital	79,852.60	78,855.21	79,304.42	(-)997.39	(-)548.18	(-)0.69	449.21	0.57
Grand Total			3,41,320.51	3,19,589.93	3,29,678.84	21,730.58	11,641.67	3.41	10,088.91	3.16

Source: Appropriation Accounts and Budget documents

Appendix 3.4

Cases of incurring expenditure, which are not covered by the budget, but released by FD as additionalities

(Reference: Paragraph 3.7.1.1; Page 84)

(₹ in crore)

Sl. No.	Grant No./Nomenclature	Regularised		Not Regularised	
		No. of cases	Amount	No. of cases	Amount
1	01 - Agriculture and Horticulture	12	681.84	3	159.63
2	02 - Animal Husbandry and Fisheries	8	114.82	1	1.83
3	03 - Finance	3	9.00	-	-
4	04 - Department of Personnel and Administrative Reforms	9	56.92	-	-
5	05 - Home and Transport	-	-	1	2.73
6	06 - Infrastructure Development	2	130.95	-	-
7	07 - Rural Development and Panchayat Raj	3	143.91	2	403.50
8	08 - Forest, Ecology and Environment	5	61.37	1	2.74
9	09 - Co-operation	1	44.00	-	-
10	10 - Social Welfare	12	294.68	-	-
11	11 - Women and Child Development	10	839.10	8	88.56
12	12 - Information, Tourism and Youth Services	5	113.45	-	-
13	13 - Food and Civil Supplies	2	297.47	-	-
14	14 - Revenue	5	936.41	-	-
15	17 - Education	3	43.39	3	386.38
16	18 - Commerce and Industries	5	17.55	1	96.50
17	19 - Urban Development and Housing	8	271.55	3	185.17
18	20 - Public Works	1	80.00	-	-
19	21 - Water Resources	1	2.50	-	-
20	22 - Health and Family Welfare	4	57.14	-	-
21	23 - Labour and Skill Development	3	261.85	3	159.32
22	25 - Kannada and Culture	4	23.14	-	-
23	27 - Law	6	363.81	-	-
24	28 - Parliamentary Affairs and Legislation	3	1.09	-	-
25	29 - Debt Servicing	1	4.79	-	-
Total		116	4,850.73	26	1,486.36

Source: Appropriation Accounts

Appendix 3.5

Unnecessary Supplementary Provision

(Reference: Paragraph 3.7.1.3; Page 86, 87)

(₹ in crore)

Sl. No.	Grant No/ Nomenclature	Head of Account	Budget Provision			Expenditure	Unspent Provision (>1cr)
			Original Provision	Supplementary (>1cr)	Total		
1	02 - Animal Husbandry and Fisheries	2405-00-101-0-58-106 Subsidies	30.31	15.16	45.47	20.21	25.26
2		2405-00-101-0-58-422 SCSP	3.53	6.22	9.75	2.35	7.40
3		2405-00-101-0-58-423 TSP	1.41	8.54	9.95	0.9	9.05
4		2405-00-101-0-59-106 Subsidies	20.21	10.10	30.31	13.47	16.84
5		2405-00-101-0-59-422 SCSP	2.35	3.16	5.51	1.57	3.94
6		2405-00-101-0-59-423 TSP	0.94	4.92	5.86	0.63	5.23
7	05 - Home and Transport	2056-00-101-0-06-100 Financial Assistance Relief	0.75	1.50	2.25	0.00	2.25
8	10 - Social Welfare	2245-03-277-2-08-059 Other Expenses	0.75	2.00	2.75	0.75	2.00
9	12 - Information, Tourism and Youth Services	3452-80-104-0-01-051 General Expenses	44.71	8.00	52.71	39.56	13.15
10	14 - Revenue	2245-05-101-0-10-261 Inter Account Transfers	58.13	26.96	85.09	0.00	85.09
11		2245-08-101-0-01-059 Other Expenses	232.53	26.96	259.49	0.00	259.49
12	17 - Education	2202-03-103-1-06-059 Other Expenses	0.01	14.13	14.14	0.00	14.14
13	22 - Health and Family Welfare	2210-01-200-0-05-059 Other Expenses	10.00	6.87	16.87	0.00	16.87
14		2210-01-200-0-06-059 Other Expenses	10.00	4.58	14.58	0.00	14.58
15	27 - Law	2014-00-105-0-01-052 Telephone Charges	3.00	5.67	8.67	2.60	6.07
16		2014-00-105-0-01-053 Purchase of Furniture and Fixture for Office	0.50	37.13	37.63	0.44	37.19
Total			419.13	181.90	601.03	82.48	518.55

Source: Grant Register

Appendix 3.6

Excessive Supplementary Provision

(Reference: Paragraph 3.7.1.3; Page 86, 87)

(₹ in crore)

Sl. No.	Grant No/ Nomenclature	Head of Account	Budget Provision			Expenditure	Savings (>>₹1 crore)
			Original Budget	Supplementary (>>₹1 crore)	Total		
1	01 - Agriculture and Horticulture	2401-00-102-0-27-059 Other Expenses	0.00	2.00	2.00	0.99	1.01
2		2401-00-102-0-27-106 Subsidies	0.00	74.38	74.38	37.14	37.24
3		2401-00-102-0-27-422 SCSP	0.00	16.81	16.81	8.39	8.42
4		2401-00-102-0-27-423 TSP	0.00	6.81	6.81	3.38	3.43
5	03 - Finance	2052-00-092-0-18-103 Grants-in-Aid General	0.00	3.73	3.73	2.09	1.64
6	04 - Department of Personnel and Administrative Reforms	2015-00-108-0-01-051 General Expenses	11.00	30.00	41.00	35.33	5.67
7		4070-00-800-0-10-199 Transportation Assets	5.00	9.10	14.10	12.30	1.80
8	07 - Rural Development and Panchayat Raj	2215-02-105-0-03-422 SCSP	0.00	3.14	3.14	1.07	2.07
9		2215-02-105-0-03-423 TSP	0.00	2.25	2.25	0.55	1.70
10		2215-00-196-1-24-300 Lumpsum for Zilla Panchayath	0.00	10.00	10.00	8.36	1.64
11	08 - Forest, Ecology and Environment	2406-04-103-1-01-140 Minor Works	22.67	11.40	34.07	26.60	7.47
12		2406-04-103-1-05-140 Minor Works	9.08	35.78	44.86	34.88	9.98
13		2406-04-103-1-06-140 Minor Works	7.00	16.77	23.77	17.87	5.90
14	14 - Revenue	2245-80-102-0-01-140 Minor Works	348.80	500.00	848.80	551.00	297.80
15	17 - Education	2202-01-053-0-02-133 Aspirational Taluka	0.00	20.00	20.00	5.58	14.42
16	18 - Commerce and Industries	2852-08-202-7-01-051 General Expenses	1.50	3.10	4.60	3.46	1.14
17	27 - Law	2014-00-105-0-01-014 Other Allowance	80.91	189.20	270.11	236.20	33.91
18		2014-00-105-0-01-020 Medical Allowance	4.84	23.45	28.29	23.22	5.07
19		2014-00-105-0-01-041 Travel Expenses	5.00	29.31	34.31	22.72	11.59
20		2014-00-105-0-01-071 Building Expenses	16.00	26.27	42.27	21.27	21.00
21		2014-00-105-0-01-195 Transport Expenses	7.00	24.36	31.36	20.16	11.20
Total			518.80	1,037.86	1,556.66	1,072.56	484.10

Source: Grant Register

Appendix 3.7

Inadequate Supplementary Provision

(Reference: Paragraph 3.7.1.3; Page 86, 87)

(₹ in crore)

Sl. No.	Grant No	Head of Account	Budget Original	Supplementary (>₹1 crore)	Total	Expenditure	Excess Expenditure (>₹10 crore)
1	01	2401-00-102-0-08-106 Subsidies	73.74	22.17	95.91	129.17	33.26
2		2401-00-102-0-09-106 Subsidies	49.16	14.78	63.94	86.12	22.18
3		2401-00-110-0-07-106 Subsidies	503.68	514.44	1,018.12	1,228.12	210.00
4		2402-00-102-0-30-140 Minor Works	65.15	14.30	79.45	108.15	28.70
5		2402-00-102-0-33-140 Minor Works	43.44	9.53	52.97	72.10	19.13
6		2408-01-103-0-02-106 Subsidies	8.23	7.74	15.97	50.12	34.15
7		2401-00-102-0-30-106 Subsidies	0.01	3.71	3.72	21.19	17.47
8		2401-00-102-0-31-106 Subsidies	0.01	2.47	2.48	14.13	11.65
9	02	2403-00-101-0-46-051 General Expenses	0.00	5.65	5.65	17.05	11.40
10	06	5465-01-190-1-15-132 Capital Expenses	250.00	46.00	296.00	353.00	57.00
11	10	2225-02-197-6-03-300 Lumpsum for Zilla Panchayath	93.75	15.94	109.69	225.56	115.87
12		2225-02-197-6-04-300 Lumpsum for Zilla Panchayath	30.00	6.56	36.56	75.19	38.63
13	11	2235-02-104-2-06-103 Grant-in-Aid General	64.15	2.00	66.15	81.23	15.08
14	14	2235-60-102-1-08-100 Financial Assistance Relief	55.00	7.30	62.30	88.22	25.92
15		2245-80-102-0-01-059 Other Expenses	465.07	380.68	845.75	1,027.68	181.93
16	17	2202-01-109-0-11-051 General Expenses	0.01	15.09	15.10	26.40	11.30
17	18	2852-80-102-0-02-059 Other Expenses	25.00	19.00	44.00	57.26	13.26
18	19	2216-80-103-0-22-100 Financial Assistance Relief	0.00	150.00	150.00	250.00	100.00
19		2217-05-800-0-07-100 Financial Assistance Relief	65.00	85.63	150.63	215.63	65.00
20	23	2501-06-198-6-01-300 Lumpsum for Zilla Panchayath	89.00	155.40	244.40	407.34	162.94
21		2501-06-198-6-02-300 Lumpsum for Zilla Panchayath	61.00	101.94	162.94	271.56	108.62
22	27	2014-00-105-0-01-051 General Expenses	28.00	21.41	49.41	101.88	52.47
Total			1,969.40	1,601.74	3,571.14	4,907.10	1,335.96

Source: Grant Register

Appendix 3.8

Unnecessary/Excessive/Inadequate/Injudicious Re-appropriation

(Reference: Paragraph 3.7.1.4(a); Page 87)

(₹ in crore)

Sl. No.	Grant No.	Head of Account	Budget including supplementary	Re-appropriation (>₹5 crore) (+)	Total	Expenditure	Savings (>₹5 crore) (-)
Unnecessary Re-appropriation of funds							
1	03	2071-01-101-3-01-251 Pension and Retirement Benefits	13,687.83	712.17	14,400.00	13,456.47	943.53
2		2071-01-109-1-02-251 Pension and Retirement Benefits	287.17	69.50	356.67	254.29	102.38
3		2071-01-110-1-01-251 Pension and Retirement Benefits	282.08	52.40	334.48	242.28	92.20
4	05	2055-00-104-0-01-003 Pay of Staff	480.36	9.95	490.31	452.61	37.70
5	17	2202-02-197-1-01-300 Lumpsum for Zilla Panchayath	93.12	29.64	122.76	81.36	41.40
6	18	2851-00-103-0-72-422 SCSP	47.30	6.80	54.10	27.60	26.50
7	22	2210-05-105-1-04-101 Grants-in-Aid Salaries	125.22	5.62	130.84	115.75	15.09
8		2210-01-110-1-22-002 Pay of Officers	223.77	5.25	229.02	211.33	17.69
9	27	2014-00-105-0-01-014 Other Allowances	270.11	45.33	315.44	236.20	79.24
Total			15,496.96	936.66	16,433.62	15,077.89	1,355.73

Excessive Re-appropriation resulting in savings							
Sl. No.	Grant No.	Head of Account	Budget including Supplementary	Re-appropriation (> ₹10 crore) (+)	Total	Expenditure	Savings (>₹10 crore) (-)
1	03	2071-01-102-3-01-251 Pension and Retirement Benefits	1,620.49	453.47	2,073.96	2,009.37	64.59
2		2071-01-105-3-01-251 Pension and Retirement Benefits	3,599.13	572.36	4,171.49	3,954.65	216.84
3		3475-00-800-0-07-104 Contributions	2,000.00	866.39	2,866.39	2,209.96	656.43
4	05	2070-00-107-0-01-015 Subsidiary Expenses	30.30	33.58	63.88	52.46	11.42
5		2055-00-104-0-01-014 Other Allowances	97.96	30.67	128.63	118.47	10.16
6		2055-00-109-1-01-014 Other Allowances	759.06	190.94	950.00	886.70	63.30
7	07	4215-01-102-2-03-132 Capital Works	1,487.00	1,139.83	2,626.83	2,098.14	528.69
8	10	2225-03-277-2-37-117 Scholarships and Incentives	10.00	20.00	30.00	14.95	15.05
9	14	2235-60-102-1-10-116 Social Security Pensions	1,184.65	170.00	1,354.65	1,328.87	25.78

Excessive Re-appropriation resulting in savings							
Sl. No.	Grant No.	Head of Account	Budget including Supplementary	Re-appropriation (> ₹10 crore) (+)	Total	Expenditure	Savings (>₹10 crore) (-)
10		2245-80-102-0-01-059 Other Expenses	845.75	401.60	1,247.35	1,027.68	219.67
11	17	2202-03-103-2-01-324 Honorarium	196.00	65.00	261.00	246.39	14.61
12		2202-02-109-0-13-014 Other Allowances	82.11	48.17	130.28	119.41	10.87
13		2203-00-105-0-01-014 Other Allowances	32.25	15.65	47.90	34.15	13.75
14	19	2217-80-800-0-35-059 Other Expenses	174.00	56.29	230.29	206.41	23.88
15		2216-03-104-0-01-106 Subsidies	350.00	100.00	450.00	375.00	75.00
16	22	2210-01-110-1-22-014 Other Allowances	243.24	47.57	290.81	261.33	29.48
17	27	2014-00-105-0-01-051 General Expenses	49.41	68.47	117.88	101.88	16.00
Total			12,761.35	4,279.99	17,041.34	15,045.82	1,995.52
Inadequate Re-appropriation							
Sl. No.	Grant No.	Head of Account	Budget including supplementary	Re-appropriation (>₹1 crore) (+)	Total	Expenditure	Excess (>₹1 crore) (+)
1	01	2401-00-108-2-30-106 Subsidies	166.85	1.10	167.95	263.41	95.46
2		2401-00-108-2-30-422 SCSP	37.60	2.71	40.31	62.90	22.59
3		2401-00-108-2-58-106 Subsidies	110.76	2.70	113.46	177.10	63.64
4		2401-00-108-2-58-422 SCSP	24.96	1.91	26.87	41.93	15.06
5		2401-00-113-0-02-106 Subsidies	109.52	2.25	111.77	147.30	35.53
6		2401-00-113-0-03-106 Subsidies	73.01	1.51	74.52	98.20	23.68
7		2402-00-102-0-30-059 Other Expenses	9.76	1.50	11.26	13.06	1.80
8	05	2055-00-109-1-01-041 Travel Expenses	94.00	3.00	97.00	101.17	4.17
9	17	2202-01-196-6-02-300 Lumpsum for Zilla Panchayath	412.00	70.73	482.73	632.56	149.83
Total			1,038.46	87.41	1,125.87	1,537.63	411.76
Injudicious Re-appropriation							
Sl. No.	Grant No.	Head of Account	Budget including supplementary	Re-appropriation (>₹1 crore) (-)	Total	Expenditure	Excess (>₹1 crore) (+)
1	12	2204-00-104-0-02-117 Scholarships and Incentives	3.50	1.50	2.00	3.50	1.50
2	18	4851-00-190-0-20-211 Investment	35.00	4.99	30.01	126.51	96.50
Total			38.50	6.49	32.01	130.01	98.00

Source: Grant Register

Appendix 3.9

Cases of Defective Re-Appropriation Orders

(Reference: Paragraph 3.7.1.4 (b); Page 88)

(₹ in lakh)

Sl. No.	Grant No.	Government Order No.	Date	Amount	Issuing Authority	Reasons for rejection
1	01	HOR/97/JUK 2023	15.03.2024	50.00	The Presiding Officer, Department of Horticulture, Bengaluru	Form 22A not Self Balanced
2	03	RLP/01/BUDI/3873	13.03.2024	6.91	The Principal Director, Karnataka State Audit and Accounts Department, Bengaluru	Appropriated between Revenue and Capital heads
3		RLP/01/BUDI/3873	13.03.2024	5.00		
4	04	DPAR 23 SHIALE 2023	06.12.2023	10.00	The Under Secretary to Government, DPAR (State Protocol), Vidhana Soudha, Bengaluru	Form 22A not Self Balanced
5	05	SDRF/24/21-22	02.01.2024	10.00	The Director General of Police, Fire and Emergency Service, State Disaster and Response Force No .1 AM Road, Bengaluru -01	Form 22A not Self Balanced
6		BUD-4/19/23-24	02.01.2024	25.00	The Director General and Inspector General of Police, Nrupatunga Road, Bengaluru	Budget Provision not tallied
7		DSW/LP/39/RA	11.01.2024	3.50	The Director, Department of Sainik Welfare, Bengaluru-53	Form 22A not Self Balanced
8		DSW/LP/39/RA	15.09.2023	3.11		
9		DSW/LP/39/RA	31.01.2024	2.22		
10		HD-17/KSS/2024	26.03.2024	24.00		
11	07	KPRC/MISC/247/20 23	04.10.2023	50.00	The Additional Chief Secretary to Government (Panchayat Raj), Rural Development and Panchayat Raj Department, M.S Building, Bengaluru	Form 22A not Self Balanced
12		SECK/ACCT/OTHR 21/2023E/87678	08.01.2024	12.00	The Secretary, State Election Commission, Bengaluru	
13		ROC-EGS-8142022	11.01.2024	6.81	The Commissioner, RDPR, M.S Building, Bengaluru	
14		KPRC/ACCT/GTS/1/ 2023	08.02.2024	2.50	The Commissioner, Commissionerate of Panchayat Raj, RDPR, Bengaluru	
15		KRRDA/LESHA/RA /23-24/3440	12.03.2024	5.00	The Chief Operating Officer, KRRDA, Bengaluru-09	
16	10	SWD/Est/Lesa/CR-50	20.07.2023	10.00	The Commissioner, Social Welfare Department, Bengaluru	Form 22A not Self Balanced
17		BCW/C09/CR-4/2023-24	10.11.2023	5.00	The Commissioner, Welfare of Backward Classes Department, Bengaluru	
18		SWD/Accts/1a/18/23 -24	17.11.2023	3.39	The Commissioner, Social Welfare Department, Bengaluru	
19		SWD/Accts/1a/19/23 -24	21.12.2023	1.50		
20		SWD/06/PKV/24	06.01.2024	50.00	Under Secretary -1 to Government, Social Welfare Department, Bengaluru	

State Finance Audit Report for the Year ended 31 March 2024

Sl. No.	Grant No.	Government Order No.	Date	Amount	Issuing Authority	Reasons for rejection
21		SWD/Accts/1a/18/23-24	09.01.2024	0.50	The Commissioner, Social Welfare Department, Bengaluru	
22		MWD 67 MDS 24	01.02.2024	50.00	Under Secretary to Government, Welfare of Minorities, Haj and Wakf Department, Bengaluru	
23		MWD 136 2025	29.02.2024	22.00		
24		SWD/SDC/200/23	12.03.2024	49.73	The Joint Secretary to Government, Social Welfare Department, Bengaluru	
25		MWD158 MDS 24	13.03.2024	100.00	Under Secretary to Government, Welfare of Minorities, Haj and Wakf Department, Bengaluru	
26		MWD 136 MDS2024	04.03.2024	100.00		
27				10.00	Director, Welfare of Minorities Department, Bengaluru	
28	11	202MME 17PHPE 2024	06.02.2024	50.00	Under Secretary to Government, Department of Women and Child Development and Empowerment of Senior Citizen and Persons with Disabilities	Form 22A not Self Balanced
29		MME 83 PHPE 2024	27.03.2024	49.99		
30		MME 130	12.10.2024	26.00		
31	12	TD/Accts/BUD-03/23-24/1270	31.01.2024	10.00	The Director, Tourism Department, Bengaluru	Form 22A not Self Balanced
32	14	RD 68 MST 2023	01.09.2023	10.00	Under Secretary to Government, Revenue Department (Land Reform Cell), M.S Building, Bengaluru	Amount available for reappropriation differs from the additionality required through reappropriation
33		KAT/Act/ACW2/10/2023/ACC-1-63421/23	20.10.2023	6.00	The Chairman, Karnataka Appellate Tribunal, M.S. Building, Bengaluru	Form 22A not Self Balanced
34		KAT/Act/ACW2/10/2023-ACC	01.02.2024	4.00	The Chairman, Karnataka Appellate Tribunal, M.S. Building, Bengaluru	
35		RD 41 MST 2024	21.03.2024	28.87	Under Secretary to Govt, Revenue Department, MS Building (LR\$LC)	Budget Provision and amount is not filled in col no. 11 of Form 22A
36		Accts/Budget/01/24-25	20.12.2023	7.00	Inspector General and Commissioner of Stamps and Registration, Bengaluru	Form 22A not Self Balanced
37	18	TIC/Acct/A2/RA/2023-24	08.01.2024	10.00	Commissioner, Directorate of Industries and Commerce, Bengaluru	Form 22A not Self Balanced
38	19	BMTE/AB/01/2023-24	05.01.2024	0.77	Addl Chief Secy, Urban Development Dept, Vikasa Soudha, Bengaluru-01	Form 22A not Self Balanced
39		TP/LVC3/2/R4/24	20.03.2024	4.50	Director, Town Planning, Bengaluru	Form 22A not Self Balanced
40	21	M1D16 FIN 2024	15.03.2024	10.00	Under Secretary to Government, Ground Water and Minor Irrigation, Bengaluru	Form 22A not Self Balanced
41		M1D14 FIN 2024	15.03.2024	6.94		
42	23	Budget/01/2023-24	30.01.2024	10.00	Director, Directorate of ESIS, Bengaluru	From 22 not tallied
Total				852.24		

Source: Office of the AG (A&E)

Appendix 3.10

Grants/Appropriations with unspent provisions of ₹500 crore and above

(Reference: Paragraph 3.7.1.5(a); Page 88)

Sl. No.	Grant	Budget Original	Supplementary	Total	Expenditure	(₹ in crore)
						Savings
	5 - Home and Transport					
1	Revenue - Voted	14,905.27	401.50	15,306.77	14,327.04	979.72
	07 - Rural Development and Panchayat Raj					
2	Revenue - Voted	11,487.47	358.18	11,845.65	10,611.00	1,234.65
	10 - Social Welfare					
3	Revenue - Voted	8,648.95	768.67	9,417.62	8,913.07	504.55
	11 - Women and Child Development					
4	Revenue - Voted	24,033.57	847.81	24,881.39	23,556.08	1,325.30
	13 - Food and Civil Supplies					
5	Revenue - Voted	10,453.54	297.47	10,751.01	7,792.29	2,958.72
	14 - Revenue					
6	Revenue - Voted	15,954.31	963.22	16,917.53	16,129.06	788.47
	17 - Education					
7	Revenue - Voted	36,294.10	87.25	36,381.35	33,948.33	2,433.03
	19 - Urban Development and Housing					
8	Revenue - Voted	12,676.79	329.96	13,006.74	10,239.20	2,767.54
9	Capital - Voted	8,647.00	148.40	8,795.40	7,986.07	809.33
	22 - Health and Family Welfare					
10	Revenue - Voted	13,508.05	14.58	13,522.63	11,624.49	1,898.14
	29 - Debt Servicing					
11	Revenue - Charged	36,027.08	4.79	36,031.88	32,826.68	3,205.19
	Total	1,92,636.14	4,221.82	1,96,857.96	1,77,953.33	18,904.64

Source: Appropriation Accounts

Appendix 3.11

Statement showing grant-wise savings for the year 2023-24

(Reference: Paragraph 3.7.1.5(a); Page 89)

(₹ in crore)

Sl. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilisation (per cent)	Range of utilisation (per cent)
1	13	10,757.02	7,798.29	2,958.73	72.49	70 to 80
	Total	10,757.02	7,798.29	2,958.73		
2	04	1,490.00	1,282.89	207.11	86.10	80 to 90
3	09	2,666.40	2,241.73	424.67	84.07	
4	12	955.16	828.77	126.39	86.77	
5	19	22,137.94	18,561.06	3,576.88	83.84	
6	22	15,007.95	12,739.32	2,268.63	84.88	
7	27	2,557.81	2,149.43	408.38	84.03	
	Total	44,815.26	37,803.2	7,012.06		
8	2	3,180.91	2,956.41	224.50	92.94	90 to 100
9	5	17,039.64	16,010.89	1,028.75	93.96	
10	7	18,536.49	17,232.65	1,303.84	92.97	
11	8	2,530.38	2,404.36	126.02	95.02	
12	10	12,270.47	11,677.17	593.30	95.16	
13	11	25,013.40	23,636.82	1,376.58	94.50	
14	14	17,180.56	16,384.07	796.49	95.36	
15	15	255.81	232.74	23.07	90.98	
16	17	37,704.58	35,074.05	2,630.53	93.02	
17	18	2,292.63	2,270.75	21.88	99.05	
18	23	2,533.34	2,378.25	155.09	93.88	
19	25	272.90	250.77	22.13	91.89	
20	26	3,833.31	3,789.12	44.19	98.85	
21	28	405.28	375.61	29.67	92.68	
22	29	58,472.47	55,279.38	3,193.09	94.54	
	Total	2,01,522.17	1,89,953.04	11,569.13		

Source: Appropriation Accounts

Appendix 3.12

Statement of various grants/appropriations in which unspent provision occurred but no part of which was surrendered

(Reference: Paragraph 3.7.1.5(b); Page 89)

			(₹ in crore)
Sl. No.	Grant No	Section	Unspent Provision
1	03	Finance	
		<i>Revenue Charged</i>	1.02
2	04	Department of Personnel and Administrative Reforms	
		<i>Revenue Charged</i>	31.03
3		Capital Voted	2.81
4		<i>Capital Charged</i>	0.01
5	20	Public Works	
		<i>Capital Charged</i>	1.87
6	23	Labour and Skill Development	
		<i>Revenue Charged</i>	8.84
Total			45.58

Source: Appropriation Accounts

Appendix 3.13

Surrender of entire unspent provision

(Reference: Paragraph 3.7.1.5(b); Page 90)

(₹ in crore)

Sl. No.	Grant/Section	Amount of unspent provision	Amount surrendered
1	2 Animal Husbandry and Fisheries		
	Capital –Voted	6.30	6.30
2	3 Finance		
	Capital – Voted	367.54	367.53
3	8 Forest, Ecology and Environment		
	Capital – Voted	0.40	0.40
4	12 Information, Tourism and Youth Services		
	Capital –Voted	87.81	87.81
5	13 Food and Civil Supplies		
	Capital –Voted	0.01	0.01
6	25 Kannada and Culture		
	Capital –Voted	5.31	5.31
7	26 Planning, Statistics, Science and Technology		
	Capital –Voted	9.50	9.50
8	27 Law		
	Revenue – Voted	355.51	355.51
	Capital – Voted	0.09	0.09
9	28 Parliamentary Affairs and Legislation		
	Revenue – Charged	4.68	4.68
	Capital –Voted	2.04	2.04
	Total	839.19	839.18

Source: Appropriation Accounts

Appendix 3.14

Surrender of unspent provision

(Reference: Paragraph 3.7.1.5(b); Page 90)

(₹ in crore)

Sl. No.	Grant/Section	Amount of unspent provision	Amount surrendered	Amount not surrendered	Percentage of surrender
1	1 Agriculture and Horticulture				
	Capital – Voted	11.22	10.62	0.60	94.70
2	2 Animal Husbandry and Fisheries				
	Revenue – Voted	218.20	201.97	16.23	92.56
3	4 Department of Personnel and Administrative Reforms				
	Revenue – Voted	173.27	66.66	106.61	38.47
4	5 Home and Transport				
	Revenue – Voted	979.72	704.35	275.37	71.89
	Capital – Voted	49.03	45.13	3.90	92.04
5	7 Rural Development and Panchayat Raj				
	Revenue – Voted	1,234.65	285.07	949.58	23.09
6	8 Forest, Ecology and Environment				
	Revenue – Charged	5.76	0.07	5.69	1.13
7	9 Co-operation				
	Revenue – Voted	424.67	36.16	388.51	8.52
8	10 Social Welfare				
	Capital – Voted	88.75	88.70	0.05	99.94
9	11 Women and Child Development				
	Revenue – Voted	1,325.30	1,251.85	73.45	94.46
	Capital – Voted	51.28	3.67	47.61	7.15
10	12 Information, Tourism and Youth Services				
	Revenue – Voted	38.57	36.80	1.77	95.41
11	13 Food and Civil Supplies				
	Revenue – Voted	2,958.71	2,918.61	40.10	98.64
12	14 Revenue				
	Capital – Voted	8.01	4.61	3.40	57.51
13	15 Information Technology				
	Revenue – Voted	23.08	22.60	0.48	97.94
14	17 Education				
	Revenue – Voted	2,433.03	1,910.20	522.83	78.51
	Capital – Voted	197.51	158.29	39.22	80.14
15	19 Urban Development and Housing				
	Revenue – Voted	2,767.54	2,516.09	251.45	90.91
	Capital – Voted	809.33	772.40	36.93	95.44
16	20 Public Works				
	Capital – Voted	83.90	72.49	11.41	86.41
17	22 Health and Family Welfare				
	Revenue – Voted	1,898.14	1,092.27	805.87	57.54
	Capital – Voted	370.50	327.19	43.31	88.31
18	23 Labour and Skill Development				
	Capital – Voted	2.21	0.02	2.19	0.90
19	25 Kannada and Culture				
	Revenue – Voted	16.82	16.69	0.13	99.21
20	26 Planning, Statistics, Science and Technology				
	Revenue – Voted	34.69	33.96	0.73	97.89
21	28 Parliamentary Affairs and Legislation				
	Revenue – Voted	22.92	22.68	0.24	98.96
22	29 Debt Servicing				
	Revenue – Charged	3,205.19	3,202.73	2.46	99.92
	Total	19,432.00	15,801.88	3,630.12	

Source: Appropriation Accounts

Appendix 3.15

Results of substantial surrenders made during the year

(Reference: Paragraph 3.7.1.5(b); Page 90)

(₹ in crore)

Sl. No.	Grant No/ Nomenclature	Head of Account	Provision	Amount Surrendered	Percentage of surrender	Remarks
1	01 - Agriculture and Horticulture	2401-00-001-2-50-014 Other Allowances	82.51	53.16	64	No specific reason furnished
2		2401-00-102-0-27-106 Subsidies	74.38	37.24	50	Due to less number of beneficiaries
3		2401-00-102-0-27-422 SCSP	16.81	8.42	50	
4		2851-00-107-1-55-014 Other Allowances	15.70	8.46	54	Due to non-creation of new posts
5	02 - Animal Husbandry and Fisheries	2403-00-001-0-50-014 Other Allowances	103.62	65.58	63	No specific reason furnished
6		2403-00-106-0-03-059 Other Expenses	7.37	7.38	100	Due to non-release of funds from the GoI
7		2405-00-001-0-50-014 Other Allowances	10.69	8.64	81	Without giving specific reasons
8		2405-00-101-0-58-106 Subsidies	45.47	25.26	56	Due to non-release of funds from the GoI
9		2405-00-101-0-58-422 SCSP	9.75	7.39	76	
10		2405-00-101-0-58-423 TSP	9.95	9.02	91	
11		2405-00-101-0-59-106 Subsidies	30.31	16.84	56	
12		2405-00-101-0-59-423 TSP	5.86	5.23	89	
13	03 - Finance	4059-80-051-0-58-436 NABARD Works	500.00	355.00	71	No specific reason furnished
14	05 - Home and Transport	2055-00-001-0-07-014 Other Allowances	709.57	369.04	52	No specific reason furnished
15		2202-80-107-0-07-117 Scholarships and Incentives	12.90	12.90	100	Due to software development work in progress
16		3055-00-001-0-50-014 Other Allowances	25.03	14.28	57	No specific reason furnished
17		4059-80-051-0-34-386 Construction	20.00	10.50	53	Due to delay in submission of bills
18		4059-80-052-0-02-125 Modernisation	10.00	10.00	100	Non release of grants from GoI
19		4070-00-800-0-06-386 Construction	5.00	5.00	100	Due to delay in implementation of work
20	06 - Infrastructure Development	5051-02-211-0-02-132 Capital Expenses	10.00	10.00	100	No specific reason furnished
21		5051-02-211-0-03-132 Capital Expenses	22.50	16.93	75	
22		5465-01-190-3-04-211 Investment	50.00	25.21	50	
23	07 - Rural Development and Panchayat Raj	2515-00-001-0-50-014 Other Allowances	132.73	80.53	61	No specific reason furnished
24		2515-00-101-0-11-059 Other Expenses	65.00	44.37	68	
25		2515-00-101-0-31-422 SCSP	6.86	6.53	95	

Sl. No.	Grant No/ Nomenclature	Head of Account	Provision	Amount Surrendered	Percentage of surrender	Remarks
26	08 - Forest, Ecology and Environment	2406-02-110-0-47-140 Minor Works	11.00	8.02	73	Non release of grants from GoI
27		2406-02-110-0-53-140 Minor Works	7.81	7.11	91	
28		2406-02-110-0-57-140 Minor Works	7.62	5.42	71	
29	09 - Co-operation	2425-00-001-0-50-014 Other Allowances	44.82	32.57	73	No specific reason furnished
30	10 - Social Welfare	2225-01-001-0-50-014 Other Allowances	47.11	31.97	68	No specific reason furnished
31		2228-01-793-0-01-059 Other Expenses	100.00	100.00	100	Non release of grants from GoI
32		2225-02-001-0-50-014 Other Allowances	118.45	117.93	100	No specific reason furnished
33		2225-02-794-0-01-059 Other Expenses	25.00	15.00	60	Due to non-release of funds from GoI
34		2225-02-794-0-04-059 Other Expenses	25.00	25.00	100	Non release of grants from GoI
35		2225-03-001-0-07-014 Other Allowances	65.32	50.04	77	No specific reason furnished
36		2225-03-102-0-16-103 GIA General	10.00	10.00	100	Due to non-commencement of Project
37		2225-03-277-2-52-117 Scholarships and Incentives	40.00	23.86	60	Non release of grants from GoI
38		2225-03-277-2-83-117 Scholarships and Incentives	73.00	54.24	74	
39		2225-04-001-0-50-014 Other Allowances	48.90	38.50	79	No specific reason furnished
40		2225-04-102-0-02-059 Other Expenses	100.00	76.66	77	Due to non-release of funds from GoI
41		2225-04-102-0-08-059 Other Expenses	83.00	67.44	81	No specific reason furnished
42		2225-04-277-0-10-014 Other Allowances	15.54	10.82	70	
43		4225-01-277-2-01-386 Construction	14.00	9.50	68	Non release of grants from GoI
44		4225-03-277-2-04-386 Construction	30.00	20.00	67	No specific reason furnished
45	11 - Women and Child Development	2235-02-102-0-37-015 Subsidiary Expenses	7.90	7.90	100	Funds were not released due to non-submission of audit report by Voluntary Organisation
46		2235-02-102-0-52-009 Transfer of Salary Share to SNA	40.21	40.21	100	Due to non-release of funds from GoI
47		2235-02-102-0-53-009 Transfer of Salary Share to SNA	113.11	113.11	100	
48	12 - Information, Tourism and Youth Services	2220-60-001-0-01-106 Subsidies	12.00	6.97	58	No specific reason furnished

State Finance Audit Report for the Year ended 31 March 2024

Sl. No.	Grant No/ Nomenclature	Head of Account	Provision	Amount Surrendered	Percentage of surrender	Remarks
49	13 - Food and Civil Supplies	2408-01-102-0-04-125 Modernisation	17.50	15.82	90	No specific reason furnished
50	14 - Revenue	2235-60-102-2-01-422 SCSP	45.33	28.22	62	No specific reason furnished
51		2245-08-101-0-01-059 Other Expenses	259.49	259.49	100	
52		2245-80-102-0-05-059 Other Expenses	8.34	6.76	81	
53		2506-00-103-0-01-051 General Expenses	10.00	9.77	98	
54		2506-00-103-0-03-051 General Expenses	12.61	6.55	52	Non submission of bills
55	15 - Information Technology	3451-00-092-0-50-014 Other Allowances	22.06	21.99	100	No specific reason furnished
56	17 - Education	2202-01-053-0-02-133 Special Development Plan / Aspirational Taluka	20.00	14.42	72	No specific reason furnished
57		2202-03-103-1-06-059 Other Expenses	14.14	14.14	100	Due to non-release of funds from GoI
58		2202-03-107-1-10-117 Scholarships and Incentives	28.10	20.17	72	Since the students applied for scholarships through Students' Scholarship Portal
59		2203-00-107-1-01-117 Scholarships and Incentives	8.92	6.68	75	
60		4202-01-203-1-01-135 SDP / Aspirational Taluka - SCP	28.12	16.86	60	No specific reason furnished
61		4202-01-203-1-01-136 SDP / Aspirational Taluka - TSP	13.13	9.38	71	
62		4202-02-104-1-01-133 Special Development Plan / Aspirational Taluka	37.95	22.00	58	
63		4202-02-104-1-01-135 SDP / Aspirational Taluka - SCP	8.57	5.00	58	
64		4202-03-800-0-06-132 Capital Expenses	5.00	5.00	100	As the work towards the NCC building was not undertaken by the department
65	18 - Commerce and Industries	2851-00-001-0-51-014 Other Allowances	37.90	30.97	82	No specific reason furnished
66		2851-00-103-0-72-422 SCSP	47.30	26.50	56	
67		2852-80-001-0-50-014 Other Allowances	32.37	30.74	95	
68		4860-04-004-0-01-172 Roads	10.00	8.80	88	
69	19 - Urban Development	2216-02-800-0-05-423 TSP	112.00	95.57	85	No specific reason furnished
70		2216-02-800-0-06-106 Subsidies	200.00	140.22	70	
71		2216-80-198-6-02-300 Lumpsum ZP	246.00	246.00	100	

Sl. No.	Grant No/ Nomenclature	Head of Account	Provision	Amount Surrendered	Percentage of surrender	Remarks
72		2216-80-198-6-03-300 Lumpsum ZP	164.00	164.00	100	
73		2217-05-191-0-07-032 Grants for Creation of Capital Assets	479.99	479.99	100	
74		2217-05-191-0-08-032 Grants for Creation of Capital Assets	319.99	255.05	80	
75		2217-05-191-1-10-059 Other Expenses	35.00	34.51	99	
76		2217-05-191-1-13-059 Other Expenses	47.09	47.09	100	
77		2217-05-191-1-25-059 Other Expenses	108.00	83.50	77	
78		2217-05-191-1-26-059 Other Expenses	86.00	73.50	85	
79		2217-05-191-1-27-059 Other Expenses	59.00	59.00	100	
80		3604-00-191-1-51-008 ULB Salaries	120.00	92.47	77	
81	21 - Water Resources	2701-80-001-0-21-014 Other Allowances	36.31	25.98	72	No specific reason furnished
82	22 - Health and Family Welfare	2210-01-001-0-01-180 Machinery and Equipment	6.00	6.00	100	Due to delay in mapping and submitting of bills to Khajane-II
83		2210-01-104-0-01-422 SCSP	189.75	189.75	100	No specific reason furnished
84		2210-01-110-1-22-221 Materials and Supplies	32.00	20.09	63	Due to non-submission of bills to Khajane-II in time
85		2210-01-110-4-06-059 Other Expenses	42.00	42.00	100	As the tender process was not completed due to Code of conduct issued for Election
86		2210-01-110-4-06-200 Maintenance Expenditure	28.00	28.00	100	
87		2210-01-110-4-06-422 SCSP	21.00	12.60	60	Due to non-receipt of claims
88		2210-01-110-4-06-423 TSP	9.00	5.40	60	No specific reason furnished
89		2210-01-200-0-05-059 Other Expenses	16.87	16.87	100	Due to non-release of funds from GoI
90		2210-01-200-0-05-140 Minor Works	50.00	50.00	100	
91		2210-01-200-0-06-059 Other Expenses	14.58	14.58	100	
92		2210-01-200-0-06-140 Minor Works	30.00	30.00	100	
93		2210-01-200-0-10-051 General Expenses	45.00	45.00	100	Due to non-submission of bills to Khajane-II in time
94		2210-03-110-0-08-133 Special Development Plan / Aspirational Taluka	10.00	10.00	100	
95		2210-06-001-0-01-051 General Expenses	10.50	5.42	52	
96		4210-01-110-1-15-139 Major Works	9.99	9.99	100	No specific reason furnished

State Finance Audit Report for the Year ended 31 March 2024

Sl. No.	Grant No/ Nomenclature	Head of Account	Provision	Amount Surrendered	Percentage of surrender	Remarks
97		4210-03-105-1-02-386 Construction	7.59	7.59	100	
98		4210-03-105-1-23-386 Construction	5.92	5.92	100	
99		4210-04-107-2-01-133 Special Development Plan / Aspirational Taluka	50.00	50.00	100	
100	23 - Labour and Skill Development	2230-02-001-0-49-014 Other Allowances	64.01	54.18	85	No specific reason furnished
101		2230-02-001-0-50-014 Other Allowances	141.98	109.40	77	
102		2230-02-101-0-13-059 Other Expenses	12.00	6.23	52	Due to non-release of funds from the GoI
103		2230-02-101-0-17-100 Financial Assistance / Relief	182.50	161.12	88	
104		2230-03-101-0-59-059 Other Expenses	5.00	5.00	100	No specific reason furnished
105		2501-06-198-6-09-300 Lumpsum ZP	19.00	19.00	100	Due to non-release of funds from the GoI
106	26 - Planning, Statistics, Science and Technology	3454-02-205-0-01-200 Maintenance Expenditure	7.75	6.05	78	No specific reason furnished
107		3454-02-205-0-50-014 Other Allowances	17.24	11.32	66	
108	27 - Law	2014-00-102-0-14-014 Other Allowances	30.52	20.01	66	No specific reason furnished
109		2014-00-103-0-03-051 General Expenses	6.00	5.23	87	
110			2014-00-105-0-01-052 Telephone Expenses	8.67	6.07	70
111	29 - Debt Servicing	2049-01-101-4-90-240 Debt Servicing	2,689.08	2689.08	100	No specific reason furnished
112		2049-01-115-0-01-240 Debt Servicing	100.00	100.00	100	
113		2049-04-112-0-03-259 Other Charges	13.96	13.96	100	
Total			9,577.92	8,197.18		

Source: Grant Register

Appendix 3.16

Cases of surrender of funds in excess of ₹ five crore on 30 and 31 of March 2024

(Reference: Paragraph 3.7.1.5(b); Page 90)

(₹ in crore)

Sl. No.	Grant No.	Nomenclature	No. of cases	Total Provision	Amount Surrendered	Percentage to total provision
1	01	Agriculture and Horticulture	7	329.39	142.88	43
2	02	Animal Husbandry and Fisheries	12	348.41	178.94	51
3	03	Finance	2	117.48	13.76	12
4	05	Home and Transport	14	1,697.96	678.26	40
5	06	Infrastructure Development	2	32.50	26.93	83
6	07	Rural Development and Panchayat Raj	7	747.90	254.50	34
7	08	Forest, Ecology and Environment	9	570.92	89.99	16
8	09	Co-operation	1	44.82	32.57	73
9	10	Social Welfare	25	1,327.12	781.07	59
10	11	Women and Child Development	24	16,248.56	1,140.19	7
11	12	Information, Tourism and Youth Services	2	64.71	20.12	31
12	13	Food and Civil Supplies	3	9,458.65	70.20	1
13	14	Revenue	18	2,278.40	741.61	33
14	15	Information Technology	1	22.06	21.99	100
15	17	Education	42	6,900.06	1,702.01	25
16	18	Commerce and Industries	3	80.27	70.50	88
17	19	Urban Development and Housing	42	9,505.37	3,258.66	34
18	20	Public Works	1	975.00	72.49	7
19	21	Water Resources	1	36.31	25.98	72
20	22	Health and Family Welfare	36	4,153.82	804.51	19
21	23	Labour and Skill Development	7	484.49	363.45	75
22	25	Kannada and Culture	1	12.00	5.31	44
23	26	Planning, Statistics, Science and Technology	3	469.99	24.23	5
24	27	Law	16	2,029.38	375.39	19
25	29	Debt Servicing	5	5,177.12	3,193.52	62
Total			284	63,112.69	14,089.06	23

Source: Office of the AG (A&E)

Appendix 3.17

Excess Expenditure over Provision requiring regularisation

(Reference: Paragraph 3.7.1.6(b); Page 91)

(Amount in ₹)

Year	Grant No./ Description	Excess required to be regularised as commented in the AA/AR	Remarks
2020-21	14-Revenue Revenue -Voted	3,54,59,49,004	This was due to provision not provided for transfer of NDRF.
	Capital - Charged	48,00,88,483	Provision made under voted instead of charged.
	24-Energy Revenue- Voted	13,29,91,400	Deduction of late payment charges payable by HESCOM to SECI.
2022-23	03 - Finance Revenue Voted	1,76,96,27,428	Expenditure under Inter Account Transfers depends on the actual collection of cess. Actual collection of cess exceeding the estimates under Inter Account Transfers resulted in excess expenditure under the Head.
	06 - Infrastructure Development Capital Voted	54,39,51,231	Assistance provided for development of Shivamogga Airport and for development of works of small airports was insufficient.
	07 - Rural Development and Panchayat Raj Capital Voted	1,48,59,07,094	The excess was due to release of central share of the scheme after providing the third and final instalment of Supplementary Provision for the year 2022-23.
	10 - Social Welfare Capital Voted	2,07,13,30,262	The additional funds provided through supplementary provisions for construction of Hostel and Residential School Buildings and SC Hostels under Special Assistance to States for Capital Investment proved insufficient.
	13 - Food and Civil Supplies Revenue Voted	1,04,27,95,672	No specific reason furnished.
	14 - Revenue Revenue Voted	4,67,12,04,736	Due to transfer of amount received by GoI under NDRF and SDRF without providing budget provision and release of Central Share after providing third and final Supplementary Provision.
	20 - Public Works Capital Voted	7,16,55,08,498	No specific reason furnished.
	29 - Debt Servicing Revenue Charged	32,80,17,000	No specific reason furnished.
Total		23,23,73,70,808	

Source: Appropriation Accounts

Appendix 3.18

Grant-wise details under which reasons for savings not intimated

(Reference: Paragraph 3.7.2.2; Page 94)

Sl. No.	Grant No./ Description	(₹ in crore) Savings for which reasons not furnished
1	01 - Agriculture and Horticulture	70.65
2	02 - Animal Husbandry and Fisheries	23.12
3	03 - Finance	13.71
4	04 - Department of Personnel and Administrative	143.00
5	05 - Home and Transport	19.53
6	07 - Rural Development and Panchayat Raj	962.01
7	08 - Forest, Ecology and Environment	20.00
8	09 - Co-operation	353.72
9	10 - Social Welfare	10.64
10	11 - Women and Child Development	90.21
11	12 - Information, Tourism and Youth Services	0.27
12	13 - Food and Civil Supplies	40.00
13	14 - Revenue	347.28
14	17 - Education	64.21
15	19 - Urban Development and Housing	504.96
16	20 - Public Works	19.77
17	21 - Water Resources	24.97
18	22 - Health and Family Welfare	445.17
19	23 - Labour and Skill Development	20.48
20	24 - Energy	0.37
21	26 - Planning, Statistics, Science and Technology	3.68
22	28 - Parliamentary Affairs and Legislation	0.33
23	29 - Debt Servicing	1.00
Total		3,179.08

Source: Appropriation Accounts

Appendix 3.19

Inoperative Bank Accounts having balances

(Reference: Paragraph 3.8.2.6; Page 107)

(Amount in ₹)

Sl. No.	Office	Bank Account Number	Name of the Bank	Account balance	Remarks
1	DCF SF Hassan	531101052213	Canara Bank	NA	Inoperative Account
2	DCF SF Hassan	540241702	Indian Bank	246.00	Inoperative Account
3	RFO, Arkalgudu, Hassan (SF) division	64012058666	State Bank of India	4,533.00	Inoperative Account
4	RFO, C R Patna, Hassan (SF) division	64005900090	State Bank of India	42,928.00	Inoperative Account
5	DCF Gadag	110089838494	Canara Bank	NA	Inoperative Account
6	DCF Hassan	64034683571	State Bank of India	1,510.90	No receipt, only interest credited (12/2014)
7	DCF Hassan	10810019234	State Bank of India	1,00,348.49	No receipt, only interest credited (07/2006)
8	DCF Hassan	64074646611	State Bank of India	7,58,361.00	No receipt, only interest credited (06/2011)
9	DCF SF Ramanagara	64026338488	State Bank of India, Old bus stand road	40,451.00	Inoperative since 16.12.2017
10	DCF SF Ramanagara	64027572074	State Bank of India, Old bus stand road	1,236.00	Inoperative since 16.12.2017
11	DCF SF Ramanagara	517302010005213	Union Bank of India, Nagarajaiah Complex	29,368.00	Inoperative since 2012. Balance transferred to DEAF.
12	DCF SF Ramanagara	7902500100445400	Karnataka Bank Ltd.	1,11,316.00	Inoperative since 07.06.2021
13	DCF SF Ramanagara	520101042215311	Corporation Bank	19,439.00	Balance would have been transferred to DEAF account since the account is inoperative for more than 10 years.
14	DCF SF Ramanagara	921010055528514	Axis Bank	NA	Not active since the date the account was opened i.e., 18.12.2021.
15	RFO SF Ramanagara	28991	Canara Bank	11,324.00	Balance would have been transferred to DEAF account since the account is inoperative for more than 10 years.
16	RFO SF Ramanagara	16558	Vijaya Bank	1,541.00	Balance would have been transferred to DEAF account since the account is inoperative for more than 10 years.
17	RFO SF Channapatna	54041746889	State Bank of India	3,19,962.00	Balance would have been transferred to DEAF account since the account is inoperative for more than 10 years.
18	RFO SF Channapatna	11760100003535	State Bank of India	6,83,268.00	Balance would have been transferred to DEAF account since the account is inoperative for more than 10 years.
19	DCF Chikkaballapura	3192057509	State Bank of India	57,922.00	Inoperative account

Sl. No.	Office	Bank Account Number	Name of the Bank	Account balance	Remarks
20	DCF Chikkaballapura	30656794855	State Bank of India	5,288.00	Inoperative account
21	DCF, WL, Karkala	54019381799	State Bank of India	38,00,485	Inoperative account
22	DCF, WL, Karkala	520101233809879	Corporation Bank	4,973.00	Inoperative account
Total				59,94,500.39	

Source: Departmental Records

Appendix 3.20

Delay in remittance of interest earned under CSS

(Reference: Paragraph 3.8.2.7; Page 107)

(Amount in ₹)

Sl. No.	Scheme	Interest Received date	Interest accrued	Remittance Date	Due Date	Delay in days
2021-22						
1	IDWH	31.03.2022	3,85,402.00	21-04-2022	07-04-2022	14
2	Project Elephant	31.03.2022	61,675.00	21-04-2022	07-04-2022	14
3	Project Tiger	31.03.2022	2,69,536.00	21-04-2022	07-04-2022	14
4	FRM	14.03.2022	49,348.00	21-06-2023	07-04-2022	440
5	FRM	30.06.2022	32,899.00	22-06-2023	07-04-2023	76
6	National Bamboo Mission	01.04.2021	8,17,782.00	13-06-2022	07-04-2022	67
7	Green India Mission	01.04.2021	7,89,542.00	13-06-2022	07-04-2022	67
2022-23						
8	IDWH	01.07.2022	2,30,427.00	07-05-2024	07-04-2023	396
9	IDWH	01.10.2022	2,14,595.00	07-05-2024	07-04-2023	396
10	IDWH	01.01.2023	2,73,088.00	07-05-2024	07-04-2023	396
11	IDWH	01.04.2023	4,56,483.00	07-05-2024	07-04-2024	30
12	Project Elephant	01.07.2022	24,741.00	09-06-2023	07-04-2023	63
13	Project Elephant	01.10.2022	23,176.00	09-06-2023	07-04-2023	63
14	Project Elephant	01.01.2023	40,940.00	09-06-2023	07-04-2023	63
15	Project Tiger	01.07.2022	25,169.00	17-05-2023	07-04-2023	40
16	Project Tiger	01.10.2022	8,73,795.00	17-05-2023	07-04-2023	40
17	Project Tiger	01.01.2023	7,38,333.00	17-05-2023	07-04-2023	40
18	FRM	30..03.2023	1,46,855.00	24-09-2024	07-04-2023	536
19	FRM	30.09.2023	97,904.00	11-09-2024	07-04-2024	157
20	NBM	01.04.2022	18,23,429.00	15-06-2023	07-04-2023	69
21	Green India Mission	01.04.2022	4,60,606.00	21-11-2023	07-04-2023	228
2023-24						
22	IDWH	01.07.2023	1,00,207.00	14-05-2024	07-04-2024	37
23	IDWH	01.10.2023	1,53,365.00	14-05-2024	07-04-2024	37
24	IDWH	01.01.2024	4,40,533.00	14-05-2024	07-04-2024	37
25	Project Tiger & Elephant	01.07.2023	6,63,593.00	08-06-2024	07-04-2024	62
26	Project Tiger & Elephant	01.10.2023	77,109.00	08-06-2024	07-04-2024	62
27	Project Tiger & Elephant	01.01.2024	5,02,253.00	08-06-2024	07-04-2024	62
28	Project Tiger & Elephant	01.04.2024	6,44,940.00	08-06-2024	07-04-2024	62
29	NBM	01.04.2023	5,67,302.00	19-06-2024	07-04-2024	73
30	Green India Mission	01.04.2023	2,79,545.00	06-05-2024	07-04-2024	29

Source: Departmental Records

Appendix 4.1

Non remittance of interest earned to Head of Account 0049

(Reference: Paragraph 4.2; Page 112)

(₹ in lakh)

Sl. No.	Name of the Institution	Interest earned				
		Up to 2020-21	2021-22	2022-23	2023-24	Total
1	Additional Deputy Commissioner & Additional District Magistrate, Yadgir	0	0	0	449.32	449.32
2	Tahsildar & Taluk Magistrate, Magadi Taluk, Magadi.	0	0	0	3.63	3.63
3	Assistant Commissioner & Sub-Divisional Magistrate, Puttur Sub-Division, Puttur, Dakshina Kannada	0	0	0	627.00	627.00
4	District Officer, Backward Classes Welfare, Gadag	0	0	0	153.68	153.68
5	District Officer, Backward Classes Welfare, Shivamogga	0	0	0	115.82	115.82
6	Karnataka Backward Classes Department Building Construction Society, Bengaluru	0	0	0	928.18	928.18
7	District Officer, Backward Classes Welfare, Mysuru	0	0	0	87.11	87.11
8	District Officer, Backward Classes Welfare, Koppal	0	0	0	5.45	5.45
9	Member Secretary, Karnataka State Commission for Backward Classes, Bengaluru	0	0	0	15.26	15.26
10	Karnataka Savitha Samaja Development Corporation, Bengaluru	0	0	0	10.82	10.82
11	District Officer, Backward Classes Welfare, Yadgir	0	0	0	166.51	166.51
12	Karnataka Madiwala Machideva Development Corporation, Bengaluru	0	0	0	12.91	12.91
13	Karnataka Alemari and Are Alemari Development Corporation, Bengaluru	0	0	0	68.94	68.94
14	Assistant Administrative Officer, Government Ayurveda Medical College, Mysuru	0	0	0	3.71	3.71
15	District Officer, Department of Minorities, Mysuru	0	0	0	84.26	84.26
16	CEO Zilla Panchayat, Dakshina Kannada	0	29.52	20.95	0	50.47
17	EO Taluk Panchayat, Belthangady (Dakshina Kannada)	0	0	10.20	0	10.20
18	EE PRED Chitradurga	0	53.73	42.26	0	95.99
19	EE RDWSD Mangaluru	0	18.13	19.22	0	37.35
20	EE RDWSD Chitradurga	0	0	10.14	0	10.14
21	EE PRED Mangaluru	0	0	52.31	0	52.31
22	CEO Zilla Panchayat,,Raichur	0	0	78.52	0	78.52
23	CEO Zilla Panchayat, Bidar	0	0	98.06	0	98.06

State Finance Audit Report for the Year ended 31 March 2024

Sl. No.	Name of the Institution	Interest earned				
		Up to 2020-21	2021-22	2022-23	2023-24	Total
24	EO Taluk Panchayat, Ranebennur	0	0.22	0.09	0.15	0.46
25	Karnataka Cashew Development Corporation Limited, Mangaluru	0	0	0.35	4.00	4.35
26	Karnataka State Industrial and Infrastructure Development Corporation Limited (KSIIDC), Bengaluru	0	0	0	651.00	651.00
27	Karnataka Road Development Corporation Limited (KRDCL), Bengaluru	0	424.00	484.00	0	908.00
28	Gulbarga Electricity Supply Company Limited	0	113.00	114.00	129.00	356.00
29	Karnataka Renewable Energy Development Limited	0	47.00	21.00	0	68.00
30	Karnataka Power Transmission Corporation Limited	0	48.00	177.00	0.10	225.10
31	CBIC Tumakuru Industrial Township Limited	0	133.00	128.00	175.00	436.00
32	Karnataka State Textile Infrastructure Development Corporation Limited	0	42.00	76.00	91.00	209.00
33	Jungle Lodges and Resorts Limited	0	60.00	81.00	79.00	220.00
34	Karnataka Brahmin Development Board	0	29.00	32.00	46.00	107.00
35	Food Karnataka Ltd.	0	33.00	52.00	84.00	169.00
36	Karnataka Sheep & Wool Development Corporation	0	195.00	0	0	195.00
37	Karnataka Fisheries Development Corporation	0	160.99	70.13	114.61	345.73
38	Karnataka Agricultural Produce Processing & Export Corporation (KAPPEC)	0	119.00	102.00	0	221.00
39	Vishweshwaraya Jala Nigam Limited (VJNL)	0	2,520.00	4,777.00	7,054.00	14,351.00
40	Karnataka Antharaganga Micro-Irrigation Corporation Ltd,	0	9.60	10.00	14.00	33.60
41	Karnataka Neeravari Nigam Limited	0	22,740.00	54,679.00	49,059.00	1,26,478.00
42	International Flower Auction Bangalore Ltd,	0	9.00	13.00	11.00	33.00
43	Road Transport Corporation-Bengaluru Metropolitan Transport Corporation	0	0	0	1,759.00	1,759.00
44	Karnataka Biodiversity Board	0	4,58,636.00	7,26,379.00	0.00	11,85,015.00
45	Director Department of Tourism, Kolar	0	0	0	172.00	172.00
46	Deputy Director, Tourism Bengaluru Urban	0	0	0	258.00	258.00
47	Deputy Director, Tourism, Mysuru	0	0	0	304.00	304.00
48	Bengaluru Solid Waste Management, Limited	0	12.53	111.13	421.72	545.38

Sl. No.	Name of the Institution	Interest earned				
		Up to 2020-21	2021-22	2022-23	2023-24	Total
49	D.Devaraj Urs Backward Classes Development Corporation Ltd.	0	834.43	2,211.69	0	3,046.12
50	Karnataka Madiwala Machideva Development Corporation Ltd.	16.02	22.61	6.33	10.89	55.85
51	Karnataka Maratha Communities Development Corporation Ltd.	0	0	2,428.31	95.57	2,523.88
52	Karnataka Adi Jambava Development Corporation	2.05	8.50	8.21	1.43	20.19
53	Karnataka Maharishi Valmiki Scheduled Tribes Development Corporation Ltd.	4,078.68	3,914.93	2,826.43	0	10,820.04
54	Karnataka State Women Development Corporation	591.63	401.68	389.83	322.31	1,705.45
55	Karnataka Public Lands Corporation Ltd.	139.00	138.00	214.00	248.00	739.00
56	Belagavi Smart City Ltd.	0	0	39.77	234.17	273.94
57	Karnataka Rural Infrastructure Development Ltd.	20,206.00	18,309.00	21,695.00	23,195.00	83,405.00
58	Davangere Smart City Ltd.	0	0	0	302.00	302.00
59	Bangaluru Smart City Ltd.	1,286.00	433.00	409.00	190.00	2,318.00
60	Karnataka Urban Infrastructure Development and Finance Corporation Ltd.	0	0	538.00	911.00	1,449.00
61	Tumakuru Smart City Ltd.	3,751.00	435.00	723.00	554.00	5,463.00
62	Karnataka Vocational Training and Skill Development Corporation	454.00	456.00	340.00	387.00	1,637.00
63	Karnataka Science and Technology Promotion Society	0	913.20	650.77	982.79	2,546.76
64	Information Technology Biotechnology	0	492.83	806.26	1,156.67	2,455.76
Total		30,524.38	5,11,791.90	8,20,924.96	91,750.01	14,54,991.25

Note: Non remittance of interest to Head of Account 0049 in respect of the Departments / Institutions from Sl. No. 1 to 15 pertaining to the years from 2013-14 to 2022-23.

Appendix 4.2

Funds transferred directly to State Implementing Agencies

(Reference: Paragraph 4.4; Page 112)

(₹ in crore)

Sl. No.	Government of India Scheme	Amount transferred directly to implementing Agency	Released through State Budget	Total Amount released	Percentage of Direct transfers to total Releases
1	National Rural Drinking Water Programme (NRDWP)	4,968.24	0	4,968.24	100.00
2	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	3,830.58	1,636.96	5,467.54	70.06
3	Rashtriya Krishi Vikas Yojna (RKVY)	6.81	129.53	136.34	4.99
4	Rashtriya Gram Swaraj Abhiyan (RGSA)	0.14	20	20.14	0.70
5	National Livestock Mission	0.93	7.82	8.75	10.63
6	National Service Scheme	15.47	0	15.47	100.00
7	Tertiary Care Programme	19.92	0	19.92	100.00
8	National Rural Livelihood Mission (NRLM)	31.00	368.28	399.28	7.76
Total		8,873.09	2,162.59	11,035.68	

Source: Finance Accounts

Appendix 4.3

Major Head and Department-wise details of outstanding UCs separately for each year

(Reference: Paragraph 4.5; Page 114)

					(₹ in crore)
Sl. No.	Head of Account	Department	Due Year	Number of UCs	Amount
1	2204	Sports and Youth Services	2020-21	05	5.01
			2021-22	05	5.74
			2022-23	06	5.25
			Total	16	16.00
2	2210	Medical & Public Health	2017-18	01	0.75
			2020-21	02	4.22
			2021-22	04	2.38
			2023-24	69	95.29
			Total	76	102.64
Total				92	118.64

Source: Office of the AG(A&E)

Appendix 4.4**Balances remaining under in-operative PD accounts**

(Reference: Paragraph 4.7.2(a); Page 117)

(Amount in ₹)			
Sl. No.	P.D. Account Nomenclature	Balance as per the Books of Pr.AG (A&E)	Remarks
Credit Balances			
1	Tahsildar	3,15,55,549.41	2020-21 onwards
2	Scholarship account of Backward Classes & Minorities	22,99,172.30	2010-11 onwards
3	Special Deputy Commissioner	49,41,10,228.90	2018-19 onwards
4	Public Works Department Officer	62,22,775.00	2011-12 onwards
5	Registrar, Industrial Corporation	23,307.40	2018-19 onwards
6	Money Lenders and Pawn Brokers	14,22,29,665.00	2021-22 onwards
7	Sugar price Equalisation Fund	11,65,60,815.88	2010-11 onwards
8	Director of Small Savings and State Lottery	35,43,374.00	2010-11 onwards
9	Permanent & Temporary Deposits	28,31,395.86	2015-16 onwards
10	Ram Kumar Jalal Memorial Fund	195.00	2011-12 onwards
11	Bagalkot Town Development Authority	49,41,519.93	2011-12 onwards
12	Asst Registrar of Co-operative Societies	10,000.00	2011-12 onwards
13	Director of Fiscal Policy Institute, Bengaluru	13,057.00	2018-19 onwards
14	Chief Accounts Officer, Rural Road Development Agency	59,98,08,000.00	2020-21 onwards
15	Commissioner, Watershed Development Department	783.00	2020-21 onwards
16	Commissioner, Department of Collegiate Education, Bengaluru	1,97,41,16,390.00	2020-21 onwards
17	The Officer on Special Duty, Sippu (TEQUIP) Phase II Director Technical Education Bengaluru	1,03,42,496.00	2019-20 onwards
Total		3,38,86,08,724.68	
Debit Balances			
1	Harijan Development Welfare Fund	5,18,030.71	2015-16
2	Maharaja College of Education	9,052.00	2018-19
3	Director Watershed Development	16,28,01,956.00	2018-19
4	Chief Minister's Drought Relief Fund	82,23,760.20	2010-11
5	Gram Panchayat	34,00,890.55	2017-18
6	Special Land Acquisition Officer, Bengaluru - Hassan Railway Project	88,41,300.00	2018-19
7	Land Compensation	3,83,016.40	2015-16
Total		18,41,78,005.86	
Nil Closing Balance			
1	Deputy Commissioner Dharwar	0.00	2020-21
2	Joint Labour Commissioner	0.00	2021-22
3	Ration Shop Depot	0.00	2021-22
4	Assistant Registrar of Co-operative Societies, Bijapur	0.00	2015-16

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

Appendix 4.5

PD Accounts with negative balance

(Reference: Paragraph 4.7.2(b); Page 117)

(Amount in ₹)

Sl. No.	P.D. Account Nomenclature	Balance as per the Books of AG(A&E)
1	Private Estate under Government Management	2,54,95,87,808.47
2	Cash order deposit	2,33,90,945.19
3	Deposit under National Scholarship Scheme	1,33,18,315.37
4	Block Development Officer	7,49,32,701.15
5	Labour Officer	2,59,08,552.52
6	Secondary Karnataka Consumer Protection Board	15,17,34,64,107.00
7	Industrial Training Institute	57,09,514.21
8	Member Secretary	44,34,795.89
9	Municipal Commissioner Tumakuru	6,59,62,796.16
10	Deputy Registrar, Bidar	10,52,66,196.00
11	Malnad Area Development Board, Shivamogga	1,47,96,57.00
12	Special Land Acquisition Officer, Hemavathy Canal Zone, Tumakuru	3,73,01,931.00
13	Commissioner, Survey Settlement and land Records, Bengaluru	1,33,303.00
14	Special Land Acquisition Officer, Hemavathy Reservoir Project, Hassan	42,12,80,004.00
15	Chief Accounts Officer, Upper Krishna Project land Acquisition, Bagalkote	4,26,00,726.00
16	Superintendent, Central Prison, Bengaluru	70,17,221.00
17	Superintendent, Central Prison, Bellary	10,19,781.00
18	Superintendent, Central Prison, Shivamogga	64,636.00
19	Secretary, Karnataka Public Service Commission, Bengaluru	61,17,085.00
20	The Chief Conservator of Forest (Wildlife)	4,56,87,639.00
Total		18,60,46,77,714.96

Source: Office of the AG(A&E)

Appendix 4.6

Substantial Expenditure (20 per cent and above of total expenditure under Major Head) booked under Minor head 800 – Other expenditure.

(Reference: Paragraph 4.8; Page 118)

(Amount in ₹)

Sl. No.	Major Head of Account	Total Expenditure	Expenditure under Minor Head 800	Percentage to Total Expenditure
1	2013-Council of Ministers	27,17,99,332	5,79,25,554	21.31
2	2216-Housing	23,53,82,83,139	8,40,98,16,000	35.72
3	2217-Urban Development	18,78,94,24,796	6,10,73,99,248	32.50
4	3475-Other General Economic Services	34,37,52,58,525	22,09,96,00,000	64.29
5	4070-Capital Outlay on Other Administrative Services	24,36,35,837	23,70,86,840	97.31
6	4401-Capital Outlay on Crop Husbandry	63,12,47,465	48,55,44,000	76.92
7	4575-Capital Outlay on other Special Areas Programmes	35,95,49,98,000	35,90,50,00,000	99.86
8	4705-Capital Outlay on Command Area Development	63,31,57,143	63,31,57,143	100
9	6425-Loans for Corporation	1,19,73,704	77,69,529	64.89
10	6801-Loans for Power Projects	3,76,47,39,000	2,58,14,40,000	68.57
11	6852-Loans for Iron and Steel Industries	10,11,82,72,720	10,11,40,37,279	99.96
Total		1,28,33,27,89,661	86,63,87,75,593	

Source: Departmental Records

Appendix 4.7

Adverse balances

(Reference: Paragraph 4.9.2; Page 121)

Sl. No.	Head of Account	Major Head Description	(₹ in crore)
			Minus balance
1	6003-00-103	Loans from Life Insurance Corporation of India	Dr.55.45
2	6003-00-104	Loans from General Insurance Corporation of India	Dr.10.32
3	6003-00-108	Loans from National Co-operative Development Corporation	Dr.133.57
4	6004-04	Loans for Centrally Sponsored Schemes	Dr.18.25
5	6401-00-106	Loans for Crop Husbandry – High yielding varieties programmes	Cr.0.04
6	6402-00-101	Loan for soil and water conservation -soil survey and testing	Cr.0.16
7	6405-00-195	Loans for Fisheries – loans to Fishermen Co-operatives.	Cr.0.47
8	7475-00-800	Loans for Other General Economic Services-Other Loans	Cr.0.08
9	7610-00-201	Loans to Government Servant-House Building Advances	Cr.7.36
10	7610-00-203	Loans to Government Servant-Advances for purchase of other conveyances	Cr.1.40
11	7610-00-204	Loans to Government Servant-Advance for purchase of Computers	Cr.2.29
12	7615-00-200	Miscellaneous Loans	Cr.95.21
13	8009-01-102	State Provident Funds-Civil-Contributory Provident Fund	Dr.0.12
14	8009-60-101	State Provident Funds-Other Provident funds-Workmens' Contributory Provident Fund	Dr.0.01
15	8031-102	Other Savings Deposits-State Savings Bank Deposits	Dr.0.36
16	8115-103	Depreciation/Renewal Reserve Funds-Depreciation Reserve Funds-Government Commercial Departments and Undertakings	Dr.0.03
17	8338-102	Deposits of Local Funds-Deposits of State Transport Corporations	Dr.0.10
18	8338-104	Deposits of Local Funds-Deposits of Other Autonomous Bodies	Dr.0.31
19	8342-101	Other Deposits-National Defense Fund	Dr.0.01
20	8443-107	Civil Deposits-Trust Interest Funds	Dr.3.38
21	8443-113	Civil Deposits-Deposits for purchases <i>etc.</i> , Abroad	Dr.0.55
22	8443-115	Civil Deposits received by Government Commercial Undertakings	Dr.0.18
23	8443-118	Civil Deposits-Deposits of fees received by Government servants for work done for private bodies	Dr.3.03
24	8448-106	Deposits of Local Funds-Funds of the ICAR	Dr.0.08
25	8670-103	Cheques and Bills-Departmental Cheques	Dr.6.15
26	8670-105	Cheques and Bills -I.R.L.A. Cheques	Dr.0.22

Source: Office of the AG(A&E)

Appendix 4.8

Status of submission of accounts of Autonomous Bodies and placement of Audit Reports before the State Legislature

(Reference: Paragraph 4.14; Page 124)

Sl. No.	Name of the Autonomous Body	Section under DPC Act	Period of entrustment	Year up to which audit report issued	Placement of audit reports before the Legislature	No. of Audit Reports pending for placement in Legislature
1	Karnataka Urban Water Supply & Drainage Board, Bengaluru	19 (3)	2020-21 to 2024-25	2019-20	2018-19	1
2	Karnataka Slum Development Board, Bengaluru	19 (3)	2022-23 to 2026-27	2020-21	2019-20	1
3	Bangalore Water Supply and Sewerage Board, Bengaluru	19 (3)	2017-18 to 2021-22	2019-20	2018-19	1
4	Karnataka Housing Board, Bengaluru	19 (3)	2021-22 to 2025-26	2019-20	2017-18	2
5	Bangalore Development Authority, Bengaluru	19 (3)	2020-21 to 2024-25	2020-21	2018-19	2
6	Karnataka State Legal Services Authority, Bengaluru	19 (2)	As per Act	2019-20	2019-20	0
7	Karnataka State Human Rights Commission, Bengaluru	19 (2)	As per Act	2021-22	2021-22	0
8	Karnataka Industrial Areas Development Board, Bengaluru	19 (3)	2019-20 to 2024-25	2020-21	2020-21	0
9	Karnataka State Khadi and Village Industries Board, Bengaluru	19 (3)	2022-23 to 2026-27	2020-21	2020-21	0
10	Karnataka Biodiversity Board, Bengaluru	20 (1)	Up to 2026-27	2021-22	2020-21	1
11	The Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	20 (1)	2009-10 onwards	2019-20	Not placed	1
12	Karnataka Building and Other Construction Workers Welfare Board, Bengaluru	19 (2)	As per Act	2018-19	Not placed since 2006-07	13
13	Karnataka State Real Estate Regulatory Authority, Bengaluru	19 (2)	As per Act	2018-19	Not placed	1
14	Karnataka Electricity Regulatory Commission	19 (2)	As per Act	2022-23	2021-22	1

Source: Offices of the Pr. AG (Audit-I) & Pr. AG (Audit-II)

Appendix 4.9

Position of arrears in finalisation of proforma accounts by the departmentally managed Commercial and Quasi-Commercial Undertakings

(Reference: Paragraph 4.15; Page 124)

(₹ in crore)

Sl. No.	Undertaking	Accounts finalised up to	Investment as per the last accounts finalised	Remarks
1	Chamarajendra Technical Institute Mysuru	1984-85	-	Proforma accounts due from 1985-86.
2	Government Sawmills, Joida	1968-69	-	Proforma accounts due from 1969-70. Undertaking closed w.e.f. 27-04-1971.
3	Dasara Exhibition Committee, Mysuru	1980-81	-	Proforma accounts due from 1981-82 to 1995-96.
4	Bengaluru Dairy, Bengaluru	1973-74	-	Company stands transferred to Karnataka Milk Producers Co-operative Federation Limited from November 1984.
5	Government Milk Supply Scheme, Hubballi-Dharwad	1980-81	-	Proforma accounts due from 1981-82 to 1984-85 (31.01.1985). Transferred to KDDC.
6	Government Milk Supply Scheme, Mysuru	1968-69	-	Proforma accounts due from 1969-70 to 30.11.1975. Transferred to KDDC w.e.f 01.12.1975.
7	Government Milk Supply Scheme, Belagavi	1974-75	-	Proforma accounts due from 1977-78 to 1984-85. Transferred to KDDC w.e.f 01.12.1975.
8	Government Milk Supply Scheme, Kalaburgi	1982-83	-	Proforma accounts due from 1983-84 to 1984-85 (up to 31.01.1985). Transferred to KDDC.
9	Government Milk Supply Scheme, Bhadravathi	1980-81	-	Proforma accounts due from 1983-84 to 1984-85 (up to 14.02.1985). Transferred to KDDC.
10	Government Milk Supply Scheme, Mangaluru	1982-83	-	Proforma accounts due from 1983-84 & 1984-85 (up to 14.02.1985). Transferred to KDDC.
11	Government Milk Supply Scheme, Kudige	1972-73	-	Proforma accounts due from 1973-74 & 1974-75 (up to 30.11.1975). Transferred to KDDC.
12	Vaccine Institute, Belagavi	1992-93	-	Proforma accounts due from 1993-94.
13	Government Silk Filature, Kollegal	2015-16	1.69	

Sl. No.	Undertaking	Accounts finalised up to	Investment as per the last accounts finalised	Remarks
14	Government Silk Filature, Chamarajanagar	2015-16	1.68	The due period of accounts information not available.
15	Government Silk Filature, Santhemarahalli	2016-17	1.24	
16	Government Silk Filature, Mamballi	2015-16	2.38	
17	Government Silk Twisting and Weaving Factory, Mudigundam	2015-16	1.81	
18	Government Central Workshop, Madikeri	2008-09	0.07	Proforma accounts due from 2009-10
19	Karnataka Government Insurance Department, Bengaluru	-	No Capital Account	Information not available.
20	Government Silk Filature, Tolahunase	-	-	Proforma Accounts in arrears.

Source: Offices of the Pr. AG (Audit-I) & Pr. AG (Audit-II)

Appendix 4.10

**Non-receipt of information pertaining to institutions substantially
financed by the Government**

(Reference: Paragraph 4.16; Page 125)

Sl. No.	Department	Number of Institutions	Years for which information not received
1	Education	990	2015-16 to 2022-23
2	Medical Education	34	2018-19 to 2023-24
3	Health & Family Welfare	4	2016-17 to 2023-24
4	Kannada & Culture	11	2016-17 to 2023-24
5	Social Welfare/ Tribal Welfare	4	2022-23 to 2023-24
6	Women & Child Development	4	2014-15 to 2023-24
7	Minority Welfare	6	2021-22 to 2023-24
8	Backward Classes	3	2023-24
9	Revenue	2	2022-23 to 2023-24
10	Department of Information and Public Relation	3	2016-17 to 2022-23
11	Hindu religious Institutions and charitable endowments	1	2012-13 to 2023-24
12	Commerce and Industries	2	2003-04 to 2023-24
13	Law and Justice	1	2014-15 to 2022-23
Total		1,065	

Source: Offices of the Pr.AG (Audit-I) & Pr. AG (Audit-II)

Appendix 4.11

Department-wise/ duration-wise breakup of the cases of theft and misappropriation

(Reference: Paragraph 4.17; Page 125)

(₹ in lakh)

Department	<5years		<15 years		<20 years		<25 years		>25 years		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Home	1	4.68	3	100.20	-	-	-	-	1	20.40	5	125.28
Law	1	227.00	-	-	-	-	-	-	-	-	1	227.00
Public Works	-	-	2	1,180.18	-	-	-	-	-	-	2	1,180.18
Karnataka Soaps and Detergents Ltd.	-	-	1	499.21	-	-	-	-	-	-	1	499.21
Karnataka Handloom Development Corporation	3	10.76	1	12.57	-	-	-	-	-	-	4	23.33
Karnataka State Coir Development Corporation	4	5.69	4	4.41	2	17.66	1	5.10	-	-	11	32.86
BESCOM	-	-	3	107.42	1	35.56	-	-	-	-	4	142.98
CESCOM	1	44.85	1	54.45	-	-	-	-	-	-	2	99.30
GESCOM	1	36.93	2	190.41	-	-	-	-	-	-	3	227.34
HESCOM	-	-	3	111.97	-	-	-	-	-	-	3	111.97
KPTCL	1	98.99	2	369.73	-	-	-	-	-	-	3	468.72
Archaeology, Museums and Heritage	-	-	1	3.38	-	-	-	-	-	-	1	3.38
Urban Development	1	2.02	-	-	-	-	-	-	-	-	1	2.02
Fisheries	-	-	1	6.25	-	-	-	-	-	-	1	6.25
Food and Civil Supplies	1	525	-	-	-	-	-	-	-	-	1	525
Animal Husbandry and Veterinary Services	4	643.70	-	-	-	-	-	-	-	-	4	643.7
	18	1,599.62	24	2,640.18	3	53.22	1	5.10	1	20.40	47	4,318.52

Source: Offices of the Pr.AG (Audit-I) and Pr.AG (Audit-II)

Glossary

Basis of Calculation

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

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

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

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

© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in

<https://cag.gov.in/ag1/karnataka/en>

