

## **GOVERNMENT OF KARNATAKA**

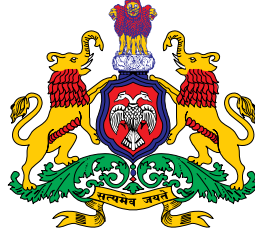


## **ACCOUNTS AT A GLANCE 2011-2012**

**PRINCIPAL ACCOUNTANT GENERAL (ACCOUNTS & ENTITLEMENT)  
KARNATAKA, BANGALORE**

# KARNATAKA





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(ACCOUNTS & ENTITLEMENT)  
KARNATAKA, BANGALORE

## ***PREFACE***

The Annual accounts of the State Government are prepared and examined under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for being laid before the Legislature of the State. The Annual Accounts consist of (a) Finance Accounts and (b) Appropriation Accounts.

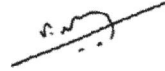
Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise gross expenditures against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

The Principal Accountant General (Accounts and Entitlement) prepares the State Finance Accounts and Appropriation accounts.

A combined reading of the Finance Accounts and Appropriation Accounts, the Reports on State Finances and the Accounts at a Glance, will help the stakeholders to more effectively comprehend the various facets of the finances of the Government of Karnataka.

'Accounts at a Glance' provides a Broad Overview of Government activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publication.



**(S.Prabhu)**

Principal Accountant General (A&E)  
Karnataka

Place: Bangalore  
Date:

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# CHAPTER I

## OVERVIEW

### 1.1 Introduction

The Principal Accountant General (Accounts and Entitlement), Karnataka compiles the accounts of Receipts and Disbursements of the Government of Karnataka. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions, Other Account Rendering Offices and advices of the Reserve Bank of India, CAS, Nagpur and other various Orders for Book Adjustments/Inter Account Transfers involving no outflow of cash, issued by the Government of Karnataka, from time to time. Following such compilation, the Principal Accountant General (A&E) prepares, annually, the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General (General and Social Sector Audit), Karnataka and certification by the Comptroller and Auditor General of India.

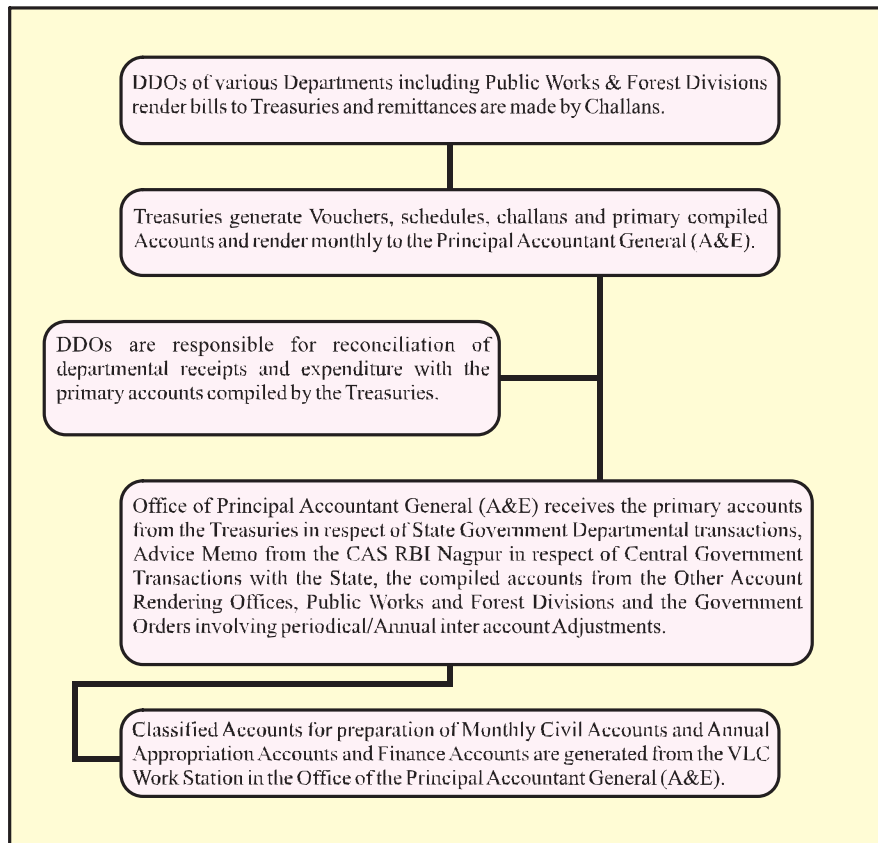
### 1.2 Structure of Accounts

#### 1.2.1 Government Accounts Kept in Three Parts

<b>Part 1 CONSOLIDATED FUND</b>	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances, Inter State Settlement & Appropriation to Contingency Fund.
<b>Part 2 CONTINGENCY FUND</b>	Intended to meet unforeseen expenditure not provided-for in the Budget. Expenditure from this Fund is recouped either by transferring the debit during the same financial year or by a fresh debit to the Consolidated Fund in the next financial year.
<b>Part 3 PUBLIC ACCOUNT</b>	Comprises of Small Savings & Provident Funds, Reserve Funds, Deposits & Advances, Suspense and Remittance transactions. While the Small Savings & Provident Funds, Reserve Funds, and Deposits represent repayable liabilities of the Government, the Advances represent receivables of the Government. Suspense and Remittance transactions are adjusting entries that are to be cleared eventually by booking to the final head of account.

### 1.2.2 Compilation of Accounts

#### Flow Diagram for Account Compilation





## 1.3 Finance Accounts and Appropriation Accounts

### 1.3.1 Finance Accounts

The Finance Accounts depict the Receipts and Disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. The new formats of Finance Accounts are prepared in two volumes, to make it more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall Receipts and Disbursements, Assets and Liabilities of the Government and 'Notes to Accounts' containing summary of significant accounting policies, certain types of (fund, suspense and other book adjustments) transactions bearing quality of accounts, and other items; while Volume II contains other Summarized Statements (Part-I), Detailed Statements (Part-II) and Appendices (Part-III).

Receipts and Disbursements of the Government of Karnataka as depicted in the Finance Accounts 2011-12 are given below.

(₹ in Crore)

Receipts (Total: ₹82,436)	Revenue (Total: ₹69,806)	States' own Tax Revenue	46,476
		States' Share of Union taxes & Duties	11,075
		Non-Tax Revenue	4,087
		Grants-in-Aid and Contributions (\$)	8,168
		Recovery of Loans and Advances	241
	Capital (Total: ₹12,630)	Other Receipts (Miscellaneous Capital Receipts)	89
	Borrowings and Other Liabilities (*)	12,470	
Disbursements (Total: ₹ 82,436)	Revenue (A)	65,115	
	Capital	15,506	
	Loans and Advances	1,815	

(\*) Comprises net contribution from (i) 'E Public Debt' {₹6,038 crore}; (ii) 'Contingency Fund' {₹12 crore}; (iii) 'Public Account' {₹6,910 crore} and (iv) 'Cash Balance' {₹ (-) 660 crore} & An amount of ₹170 Crore being the outstanding central loans under Central Plan Schemes and Centrally Sponsored Schemes advanced to State Governments by the Ministries other than Ministry of Finance written off as per the recommendation of the 13<sup>th</sup> Finance Commission has not been reckoned for arriving at fiscal indicators -Revenue Surplus and Fiscal Deficit. It has been considered for calculation of variables like Revenue Receipts and Non-tax Revenue Receipts.

(\$) Apart from Grants-in-Aid and Contributions routed through the State Budget, the Union Government also transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various Central Government Schemes and Programmes. During 2011-12, the Government of India directly released ₹5,469 crore as against ₹5,947 crore in 2010-11 and ₹6,271 crore in 2009-10. This excludes an amount of ₹1,671 crore, ₹1,395 crore, ₹1,324 crore for the years 2011-12, 2010-11 and 2009-10 respectively released to central bodies as well as various other organizations located in the State of Karnataka which is outside the purview of the Government of Karnataka. The scheme-wise details are furnished in Appendix VII of Volume II of the Finance Accounts.

(A) Includes ₹2,498 crore Grants-in-Aid for creation of Capital Assets released to ULBS (Please see Statement 8 of Finance Accounts)

### *1.3.2. Appropriation Accounts*

The Appropriation Accounts supplement the Finance Accounts and record the Grant-wise gross expenditures against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided. There are 28 'Voted Grants' and one 'Charged Appropriation'.

The Appropriation Acts 2011 and 2012 had projected a gross expenditure of ₹99,745 crore, including the Supplementary Grants for ₹12,007 crore voted by State Legislature during the year. An amount of ₹4,514 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2011-12 show disbursements of ₹86,830 crore against the aggregate Budget Provision of ₹99,745 crore, resulting in a net saving of ₹12,915 crore. Actual Recoveries in reduction of expenditure amounted to ₹1,073 crore, reflecting a decrease of ₹3,441 crore vis-à-vis Budget Estimates.

The gross expenditure includes ₹97 crore drawn on Abstract Contingent (AC) Bills, of which ₹79 crore is outstanding at the end of the year, for want of supporting Non-payable Detailed Contingent (NDC) Bills.

During 2011-12, ₹444 crore was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Account, which are maintained by the designated Administrators for specific purposes. Normally, the Administrators are required to transfer the unspent balances under PD Accounts to the Consolidated Fund at the end of the financial year. There was an aggregate amount of unspent balance ₹1,427 crore in the Personal Deposit Accounts of the Administrators at the year end.

## **1.4 Sources and Application of Funds**

### *1.4.1 Ways and Means Advances*

These are borrowings of a purely temporary nature. These advances are obtained to make good the deficiency in the minimum cash balance with the Reserve Bank of India. If, even after the maximum advance is given and the balance is below the minimum, the deficit is met out of the Overdrafts. Overdrafts are given by the Bank, if the State has minus balance after availing the maximum advance. During 2011-12, the Government of Karnataka did not avail, either Ways & Means Advance facility or Overdraft from the Reserve Bank of India.

#### 1.4.2 Fund Flow Statement

The State had a Revenue Surplus of ₹4,521\* crore and a Fiscal Deficit of ₹12,470 crore representing 1.04% and 2.87% of the State's Gross Domestic Product (SGDP)<sup>1</sup>. The Fiscal Deficit constituted 15.13% of total expenditure. This deficit was met from net receipts under Public Debt (₹6,038 crore), increase in net accruals under Public Account (₹6,910 crore), contribution from the Contingency Fund (₹12 crore) and net of Opening and Closing Cash Balance (-₹660 crore). Around 70.04% of the Revenue Receipts (₹69,806 crore) was spent on committed expenditure like Salaries<sup>(2)</sup> (₹6,068 crore), Subsidies<sup>(2)</sup> (₹7,390 crore), Grants-in-Aid<sup>(2)</sup> (₹19,686 crore), Interest Payments (₹6,604 crore), Pension payments (₹5,436 crore) Compensation and assignment to Local Bodies and PRIs (₹4,248 crore).

\*An amount of ₹170 Crore being the outstanding central loans under Central Plan Schemes and Centrally Sponsored Schemes advanced to State Governments by the Ministries other than Ministry of Finance written off as per the recommendation of the 13<sup>th</sup> Finance Commission has not been reckoned for arriving at fiscal indicators namely, Revenue Surplus and Fiscal Deficit, while it has been considered for calculation of variables like Revenue Receipts and Non-tax Revenue Receipts.

(1)SGDP figures used in this publication are adopted from 'Medium Term Fiscal Plan 2012-16' at Current Prices as presented to the State Legislature in March 2012 by the Government of Karnataka. (SGDP 2011-12: ₹434,270 crore).

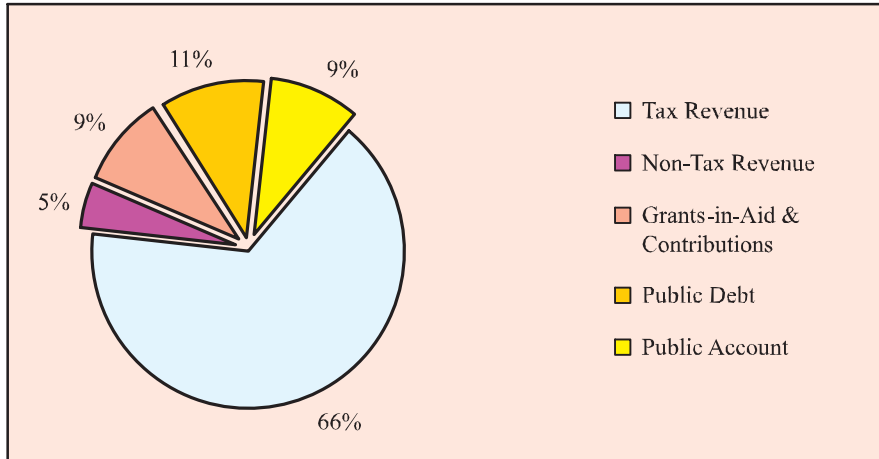
(2)Salaries, Subsidies and Grants in Aid are sum of all sectors & Salaries do not include Grants given to Local Bodies. etc., for the purpose of payment of salaries.

## Sources and Application of Funds

(₹ in Crore)

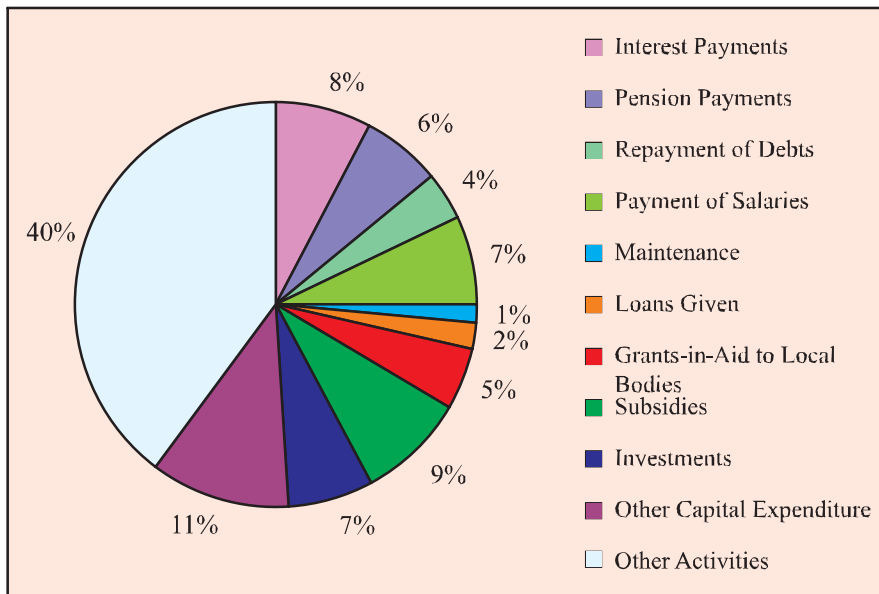
	PARTICULARS	
<b>SOURCES</b>	Opening Cash Balance as on 01.04.2011	(-)657
	Revenue Receipts	69,806
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	330
	Public Debt	9,358
	Small Savings Provident Funds & Others	3,361
	Reserve & Sinking Funds	3,298
	Deposits Received	27,060
	Civil Advances Repaid	2
	Suspense Account	180,846
	Remittances	412
	Contingency Fund	(-)1
	<b>TOTAL</b>	<b>293,815</b>
	<b>APPLICATION</b>	Revenue Expenditure
Capital Expenditure		15,506
Loans Given		1,815
Repayment of Public Debt		3,320
Small Savings Provident Fund & Others		1,963
Reserve & Sinking Funds		1,055
Deposits Repaid		25,652
Contingency Fund		(-)13
Suspense Account		178,976
Remittances		423
Closing Cash Balance as on 31.03.2012		3
<b>TOTAL</b>		<b>293,815</b>

### 1.4.3 Where the ₹ came from



- (\*) Capital Receipts and Recovery of Loans and Advances is less than 1Paise. Hence not indicated.
- Public Account represents Net Receipts

### 1.4.4 Where the ₹ went



## 1.5 Highlights of Accounts

(₹ in Crore)

Sl. No.	Particulars	B.E 2011-12	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to SGDP *
		(₹ in crore)			
01.	Tax Revenue	54,236 (@)	57,551 (&)	106.11	13.25
02.	Non-Tax Revenue	3,675	4,087 **	111.21	0.94
03.	Grants-in-aid & Contributions	8,402	8,168	97.21	1.88
<b>04.</b>	<b>Revenue Receipts (1+2+3)</b>	<b>66,313</b>	<b>69,806 **</b>	<b>105.27</b>	<b>16.07</b>
05.	Recovery of Loans & Advances	62	241	388.71	0.06
06.	Other Receipts - Miscellaneous Capital Receipts	2,000	89	4.45	0.02
07.	Borrowings and Other Liabilities	12,482 (#)	12,470 (\$)	99.90	2.87
<b>08.</b>	<b>Capital Receipts (5+6+7)</b>	<b>14,544</b>	<b>12,630</b>	<b>86.84</b>	<b>2.91</b>
<b>09.</b>	<b>Total Receipts (4+8)</b>	<b>80,857</b>	<b>82,436</b>	<b>101.95</b>	<b>18.98</b>
<b>10.</b>	<b>Non-Plan Expenditure (NPE)11+13</b>	<b>46,213</b>	<b>47,216</b>	<b>102.17</b>	<b>10.87</b>
11.	NPE on Revenue Account	45,438	46,548	102.44	10.72
12.	NPE on Interest Payments out of 11	6,950	6,604 (^)	87.22 (^)	1.40 (^)
13.	NPE on Capital Account	775	668	86.19	0.15
<b>14.</b>	<b>Plan Expenditure (PE) (15+16)</b>	<b>34,644</b>	<b>35,220</b>	<b>101.66</b>	<b>8.11</b>
15.	PE on Revenue Account	19,596	18,567	94.75	4.28
16.	PE on Capital Account	15,048	16,653	110.66	3.85
<b>17.</b>	<b>Total Expenditure {(10+14) = (18+19)}</b>	<b>80,857</b>	<b>82,436</b>	<b>101.95</b>	<b>18.98</b>
18.	Revenue Expenditure (11+15)	65,034	65,115	100.12	14.99
19.	Capital Expenditure (13+16)	15,823 (a)	17,321 (b)	109.47	3.99
<b>20.</b>	<b>Revenue Surplus (4-18)</b>	<b>1,279</b>	<b>4,521 **</b>	<b>353.48</b>	<b>1.04</b>
<b>21.</b>	<b>Fiscal Deficit {(17) - (4+5+6) = 7}</b>	<b>12,482</b>	<b>12,470 **</b>	<b>99.90</b>	<b>2.87</b>

(\*) SGDP for 2011-12: ₹434,270 crore {Source: 'Medium Term Fiscal Plan 2012-16' (at Current Prices) presented to the State Legislature in March 2012 by the Government of Karnataka.

(#) Comprises net contribution from (i) 'E Public Debt' {₹10,891 crore}; (ii) 'Public Account' {₹1,885 crore} and (iii) 'Cash Balance' {₹(-)294 crore}.

(\$) Comprises net contribution from (i) 'E Public Debt' {₹6,038 crore}; (ii) 'Contingency Fund' {₹12 crore}; (iii) 'Public Account' {₹6,910 crore} and (iv) 'Cash Balance' {₹(-)660 crore}.

(a) Comprises provision on 'Capital Outlay' {₹13,754 crore} and 'F Loans and Advances' {₹2,068 crore}. Differs by 1 crore due to rounding.

(b) Comprises expenditure incurred on 'Capital Outlay' {₹15,506 crore} and 'F Loans and Advances' {₹1,815 crore}.

@ Includes State share of Union Taxes & Duties of ₹10,419 crore.

(&) Includes State share of Union Taxes & Duties of ₹11,075 crore.

\*\* Please refer to footnote (\*) below para 1.3.1

(^) Interest Payments includes ₹542 crore – off budget borrowings.

## 1.6 What do the Deficits and Surplus Indicate?

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

Deficit Indicators, Revenue Augmentation and Expenditure Management are major yardsticks for judging the fiscal performance of the Government. Pursuant to the recommendations of the 11<sup>th</sup> Finance Commission, the Government of Karnataka was the first State to enact the **Fiscal Responsibility (FRA) Act, 2002** committing the State Government to reduce the Revenue Deficit to 'NIL' within a period of four financial years beginning from initial financial year on 1<sup>st</sup> day of April 2002 to 31<sup>st</sup> March 2003. The State Government has been successful in achieving the Revenue Surplus target as early as in 2004-05 and maintaining it thereafter. The 12<sup>th</sup> Finance Commission had recommended that the States achieve revenue balance by 2008-09 and reduce Gross Fiscal Deficit to 3% of SGDP by 2009-10. In view of the economic slow-down, Government of India further relaxed the acceptable ceiling for the Fiscal Deficit – SGDP ratio to 3.5% in 2008-09 and to 4% in 2009-10. In accordance with the recommendations of the 13<sup>th</sup> Finance Commission and with the amendment to the FRA (May-2011), the State laid down the Fiscal targets to ensure- (1) Outstanding Debt reduced at the end of 2015-16 to be at 25.20 percent of the estimated SGDP, and the outstanding debt was to be 26 percent at the year ending 31<sup>st</sup> March 2012 (2) Fiscal Deficit, during 2011-12, not to exceed more than 3.00 percent of the estimated SGDP. The outstanding debt stood at 23.72 percent and the Fiscal Deficit stood at 2.87 percent of the estimated SGDP to the end of 2011-12, excluding the amount (₹170 crore) of central loans for CSS/CPS outstanding balances to the end of 2009-10 written-off by various Central Ministries other than Ministry of Finance, in accordance with the recommendations of the XIII Finance Commission.

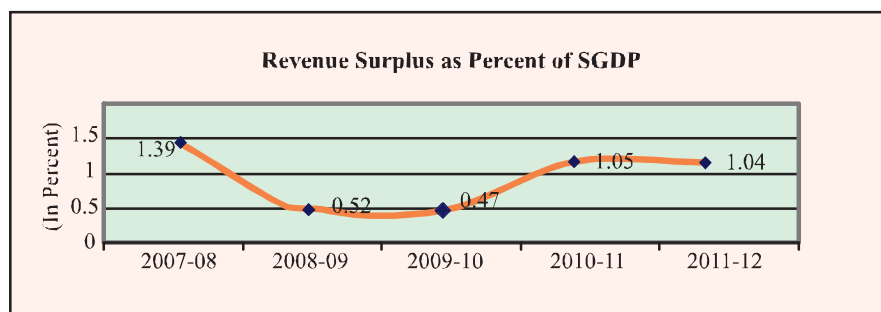
### 1.6.1 Trend in Revenue Surplus /Deficits

Revenue Surplus represents the net of Revenue Receipts and Revenue Expenditure of the Government.

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Surplus	3,776	1,631	1,619	4,172	4,521*
SGDP	270,628	310,312	345,235	398,893	434,270
Revenue Surplus as % to SGDP	1.39	0.52	0.47	1.05	1.04

GSDP: MTFP 2012-16



### 1.6.2 Trend in Fiscal Deficit

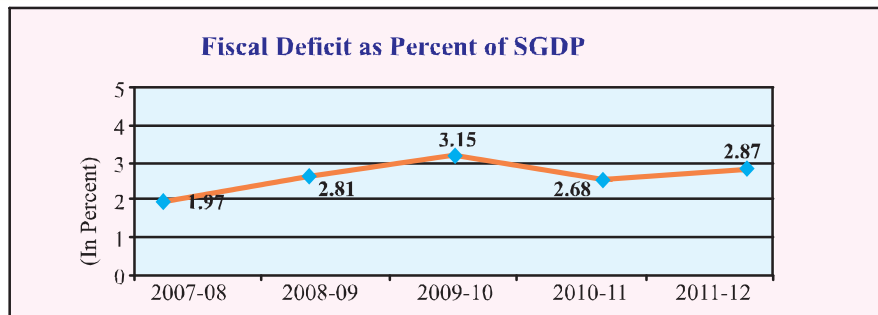
Fiscal Deficit is calculated as the Total Expenditure (Revenue + Capital + Net Loans and Advances) less Revenue Receipts and Miscellaneous Capital Receipts.

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Fiscal Deficit	5,332	8,732	10,875	10,688	12,470*
SGDP	270,628	310,312	345,235	398,893	434,270
Fiscal Deficit as % to SGDP	1.97	2.81	3.15	2.68	2.87

Please refer to footnote (\*) below para 1.3.1





### 1.6.3 Government Accounts

The total expenditure (Revenue and Capital outlay) for the year is netted against total receipts (Revenue and non-debt Capital receipts) of the year and the surplus/deficit thereof is transferred to a separate ledger called 'Government Account'. In addition, net effect of Prior Period Adjustments, Miscellaneous Government Accounts etc.. is also transferred to the ledger 'Government Account'.

Thus, the ledger 'Government Account' represents the cumulative surplus/deficit of the operations of the Government. The details of the ledger 'Government Account' for the past five years are given below.

(₹ in Crore)

Year	Revenue Heads			Capital Heads			Other Heads (#) Deficit (-) Surplus (+)	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit(-) Surplus (+)			
2007-08	41,151	37,375	(+) 3,776	246	8,649	(-) 8,403	(+) 100	(-) 4,527	(-) 52,434
2008-09	43,290	41,659	(+) 1,631	181	9,870	(-) 9,689	(+) 66	(-) 7,992	(-) 60,426
2009-10	49,156	47,537	(+) 1,619	70	12,137	(-) 12,067	(+) 64	(-) 10,384	(-) 70,810
2010-11	58,206	54,034	(+) 4,172	72	13,355	(-) 13,283	(+) 55	(-) 9,056	(-) 79,866
2011-12	69,806	65,115	(+)4,521*	89	15,506	(-)15,417	(+)55	(-)10,841	(-) 90,767

(#)Miscellaneous Government Account.

Please refer to footnote (\*) below para 1.3.1

### 1.6.4 Proportion of Borrowed Funds Spent on Capital Expenditure

It is desirable to fully utilize borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of interest. The State Government, however, spent full amount of the borrowings of the current year (₹9,358 crore) on capital expenditure (₹17,321 crore), inclusive of disbursement of Loans and Advances.

## CHAPTER II

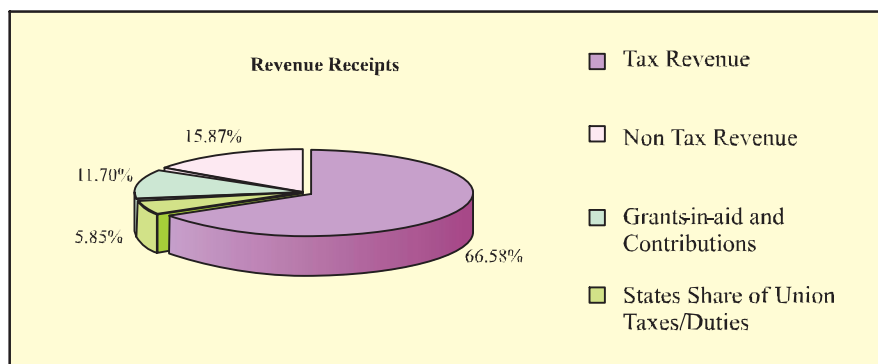
### RECEIPTS

#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2011-12 were ₹82,436 crore comprising of Tax Revenue (₹57,551 crore), Non-Tax Revenue (₹4,087 crore), Grants-in-Aid & Contributions from Government of India (₹8,168 crore) and Capital Receipts (₹12,630 crore), inclusive of Recovery of Loans and Advances (₹241 crore) Miscellaneous Capital Receipts (₹89 crore) and Borrowings & Other Liabilities comprising net contribution from (i) 'E Public Debt' {₹6,038 crore}; (ii) 'Contingency Fund' {₹ 12 crore}; (iii) 'Public Account' {₹6,910 crore}; and (iv) 'Cash Balance' {₹ (-)660 crore}.

#### 2.2 Revenue Receipts

<b>TAX REVENUE</b>	Comprises Taxes and Duties collected and retained by the State and state's share of Union Taxes & Duties under Article 280 (3) of the Constitution.
<b>NON TAX REVENUE</b>	Includes Interest Receipts, Dividends and Profits and other Departmental Receipts.
<b>GRANTS-IN-AID AND CONTRIBUTIONS</b>	Essentially, a form of Central Assistance to the State Government, Includes 'External Grant Assistance and Aid Material & Equipments' received from foreign Governments and channelized through the Union Government.



## 2.2.1 Revenue Receipt Components

(₹ in Crore)

Components	Actuals	Percentage to Revenue Receipts
<b>A. Tax Revenue *</b>	<b>57,551</b>	<b>82</b>
Taxes on Income and Expenditure	7,189	10
Taxes on Property and Capital Transactions	4,855	7
Taxes on Commodities and Services	45,507	65
<b>B. Non-Tax Revenue</b>	<b>4,087</b>	<b>6</b>
Interest Receipts, Dividends and Profits	495	1
General Services	634	1
Social Services	382	—
Economic Services	2,576	4
<b>C. Grants-in-aid and Contributions</b>	<b>8,168</b>	<b>12</b>
<b>TOTAL-REVENUE RECEIPTS</b>	<b>69,806</b>	<b>100</b>

\*includes ₹11,075 crore being the State's share of allocable Taxes & Duties, received from Union Government

Total Tax Revenue ₹57,551 crore and Non-Tax Revenue of ₹4,087 crore formed 13.25 percent and 0.94 percent respectively of the SGDP (SGDP for 2011-12: ₹434,270 crore).

## 2.2.2 Major Contributors to Revenue

(₹ in Crore)

Head of Account	in crore	
Taxes on Sales, Trade etc	25,020	(5.76)
State Excise	9,775	(2.25)
Stamps and Registration Fees	4,623	(1.06)
Corporation Tax	4,359	(1.00)
Taxes on Vehicles	2,957	(0.68)
Taxes on Income Other than Corporation Tax	2,214	(0.51)
Taxes on Goods and Passengers	1,690	(0.39)
Customs	1,920	(0.44)
Union Excise Duties	1,243	(0.29)
Service Tax	1,322	(0.30)

(Amount of revenue as a percent of SGDP is indicated in parentheses. SGDP for 2011-12: ₹434,270 crore)

Net Tax Receipts during the year were more than Budget Estimates by ₹3,315 crore. Major variations were under:

(₹ in Crore)

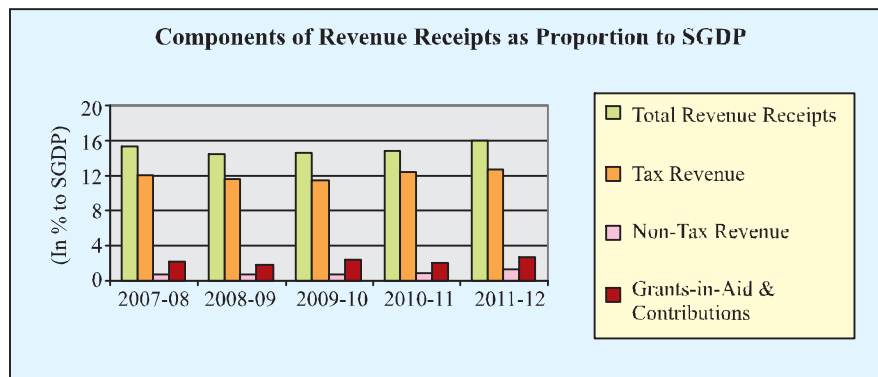
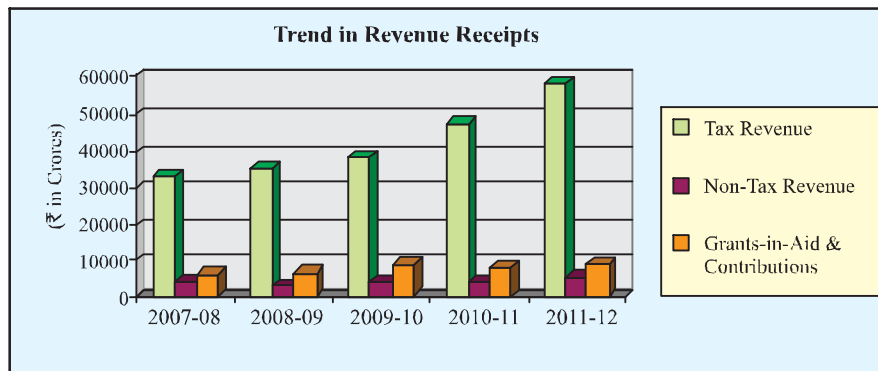
Actuals Less Than Budget Estimates		Actuals More Than Budget Estimates	
Taxes on Income other than Corporation Tax	53	Corporation Tax	161
Stamps and Registration Fees	127	State Excise	275
Taxes on Goods and Passengers	150	Taxes on Sales, Trades etc.,	700
Service Tax	82		

### 2.3 Trend in Revenue Receipts

(₹ in Crore)

Year	Tax Revenue	Non-Tax Revenue	Grants-in-aid and Contributions	Total Revenue Receipts	SGDP*	Percentage of Total Revenue Receipts to SGDP
2007-08	32,766	3,358	5,027	41,151	270,628	15.21
2008-09	34,799	3,159	5,332	43,290	310,312	13.95
2009-10	37,939	3,334	7,883	49,156	345,235	14.24
2010-11	47,979	3,358	6,869	58,206	398,893	14.59
2011-12	57,551	4,087	8,168	69,806	434,270	16.07

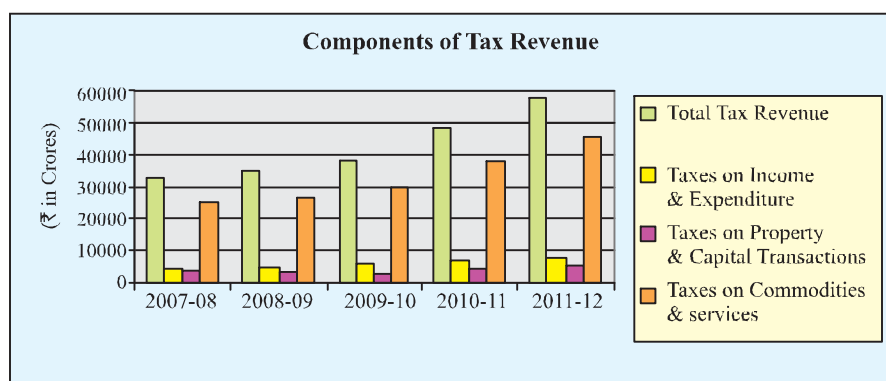
\*SGDP for 2011-12: ₹434,270 crore (Source: 'Medium Term Fiscal Plan 2012-16'(at Current Prices) presented to the State Legislature in March 2012 by the Government of Karnataka.



### 2.3.1 Components of Tax Revenue

(₹ in Crore)

Tax Revenue	2007-08	2008-09	2009-10	2010-11	2011-12
Taxes on Income and Expenditure	4,050	4,367	5,252	6,238	7,189
Taxes on Property and Capital Transactions	3,556	3,184	2,763	3,716	4,855
Taxes on Commodities and Services	25,160	27,248	29,924	38,025	45,507
<b>Total Tax Revenues</b>	<b>32,766</b>	<b>34,799</b>	<b>37,939</b>	<b>47,979</b>	<b>57,551</b>



### 2.4 Performance of State's Own Tax Revenue Collection

(₹ in Crore)

Year	Tax Revenue	State Share of Union Taxes & Duties	SGDP*	State's Own Tax Revenue	
				Amount	Percentage to SGDP
2007-08	32,766	6,779	270,628	25,987	9.60
2008-09	34,799	7,154	310,312	27,645	8.91
2009-10	37,939	7,360	345,235	30,579	8.86
2010-11	47,979	9,506	398,893	38,473	9.64
2011-12	57,551	11,075	434,270	46,476	10.70

\*SGDP for 2011-12: ₹434,270 crore (Source: Medium Term Fiscal Plan 2012-16\* (at Current Prices) presented to the State Legislature in March 2012 by the Government of Karnataka)

### 2.5 Efficiency of Tax Collection

#### A. Taxes on Property and Capital Transactions\*

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	3,554	3,182	2,756	3,708	4,838
Expenditure on Collection	172	165	196	215	250
Efficiency of Tax Collection	4.84% <sub>a</sub>	5.19% <sub>a</sub>	7.11% <sub>a</sub>	5.80% <sub>a</sub>	5.17% <sub>a</sub>

\*Taxes on Property and Capital Transactions excluding 'Taxes on Wealth' which is not a part of States' Own Tax Revenue.

## B. Taxes on Commodities and Services

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	25,160	27,248	29,924	38,025	45,507
Expenditure on Collection	157	182	190	211	240
Efficiency of Tax Collection	0.62%	0.67%	0.63%	0.55%	0.53%

## 2.6 Trend in State's Share of Union Taxes & Duties

(₹ in Crores)

Major Head Description	2007-08	2008-09	2009-10	2010-11	2011-12
Corporation Tax	2,152	2,346	3,029	3,716	4,359
Taxes on Income other than Corporation Tax	1,444	1,473	1,687	1,963	2,214
Taxes on Wealth	2	2	7	8	17
Customs	1,281	1,367	1,030	1,662	1,920
Union Excise Duties	1,223	1,193	830	1,209	1,243
Service Tax	677	773	777	948	1,322
Other Taxes and Duties on Commodities and Services	*	*	*	*	*
<b>State Share of Union Taxes &amp; Duties</b>	<b>6,779</b>	<b>7,154</b>	<b>7,360</b>	<b>9,506</b>	<b>11,075</b>
<b>Total Tax Revenue</b>	<b>32,766</b>	<b>34,799</b>	<b>37,939</b>	<b>47,979</b>	<b>57,551</b>
<b>% of Union Taxes &amp; Duties to Total Tax Revenue</b>	<b>20.69</b>	<b>20.56</b>	<b>19.40</b>	<b>19.81</b>	<b>19.24</b>

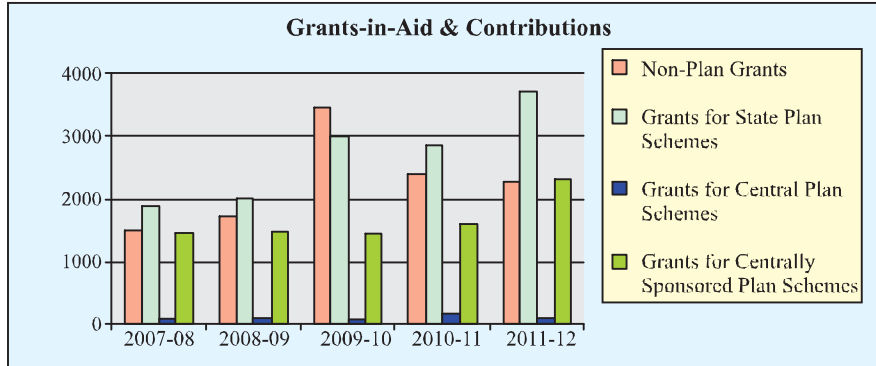
\*Involved amounts less than one crore and negative figures which indicate cost of collection is more than the receipts under the head, as per the sanction orders advised by the Ministry of Finance, Government of India.

## 2.7 Grants-in-Aid and Contributions

Grants-in-Aid and Contributions represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during the last five years under Grants-in-Aid and Contributions are as shown below:

(₹ in Crore)

Components of Grants-in-Aid & Contributions	2007-08	2008-09	2009-10	2010-11	2011-12
Non-Plan Grants	1,531	1,694	3,429	2,257	2,129
Grants for State Plan Schemes	1,916	2,020	2,973	2,839	3,626
Grants for Central Plan Schemes	71	94	61	145	76
Grants for Centrally Sponsored Schemes	1,509	1,524	1,420	1,628	2,337
<b>TOTAL</b>	<b>5,027</b>	<b>5,332</b>	<b>7,883</b>	<b>6,869</b>	<b>8,168</b>



The share of Non-Plan Grants in total Grants-in-Aid and Contributions decreased from 33% during 2010-11 to 26% in 2011-12, while, the share of Grants for State Plan Schemes increased from 41% in 2010-11 to 44% in 2011-12. As against a Budget Estimate of ₹6,320 crore of Union Share in Plan Schemes, the State Government has actually received ₹6,039 crore of Grants-in-Aid (96% of BE).

## 2.8 Public Debt

Trend of receipts under Public Debt over the past 5 years are indicated below:

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Internal Debt of the State Government	1,551	7,996	7,310	5,210	8,091
Loans and Advances from the Central Government	806	596	681	1,504	1,267
<b>Total Public Debt</b>	<b>2,357</b>	<b>8,592</b>	<b>7,991</b>	<b>6,714</b>	<b>9,358</b>

During 2011-12, the Government has raised Market Loans of ₹7,500 crores of which ₹1,500 crore (November 2011) bearing interest at 9.19 percent redeemable in the year 2021, ₹1,250 crore bearing interest at 8.69 percent (January 2012), ₹1,250 crore bearing interest at 8.65 percent (January 2012), ₹1,500 crore bearing interest at 8.69 percent (February 2012), ₹500 crore bearing interest at 8.74 percent (February 2012), ₹1,500 crore bearing interest at 8.92 percent (March 2012), redeemable in the year 2022.

Against the total internal debt of ₹8,091 crore of the State Government in 2011-12 plus the central loan component of ₹1,267 crore received during this period, capital expenditure was ₹17,321 crore (excluding repayment of Public debt of ₹3,320 crore).

## CHAPTER III

### EXPENDITURE

#### 3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day running of the Departments of the Government. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

<b>General Services</b>	Includes Justice, Police, Jail, PWD, Pension etc.
<b>Social Services</b>	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC-ST etc.
<b>Economic Services</b>	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

#### 3.2 Revenue Expenditure

Revenue Expenditure of ₹65,115 crore for 2011-12 is in excess of budget estimates by ₹81 crore. The excess is due to less disbursement of ₹1,029 crore under Plan and excess disbursement of ₹1,110 crore under Non-Plan Expenditure over the Budget Estimates. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below:

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	39,135	45,713	47,238	53,138	65,034
Actuals	37,375	41,659	47,537	54,034	65,115
Gap	1,760	4,054	(-) 299	(-) 896	(-) 81
Gap over BE	4%	9%	(-) 1%	(-) 2%	(-) 1%

##### 3.2.1 Sectoral Distribution of Revenue Expenditure 2011-12

(₹ in Crore)

Components	Amount	Percentage
<b>A. General Services (*)</b>	<b>16,445</b>	<b>25.26*</b>
a. Organs of State	656	1.00
b. Fiscal Services	638	1.00
(i) Collection of Taxes on Income and Expenditure	5	...
(ii) Collection of Taxes on Property and Capital Transactions	264	...
(iii) Collection of Taxes on Commodities and Services	363	...
(iv) Other Fiscal Services	6	...
c. Interest Payment and Servicing of Debt	6,062	9.31
d. Administrative Services	3,622	5.56
e. Pension and Miscellaneous General Services	5,467	8.39
<b>B. Social Services</b>	<b>25,172</b>	<b>38.66</b>
<b>C. Economic Services</b>	<b>19,154</b>	<b>29.41</b>
<b>D. Grants-in-Aid and Contributions</b>	<b>4,344</b>	<b>6.67</b>
<b>Total Expenditure (Revenue Account)</b>	<b>65,115 (&amp;)</b>	<b>100.00</b>

(\*) The percentage of Revenue Expenditure against the Sub-sectors against the total revenue expenditure.

(&) A sum of ₹542 crore being interest on off budget borrowings stands included.

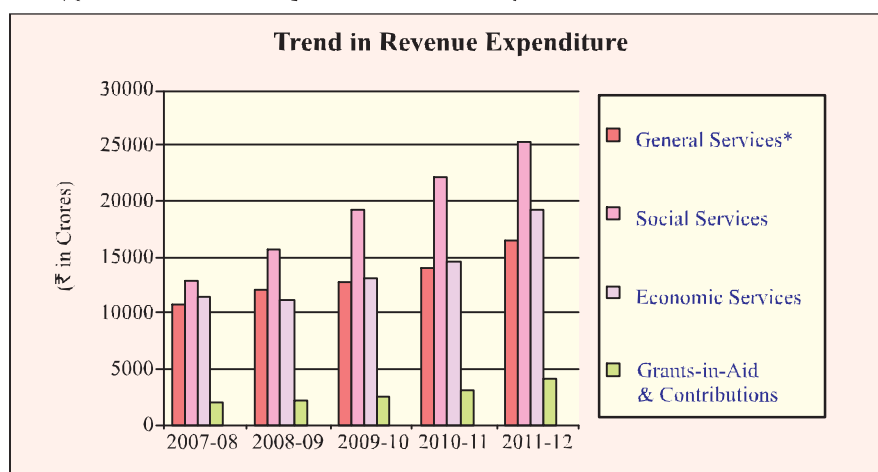


### 3.2.2 Trend in Revenue Expenditure

(₹ in Crore)

Year	General Services	Social Services	Economic Services	Grants-in-aid and Contributions	Total Revenue Expenditure	SGDP*	Percentage of Total Revenue Expenditure to SGDP
2007-08	10,872	13,124	11,453	1,926	37,375	270,628	13.81
2008-09	12,275	15,873	11,137	2,374	41,659	310,312	13.42
2009-10	12,762	19,119	13,182	2,474	47,537	345,235	13.77
2010-11	14,055	22,108	14,892	2,979	54,034	398,893	13.55
2011-12	16,445	25,172	19,154	4,344	65,115	434,270	14.99

\*SGDP for 2011-12: ₹434,270 crore (Source: 'Medium Term Fiscal Plan 2012-16'(at Current Prices) presented to the State Legislature in March 2012 by the Government of Karnataka.



(\*General Services including Major Head 2049-Interest Payment)

### 3.2.3 Expenditure in Major Areas

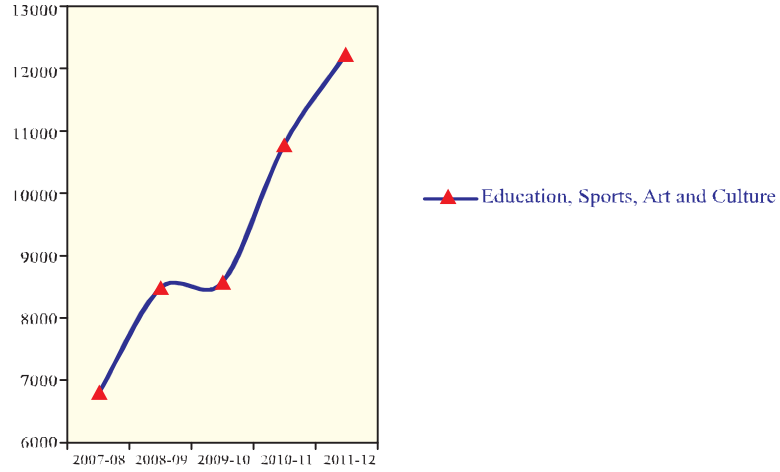
The trend of expenditure is as indicated below.

(₹ in Crore)

Areas on expenditure	2007-08	2008-09	2009-10	2010-11	2011-12
Interest Payments and Servicing of Debt	4,506	4,532	5,213	5,641	6,604*
Pensions and Miscellaneous General Services	3,272	4,139	3,435	4,095	5,468
Administrative Services	2,316	2,705	3,079	3,186	3,622
Education, Sports, Art and Culture	6,811	8,492	8,576	10,790	12,240
Health and Family Welfare	1,478	1,773	1,927	2,360	2,958
Water Supply, Sanitation, Housing and Urban Development	1,493	1,384	1,558	2,002	1,873
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1,234	1,319	1,703	2,504	2,940
Social Welfare and Nutrition	1,834	2,540	4,908	3,866	4,559
Agriculture and Allied Activities	4,518	3,338	4,258	4,777	5,501
Rural Development	959	941	1,233	1,371	1,949
Energy	2,308	1,952	2,353	4,460	5,326
Transport	1,326	1,462	1,108	1,365	1,695
General Economic Services	1,038	2,471	2,946	1,672	3,150

\* Includes a sum of ₹542 crore being interest on off budget borrowings

**Expenditure in Major Areas**  
(₹ in Crores)



**Expenditure in Major Areas**  
(₹ in Crores)



### 3.3 Capital Expenditure

Capital Disbursements for 2011-12 at 3.99% of SGDP were more than Budget Estimates by ₹1,359 crore (more disbursement of ₹1,490 crore under Plan Expenditure and less disbursement of ₹131 crore under Non-Plan Expenditure).

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2011-12 the Government spent ₹17,321 crore on various projects under the following sectors. The percentage of sector-wise expenditure to the total capital expenditure is indicated in the table below.

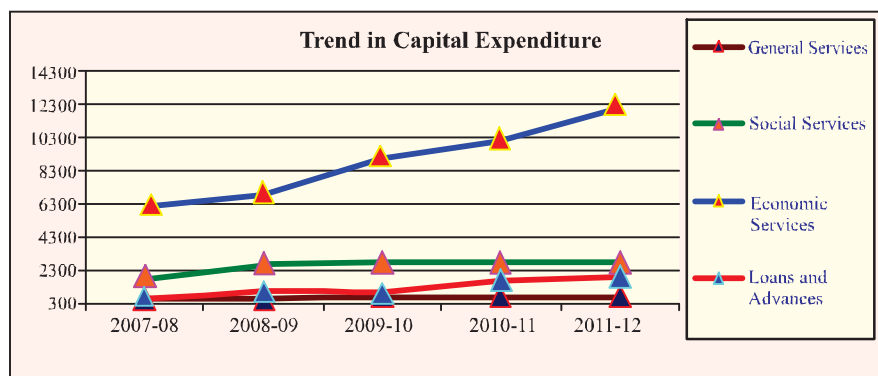
(₹ in Crore)

Sl. No.	Sector	Amount	Percentage
1.	General Services – Police, Land Revenue etc.,	626	3.61
2.	Social Services – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,	2,695	15.56
3.	Economic Services – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	12,185	70.35
4.	Loans and Advances Disbursed	1,815	10.48
<b>Total Capital Expenditure (Outside the Revenue Account)</b>		<b>17,321</b>	<b>100.00</b>

#### 3.3.2 Trend in Capital Expenditure

(₹ in Crore)

Sl. No.	Sector	2007-08	2008-09	2009-10	2010-11	2011-12
1.	General Services	339	475	490	465	626
2.	Social Services	2,148	2,555	2,651	2,617	2,695
3.	Economic Services	6,162	6,840	8,996	10,273	12,185
4.	Loans and Advances	757	731	982	1,738	1,815
<b>Total</b>		<b>9,406</b>	<b>10,601</b>	<b>13,119</b>	<b>15,093</b>	<b>17,321</b>

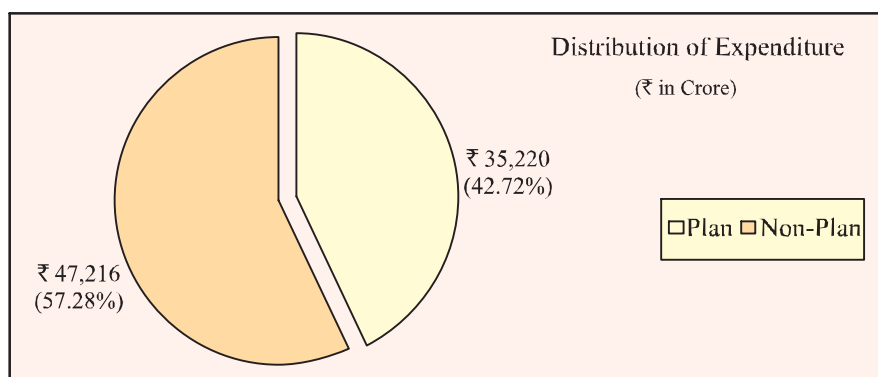


## CHAPTER IV

### PLAN & NON PLAN EXPENDITURE

#### 4.1 Distribution of Expenditure – 2011-12

During 2011-12, an amount of ₹82,436 crore incurred towards Plan and Non-Plan expenditure which works out to 18.98% of the SGDP. The following pie diagram represents the percentage of distribution of expenditure to the Total Expenditure.

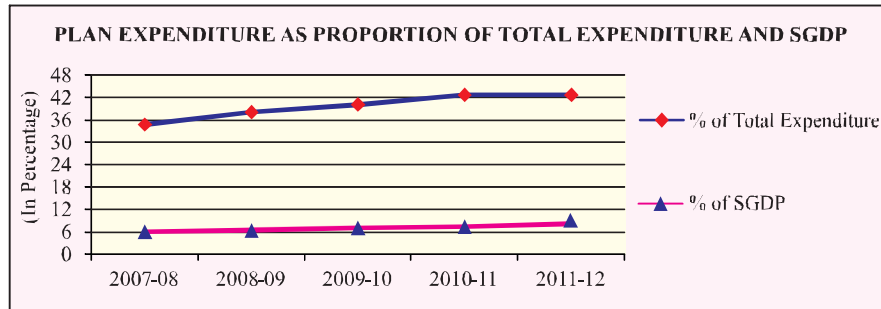


#### 4.2 Plan Expenditure

During 2011-12 the Government has incurred an expenditure on Plan schemes ₹35,220 crore, represents 42.72 percent of total disbursements. This Expenditure comprising of State Plan Schemes ₹33,222 crore inclusive of State share of Centrally Sponsored Plan Schemes ₹343 crore and ₹1,998 crore under Central Share of Centrally Sponsored Plan Schemes and Central Plan Schemes. The Graphical presentation of the Percentage of Plan Expenditure to the Total Expenditure and to the SGDP is also furnished below the Table.

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Total Expenditure	46,781	52,260	60,656	69,127	82,436
Plan Expenditure	16,263	19,889	24,337	29,506	35,220
Plan Expenditure as a % to Total Expenditure	34.76	38.06	40.12	42.68	42.72
SGDP	270,628	310,312	345,235	398,893	434,270
Plan Expenditure as a % to SGDP	6.00	6.41	7.05	7.40	8.11



#### 4.2.1 Plan Expenditure under Capital Account

The trend of capital expenditure (Plan), as a percentage to the total capital expenditure, over a period of five years is furnished in the table below.

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Total Capital Expenditure*	9,406	10,601	13,119	15,093	17,321
Capital Expenditure* (Plan)	7,950	9,359	12,034	14,318	16,653
% of Capital Expenditure* (Plan) to Total Capital Expenditure	84.53	88.28	91.73	94.87	96.14

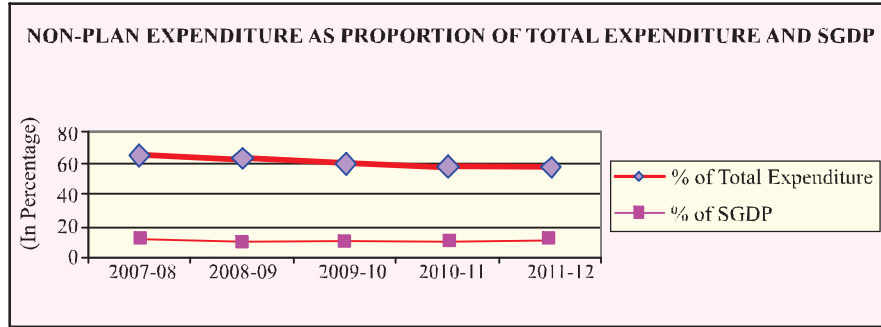
\*Capital Expenditure includes expenditure on capital outlays and disbursements of Loans and advances.

#### 4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2011-12, representing 57 per cent of total disbursements, was ₹47,216 crore, (₹46,548 crore under Revenue and ₹668 crore under Capital). The Graphical presentation of the Percentage of Non-Plan Expenditure to the Total Expenditure and to the SGDP is also furnished below the Table.

(₹ in Crore)

Description	2007-08	2008-09	2009-10	2010-11	2011-12
Total Expenditure	46,781	52,260	60,656	69,127	82,436
Non-Plan Expenditure	30,518	32,371	36,318	39,621	47,216
% to Total Expenditure	65.24	61.94	59.88	57.32	57.28
SGDP	270,628	310,312	345,235	398,893	434,270
% of Non-Plan Expenditure to SGDP	11.27	10.43	10.52	9.94	10.87



#### 4.4 Committed Expenditure

The government has tabled the Medium Term Fiscal Plan 2012-16 before the State Legislature during March 2012, in compliance with Section 3 of the Karnataka Fiscal Responsibility Act 2002. Para 92 of Chapter 5 has listed out certain components of Committed Expenditure. The following are the further details.

(₹ in Crore)

Components	2007-08	2008-09	2009-10	2010-11	2011-12
Total Committed Expenditure of which-	29,975	31,379	33,615	40,336	48890
1) Salary*	3,495	4,073	4,456	5,281	6,068
2) Interest Payments <sup>@</sup>	4,506	4,532	5,213	5,641	6,604
3) Pension Payments	3,241	4,113	3,408	4,070	5,436
4) Subsidies	5,420	3,399	4,118	6,303	7,390
5) Grants-in-Aid	11,387	12,890	13,948	16,065	19,686
6) Devolution to PRIs and ULBs	1,926	2,372	2,472	2,976	4,248
Revenue Receipts	41,151	43,291	49,156	58,206	69,806
Revenue Expenditure	37,375	41,659	47,537	54,034	65,115
% of Committed Expenditure to Revenue Receipts	72.84	72.48	68.38	69.30	70.04
% of Committed Expenditure to Revenue Expenditure	80.20	75.32	70.71	74.65	75.08

\*Salary - excluding the salary paid to State Government staff deployed to Panchayat Raj Institutions.  
 @Includes ₹542 crore being interest on Off budget borrowings.

## CHAPTER V

### APPROPRIATION ACCOUNTS

#### 5.1 Summary of Appropriation Accounts for 2011-12

(₹ in Crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Re-appropriations /Surrenders	Total	Actual Expenditure	Savings(-) Excess(+)
1	Revenue Voted <i>Charged</i>	58,610 <i>7,570</i>	6,858 <i>9</i>	(-) 2,368 <i>(-) 898</i>	63,100 <i>6,681</i>	59,056 <i>6,453</i>	(-) 4,044 <i>(-) 228</i>
2	Capital Voted <i>Charged</i>	15,027 <i>...</i>	4,642 <i>11</i>	(-) 751 <i>...</i>	18,918 <i>11</i>	16,014 <i>...</i>	(-) 2,904 <i>(-) 11</i>
3	<i>Public Debt Charged</i>	<i>4,462</i>	<i>...</i>	<i>(-) 1,368</i>	<i>3,094</i>	<i>3,320</i>	<i>(+) 226</i>
4	Loans and Advances Voted	2,068	487	(-) 40	2,515	1,986	(-)529
	<b>Total</b>	<b>87,737</b>	<b>12,007</b>	<b>(-) 5,425</b>	<b>94,319</b>	<b>86,829</b>	<b>7,490</b>

#### 5.1.1 Grant wise Details of Savings/Excess

The Appropriation Accounts 2011-12 indicate Grant-wise details of Savings and Excess as given below:

(₹ in Crore)

Grant No. and Name		Revenue		Capital	
Savings under the following grants		Voted	Charged	Voted	Charged
01	Agriculture and Horticulture	12,02.56	<i>0.17</i>	46.06	<i>...</i>
02	Animal Husbandry and Fisheries	1,72.82	<i>0.09</i>	36.19	<i>...</i>
03	Finance	2,60.68	<i>0.12</i>	17.80	<i>...</i>
04	Department of Personnel and Administrative Reforms	93.44	<i>6.01</i>	5.00	<i>...</i>
05	Home and Transport	2,12.72	<i>...</i>	1,31.29	<i>...</i>
06	Infrastructure Development	11.25	<i>...</i>	2,65.46	<i>...</i>
07	Rural Development and Panchayat Raj	2,60.49	<i>0.02</i>	5,77.94	<i>...</i>
08	Forest, Ecology and Environment	52.74	<i>2,11.42</i>	0.74	<i>...</i>
09	Co-operation	2,17.32	<i>...</i>	19.14	<i>...</i>

(₹ in Crore)

Grant No. and Name		Revenue		Capital	
		Voted	Charged	Voted	Charged
Savings under the following grants					
10	Social Welfare	1,66.78	...	42.13	...
11	Women and Child Development	5,58.26	...	46.06	...
12	Information, Tourism and Youth Services	40.21	...	6.83	...
13	Food and Civil Supplies	86.33	0.03	...	...
14	Revenue	70.95	18.93	0.71	...
15	Information Technology	4.05	...	20.00	...
16	Housing	1,76.04	...	...	...
17	Education	5,96.17	...	1,03.58	...
18	Commerce and Industries	1,71.01	...	1,02.13	...
19	Urban Development	6,31.46	...	5,14.76	...
20	Public Works	2,24.61	...	8,09.37	...
21	Water Resources	5,71.46	...	7,79.91	...
22	Health and Family Welfare Services	1,62.26	...	78.12	10.85
23	Labour	2,26.66	...	4.75	...
24	Energy	4.32	...	5,47.36	...
25	Kannada and Culture	76.10	...	27.78	...
26	Planning, Statistics, Science and Technology	72.60	...	40.27	...
27	Law	69.31	...	...	...
28	Parliamentary Affairs and Legislation	20.23	0.81	...	...
29	Debt Servicing	...	8,88.15	...	11,42.23

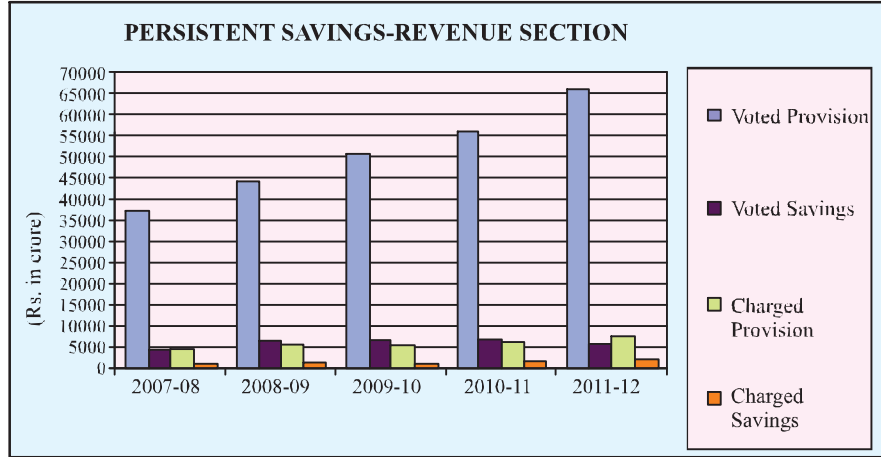
## 5.2 Trend in Savings

### PERSISTENT SAVINGS (REVENUE SECTION)

(₹ in Crore)

Year	VOTED				CHARGED			
	Provision	Expenditure	Savings	Percent of Savings to Provision	Provision	Expenditure	Savings	Percent of Savings to Provision
2007-08	37,611	33,014	4,597	12.22	4,897	4,582	315	6.43
2008-09	44,436	37,436	7,000	15.75	5,388	4,631	757	14.05
2009-10	50,354	43,840	6,514	12.94	5,765	5,630	135	2.34
2010-11	55,257	48,074	7,183	13.00	6,931	6,298	633	9.13
2011-12	65,469	59,056	6,413	9.80	7,579	6,453	1,126	14.86

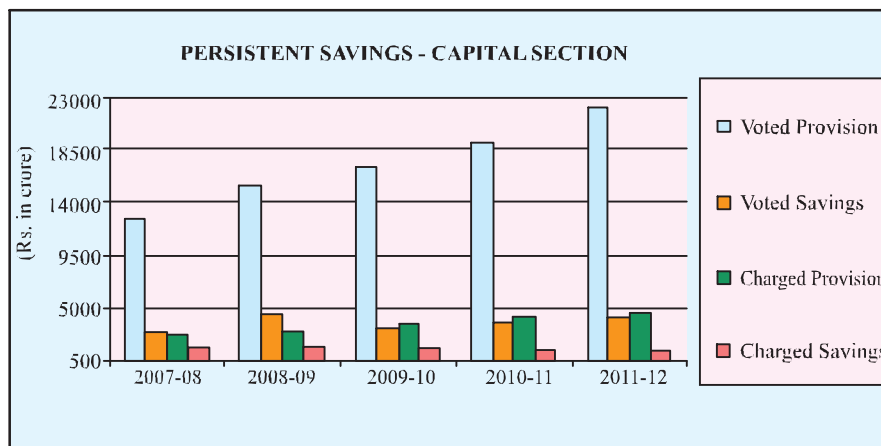




### PERSISTENT SAVINGS (CAPITAL SECTION)

(₹ in Crore)

Year	VOTED				CHARGED			
	Provision	Expenditure	Savings	Percent of Savings to Provision	Provision	Expenditure	Savings	Percent of Savings to Provision
2007-08	12,282	9,563	2,719	22.14	2,649	1,329	1,320	49.83
2008-09	15,554	11,095	4,459	28.67	3,157	1,778	1,379	43.68
2009-10	16,597	13,659	2,938	17.70	3,683	2,308	1,375	37.33
2010-11	19,193	15,736	3,457	18.01	3,813	2,807	1,006	26.38
2011-12	22,223	18,000	4,223	19.00	4,473	3,320	1,153	25.78



### 5.3 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes /programmes.

Some Grants with persistent and significant savings for the past five years, over and above 10% of the net provision of funds, under Revenue and Capital Section are given below:

(₹ in Crore)

Grant	Revenue Section	2007-08	2008-09	2009-10	2010-11	2011-12
01	Agriculture and Horticulture	25	39	32	34	34
04	Department of Personnel & Administrative Reforms	21	12	17	17	21
19	Urban Development	29	34	27	11	11
20	Public Works	22	19	18	12	13
23	Labour	13	23	20	32	40
25	Kannada and Culture	25	27	24	11	30
26	Planning, Statistics, Science and Technology	30	46	21	28	30
28	Parliamentary Affairs and Legislation	30	35	19	25	17

(₹ in Crore)

Grant	Capital Section	2007-08	2008-09	2009-10	2010-11	2011-12
01	Agriculture and Horticulture	20	80	54	55	39
02	Animal Husbandry & Fisheries	17	64	38	44	27
07	Rural Development & Panchayat Raj	35	20	26	13	17
10	Social Welfare	10	23	10	24	13
11	Women and Child Welfare	16	25	35	34	35
19	Urban Development	21	47	16	21	22
20	Public Works	11	31	16	17	18
21	Water Resources	25	34	20	15	12
23	Labour	51	34	23	17	16
25	Kannada and Culture	65	40	62	42	55
29	Debt Servicing	50	44	37	26	26

During 2011-12, Supplementary Grants totalling ₹165.79 crore proved to be unnecessary as the entire Supplementary Provision remained unutilized and out of ₹4766.66 crore an amount of ₹1615.27 crore proved Excessive. Few instances, where the savings in excess of ₹1 crore, found unnecessary or excessive are indicated in the table given below.

### UNNECESSARY SUPPLEMENTARY PROVISION

(₹ in Crore)

Gr. No	HEAD OF ACCOUNT	P/NP ORIGINAL	SUPPLEM ENTARY	ACTUALS	SAVING(-)
02	2405-00-103-0-18-059	0.00	2.00	0.00	2.00
	4403-00-101-0-17-386	0.00	9.08	0.00	9.08
	4404-00-190-0-01-211	0.00	4.00	0.00	4.00
07	2515-00-196-1-05-300	60.00	7.97	0.17	67.80
	4702-00-101-9-04-133	13.84	0.11	11.34	2.61
10	2225-02-197-6-03-401	1.85	2.71	1.86	2.70
	2225-02-197-6-03-402	0.28	0.27	0.20	0.35
	2225-02-197-6-03-403	2.50	2.26	2.33	2.43
	2225-02-197-6-03-406	3.50	1.44	3.48	1.46
	2225-02-197-6-03-407	4.00	2.76	3.85	2.91
	2225-02-197-6-03-453	2.03	1.50	1.94	1.59
	2225-02-197-6-03-456	0.90	1.19	0.90	1.19
	2225-02-197-6-03-457	0.35	1.08	0.25	1.18
	2225-02-197-6-03-466	0.38	1.63	0.38	1.63
	2225-02-794-0-01-059	100.00	62.00	97.41	64.59
14	2053-00-093-1-01-053	0.00	2.00	0.00	2.00
	2053-00-101-0-03-200	1.17	5.00	1.15	5.02
20	2216-01-700-3-01-200	64.29	5.00	62.88	6.41
	3054-04-337-1-09-172	171.25	14.25	166.90	18.60
	4711-01-103-1-00-436	0.00	2.00	0.00	2.00
	5054-03-337-0-81-172	0.00	25.00	0.00	25.00
21	2700-08-101-0-01-200	0.74	1.69	0.50	1.93
22	4210-01-110-1-01-145	0.00	10.85	0.00	10.85
<b>TOTAL</b>		<b>427.08</b>	<b>165.79</b>	<b>355.54</b>	<b>237.33</b>

## EXCESSIVE SUPPLEMENTARY PROVISION

(₹ in Crore)

Gr. No	HEAD OF ACCOUNT	P/NP ORIGINAL	SUPPLEMENTARY	ACTUALS	SAVING(-)
02	2403-00-191-1-11-059	10.00	15.00	16.31	8.69
	2403-00-196-1-01-300	0.00	7.10	2.46	4.64
	4405-00-104-0-02-386	9.00	15.00	9.76	14.24
07	2515-00-101-0-25-059	0.00	8.21	2.05	6.16
	3054-80-196-1-01-405	1.18	5.96	3.18	3.96
	4215-01-102-9-01-059	300.50	86.00	308.46	78.04
	4215-02-800-0-02-132	292.18	350.00	605.26	36.92
	5054-04-337-7-01-132	400.00	444.63	824.09	20.54
08	2406-01-001-1-01-004	0.00	5.17	0.15	5.02
09	2425-00-001-0-01-004	0.00	3.11	0.79	2.32
	2425-00-107-2-41-106	255.00	350.00	405.00	200.00
10	2225-01-196-1-01-300	0.00	6.25	1.20	5.05
14	2029-00-001-0-01-004	0.00	12.74	0.07	12.67
	2075-00-800-4-03-101	0.18	1.17	0.21	1.14
	2235-60-001-0-01-059	0.00	6.85	0.48	6.37
	2235-60-102-1-03-059	25.00	10.00	31.03	3.97
18	2851-00-102-0-69-106	30.00	83.92	73.40	40.52
	2851-00-103-0-62-059	33.30	4.00	33.82	3.48
	2851-00-107-1-35-059	29.50	24.67	44.98	9.19
	2851-00-107-1-45-059	0.00	6.00	3.39	2.61
	2851-00-107-1-80-004	0.00	3.14	0.28	2.86
	4702-00-102-1-80-396	0.00	3.30	0.22	3.08
	2702-02-005-0-80-200	0.08	4.77	0.54	4.31
	4851-00-107-1-01-139	5.00	10.00	5.54	9.46
	4860-04-800-0-01-172	8.50	5.00	11.31	2.19
20	2059-80-001-0-01-004	0.00	5.69	0.17	5.52
	2059-80-001-0-04-051	1.11	2.50	2.14	1.47
	2059-80-053-4-00-200	158.52	28.40	184.15	2.77
	4059-80-051-0-32-386	75.00	72.78	112.78	35.00
	4059-80-051-0-40-386	50.00	100.00	132.77	17.23
	4059-80-051-0-42-386	30.00	14.45	36.62	7.83
	5054-03-337-0-02-172	57.10	543.50	341.41	259.19
	5054-03-337-0-14-172	0.00	300.00	199.86	100.14
	5054-05-337-2-01-172	800.00	800.00	1217.27	382.73
	7615-00-200-2-03-394	50.00	58.00	88.54	19.46
21	2700-03-001-0-01-004	0.00	3.73	0.34	3.39
	4700-13-800-0-02-132	0.00	10.00	2.50	7.50
	4702-00-101-1-13-132	0.00	280.00	94.52	185.48
	4711-01-103-1-02-139	1.00	58.46	6.74	52.72
22	2210-06-001-1-01-300	5.63	24.74	12.48	17.89
	2210-01-001-0-22-004	0.00	11.10	1.76	9.34
24	2801-80-101-1-04-106	3900.00	956.00	4853.28	2.72
27	2014-00-105-0-01-004	0.00	9.56	3.98	5.58
	2014-00-114-0-01-059	4.50	0.65	0.46	4.69
28	2011-02-101-0-05-041	11.00	9.83	17.22	3.61
	2011-02-101-0-05-001	10.50	1.76	10.73	1.53
	2011-02-101-0-05-041	5.20	3.52	6.67	2.05
	<b>TOTAL</b>	<b>6,558.98</b>	<b>4,766.66</b>	<b>9,710.37</b>	<b>1,615.27</b>

## CHAPTER VI

### ASSETS AND LIABILITIES

#### 6.1 Assets

The details of Assets and Liabilities are exhibited in the Statement No.1 of the Finance Accounts Volume-I. The existing form of accounts do not depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. The government assets stood, mainly comprising of cash balance and investments of cash balance (₹9,609 crore), progressive Capital Expenditure (₹104,035 crore) & Loans and Advances (₹11,198 crore) at the end of 31<sup>st</sup> March 2012.

Total investments as share capital in The Public Sector Undertakings (PSUs) stood at ₹44,295 crore at the end of 2011-12. However, dividends received during the year were ₹61 crore (i.e., 0.14%) on investment. During 2011-12, investments increased by ₹5,874 crore, while dividend income increased by ₹18 crore.

Cash Balance with RBI stood at (-) ₹657 crore on 31<sup>st</sup> March 2011 has increased to ₹3 crore at the end of March 2012.

#### 6.2 Debt and Liabilities

Article 293(1) of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ in Crore)

Year	SGDP*	Public Debt	% to SGDP	Public Account <sup>^</sup>	% to SGDP	Total Liabilities <sup>^</sup>	% to SGDP
2007-08	270,628	42,873	15.83	17,269	6.38	60,142	22.22
2008-09	310,312	49,688	16.01	21,862	7.05	71,550	23.06
2009-10	345,235	55,370	16.04	28,112	8.14	83,482	24.18
2010-11	398,893	59,277	14.86	32,666	8.19	91,943	23.05
2011-12	434,270	65,315	15.04	37,715	8.68	103,030	23.72

\*SGDP for 2011-12 : ₹434,270 {Source: 'Medium Term Fiscal Plan 2012-16 (at Current Prices) presented to the State Legislature in March 2012 - by the Government of Karnataka.}

<sup>^</sup>Exhibits net of small savings and other liabilities as depicted in statement 6 (i).

There is net increase of ₹11,087 crore (12.06%) in Public Debt and Other Liabilities as compared to 2010-11.

- ❖ Interest payments on debt and other liabilities: ₹6,062 crore (about 9.31 % of the Revenue Expenditure).
  - On Public Debt: ₹4,962 crore (Internal Debt: ₹4,186 crore + Loans & Advances from GOI: ₹776 crore)
  - On Other Liabilities: ₹1,100 crore.
- ❖ Expenditure on account of interest payments increased by ₹421 crore during 2011-12 over 2010-11.

#### 6.2.1 State Provident Funds

(₹ in Crore)

Year	Opening Balance	Receipts (*)	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2007-08	3,975	1,032	627	405	4,380	315
2008-09	4,380	1,214	575	639	5,019	356
2009-10	5,019	1,418	452	966	5,985	420
2010-11	5,985	1,664	667	997	6,982 <sup>(@)</sup>	490
2011-12	6,981 <sup>(@)</sup>	1,917	1,059	858	7,839	580

(\*) Includes Interest indicated in the last column of the table.

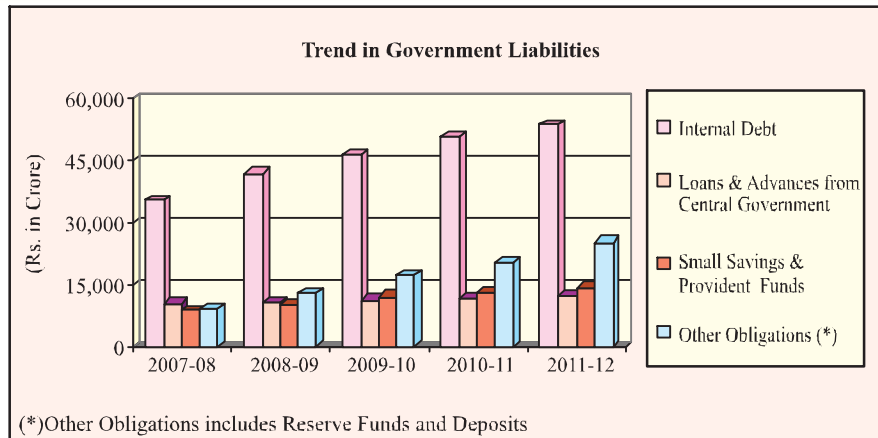
(@) Differs by 1 crore due to rounding

#### 6.2.2 Trend in Government Liabilities

The following table indicates the trends in government liabilities during the past five years. The graphical representation of trends in government liabilities is also furnished.

(₹ in Crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
2007-08	33,316	9,557	8,533	8,736	60,142
2008-09	39,996	9,692	9,709	12,153	71,550
2009-10	45,468	9,902	11,177	16,935	83,482
2010-11	48,762	10,515	12,784	19,882	91,943
2011-12	54,333	10,982	14,182	23,533	103,030



The Karnataka Fiscal Responsibility Act, 2002, allows ensuring that the Total Outstanding Liabilities (TOL) at the end of the financial year 2011-12 shall be at 26.00% of the SGDP. The total outstanding liability stood at 23.72 percent of the estimated SGDP to the end of 2011-12.

### 6.2.3 Contingency Fund

Contingency Fund of the State is set-up to meet expenditure on unforeseen contingencies, pending authorization from the State Legislature and the extent of usage for the past 5 years are as under.

(₹ in Crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Number of withdrawals from Contingency Fund	20	33	9	24	15
Total withdrawals from Contingency Fund (₹ in crore)	37.85	77.88	38.18	57.28	46.61
Withdrawals from the Contingency Fund as a percentage to Total Budget provision	0.07	0.11	0.05	0.06	0.05

## 6.3 Guarantees

The position of guarantees by the State Government for the repayment of Loans and payment of interest thereon raised by Statutory Corporations, Government Companies, Local Bodies, Co-operative Societies, etc., are furnished in the Statement No.9 of the Finance Accounts Volume-2.

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

(₹ in Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 <sup>st</sup> March	
		Principal	Interest
2007-08	23,109	10,390	396
2008-09	18,732	8,178	515
2009-10	18,420	6,954	249
2010-11	19,150	6,448	169
2011-12	13,262	6,491	149

#### 6.4 Externally Aided Projects

The liability of the State Government for repayment of Externally Aided Projects is given below. Individual Scheme wise details are furnished in the Appendix-V of the Finance Accounts Volume-2.

(₹ in Crore)

Period	Opening Balance	Amount Received	Amount Repaid	Closing Balance
2010-11	5,808	1,146	230	6,724
2011-12	6,724	1,267	328	7,663



## CHAPTER VII

### OTHER ITEMS

#### 7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293(1) of the Constitution of India. The balance under 'Internal Debt of the State Government' stood at ₹54,333 crore, which comprises an adverse balance amounting to ₹106 crore under 'Loans from National Co-operative Development Corporation', remain under examination.

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

Total Loans and Advances made by the State Government at the end of 2011-12 was ₹11,198 crore. The Loans and Advances are disbursed to various Loatee Groups consisting of Panchayat Raj Institutions, Urban Development Authorities & Municipalities, Housing Boards and Corporations, Government Companies & Corporations, Co-operative Institutions and others. Recovery of Principal aggregating to ₹1,690 crore and Interest amounting to ₹1,004 crore, is in arrears as at the end of 31<sup>st</sup> March 2012, in respect of detailed loan accounts maintained by the Accountant General.

#### 7.3 Financial Assistance to Local Bodies and Others

During the past three years, Grants-in-Aid to Local Bodies etc., increased from ₹16,420 crore in 2009-10 to ₹23,934 crore in 2011-12. Grants to Zilla Panchayats, Taluk Panchayats, Gram Panchayats and Municipalities & Urban Local Bodies (₹19,456 crore) represented 81 per cent of total Grants given during the year. Details of Grants-in-aid for the past 3 years are as under.

(₹ in Crore)

Year	Zilla Panchayats	Taluk Panchayats	Gram Panchayats	ULBs & Municipalities	Others *	Total
2009-10	4,288	6,196	890	2,472	2,574	16,420
2010-11	4,760	6,919	793	2,976	3,593	19,041
2011-12	5,653	8,211	1,344	4,248	4,478	23,934

\* Others include Public Sector Undertakings, Autonomous Bodies, Co-operative Institutions & Non Government Organisations.

##### 7.3.1 Submission of Utilization Certificates (UCs)

The government while sanctioning grants-in-aid to various beneficiaries may stipulate that the UCs for the amount of Grants-in-Aid have to be forwarded to the

Accountant General. The Principal Accountant General (A&E) will keep a watch over the submission of UCs in respect of such releases only. To the end of 31<sup>st</sup> March 2012, about 1,088 GIA bills amounting to ₹1,304 crore were outstanding due to non-submission of Utilization Certificates.

#### 7.4 Cash Balance and Investment of Cash Balance

(₹ in Crore)

Component	As on 1 <sup>st</sup> April 2011	As on 31 <sup>st</sup> March 2012	Net Increase (+)/ Decrease(-)
Cash Balances*	(-) 657	3	(+) 660
Investments from Cash Balance (GOI Securities & Treasury Bills)	6,871	7,640	(-) 769
Other Cash Balances & Investments	1,453	1,966	(+) 513
(a) Cash with Departmental Officers & Permanent Advances	9	4	(-) 5
(b) Investments of Earmarked Funds	1,444	1,962	(+) 518
<b>Total</b>	<b>7,667</b>	<b>9,609</b>	<b>(-) 1,942</b>
Interest realised	400	382	(-)28

\* Cash Balance include- Local Remittances & Deposit with RBI

During 2011-12, the Interest receipt on Cash Balance Investments decreased by 7% in comparison with the previous year.

#### 7.5 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the Departments and the figures appearing in the accounts compiled by the Principal Accountant General (Accounts and Entitlement). This exercise is to be conducted by respective Heads of Departments. During 2011-12, only 66% (₹53,564 crore) of the total expenditure of ₹80,621 crore of the State Government was reconciled. Similarly, out of total receipts of ₹69,895 crore, only 98% (₹68,500 crore) was reconciled. Loans and advances, both receipts and expenditure, were not reconciled by any of the CCOs concerned. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCO) of different departments is given below:

(₹ in Crore)

Particulars	Total No. of CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
Expenditure	194	138	33	23
Receipts	79	60	05	14
<b>TOTAL</b>	<b>273</b>	<b>198</b>	<b>38</b>	<b>37</b>

#### 7.6 Submission of Accounts by Treasuries

There are 33 District Treasuries in the State. During the year 2011-12, Treasury Accounts received were 396. Delay noticed in rendering the accounts by the

treasuries up to 15 days in 249 occasions, over 15 days and less than one month on 18 occasions and over one month and less than two months on one occasion.

#### 7.6.1 Classification of Departmental Receipts and Disbursements under omnibus Minor Head '800—Other Receipts/Other Expenditure'

Substantial amount of Departmental Receipts ₹1,433 crore under 33 Revenue, Capital and Loan Major Heads of Accounts on Receipts side, being 2.04% of the total receipts was classified under the minor head '800-Other Receipts.' Similarly, Departmental Expenditure of ₹9,171 crore under 32 Revenue, Capital and Loan Major Heads of Accounts was classified on Expenditure side, being 11.12% of the total Expenditure booked under '800-Other Expenditure' – more details are furnished in the Annexure-A to Notes to Accounts in Finance Accounts Volume-2.

#### 7.7 Abstract Contingent (AC) Bills and Non-payable Detailed Contingent (NDC) Bills

The 'Contingent Charges' or 'Contingencies' means and include all incidental and other expenses which are incurred for the management of an office or for the technical working of a department other than those which under prescribed rules of classification of Expenditure fall under some other head of expenditure. The Drawing and Disbursing Officers (DDOs) are authorized to draw money without supporting documents through AC bills, under rule 36 of Manual of Contingent Expenditure 1958. Such AC bills are required to be settled, within a maximum of 90 days, through submission of NDC bills. To the end of 31<sup>st</sup> March 2012, about 15,421 AC bills amounting to ₹149 crore were outstanding for submission of NDC bills.

#### 7.8 Commitments on Account of Incomplete Works

A total expenditure of ₹61,097 crore was incurred up to the year 2011-12 by the State Government under various construction projects taken up by the Public Works Department, Water Resource Department, and Public Health & Engineering Department. However, the Departments engaged in construction projects have reported the State Government commitment of ₹1,250 Crore on incomplete works (1499 Works) costing over ₹2,737 Crore to the end of the financial year 2011-12.

(₹ in Crore)

Period	Number of Works	Cost of Works	Progressive Expenditure
		₹ In Crores	
1995-2000	4	22	22
2000-2005	14	77	74
2005-2010	454	1073	894
2010-2012	1027	1,565	497
<b>TOTAL</b>	<b>1499</b>	<b>2,737</b>	<b>1,487</b>





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