



FINANCE ACCOUNTS
2013-2014
Volume I



GOVERNMENT OF KERALA

FINANCE ACCOUNTS

VOLUME I

FOR THE YEAR

2013-2014

GOVERNMENT OF KERALA

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**CERTIFICATE OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

This compilation containing the Finance Accounts of the Government of Kerala for the year ending 31 March 2014 presents the financial position along with accounts of the receipts and disbursements of the Government for the year. These accounts are presented in two volumes, Volume I contains the consolidated position of the state of finances and Volume II depicts the accounts in detail. The Appropriation Accounts of the Government for the year for Grants and Charged Appropriations are presented in a separate compilation.

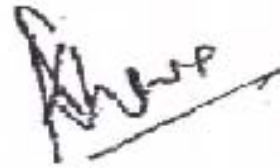
The Finance Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and have been compiled from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices, and departments responsible for the keeping of such accounts functioning under the control of the Government of Kerala and the statements received from the Reserve Bank of India. Statements (No. 7(section:3), 8(ii), 9, 14, 15(b)(i) and 15(c)(i)), explanatory notes to statements (No. 5 and 9), Additional disclosures to statement No.16 and appendices (V and X) in this compilation have been prepared mainly from the information received from the Government of Kerala who are responsible to ensure the correctness of such information.

The treasuries, offices, and/or departments functioning under the control of the Government of Kerala are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for preparation and submission of Annual Accounts to the State Legislature. My responsibility for the preparation of accounts is discharged through the office of the Principal Accountant General (A&E). The audit of these accounts is independently conducted through the office of the Principal Accountant General (Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expressing an opinion on these Accounts based on the results of such audit. These offices are independent organisations with distinct cadres, separate reporting lines and management structure.

The audit was conducted in accordance with the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Finance Accounts read with the explanatory 'Notes to Accounts' give a true and fair view of the financial position, and the receipts and disbursements of the Government of Kerala for the year 2013-2014.

Points of interest arising from study of these accounts as well as test audit conducted during the year or earlier years are contained in my Reports on the Government of Kerala being presented separately for the year ended 31 March 2014.



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

Date: 13 January 2015

Place: New Delhi

A. Broad overview of the structure of Government accounts

1. The Finance Accounts of the State of Kerala present the accounts of receipts and outgoing of the Government for the year, together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt and the liabilities and assets of the State Government as worked out from the balances recorded in the accounts.

2. The Accounts of the Government are kept in three parts:

Part I: The Consolidated Fund: This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

The Consolidated Fund comprises two sections: Revenue and Capital (including Public Debt, Loans and Advances). These are further categorised under 'Receipts' and 'Expenditure'. The Revenue Receipts section is divided into three sectors, viz., 'Tax Revenue', 'Non Tax Revenue' and 'Grants-in-Aid and Contributions'. These three sectors are further divided into sub-sectors like 'Taxes on Income and Expenditure', 'Fiscal Services', etc. The Capital Receipts section does not contain any sectors or sub-sectors. The Revenue Expenditure section is divided into four sectors, viz., 'General Services', 'Social Services', 'Economic Services' and 'Grants-in-Aid and Contributions'. These sectors in the Revenue Expenditure section are further divided into sub-sectors like, 'Organs of State', 'Education, Sports, Art and Culture' etc. The Capital Expenditure section is sub-divided into seven sectors, viz., 'General Services', 'Social Services', 'Economic Services', 'Public Debt', 'Loans and Advances', 'Inter-State Settlement' and 'Transfer to Contingency Fund'.

Part II: The Contingency Fund: This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. The Contingency Fund of the Government of Kerala for 2013-2014 is ₹ 100 crore.

Part III: The Public Account: All other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account comprises six sectors, viz., 'Small Savings, Provident Funds etc.', 'Reserve Funds', 'Deposits and Advances', 'Suspense and Miscellaneous', 'Remittances', and 'Cash Balance'. These sectors are further sub-divided into sub-sectors. The Public Account is not subject to the vote of the Legislature.

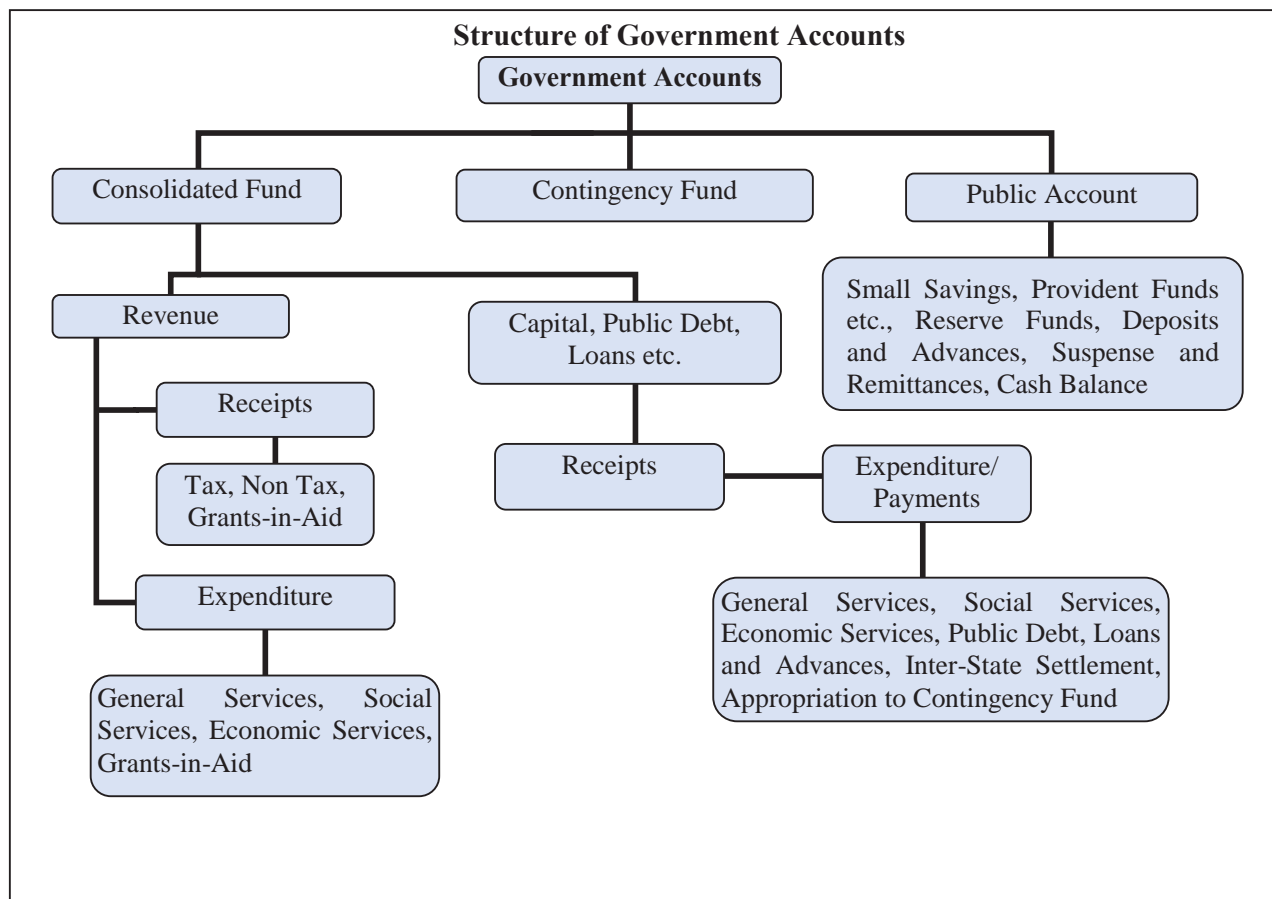
3. Government accounts are presented under a six tier classification, viz., Major Heads (four digits), Sub-Major Heads (two digits), Minor Heads (three digits), Sub-Heads (two digits), Detailed Heads (two digits), and Object Heads (two digits). Major Heads represent functions of Government, Sub- Major Heads represent sub-functions, Minor Heads represent programmes/ activities, Sub-Heads represent schemes, Detailed Heads represent sub-schemes, and Object Heads represent purpose/ object of expenditure.

4. The main unit of classification in accounts is the Major Head which contains the following coding pattern (according to the List of Major and Minor Heads corrected upto March 2014)

0020 to 1606	Revenue Receipts
2011 to 3606	Revenue Expenditure
4000	Capital Receipts
4046 to 7810	Capital Expenditure (including Public Debt, Loans and Advances)
7999	Appropriation to the Contingency Fund
8000	Contingency Fund
8001 to 8999	Public Account

5. The Finance Accounts, generally (with some exceptions), depict transactions upto the Minor Head. The figures in the Finance Accounts are depicted at net level, i.e., after accounting for recoveries as reduction of expenditure. This treatment is different from the depiction in the Demands for Grants presented to the Legislature and in the Appropriation Accounts, where, expenditure is depicted at the gross level.

6. A pictorial representation of the structure of accounts is given below:



B. What the Finance Accounts contain

The Finance Accounts are presented in two volumes.

Volume I contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, four statements which give summarised information on the financial position and transactions of the State Government for the current financial year, Notes to Accounts and an appendix to the Notes to accounts. Details of the **four** statements in **Volume I** are given below:

- 1. Statement of Financial Position:** This statement depicts the cumulative figures of assets and liabilities of the State Government, as they stand at the end of the year, and as compared to the position at the end of the previous year.
- 2. Statement of Receipts and Disbursements:** This statement depicts all receipts and disbursements of the State Government during the year in all the three parts in which Government accounts are kept, viz., the Consolidated Fund, Contingency Fund and Public Account. In addition, it contains an annexure, showing alternative depiction of Cash Balances (including investments) of the Government. The Annexure also depicts the Ways and Means position of the Government in detail.
- 3. Statement of Receipts in Consolidated Fund:** This statement comprises revenue and capital receipts (including disinvestments, borrowings and recoveries of loans and advances). This statement corresponds to detailed statements 11, 15 and 16 in Volume II of the Finance Accounts.
- 4. Statement of Expenditure in Consolidated Fund:** In departure from the general depiction of the Finance Accounts up to the Minor Head level, this statement gives details of expenditure by nature of activity (objects of expenditure) also. This statement corresponds to detailed statements 12, 13, 15 and 16 in Volume II.

Volume II of the Finance Accounts contains **three parts- six summary statements in Part I, nine detailed statements in Part II and ten Appendices in Part III.**

Part I of Volume II

- 5. Statement of Progressive Capital Expenditure.** This statement corresponds to the detailed statement 13 in Part II.
- 6. Statement of Borrowings and Other Liabilities:** Borrowings of the Government comprise market loans raised by it (Internal Debt) and Loans and Advances received from the Government of India. 'Other Liabilities' comprise 'Small Savings, Provident Funds etc.', 'Reserve Funds' and 'Deposits'. The statement also contains a note on service of debt, and corresponds to the detailed Statement 15 in Part II.
- 7. Statement of Loans and Advances given by the Government:** This statement depicts all loans and advances given by the State Government to various categories of loanees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and recipient individuals (including Government servants). This statement corresponds to the detailed statement 16 in Part II
- 8. Statement of Grants-in-Aid given by the Government:** This statement depicts all Grants in Aid given by the State Government to various categories of grantees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and individuals. Appendix IV provides details of the recipient institutions.
- 9. Statement of Guarantees given by the Government:** This statement summarises the guarantees given by the State Government on repayment of principal and interest on loans raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions.

10. Statement of Voted and Charged Expenditure: This statement assists in the agreement of the net figures appearing in the Finance Accounts with the gross figures appearing in the Appropriation Accounts.

Part II of Volume II

11. Detailed Statement of Revenue and Capital Receipts by Minor Heads: This statement corresponds to the summary statement 3 in Volume 1 of the Finance Accounts.

12. Detailed Statement of Revenue Expenditure by Minor Heads: This statement, which corresponds to the summary statement 4 in Volume 1, depicts the revenue expenditure of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly.

13. Detailed Statement of Capital Expenditure: This statement, which corresponds to the summary statement 5 in Part-I of this volume, depicts the capital expenditure (during the year and cumulatively) of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly. In addition to representing details of capital expenditure at Minor Head level, in respect of significant schemes, this statement depicts details at Subhead levels also.

14. Detailed Statement of Investments of the Government: This statement depicts investments of the State Government in the equity capital of Statutory Corporations, Government Companies, other Joint Stock Companies, Cooperative institutions and Local Bodies.

15. Detailed Statement of Borrowings and Other Liabilities: This statement, which corresponds to the summary statement 6 in Part I of this volume, contains details of all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), and Ways and Means advances extended by the Reserve Bank of India. This statement presents the information on loans under three categories: (a) details of individual loans; (b) maturity profile, i.e., amounts payable in respect of each category of loans in different years; and (c) interest rate profile of outstanding loans.

16. Detailed Statement on Loans and Advances given by the Government: This statement corresponds to the summary statement 7 in Part I of this volume.

17. Detailed Statement on Sources and Application of Funds for Expenditure other than on Revenue Account: This statement is based on the principle that revenue expenditure is expected to be defrayed from revenue receipts, while capital expenditure of the year is met from revenue surplus, net credit balances in the public account, cash balance at the beginning of the year, and borrowings.

18. Detailed Statement on Contingency Fund and Other Public Account transactions: This statement depicts at Minor Head level the details of unrecouped amounts under Contingency Fund, consolidated position of Public Accounts transactions during the year, and outstanding balances at the end of the year.

19. Detailed Statement on Investments of Earmarked Funds: This statement depicts details of investments from the Reserve Funds (Public Account).

Part III of Volume II

Part III contains ten appendices on various items including salaries, subsidies, grants-in-aid, externally aided projects, scheme wise expenditure in respect of major Central schemes and State Plan schemes, etc. These details are present in the accounts at Sub head level or below (i.e. below Minor Head levels) and so are not generally depicted in the Finance accounts. A detailed list of appendices appears at the 'Index' in Volume I or II. The statements read with the appendices give a complete picture of the state of finances of the State Government.

B. Ready Reckoner

The section below links the summary statements appearing in Volume 1 with the detailed statements and appendices in Volume II. (Appendices which do not have a direct link with the Summary Statements are not shown below).

Parameter	Summary Statements (Volume I/II)	Detailed Statements (Volume II)	Appendices
Revenue Receipts (including Grants received)	2, 3	11	
Revenue Expenditure	2, 4	12	II (Salary), III (Subsidy)
Grants-in-Aid given by the Government	2	8	IV
Capital receipts	2, 3	11	
Capital expenditure	1, 2, 4	5, 13, 17	
Loans and Advances given by the Government	1, 2, 7	16	
Debt Position/Borrowings	1, 2, 6	15	
Investments of the Government in Companies, Corporations etc	1,5	14	
Cash	1, 2	18	VIII
Balances in Public Account and investments thereof	1, 2	18, 19	
Guarantees		9	
Schemes			V (Externally Aided Projects), VI, VII

C. Periodical adjustments and Book adjustments

Certain transactions that appear in the accounts do not involve actual movement of cash at the time of booking. Some of these transactions take place at the level of the account rendering units (e.g. treasuries, divisions etc.) themselves. For instance, transactions involving adjustment of all deductions (GPF, recoveries of advances given etc.) from salaries are recorded by debiting functional major heads (pertaining to the concerned department) by book adjustment to revenue/loans/public account receipts. Similarly 'nil' bills where moneys transferred between the Consolidated Fund and Public Account represent non-cash transactions occurring at the level of the accounts rendering units.

In addition to the above, the Principal Accountant General/Accountant General (A&E) carries out periodical adjustments and book adjustments of the following nature in the accounts of the State Government, details of which appear in Appendix I (Volume I) and footnotes to the relevant statements.

Examples of periodical adjustments and book adjustments are given below:

(1) Creation of funds/ adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g., State Disaster Response Fund, Central Road Fund, Sinking Fund, etc.

(2) Crediting of deposit heads of accounts in Public Account by debit to Consolidated Fund.

(3) Annual adjustment of interest on General Provident Fund (GPF) and State Government Group Insurance Scheme where interest on GPF is adjusted by debiting Major Head 2049-Interest and crediting Major Head 8009-State Provident Fund.

(4) Adjustment of Debt waiver under the scheme of Government of India based on the recommendations of the Central Finance Commissions. These adjustments (where Central loans are written off by crediting Major Head 0075-Misc. General Services by contra entry in the Major Head 6004-Loans and Advances from the Central Government) impact both Revenue Receipts and Public Debt heads

D. Rounding

Difference of ₹ 0.01 lakh/crore, wherever occurring, is due to rounding.

1. STATEMENT OF FINANCIAL POSITION

Assets ¹	Reference (Sl.no.)	As at 31 March 2014	As at 31 March 2013
	Notes to Accounts	(₹ in crore)	
Cash			
(i) Cash in Treasuries and Local Remittances		18	3.76
(ii) Departmental Balances		18	1.93
(iii) Permanent Imprest		18	0.33
(iv) Cash Balance Investments		18	764.31
(v) Deposits with Reserve Bank of India	Para 2(vi)	18	-2.23
(vi) Investments from Earmarked Funds		19	1511.72
Capital Expenditure			
(i) Investments in shares of Companies, Corporations etc.		5 & 14	5623.61 (a)
(ii) Other Capital Expenditure		13	28213.93
Contingency Fund (unrecouped)	Para 3(viii)	18	67.39
Loans and Advances	Para 3(ii)	7 & 16	11721.13
Advances with departmental officers		18	0.33
Remittance Balances	Para 3(vii)	18	602.39
Cumulative excess of expenditure over receipts²			78330.98
Total			126839.58
			112072.46

¹ The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) in the section 'Notes to Accounts'.

² The cumulative excess of expenditure over receipts is different from and not the fiscal/revenue deficit and includes the amount adjusted on account of disinvestment/retirement of capital which is shown separately in the Report on State Finances.

(a) Includes ₹ 31.20 crore being the expenditure incurred for equity participation in Smart City Project and ₹ 0.01 crore expenditure incurred for the State Institute of Hotel Management.

(b) (i) Increased *pro forma* by ₹ 96.19 crore being conversion of loan in respect of Kerala State Electronic Development Corporation Limited into share capital

(ii) Increased *pro forma* by ₹ 0.03 crore for rectification of misclassification in 2012-13 accounts

(c) Decreased *pro forma* by ₹ 96.22 crore *vide* foot note (b) of this statement

1. STATEMENT OF FINANCIAL POSITION-*Concl'd.*

Liabilities ¹	Reference (Sl.no.)	As at 31 March 2014	As at 31 March 2013
	Notes to Accounts	(₹ in crore)	
Borrowings (Public Debt)			
(i) Internal Debt		15	76804.34
(ii) Loans and Advances from Central Government		15	
Non-Plan Loans		15	24.08
Loans for State Plan Schemes		15	6636.98
Loans for Central Plan Schemes		15	(*)
Loans for Centrally Sponsored Plan Schemes		15	(*)
Other loans		15	1.16
Contingency Fund (Corpus)		18	100.00
Liabilities on Public Account			
(i) Small Savings, Provident Funds, etc.	Para 3(xii)	18	35542.51
(ii) Deposits	Para 2(iv)	18	4702.40
(iii) Reserve Funds	Para 3(vi)	18	1881.16
(iv) Remittance Balances		18	
(v) Suspense and Miscellaneous Balances ³	Para 3(vii)	18	1146.95
Total		<u>126839.58</u>	<u>112072.46</u>

³ In this statement the line item 'Suspense and Miscellaneous Balances' does not include 'Cash Balance Investment Account', 'Departmental Balances' and 'Permanent Cash Imprest' which are included separately above, though they form part of this sector elsewhere in these Accounts.

(*) Amount negligible

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS

Receipts		Disbursements			
2013-14		2012-13		2013-14	2012-13
(₹ in crore)					
PART- I Consolidated Fund					
Section A: Revenue					
Revenue Receipts	49176.93	44137.30	Revenue Expenditure	60485.50	53488.74
Tax Revenue (raised by the State)	31995.01	30076.61	Salaries (a)	19279.78	17257.41
Non-Tax Revenue-			Subsidies (a)	1278.96	1267.68
			Grants-in-aid (a)(b)	5008.13	4430.90
Interest Receipts	149.46	172.41	General Services		
Others	5425.57	4026.10	Interest Payments		
Total	<u>5575.03</u>	<u>4198.51</u>	and servicing of debt	8265.38	7204.81
Share of Union			Pension	9971.27	8866.89
Taxes/Duties	7468.68	6840.65	Others	4167.34	2929.09
			Total	<u>22403.99</u>	<u>19000.79</u>
			Social Services	4590.35	4221.20
			Economic Services	2952.81	3294.54
			Compensation and Assignments to Local Bodies and Panchayati Raj Institutions		
Grants from Central Government	4138.21	3021.53	Raj Institutions	4971.48	4016.22
Revenue Deficit	11308.57	9351.44			
			Section B: Capital		
Capital Receipts	19.19	14.81	Capital expenditure	4294.33	4603.29
			General services	148.04	146.91
			Social Services	617.12	561.89
Recoveries of Loans and Advances	103.75	73.61	Economic Services	3529.17 (c)	3894.49
			Loans and Advances disbursed	1464.17	1136.15
			General services		
			Social Services	506.68	543.46
			Economic Services	749.17	439.14
			Others	208.32	153.55

(a) Salary, Subsidy and Grants-in-Aid figures have been summed up across all sectors to present a consolidated figure. The expenditure in this statement under Section A, the sectors 'General', 'Social' and 'Economic' services does not include expenditure on salaries, subsidies and grants in aid (explained in footnote (b)).

(b) Grants-in-Aid are given to statutory corporations, companies, autonomous bodies, local bodies etc by the Government which is included as a line item above. These grants are distinct from compensation and assignment of taxes, duties to the Local Bodies which is depicted as a separate line item 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions'.

(c) Includes 'Salaries' ₹ 61.20 crore.

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS-Contd

	Receipts		Disbursements		
	2013-14	2012-13	2013-14	2012-13	
(₹ in crore)					
PART I - Consolidated Fund- Concl'd					
Public Debt Receipts	14461.18	13261.19	Repayment of Public Debt	3244.81	2804.08
Internal Debt			Internal Debt		
(market loans etc.)	14069.17	12708.89	(market loans etc.)	2893.23	2477.88
Loans from			Loans from		
Government of India	392.01	552.30	Government of India	351.58	326.20
Net of Inter-State Settlement	..	..	Net of Inter-State Settlement		..
Total receipts Consolidated Fund	<u>63761.05</u>	<u>57486.91</u>	Total Expenditure Consolidated Fund	<u>69488.81</u>	<u>62032.26</u>
Deficit in Consolidated Fund	<u>5727.76</u>	<u>4545.35</u>			
PART II - Contingency Fund					
Contingency Fund		20.80	Contingency Fund	67.39	
PART III - Public Account (d)					
Small Savings, Provident Funds, etc.	29472.54	23820.83	Small Savings Provident Funds, etc.	25240.68	20135.29
Reserves & Sinking Funds	494.54	1192.89	Reserves & Sinking Funds	526.05	1132.16
Deposits	9865.39	7839.43	Deposits	9677.94	6698.50
Advances	0.25	0.24	Advances	0.26	0.25
Suspense and Miscellaneous	126766.38	131569.54	Suspense and Miscellaneous (e) -	125275.15	131347.30
Remittances	8922.60	9704.72	Remittances	9091.08	9674.23
Total Receipts Public Account	<u>175521.70</u>	<u>174127.65</u>	Total Disbursements Public Account	<u>169811.16</u>	<u>168987.73</u>
Opening Cash Balance	86.14	-529.23	Surplus in Public Account Closing Cash Balance	5710.54	5139.92
Increase in cash balance		615.37	Decrease in cash balance	1.53	86.14
				84.61	

(d) For details please refer to Statement 18 in Volume 2.

(e) 'Suspense and Miscellaneous' includes 'Other Accounts' such as Cash Balance Investment account (Major Head 8673) etc. The figures may appear huge on account of these other accounts. Details may be seen in Statement 18.

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS-Contd

Annexure**CASH BALANCES AND INVESTMENTS OF CASH BALANCES**

	As on 31 March 2014	As on 1 April 2013 (₹ in Crore)
(a) General Cash Balance -		
1. Cash in Treasuries	2.69	9.29
2. Deposits with Reserve Bank	-2.23 (A)	76.23
3. Deposits with other Banks	(B)	
4. Remittances in transit - Local	1.07 (C)	0.62
Total	1.53	86.14
5. Investments held in Cash Balance Investment Account	764.31	3201.71
Total - (a)	765.84	3287.85
(b) Other Cash Balances and Investments -		
1. Cash with departmental officers, viz. Public Works Department Officers, Forest Department Officers, District Collectors, etc.	1.93	2.36
2. Permanent advances for contingent expenditure with departmental officers	0.33	0.33
3. Investment of earmarked funds	1511.72	1402.19
Total - (b)	1513.98	1404.88
Total - (a)+(b)	2279.82	4692.73

(A) (i) The balance under the head 'Deposits with Reserve Bank' is arrived at after taking into account the Inter-Government monetary settlements pertaining to transactions of the financial year 2013-14 advised to the RBI till 16 April 2014.

(ii) There was a difference of ₹ 0.12 crore (net credit) between the figures reflected in accounts (credit item ₹ 2.23 crore) and that communicated by Reserve Bank of India (debit item ₹ 2.35 crore).

The net credit of ₹ 0.12 crore is under reconciliation

(B) Represents cash held with State Bank of Travancore (amount negligible)

(C) The transactions under the head 'Remittances in transit - Local' represent remittance between treasuries and currency chest remaining unadjusted on 31 March 2014.

Annexure**CASH BALANCES AND INVESTMENTS OF CASH BALANCES-Contd.****Explanatory Notes****(a) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in treasuries and deposit with Reserve Bank of India and other Banks and Remittances in Transit, as stated above. The balance under the head 'Deposits with Reserve Bank' depicts the combined balance of the Consolidated Fund, Contingency Fund and the Public Account at the end of the year. To arrive at the overall cash position, the cash balances with treasuries, departments and investments out of the cash balances/reserve funds, etc. are added to the balance in 'Deposits with Reserve Bank of India'.

(b) Daily Cash Balance

Under an agreement with the Reserve Bank of India, the State Government has to maintain a minimum cash balance of ₹ 1.66 crore with the Bank. The Bank intimates to Government the daily balances with the Bank at the close of each working day. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances/overdrafts from time to time.

For arriving at the daily cash balance¹ for the purpose of grant of Ways and Means advances/Overdraft, the RBI evaluates the holdings of the 14 day Treasury Bills along with the transactions reported (at RBI counters, Inter-Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived, the maturity of 14 day Treasury Bills, if any, is added and excess balance, if any, after maintaining the minimum cash balance is reinvested in Treasury Bills. If the net cash balance arrived at results in less than the minimum cash balance or a credit balance and if there are no 14 day Treasury Bills maturing on that day, RBI rediscounts the holdings of the 14 day Treasury Bills and makes good the shortfall. If there is no holding of the 14 day Treasury Bills on that day the State Government applies for Ways and Means Advances/Special Ways and Means Advances/Overdrafts.

If the cash balance falls below the stipulated minimum even after availing the maximum amount of Special and Ordinary Ways and Means Advances, such shortfall attracts payment of interest to the Bank. If the cash balance has fully run down and expenditure exceeds the available cash balance, the Bank gives Overdrafts which automatically cover the minus balance. As per the overdraft regulation scheme, no State shall be allowed to run on overdraft for

¹ The cash balance ('Deposits with RBI') above is the closing cash balance of the year as on 31 March but worked out by 16 April and not simply the daily balance on 31 March.

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS-Contd

Annexure

CASH BALANCES AND INVESTMENTS OF CASH BALANCES-Contd.

Explanatory Notes-Contd.

(b) Daily Cash Balance-Concl

more than fourteen consecutive working days, or more than thirty six working days in a calendar quarter. The overdraft shall not exceed 100 per cent of Ordinary Ways and Means limit. If the overdraft exceeds this limit continuously for five working days for the first time in a financial year, the Bank will advise the State to bring down the overdraft level. If such irregularity persists on a second or subsequent occasion, payment will be stopped.

(c) The limit for Ordinary Ways and Means Advances to the State Government was ₹ 350 crore with effect from 1 April 2006 to 10 November 2013, which was revised to ₹ 525 crore from 11 November 2013. The Bank has also agreed to give Special Ways and Means Advances against the pledge of Government Securities. The limit of special ways and means advances is revised by the Bank from time to time.

The extent to which the Government maintained the minimum cash balance with the Reserve Bank during 2013-14 is given below:-

(i) Number of days on which the minimum balance was maintained without taking any advance.	;	364
(ii) Number of days on which the minimum balance was maintained by taking ordinary ways and means advance	:	} 1
(iii) Number of days on which the minimum balance was maintained by taking special ways and means advances	:	
(iv) Number of days on which there was shortfall in minimum balance even after taking the above advances, but no overdraft was taken	:	NIL
(v) Number of days on which overdrafts were taken	:	NIL

(d) The Bank rate of interest was 8.50% per annum from 1 April 2013 which was revised to 8.25% per annum from May 2013, 10.25% per annum from July 2013, 9.50% per annum for September 2013, 9.00% per annum for October 2013, 8.75% per annum from November 2013, and 9% from February 2014 to March 2014

The repo rate under Liquidity Adjustment Facility (LAF) was 7.50% per annum from 1 April 2013, which was revised to 7.25%, 7.50%, 7.75% and 8.00% from 3 May 2013, 20 September 2013, 29 October 2013 and 28 January 2014 respectively.

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS-Contd

Annexure

CASH BALANCES AND INVESTMENTS OF CASH BALANCES-Contd.

Explanatory Notes-Contd.

During 2013-14 interest was payable on advances, shortfalls and overdrafts as follows:-

Period	Ordinary Ways and Means Advances			Overdrafts		
	Special Ways and Means Advances	(first 90 days)	(beyond 90 days) Short falls	Up to 100% limit of ordinary Ways and Means Advances	beyond 100% limit of ordinary Ways and Means Advances	
1 April 2013 to 2 May 2013	6.50%	7.50%	8.50%	Nil	9.50%	12.50%
3 May 2013 to 19 September 2013	6.25%	7.25%	8.25%		9.25%	12.25%
20 September 2013 to 28 October 2013	6.50%	7.50%	8.50%		9.50%	12.50%
29 October 2013 to 27 January 2014	6.75%	7.75%	8.75%		9.75%	12.75%
28 January 2014 to 31 March 2014	7.00%	8.00%	9.00%		10.00%	13.00%

(e) The details of transactions during the year 2013-14 under Ways and Means Advances (Ordinary and Special), are given below:-

	Opening balance on 1 April 2013	Amount obtained during 2013-14	Amount repaid during 2013-14	Closing balance on 31 March 2014	Amount of interest paid to the Reserve Bank of India
Special Ways and Means advances	..	5.19	5.19	..	..
Ordinary Ways and Means advances	..	113.74	113.74	..	0.02
Overdrafts					
Total		118.93	118.93		0.02

2. STATEMENT OF RECEIPTS AND DISBURSEMENTS-*Concl*

Annexure**CASH BALANCES AND INVESTMENTS OF CASH BALANCES-*Concl*****Explanatory Notes-*Concl***

(f) The following is an analysis of investments held in the Cash Balance Investment Account:-

	Opening Balance on 1 April 2013	Purchases during 2013-14	Sales during 2013-14	Closing balance on 31 March 2014	Interest realised during the year
			(₹ in crore)		
<i>Short term investments</i>					
Government of India Treasury Bills	3194.48	48595.84	51033.24	757.08	77.95
<i>Long term investments</i>					
Securities of the Government of India	7.23			7.23	0.44
Total	3201.71	48595.84	51033.24	764.31	78.39

The details of investments out of earmarked funds are given in Statement No.19.

3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND

Description	(₹ in crore)	
	2013-14	2012-13
I. TAX AND NON-TAX RECEIPTS		
A. Tax Revenue -		
A.1 Own Tax Revenue		
Land Revenue	88.78	121.58
Stamps and Registration Fees	2593.29	2938.37
State Excise	1941.72	2313.95
Taxes on Sales, Trade etc.	24885.25	22511.09
Taxes on Vehicles	2161.09	1924.61
Taxes on Goods and Passengers	..	..
Other Taxes and Duties on Commodities and Services	184.94	155.80
Others	139.94	111.21
A.2 Share of net proceeds of Taxes		
Corporation Tax	2511.79	2457.20
Taxes on Income other than Corporation Tax	1653.94	1471.08
Taxes on Wealth	6.89	4.16
Customs	1218.58	1136.75
Union Excise Duties	860.66	772.54
Service Tax	1216.82	998.92
Others		..
Total A	39463.69	36917.26
B Non-Tax Revenue		
Miscellaneous General Services	3908.33	2813.57
Forestry and Wildlife	329.95	237.33
Education, Sports, Art and Culture	308.13	182.78
Other Administrative Services	195.32	164.66
Interest Receipts	149.46	172.41
Co-operation	112.36	99.99
Dividends and Profits	100.58	48.15
Medical and Public Health	91.76	86.90
Contributions and Recoveries towards Pension and Other Retirement Benefits	66.01	73.51
Non-ferrous Mining and Metallurgical Industries	59.82	53.87
Roads and Bridges	49.94	45.48
Police	30.84	26.65
Other General Economic Services	31.35	26.11
Ports and Lighthouses	20.73	51.91

3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-*Contd.*

Description	(₹ in crore)	
	2013-14	2012-13
B Non-Tax Revenue-<i>Concl.</i>		
Stationery and Printing	17.10	17.79
Labour and Employment	16.49	11.97
Crop Husbandry	11.50	10.81
Fisheries	7.75	6.87
Inland Water Transport	7.28	5.03
Minor Irrigation	6.36	5.41
Medium Irrigation	6.32	7.82
Tourism	6.19	5.63
Animal Husbandry	5.94	4.60
Major Irrigation	5.56	6.92
Public Works	5.43	5.20
Civil Supplies	5.07	4.23
Village and Small Industries	4.17	3.53
Jails	3.92	2.93
Urban Development	2.05	5.10
Other Rural Development Programmes	2.04	1.68
Public Service Commission	1.90	1.67
Housing	1.46	1.38
Social Security and Welfare	1.06	1.50
Dairy Development	0.86	0.84
Other Social Services	0.77	1.19
Information and Publicity	0.38	0.20
Other Agricultural Programmes	0.36	0.06
Industries	0.14	0.54
Family Welfare	0.17	0.04
Other Transport Services	0.08	1.44
Other Scientific Research	0.09	0.79
Others	0.01	0.02
Total B	5575.03	4198.51

3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-Contd.

Description	(₹ in crore) Actuals	
	2013-14	2012-13
II. GRANTS FROM GOVERNMENT OF INDIA		
C Grants		
Grants-in-Aid from Central Government		
Non-Plan Grants		
Grants under the proviso to Article 275(1) of the Constitution	1446.55	499.89
Grants towards contribution to State Disaster Response Fund	121.51	100.68
Grants under National Disaster Response Fund	61.74	34.27
Other Grants	49.60	22.62
Grants for State /Union Territory Plan Schemes		
Block Grants (of which EAP)	817.00	754.75
Grants under the proviso to Article 275(1) of the Constitution	10.59	10.59
Grants from Central Road Fund	70.40	124.86
Other Grants	256.24	273.26
Grants for Central Plan Schemes	86.58	59.89
Grants for Centrally Sponsored Plan Schemes	1218.00	1140.72
Grants for Special Plan Schemes	..	..
Total C	4138.21	3021.53
Total Revenue Receipts (A+B+C)	49176.93	44137.30

3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-Contd.

Description	(₹ in crore) Actuals	
	2013-14	2012-13
III. CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS		
D Capital Receipts		
Disinvestment Proceeds	19.19 (a)	14.75
Others		0.06
Total D	19.19	14.81
E Public Debt Receipts		
Internal Debt		
Market Loans	12800.00	11582.99
Ways and Means Advance from RBI	118.93	..
Bonds	-0.15 (b)	0.07
Loans from Financial Institutions	501.25	495.79
Special Securities issued to National Small Savings Fund	565.14	630.04
Other Loans	84.00	..
Loans and Advances from Central Government		
Non-Plan Loans	..	..
Loans for State Plan Schemes	392.01	552.30
Loans for Central Plan Schemes		..
Loans for Centrally Sponsored Plan Schemes		..
Other Loans	..	..
Total E	14461.18	13261.19

(a) Represents retirement of capital/disinvestments of Co operative societies/Banks

(b) Minus credit is due to rectification of misclassification in earlier years

3. STATEMENT OF RECEIPTS IN CONSOLIDATED FUND-*Concl.*

Description	<i>(₹ in crore)</i>	
	2013-14	2012-13
III. CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS-<i>Concl.</i>		
F Loans and Advances by State Government (Recoveries)¹	103.75	73.61
G Inter-State Settlement	..	..
Total Receipts in Consolidated Fund (A+B+C+D+E+F+G)	<u>63761.05</u>	<u>57486.91</u>

¹ Details are in Statements 7 and 16 in Volume II

4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND

A EXPENDITURE BY FUNCTION

Description	Revenue	Capital	Loans and Advances	Total
<i>(₹ in crore)</i>				
A General Services				
A.1 Organs of State				
Parliament/State/Union Territory Legislatures	66.13			66.13
President, Vice-President/Governor/ Administrator of Union Territories	5.80			5.80
Council of Ministers	10.45			10.45
Administration of Justice	487.15			487.15
Elections	41.24			41.24
A.2 Fiscal Services				
Collection of Taxes on Income and Expenditure	0.15			0.15
Land Revenue	356.33			356.33
Stamps and Registration	136.76			136.76
Collection of Other Taxes on Property and Capital Transactions	0.19			0.19
State Excise	164.32			164.32
Taxes on Sales, Trade etc.	178.23			178.23
Taxes on Vehicles	74.61			74.61
Other Taxes and Duties on Commodities and Services	20.24			20.24
Other Fiscal Services	115.71			115.71
Interest Payments		8265.38		8265.38
A.3 Administrative Services				
Public Service Commission	95.21			95.21
Secretariat - General Services	171.95			171.95
District Administration	260.50			260.50
Treasury and Accounts- Administration	184.62			184.62
Police	2070.44	0.02		2070.46
Jails	79.58			79.58
Stationery and Printing	104.52	1.83		106.35
Public Works	137.53	146.19		283.72
Other Administrative Services	238.60			238.60

4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.

A EXPENDITURE BY FUNCTION

Description	Revenue	Capital	Loans and Advances	Total
<i>(₹ in crore)</i>				
A General Services-Concl.				
A.4 Pensions and Miscellaneous General Services				
Pensions and Other Retirement Benefits	9971.27			9971.27
Miscellaneous General Services	3368.18			3368.18
Total General Services	<u>26605.09</u>	<u>148.04</u>		<u>26753.13</u>
B Social Services				
B.1 Education, Sports, Art and Culture				
General Education	10801.27	199.28 (a)	1.20	11001.75
Technical Education	657.82			657.82
Sports and Youth Services	120.13			120.13
Art and Culture	130.63			130.63
B.2 Health and Family Welfare				
Medical and Public Health	3153.36	130.32		3283.68
Family Welfare	354.18			354.18
B.3 Water Supply, Sanitation, Housing and Urban Development				
Water Supply and Sanitation	580.60	61.50	193.67	835.77
Housing	114.43	13.41	309.06	436.90
Urban Development	213.75	0.45	2.75	216.95
B.4 Information and Broadcasting				
Information and Publicity	56.86	1.89		58.75
B.5 Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities				
Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1639.80	33.28		1673.08
B.6 Labour and Labour Welfare				
Labour and Employment	632.77			632.77
B.7 Social Welfare and Nutrition				
Social Security and Welfare	2205.22	38.74		2243.96
Nutrition	2.61			2.61
Relief on account of Natural Calamities	261.16			261.16
B.8 Others				
Other Social Services	20.25	138.25		158.50
Secretariat- Social Services	35.04			35.04
Total Social Services	<u>20979.88</u>	<u>617.12</u>	<u>506.68</u>	<u>22103.68</u>

(a) Capital outlay corresponding to 'General Education', 'Technical Education', 'Sports and Youth Services' and 'Art & Culture'.

4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.

A EXPENDITURE BY FUNCTION

Description	Revenue	Capital	Loans and Advances	Total
	(₹ in crore)			
C Economic Services				
C.1 Agriculture and Allied Activities				
Crop Husbandry	1052.84	12.75	0.21	1065.80
Soil and Water Conservation	67.25	22.71		89.96
Animal Husbandry	420.39	2.35	10.74	433.48
Dairy Development	138.88	0.23		139.11
Fisheries	248.00	119.11	17.35	384.46
Forestry and Wildlife	378.34	35.08		413.42
Food, Storage and Warehousing	931.85	20.64	25.94	978.43
Agricultural Research and Education	343.72			343.72
Co-operation	265.20	27.90	24.52	317.62
Other Agricultural Programmes	46.42	4.93		51.35
C.2 Rural Development				
Special Programmes for Rural Development	106.82			106.82
Rural Employment	28.57			28.57
Land Reforms	27.85			27.85
Other Rural Development Programmes	477.47	28.14	2.44	508.05
C.3 Special Areas Programmes				
Hill Areas	102.68			102.68
C.4 Irrigation and Flood Control				
Major Irrigation	125.40	60.06		185.46
Medium Irrigation	114.13	77.04		191.17
Minor Irrigation	164.26	129.04		293.30
Command Area Development	8.12			8.12
Flood Control and Drainage	39.84	76.25		116.09
C.5 Energy				
Power	212.33			212.33
New and Renewable Energy	13.37	3.40		16.77
C.6 Industry and Minerals				
Village and Small Industries	323.97	48.55	40.80	413.32
Industries	14.44			14.44
Non-ferrous Mining and- Metallurgical Industries	10.72		5.00	15.72
Cement and Non-Metallic- Chemical and Pharmaceutical Industries			4.43	4.43
Engineering Industries		4.01	35.27	39.28

4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Contd.

A EXPENDITURE BY FUNCTION

Description	Revenue	Capital	Loans and Advances	Total
(₹ in crore)				
C.6 Industry and Minerals-Concl'd.				
Telecommunication and- Electronics Industries		156.77	6.00	162.77
Consumer Industries		73.45	51.44	124.89
Other Outlays on Industries and Minerals		59.46	96.98	156.44
C.7 Transport				
Ports and Light Houses	35.11	150.28		185.39
Civil Aviation			3.05	3.05
Roads and Bridges	1632.35	1403.24		3035.59
Road Transport	39.59	69.11	425.00	533.70
Inland Water Transport	38.97	17.60		56.57
Other Transport Services	4.26	295.21		299.47
C.8 Science, Technology and Environment				
Other Scientific Research	90.58	0.25		90.83
Ecology and Environment	21.54			21.54
C.9 General Economic Services				
Secretariat- Economic Services	118.53			118.53
Tourism	143.87	140.43		284.30
Census Surveys and Statistics	79.28			79.28
Civil Supplies	15.88			15.88
Other General Economic Services	46.23	491.18		537.41
Total Economic Services	<u>7929.05</u>	<u>3529.17</u>	<u>749.17</u>	<u>12207.39</u>
D. Grants-in-Aid and Contributions				
Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	4971.48			4971.48
E. Loans to Government Servants etc.				
Loans to Government Servants etc.			207.39	207.39
Miscellaneous Loans			0.93	0.93
F. Public Debt				
Internal Debt of the State Government			2893.23	2893.23
Loans and Advances from- the Central Government			351.58	351.58
Total Grants-in-Aid and Contributions, Loans to Government Servants etc., Public Debt	4971.48		3453.13	8424.61
Total Expenditure in Consolidated Fund	<u>60485.50</u>	<u>4294.33</u>	<u>4708.98</u>	<u>69488.81</u>

(@) Amount negligible

4. STATEMENT OF EXPENDITURE IN CONSOLIDATED FUND-Concl'd

B. EXPENDITURE BY NATURE

Object of Expenditure	2013-14			2012-13			2011-12		
	Rev	Cap	Total	Rev	Cap	Total	Rev	Cap	Total
	<i>(₹ in crore)</i>								
Salaries	19279.78	61.20	19340.98 (a)	17257.41	56.29	17313.70	16027.50	54.43	16081.93
Pensions	10029.16		10029.16 (b)	8925.89	..	8925.89	8745.75	..	8745.75
Interest	8307.67		8307.67 (c)	7217.68	..	7217.68	6305.42	..	6305.42
Grant-in-aid	10005.55		10005.55 (d)	8457.18	..	8457.18	6630.66	..	6630.66
Other Charges	1592.76	3.15	1595.91	1414.63	7.66	1422.29	1054.42	2.31	1056.73
Subsidies	1278.96		1278.96	1267.69	..	1267.69	1014.43	..	1014.43
Major Works	1.51	1013.49	1015.00	0.60	875.02	875.62	0.01	477.46	477.47
Scholarships and Stipends	707.01		707.01	477.56	..	477.56	499.36	..	499.36
Contributions	138.72		138.72	77.13	..	77.13	140.21	..	140.21
Office Expenses	172.33	0.54	172.87	202.09	0.68	202.77	207.36	0.51	207.87
Wages	274.16	0.93	275.09	247.25	0.84	248.09	201.47	0.74	202.21
Materials and Supplies	107.19		107.19	89.95	..	89.95	96.38	..	96.38
Machinery and Equipments	49.96	6.01	55.97	59.86	..	59.86	25.96	..	25.96
Travel Expenses	93.91	0.21	94.12	88.15	0.20	88.35	82.49	0.19	82.68
Maintenance	52.80	0.02	52.82	57.03	0.00	57.03	44.70	0.01	44.71
POL	61.69	0.27	61.96	57.26	0.22	57.48	53.02	0.26	53.28
Minor Works	47.82		47.82	44.95		44.95	37.86	..	37.86
Motor Vehicles	24.07	0.09	24.16	45.54	0.08	45.62	19.86	0.07	19.93
Rent Rates and Taxes	37.08	0.30	37.38	26.14	0.31	26.45	26.67	0.40	27.07
Payment of Professional and Special Services	29.47		29.47	25.33	..	25.33	24.33	..	24.33
Feeding and Cash Doles	15.37		15.37						
Others	8347.26	3208.12	11555.38	7586.90	3661.99	11248.89	4896.19	3316.54	8212.73
Recoveries of Overpayment	-168.73		-168.73	-137.48	..	-137.48	-89.43	..	-89.43
Total	60485.50	4294.33	64779.83	53488.74	4603.29	58092.03	46044.62	3852.92	49897.54

- (a) Includes ₹ 6077.70 crore being the salary of the staff of State aided educational institutions booked under the object head 'Salaries'.
- (b) Includes ₹ 9971.52 crore booked under '2071 Pensions and Other Retirement Benefits'. Differs from Statement No.12 due to 'Recoveries of Overpayment' being shown separately in this Statement.
- (c) Includes ₹ 8293.58 crore booked under '2049 Interest Payments'. Differs from Statement No.12 due to 'Recoveries of Overpayment' being shown separately in this Statement.
- (d) Differs from Statement No.8 due to 'Recoveries of Overpayment' being shown separately in this Statement.

NOTES TO ACCOUNTS

1. Summary of significant accounting policies:

(i). **Entity and Accounting Period:** The Finance Accounts 2013-14 present the transactions of the Government of Kerala for the period 01 April 2013 to 31 March 2014 and are based on the initial and subsidiary accounts rendered by 23 District Treasuries, 158 Public Works Divisions, 101 Forest Divisions of the State Government and Advices of the Reserve Bank of India. Despite delays in monthly rendition of accounts ranging from 01 day to 27 days by some treasuries and divisions, no accounts were excluded at the end of the year.

(ii). **Basis of Accounting:** With the exception of some book adjustments (Appendix-I A) and deductions made at source in respect of General Provident Fund, House Building Advance, Motor Conveyance Advance, Insurance, etc., the accounts represent the actual cash receipts and disbursements during the accounts period. Physical Assets and Financial Assets such as Government investments are shown at historical cost, i.e., the value at the year of acquisition/ purchase. Physical assets are not depreciated or amortised. Retirement benefits disbursed during the account period have been reflected in the accounts but the future pension liability of the Government, i.e., the liability towards payment of retirement benefits for the past and the present service of its employees is not included in the accounts.

(iii). **Currency in which Accounts are kept:** The accounts of the Government of Kerala are kept in Indian Rupees (₹).

(iv). **Form of Accounts:** Under Article 150 of the Constitution, the accounts of the Union and of the States are kept in such form as the President may, on the advice of the Comptroller and Auditor General of India, prescribe. The word 'form' used in Article 150 has a comprehensive meaning so as to include the prescription not only of the broad form in which the accounts are to be kept but also for selecting appropriate heads under which the transactions are to be classified.

(v). **Classification between Revenue and Capital:** Revenue expenditure is recurring in nature and is intended to be met from revenue receipts. Capital Expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character or of reducing permanent liabilities. Expenditure on Grants-in-Aid is

recorded as revenue expenditure in the books of the grantor, and as revenue receipts in the books of the recipient.

2. Quality of accounts:

(i). Bookings under Minor Head 800 'Other Receipts' and 800 Other Expenditure':

Minor Heads 800- Other Receipts / Other Expenditure are intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Heads 800 is to be discouraged, since it renders the accounts opaque. During 2013-14, the State Government classified ₹ 753.34 crore relating to 47 Major Heads of account under the Minor Head '800 Other Receipts'. This constituted 1.53 per cent of the total receipts of the State Government. Details of significant receipts (over ₹ 50 crore or more than 50 per cent of the concerned Major Heads) classified under '800 Other Receipts' are listed at Appendix I B.

Similarly, the State Government classified ₹ 3343.80 crore relating to 74 Major Heads of accounts under the Minor Head '800 Other Expenditure. This constituted 5.16 per cent of the total expenditure of the State Government. Details of significant expenditure (over ₹ 50 crore or more than 50 per cent under the concerned Major Heads) are at Appendix I C.

(ii). **Unadjusted Abstract Contingent (AC) bills:** Drawing and Disbursing Officers are authorised to draw money through Abstract Contingent (AC) Bills, to meet unforeseen expenditure by debiting Service Heads against which they are required to present Detailed Contingent (DC) bills with supporting documents which are to reach the office of the Accountant General within a month of drawal of the AC bill. Delayed submission or prolonged non-submission of DC bills renders the expenditure under AC bills opaque and affects the completeness and correctness of accounts. Details of outstanding DC bills are given below:

Year	No. of items	Amount (₹ in crore)
Up to 2011-12	1	0.15
2012-13	2	0.22
2013-14	53	1.42
Total	56	1.79

(iii). Outstanding Utilisation Certificates (UCs)

While sanctioning grants given for specific purposes, the State Government sometimes stipulates that Utilisation Certificates (UCs) should be furnished to the Principal Accountant General (A&E) by the sanctioning authority within one year from the date of sanction, and require the Principal Accountant General to watch receipt of the UCs. Details of outstanding UCs are given below:-

Year during which UCs became due	Number of UCs awaited as on 30 June, 2014	Amount (₹ in crore)
Upto 2011-12	15	69.61
2012-13	19	7.74
2013-14*	99	84.14

(*). Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2013-14, become due only in 2014-15.

(iv). Personal Deposit accounts

From time to time, the State Government orders the opening of Personal Deposit (PD) accounts for specific purposes, where, funds are transferred from the Consolidated Fund by booking the transfer as expenditure under Service heads. The Kerala Financial Code stipulates that Administrators of these PD accounts should close these PD accounts at the end of the financial year and credit the balances back to the Consolidated Fund, unless such PD accounts were created by Law or Rules having the force of Law. The number of live PD accounts is not readily ascertainable as the details of PD accounts are not promptly communicated by the treasury officers. The aggregate balance in the PD accounts as on 31 March 2014 was ₹ 127.17 crore.

(v). Reconciliation of Receipts and Expenditure: To exercise effective budgetary control over the expenditure and to ensure accuracy of their 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 Principal Accountant General (A&E). Reconciliation of receipts has been completed for a value of ₹ 26610.19 crore (70.72 per cent of total receipts of ₹ 37627.44 crore excluding the figures maintained by Accountant General). Reconciliation of expenditure has been completed for a value of ₹ 38122.72 crore (67.10 per cent of total expenditure of ₹ 56810.69 crore excluding the figures maintained by Accountant General). Details of CCOs whose transactions totalled to more than ₹ 50 crore

during the year, but who have not reconciled their expenditure with the accounts maintained by Principal Accountant General (A&E) are given in Appendix I D. Non-reconciliation of accounts has an impact on the assurance on the completeness and correctness of the receipts and expenditure depicted in the accounts.

(vi). Differences in Cash Balance There is a net difference of ₹ 0.12 crore (Cr.) between the Cash Balance with the Reserve Bank of India (RBI) as worked out by the Principal Accountant General (A&E), and as reported by the RBI. The difference has arisen due to incorrect reporting of transactions by Agency banks to the RBI or by non reckoning of transactions/misclassification of Reserve Bank Deposit (RBD) figures by treasuries. The difference is under reconciliation.

(vii). MH 8670 'Cheques and Bills': Credit balance under MH 8670 Cheques and bills indicates cheques issued which remained unencashed as on 31 March. Cheques amounting to ₹ 1371.42 crore that had been issued by the State Government remained unencashed at the end of 2013-14. This represents expenditure originally booked in various financial years under different Major Heads, which has not resulted in any cash outflow from the Government of Kerala till 31 March, 2014.

3. Other Items

(i). Liabilities on Retirement Benefits

The expenditure on pension and other retirement benefits to State Government employees and employees of aided educational institutions, etc., during the year was ₹ 9971.27 crore (16.49 per cent of total revenue expenditure). All India Service (AIS) officers recruited on or after 1 January 2004 and the State Government Employees recruited on or after 1 April 2013 are covered under the New Pension Scheme (NPS), which is a defined contribution scheme. In terms of the scheme, the employee contributes 10 per cent of his basic pay and dearness allowance, which the State Government matches, and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. The details of the liability of the employees and the Government, against contributions to the scheme, and interest thereon, from the date of implementation of the Scheme have not been estimated. As on 31 March 2014, the employees' contribution to the scheme was ₹ 0.22 crore, against which, the State Government contributed ₹ 0.02 crore resulting in a shortfall that is required to be factored in

along with interest. The Revenue and Fiscal Deficits of the State Government were also, thereby, understated by ₹0.20 crore.

Out of ₹ 0.15 crore (employees' contribution: ₹ 0.13 crore and employer's contribution: ₹ 0.02 crore) transferred to the Fund in 2013-14, the State Government remitted ₹ 0.03 crore (employees' contribution: ₹ 0.02 crore and employer's contribution ₹ 0.01 crore) to NSDL, leaving a balance of ₹ 0.23 crore (₹ 0.12 crore of 2013-14 and ₹ 0.11 crore being opening balance as on 01 April, 2013) in the Fund as on 31 March, 2014 on which the Government is required to pay interest, which was not done. The interest outstanding to the Fund since its inception has not been estimated. Uncollected, unmatched and untransferred amounts, with accrued interest, represent outstanding liabilities under the Scheme.

(ii). Loans and Advances: Information provided in Statement 16 of the Finance accounts 2013-14 as required under the Indian Government Accounting Standards (IGAS) 3 notified by the Government of India for disclosure of loans and advances is incomplete since the State Government departments have not furnished information in respect of loans and advances for which detailed accounts are kept by them. Further, the departments have also informed that terms and conditions of loans aggregating to ₹ 126.95 crore have not been fixed by the State Government.

In respect of loans whose detailed accounts are maintained by the Principal Accountant General (A&E), the concerned departmental Controlling Officers are required to verify and communicate their acceptance of the balances of loans communicated by the Principal Accountant General (A&E). The State Government has not fixed the terms and conditions relating to loans aggregating to ₹ 38.64 crore where detailed accounts are maintained by the Principal Accountant General (A&E). Acceptance of balances is pending, in many cases, from 1984-85 onwards. Details are available in Annex 'A' to Appendix VIII.

(iii). Guarantees given by Government: Guarantees reported in Statement 9 are based on information received from the State Government which is the authority for issuing such guarantees. The total outstanding Government Guarantee as on 01 April 2013 is ₹ 9099.50 crore which was within the limit of ₹ 14000 crore prescribed under the Kerala Ceiling on Government Guarantees Act, 2003. The Act stipulated that a minimum of 0.75 per cent of the outstanding Government Guarantee should be charged by the State Government each year as guarantee commission, which could not be waived under any circumstances.

Guarantee commission of ₹ 72.85 crore was received during 2013-14. From the date of commencement of the Act, till 31 March 2014, ₹ 257.44 crore was outstanding from various entities towards guarantee commission. Details are given at Appendix I E.

(iv). Adverse Balances: There are 35 instances of Adverse balances amounting to ₹ 27.68 crore. The adverse balances appeared in the accounts due to absence of debit entry relating to Industries Department to the extent of ₹ 25.71 crore and the remaining instances of ₹ 1.97 crore are due to misclassification of repayments of loans remitted into treasuries or misclassification of initial payments (disbursement) of loan.

(v). Summary of balances and reconciliation of differences under Public Account

Ledger and Broadsheet figures depicted in Annexures A and B to Appendix VIII of the Finance Accounts are based on the compiled accounts (for Ledger) and supporting vouchers (for Broadsheet) rendered by the Accounts rendering units to the Principal Accountant General (A&E). Though differences between the Ledger and broadsheet do not have any impact on Cash Balance of the State Government, the completeness of accounts is dependent to the extent these two figures tally.

In the case of heads of account under Public Account, the concerned treasury officers and departmental officers of Public Works and Forest departments are required to reconcile the accounts maintained by them with the accounts of the Principal Accountant General (A&E). Similarly, the accounts of the treasury officers and concerned departmental officers are required to be reconciled. Reconciliation of the balances is pending in many cases, from 1972-73 onwards. Details are at Annex 'B' of Appendix VIII. As the balances represent amounts held by the State Government as a banker, unreconciled balances may result in overpayments in ledger accounts maintained by the treasury officers/ departmental officers.

(vi). Reserve Funds and Deposits: As on 31 March 2014, the State Government had 15 Reserve Funds with balances amounting to ₹ 1881.16 crore. Out of these, one Reserve Fund (₹ 77.73 crore) was interest bearing, and 14 Reserve Funds (₹ 1803.43 crore) were non-interest bearing. Out of the 14 non-interest bearing Reserve Funds, 5 Reserve Funds had 'nil' balance. Details are given in Appendix I F.

The interest liabilities in respect of Reserve Funds Bearing Interest and Deposits Bearing Interest under sectors J and K respectively of the Public Accounts are annual liabilities that

the State Government is required to discharge. No Budget provision has been made by the State Government despite balances in such Reserve Funds and Deposits as on 01 April 2013 as detailed below:

(₹ in crore)			
Sector	Sub-sector	Rate of interest	Balance at the beginning of 2013-14
J-Reserve Funds	(a) Reserve Funds Bearing Interest (SDRF)	9.5 per cent (interest rate applicable to overdraft)	112.20
K-Deposits and Advances	(a) Deposits Bearing Interest (CPS)	8.7 per cent (interest rate payable on balances in General Provident Fund)	0.11

Consequent to the non provision of interest, the Revenue and Fiscal Deficits was understated by ₹ 10.66 crore.

Details of significant Reserve Funds are given below:

(a) Consolidated Sinking Fund (CSF)

In terms of the recommendations of the Twelfth Finance Commission, all States should set up sinking funds for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Fund (NSSF) etc. The Fund should be maintained outside the Consolidated Fund of the State and should not be used for any other purpose, except for redemption of loans. The guidelines of the Reserve Bank of India (RBI), which is responsible for administration of the Fund stipulate a minimum annual contribution of 0.5 per cent of the outstanding liabilities at the beginning of the year to the Fund.

Accordingly the State Government set up a CSF for redemption of outstanding liabilities. Against a requirement of ₹ 542.38 crore (0.5 percent of the outstanding liabilities of ₹ 108476.74 crore as on 01 April 2013), the State Government did not contribute any amount to the Fund during the year. Consequently, the Revenue and Fiscal Deficits during the year were understated to the extent of ₹ 542.38 crore.

In terms of the guidelines of the Fund, the balance at credit of the Fund as on 31 March, 2014 was ₹ 1497.16 crore which was invested in Government of India Securities.

(b) Guarantee Redemption Fund

As per the recommendations of the Twelfth Finance Commission, State Governments are required to constitute a Guarantee Redemption Fund to be utilized for meeting the payment of obligations arising out of the guarantees issued by the Government. The Fund is operated outside the State Government account and administered by the Reserve Bank of India. Under the guidelines, the State Government is required to make minimum annual contribution of 0.5 per cent of outstanding guarantee at the beginning of year. The proceeds of the Fund are invested in Government of India securities and this does not form a part of the State Government Cash balance.

In terms of the Kerala Ceiling on Government Guarantees Act, 2003 the guarantee commission shall form the corpus of the Guarantee Redemption fund and it shall be remitted to the Public Account of the State. While ₹ 257.44 crore was outstanding from various entities towards guarantee commission since the inception of the Act, guarantee commission of ₹ 72.85 crore collected during 2013-14 was not remitted into the Fund. Consequently, the Revenue and Fiscal Deficits of the State were understated to the extent of ₹ 72.85 crore.

(c) State Disaster Response Fund

As per recommendation of the Thirteenth Finance Commission, the State Government replaced its existing Calamity Relief Fund and commenced operations of the "State Disaster Response Fund" (SDRF) in 2010-11. In terms of the guidelines, the Central and State Governments are required to contribute to the Fund in the proportion of 75:25. During the year, the State Government credited ₹ 258.02 crore to the Fund. This includes ₹151.74 crore (Central share of ₹ 113.81 crore and State share of ₹ 37.93 crore) for 2013-14 and ₹ 10.27 crore (Central share ₹7.70 crore, State share ₹ 2.57 crore) pertaining to 2012-13. In addition ₹ 61.74 crore received from the National Disaster Response Fund (NDRF) in 2013-14 along with an amount of ₹34.27 crore received for the year 2012-13 from National Disaster Response Fund (NDRF) in March 2013 was also transferred to the Fund.

The guidelines state that expenditure from NDRF is meant to assist the State to provide immediate relief in cases of severe calamity where the expenditure to be made is in excess of the balance in the State SDRF. Further, NDRF is required to be expended in the year in which it is released without transferring the amount to Public Account. The prescribed procedure, was, however not followed both in case of release of NDRF and its utilisation.

Expenditure already incurred on natural calamities during the year was set off (MH 2245-05) against fund balance to the extent of ₹ 292.49 crore, leaving a balance of ₹ 77.73 crore as on 31 March 2014 in SDRF. In terms of the guidelines, balances lying in the Fund are required to be invested by the State Executive Committee (SEC) constituted for the management of the Fund which was not done. The interest payable on the uninvested balances of earlier years has not been estimated.

(d) Asset Maintenance Fund

This Fund came into force with effect from the financial year 2009-10 replacing the Kerala Asset Renewal Fund Scheme 2004. This Fund is intended to provide financial assistance for maintenance of existing assets in selected institutions. The Fund was credited with the balance in the erstwhile Asset Renewal Fund and contributions made by the State Government through budget provisions from time to time. However, there was no budget provision for transfer to the Fund since 2009-10. Consequently, while there have been no accretions to the Fund since 2009-10, expenditure has been met from the Fund from time to time. During the year, ₹ 11.76 crore was expended from the Fund, leaving a balance of ₹ 94.75 crore in the Fund as on 31 March 2014.

(e) Kerala Consumer Welfare Fund

The State Government constituted the Kerala Consumer Welfare Fund for the purpose of providing financial assistance to promote and protect the welfare of consumers and strengthen the voluntary consumer movement in the State, particularly in rural areas. On the basis of revised guidelines issued by Government of India in February 2010, the State Government established (December 2010) the Kerala State Consumer Welfare Corpus Fund with a corpus of ₹ 10 crore (75 per cent Central share and 25 per cent State share) which was invested in a Special Treasury Savings Bank Account. However, since the State Government did not open a separate head of account to accommodate Fund receipts and no separate rules were issued for the Kerala State Consumer Welfare Corpus Fund, the Kerala Consumer Welfare Fund, which includes the balance of the Kerala State Consumer Welfare Corpus Fund also, continues to function as per the revised guidelines. The opening balance of the Fund as on 01 April 2013 was ₹ 10.29 crore. During 2013-14, an amount of ₹ 0.92 crore, was credited to the Fund. Expenditure met out of the Fund during the year was ₹ 0.31 crore leaving a balance of ₹ 10.90 crore in the account of the Fund as on 31 March 2014.

The Fund is operated at sub-head level and is depicted in the Finance Accounts as footnotes under Major Head 8229- Development and Welfare Funds.

(f) The Kerala Forest Development Fund

The State Government constituted the Kerala Forest Development Fund in 1984. The Fund is credited with the proceeds of the Forest Development Tax, which is levied at the rate of five per cent of the consideration received on the disposal of forest produce. Sixty per cent of the expenditure from the Fund is to be incurred on planting and maintaining softwood trees and other species which form raw materials for industries, and forty per cent for forest research. During this year, ₹15.57 crore was transferred to the Fund and expenditure of ₹1.64 crore was incurred from Fund. The closing balance of the Fund as on 31 March 2014 was ₹ 163.55 crore.

(vii). Suspense and Remittance Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these heads is worked out by aggregating the outstanding debit and credit balances separately. The position of balances under major Suspense and Remittance heads for the last three years is given below:

(₹ in crore)

Name of Minor Head	2011-12		2012-13		2013-14	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Account						
101-PAO Suspense	191.51	20.20	243.67	5.40	253.87	7.95
Net	Dr.171.31		Dr.238.27		Dr.245.92	
102-Suspense Account (Civil)	402.26	359.94	901.85	830.10	71.75	41.95
Net	Dr.42.32		Dr.71.75		Dr.29.80	
107-Cash Settlement Suspense	70.28	23.33	46.95	2.37	44.59	0.29
Net	Dr.46.95		Dr.44.58		Dr.44.30	
110-Reserve Bank Suspense (CAO)	17.88	15.60	21.59	19.84	1.75	-0.10
Net	Dr. 2.28		Dr.1.75		Dr.1.85	
8782-Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer						
102-Public Works Remittances	768.80	361.32	775.39	425.99	790.98	293.71
Net	Dr.407.48		Dr.349.40		Dr.497.27	
103-Forest Remittances	563.74	562.41	641.54	646.08	736.35	739.37
Net	Dr.1.33		Cr.4.54		Cr.3.02	

(viii). Contingency Fund

The corpus of the Contingency Fund of the State is ₹ 100 crore. As on 31 March 2014, an amount of ₹ 67.39 crore remained unrecouped in the Fund. Consequently, the Revenue and Fiscal Deficits stand understated to that extent.

(ix). Rush of expenditure

In terms of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. During March 2014, however, the State Government incurred an expenditure of ₹ 9741.59 crore (15.04 per cent of the total expenditure of ₹ 64779.83 crore under Revenue and Capital heads for the year). Details of the 13 major Heads of Account where the expenditure incurred in March 2014 ranged between 50 per cent and 100 per cent of the total expenditure are given at Appendix-I G.

(x). Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budget)

Government of India transfers substantial funds directly to State Implementing Agencies / Non Government Organisations (NGOs) for implementation of various schemes / programmes. Since these funds are not routed through the State Budget /State Treasuries, these are not reflected in the accounts of the Government. The details given in Appendix-VII are therefore, captured from the Central Plan Scheme Monitoring System (CPSMS) portal of the Controller General of Accounts.

(xi). Release of Central share and State share of Central Plan and Centrally Sponsored Schemes.

The Central share and State share in respect of a number of Central Plan and Centrally Sponsored Plan Schemes, for which Government of India share has been received during the year, have not been fully released to the implementing agencies by the State Government during the year. The position in respect of a few major Schemes is given in the Annex to Statement 12.

(xii). Treasury Savings Bank Deposit

The State Government accepts deposits from its employees, pensioners, institutions and the general public through treasuries and accounts for it under minor head '102-State Savings Bank Deposits' below major head '8031-Other Savings Deposits'. The rate of interest

applicable for these deposits was 5 per cent per annum during the year 2013-14. The balance in the 'State Savings Bank Deposit' as on 31 March 2014 was ₹ 14700.65 crore.

(xiii). Adjustment of excess payment against write-off of Central Loans

In terms of Government of India's decision on the recommendation of the Thirteenth Finance Commission, Ministry of Finance (Department of Expenditure) vide Sanction Order No. 13/2011-12 dated 29 February 2012 wrote off Central Loans under Central Plan Schemes and Centrally Sponsored Schemes advanced to the State Government by the Ministries (other than Ministry of Finance) outstanding on 31.03.2010 and limited to current balance outstanding in the ledger of the Ministries. Repayment of loan and interest, if any, made by the State after 31.03.2010 against these written-off loans was to be adjusted against the repayment of the loans due from States against current loans from Ministry of Finance (Department of Expenditure), Government of India.

State Government had made excess repayment of ₹ 21.81 crore (principal ₹ 10.52 crore, interest ₹ 11.29 crore), of which, ₹ 10.88 crore (principal ₹ 5.46 crore, interest ₹ 5.42 crore) was adjusted by the Ministry of Finance. Out of the balance of ₹10.93 crore (principal ₹5.06 crore, interest ₹ 5.87 crore) pending adjustment by the Ministry of Finance, the principal of ₹ 5.06 crore has led to adverse balance (net debit) and overstatement of Public Debt of the Government to that extent.

(xiv). Disclosures under Kerala Fiscal Responsibility and Budget Management (FRBM) Act, 2003

Targets fixed by the State Government in the Kerala Fiscal Responsibility and Budget Management Act, 2003, read with the Kerala Fiscal Responsibility and Budget Management (Amendment) Act 2011, the ceilings fixed by the Thirteenth Finance Commission, and the achievements as per the accounts of 2013-14 are given below:

Sl No.	Target	Achievement
1.	Reduce Revenue Deficit to 0.5 per cent of GSDP.	Revenue Deficit as per the accounts was ₹11308.57 crore (2.81 per cent of GSDP*)
2.	Reduce Fiscal Deficit at a level not exceeding 3.0 per cent of the GSDP.	Fiscal Deficit as per the accounts was ₹16944.13 crore (4.20 per cent of GSDP).
3.	Reduce the State's Total Debt to 30.70 per cent of GSDP.	Total Debt as per the accounts was ₹ 124080.93 crore (30.79 per cent of GSDP)

*The GSDP was estimated at ₹402972 crore in the Budget in Brief 2014-15 of the State Government.

(xv) Status on inclusion of statements/ information recommended by the Twelfth Finance Commission in the Finance Accounts.

The Twelfth Finance Commission had recommended inclusion of eight additional statements/information for greater transparency and to enable informed decision making pending transition from cash to accrual basis of accounting. Out of these eight statements, two statements: (i) Data on Committed liabilities in the future, and (ii) Implications of major policy decisions taken by the Government during the year or new schemes proposed in the budget for the future cash flows, are yet to be incorporated in the Finance Accounts for want of information from the State Government.

However, the Finance Minister of the State announced a number of new schemes in his Budget Speech for the year 2013-14. The major schemes and the indicated cash outflows for the year/ for the specified period were as given below:-

Sl. No.	Name of the scheme	Indicated future cash outflow for the year/ specified period (₹ in crore)	Implementation period
1	Infrastructure Development	846.00	Not specified
2	Kerala State Transport Project Phase II	280.00	Not specified
3	Kerala Medical Services Corporation	220.00	Not specified
4	Grihasree Bhavana Padhathi for houseless	90.00	Not specified
5	Assistance to KINFRA for development of various Industrial Parks	86.68	Not specified
6	Extension of CHIS Programme	70.00	Not specified
7	Fishing Harbour at Parappanangadi	65.00	Not specified
8	Horticulture Development	62.25	Not specified

(xvi) Impact of incorrect/inappropriate booking on Revenue/Fiscal Deficit

Impact on Revenue /Fiscal Deficit of the State Government consequent to the budgeting and booking under incorrect expenditure and revenue heads (details given in preceding paragraphs) is given below:-

(₹ in crore)

Paragraph No.	Item	Impact on Revenue Deficit	Impact on Fiscal Deficit
		Understatement	Understatement
3 (i)	Short contribution by the State Government towards Government contribution under New Pension Scheme	0.20	0.20
3 (vi)	Non provision of interest on interest bearing Reserve Funds and Deposits	10.66	10.66
3 (vi) (a)	Non contribution of the State Government to Consolidated Sinking Fund	542.38	542.38
3 (vi) (b)	Non contribution to Guarantee Redemption Fund	72.85	72.85
3(viii)	Unrecouped amount to Contingency Fund	67.39	67.39
Total understatement		693.48	693.48

Appendix I A

(Referred to Para I (ii) of Notes to Accounts on Page 20)

Book Adjustments

(i) Periodical Adjustments

Sl. No.	Book Adjustment	Heads of Account		Amount (₹ in crore)	Remarks
		From	To		
1	Interest adjustment	2049-Interest Payments	8031-Other Savings Deposits 102-State Savings Bank Deposits	85.51	Interest on Treasury Savings Bank Deposits.
2	“	2049-Interest Payments	8009-State Provident Funds 01-Civil 101-General Provident Funds	1290.80	Interest on various Provident Funds.
3	“	2049-Interest Payments	8009-State Provident Funds 01-Civil 104-All India Services Provident Funds	2.56	Interest on All India Services Provident Fund
4	“	2049-Interest Payments	8011-Insurance and Pension Funds 105-State Government Insurance Fund	245.87	Transfers to Insurance and Pension Funds.
5	Transfer to/from Reserve Fund	8229-Development and Welfare Funds 114-Mines Welfare Funds	2230-Labour and Employment	0.35	Expenditure met from Kerala Mining Area Welfare Fund
6	“	8229-Development and Welfare Funds 200-Other Development and Welfare Funds	3456-Civil Supplies	0.14	Expenditure met from Consumer Welfare Fund, constituted for providing financial assistance to promote and protect welfare of consumers.
7	“	2245- Relief on account of Natural Calamities	8121-General and Other Reserve Funds 122-State Disaster Response Fund	258.02	Transfers to Kerala State Disaster Response Fund.
8	“	8121-General and Other Reserve Funds	2245- Relief on account of Natural	292.49	Expenditure met from Kerala State

Sl. No.	Book Adjustment	Heads of Account		Amount (₹in crore)	Remarks
		From	To		
		122-State Disaster Response Fund	Calamities		Disaster Response Fund.
9	Transfer to/from Reserve Fund	8449-Other Deposits 103-Subventions from Central Road Fund	5054 -Roads and Bridges	70.40	Expenditure met from Central Road Fund on schemes of road development approved by Government of India.
10	“	3054-Roads and Bridges	8449-Other Deposits 103-Subventions from Central Road Fund	70.40	Transfer of grant released by Government of India from the Fund constituted for crediting additional revenue realised from increase in excise and import duties on motor spirit to Central Road Fund.
11	“	2406-Forestry and Wildlife	8229-Development and Welfare Funds 200-Other Development and Welfare Funds	15.57	Transfers to Kerala Forest Development Fund.
12	“	8229-Development and Welfare Funds 200-Other Development and Welfare Funds	2406-Forestry and Wildlife	1.64	Expenditure met from Kerala Forest Development Fund for maintaining Softwood trees and other species and for forest research.
13	“	8229-Development and Welfare Funds 200-Other Development and Welfare Funds	2203-Technical Education 2029-Land Revenue 2210-Medical and Public Health	0.11 2.99 8.67	Expenditure met from Asset Maintenance Fund. “
14	Transfer to/from Revolving	8443-Civil Deposits 106-Personal Deposits	2406-Forestry and Wildlife	13.23	Expenditure met from Kerala Forest Revolving Fund for

Sl. No.	Book Adjustment	Heads of Account		Amount (₹in crore)	Remarks
		From	To		
	Fund				Teak and Pulpwood maintained for the purpose of raising and maintenance of Teak and Pulpwood plantations.
15	Transfer to/from Reserve Fund	8229-Development and Welfare Funds 103-Development Funds for Agricultural purposes	3475-Other General Economic Services	0.43	Expenditure met from Agriculturists' Rehabilitation Fund intended for payment of solatium to small holders of land and loan or grant to persons eligible under Kerala Land Reforms Act-1963.
16	Adjustment of Interest	2701-Medium Irrigation	0049-Interest Receipts	0.63	Adjustment of interest on capital expenditure on Medium Irrigation Schemes(Commercial)
17	Adjustment of Interest	2700-Major Irrigation	0049-Interest Receipts	13.40	Adjustment of interest on capital expenditure on Major Irrigation Scheme (Commercial).
18	Establishment share	4700-Capital Outlay on Major Irrigation	2700-Major Irrigation	0.96	Adjustment of share of common establishment expenses to various Major Irrigation Schemes (Commercial).
19	“	4216-Capital Outlay on Housing and various Capital Major heads	2059-Public Works	0.40	Adjustment of share of common establishment and Tools and Plant Charges to various

Sl. No.	Book Adjustment	Heads of Account		Amount (₹in crore)	Remarks
		From	To		
					Works.
20	Establishment share	4711-Capital Outlay on Flood Control Projects	2701-Medium Irrigation	6.90	Adjustment of share of common establishment charges to various Works.
21	Establishment and Tools and Plant share	4701-Capital Outlay on Medium Irrigation	2701-Medium Irrigation	2.11	Adjustment of share of common establishment and Tools and Plant charges to various Medium Irrigation Schemes (Commercial).
22	„	4702-Capital Outlay on Minor Irrigation	2702-Minor Irrigation	21.34	Adjustment of share of common establishment and Tools and Plant Charges to various Minor Irrigation Schemes.
23	„	5054-Capital Outlay on Roads and Bridges	3054-Roads and Bridges	199.23	Adjustment of share of common establishment and Tools and Plant Charges to various Works.
24	Adjustment of Pension Contribution	2701-Medium Irrigation	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	0.04	Adjustment of Pension Contribution of staff working in Medium Irrigation Schemes (Commercial).
25	Adjustment of Pension Contribution	2700-Major Irrigation	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	0.11	Adjustment of Pension Contribution of staff working in Major Irrigation Schemes (Commercial).
26	Establishment of Share Debit	5075-Capital Outlay on Other Transport Services	2701-Medium Irrigation	1.96	Adjustment of Share of common Establishment and

Sl. No.	Book Adjustment	Heads of Account		Amount (₹ in crore)	Remarks
		From	To		
					Tools and Plant charges to various Medium Irrigation Schemes (Commercial)
27	Establishment of Share Debit	2700-Major Irrigation	2700-Major Irrigation	2.60	Adjustment of Share of common Establishment and Tools and Plant charges to various Major Irrigation Schemes (Commercial)
28	“	2701-Medium Irrigation	2701-Medium Irrigation	0.80	Adjustment of Share of common Establishment and Tools and Plant charges to various Medium Irrigation Schemes (Commercial)
29	Establishment of Share Debit and Tools and Plant charges	4059-Capital Outlay on Public Works	2059-Public Works	14.56	Adjustment of Share of Establishment and Tools and Plant charges on Public Works
30	“	2216-Housing	2059-Public Works	2.96	Adjustment of Share of Common Establishment and Tools and Plant charges on Housing
31	“	Other Major Capital Heads	2059-Public Works	37.81	Adjustment of Share of Common Establishment and Tools and Plant charges to various works
32	“	4711- Capital Outlay on Flood Control Projects	2711- Flood Control Projects	5.41	Adjustment of Share of Common Establishment and Tools and Plant charges to various works

Sl. No.	Book Adjustment	Heads of Account		Amount (₹ in crore)	Remarks
		From	To		
33	Adjustment of Pension Contribution	2235-Social Security and Welfare	0071- Contribution and Recoveries towards Pension and Other Retirement benefits	1.04	Apportionment of Pension Contribution of Kerala State Insurance Department
34	Family Benefit Scheme	2235-Social Security and Welfare	8011-Insurance and Pension Funds 102-Family Pension Funds	2.00	Adjustment of Contribution or disbursement of claims under Family Benefit Scheme
35	Adjustment of Pension Contribution	8011-Insurance and Pension Funds 105-State Government Insurance Fund	2235-Social Security and Welfare	12.81	Transfer of Management Expenses and Pension Contribution of Other Insurance Schemes
36	Adjustment of Collection charges	2040- Taxes on Sales, Trade etc	2020- Collection of Taxes on Income and Expenditure	0.15	Adjustment of proportionate collection charges of Agricultural Income Tax initially debited to Taxes on Sales, Trade etc.
37	Adjustment of Commission paid to agents	2075-Miscellaneous General Services	0075- Miscellaneous General Services	1252.90	Adjustment of commission paid to Lottery agents out of the sale proceeds of Lottery tickets
38	Adjustment of Management expenses	2014-Administration of Justice	8011-Insurance and Pension Funds 106-Other Insurance and Pension Funds	(@)	Adjustment of Advocate Clerks Welfare Fund

(@) Amount negligible

(ii) Other Adjustments

Sl. No.	Book Adjustment	Heads of Account		Amount (₹ in crore)	Remarks
		From	To		
1	Share of Expenditure Received	2210-Medical and Public Health	0210-Medical and Public Health	0.32	Share of expenditure received from Employees State Insurance Corporation
2	Interest on Investment	8031-Other Savings Deposits 102-State Savings Bank Deposits	8229-Development and Welfare Funds 200-Other Development and Welfare Funds	0.82	Interest on Investment made from Kerala State Consumer Welfare Fund
3	Sale of Ration	1456-Civil Supplies	4408-Capital Outlay on Food, Storage and Warehousing	0.11	Receipt on Account of Sale of Ration.
4	Adjustment of Central Loans	6004-Loans and Advances from the Central Government 02-State Plan Loans	0075-Miscellaneous General Services 800-Other Receipts 2049-Interest Payments 04 – Interest on Loans and advances from Central Government 911 –Deduct Recovery of Over payments	3.57 5.42	Adjustment of excess amount repaid towards central Loans written off by Government of India as per the recommendation of Thirteenth Finance commission

Appendix I B

(Referred to Para 2 (i) of Notes to Accounts on Page 21)

**Details of Revenue receipts under Minor Head
'800 Other Receipts' during 2013-14**

(Includes Major Heads where more than ₹ 50 crore or more than 50 per cent of the total receipts stands booked under 800 Other Receipts)

Sl. No	Major Head	Receipts under Minor Head 800 Other Receipts	Total Receipts	Per-centage
		(₹ in crore)		
1	0217-Urban Development	2.30	2.05	112.20
2	1452-Tourism	6.21	6.19	100.32
3	0235-Social Security and Welfare	1.06	1.06	100.00
4	1075-Other Transport Services	0.08	0.08	100.00
5	1456-Civil Supplies	5.07	5.07	100.00
6	0211-Family Welfare	0.17	0.17	100.00
7	0404-Dairy Development	0.86	0.86	100.00
8	1056-Inland Water Transport	7.28	7.28	100.00
9	1425-Other Scientific Research	0.09	0.09	100.00
10	0515-Other Rural Development Programmes	2.03	2.04	99.51
11	0851-Village and Small Industries	4.09	4.17	98.08
12	0702-Minor Irrigation	6.18	6.36	97.17
13	1054-Roads and Bridges	48.35	49.94	96.82
14	1051-Ports and Light Houses	19.69	20.73	95.18
15	0220-Information and Publicity	0.36	0.38	94.74
16	0405-Fisheries	7.06	7.75	91.10
17	0425-Co-operation	92.02	112.36	81.90
18	0059-Public Works	3.72	5.43	68.51

Sl. No	Major Head	Receipts under Minor Head 800 Other Receipts	Total Receipts	Percentage
		(₹ in crore)		
19	0401-Crop Husbandry	6.73	11.50	58.52
20	0230-Labour and Employment	8.28	16.49	50.21
21	0070-Other Administrative Services	77.35	195.32	39.60
22	0049-Interest Receipts	50.81	149.46	34.00
23	0030-Stamps and Registration Fees	85.67	2593.29	3.30
24	0040-Taxes on Sales, Trade etc.	117.36	24885.25	0.47

Appendix I C
(Referred to Para 2 (i) of Notes to Accounts on Page 21)

Details of Revenue and Capital Expenditure under Minor Head '800 Other Expenditure' during 2013-14

(Includes Major Heads where more than ₹ 50 crore or more than 50 per cent of total expenditure stands booked under 800 Other Expenditure)

Sl. No	Major Head	Expenditure under Minor Head 800 Other Expenditure	Total Expenditure (Excluding recoveries)	Per-centage
		(₹ in crore)		
1	5475-Capital Outlay on other General Economic Services	491.34	491.19	100.03
2	4810-Capital Outlay on New and Renewable Energy	3.40	3.40	100.00
3	4055-Capital Outlay on Police	0.02	0.02	100.00
4	4250-Capital Outlay on other Social Services	135.73	138.25	98.18
5	3055-Road Transport	38.71	39.59	97.79
6	4701-Capital Outlay on Medium Irrigation	72.87	77.04	94.59
7	4515-Capital Outlay on other Rural Development Programmes	26.14	28.14	92.89
8	2810-New and Renewable Energy	24.87	26.93	92.34
9	4859-Capital Outlay on Telecommunication and Electronic Industries	127.09	156.77	81.07
10	3075-Other Transport Services	2.97	4.27	69.61
11	4405-Capital Outlay on Fisheries	82.26	119.11	69.06
12	2216-Housing	68.26	114.44	59.65
13	4406-Capital Outlay on Forestry and Wild Life	19.58	35.08	55.82
14	4058-Capital Outlay on Stationery and Printing	1.00	1.83	54.78
15	2702-Minor Irrigation	73.65	164.29	44.83
16	2217-Urban Development	92.93	216.07	43.01
17	5452-Capital Outlay on Tourism	59.17	140.43	42.14
18	2405-Fisheries	102.78	249.56	41.18
19	2401-Crop Husbandry	312.11	1056.65	29.54
20	2515-Other Rural Development Programmes	130.12	488.48	26.64
21	2225-Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	314.03	1644.94	19.09
22	2215-Water Supply and Sanitation	110.78	580.61	19.08
23	2075-Miscellaneous General Services	170.61	3373.34	5.20
24	5054-Capital Outlay on Roads and Bridges	57.72	1473.64	3.92
25	2071-Pensions and Other Retirement Benefits	148.59	9971.52	1.49
26	2202-General Education	141.92	10823.15	1.31

Appendix I D
(Referred to Para 2 (v) of Notes to Accounts on Page 22)

**List of Controlling Officers who have not reconciled the expenditure figures during
2013-14**

Sl. No.	Name of Controlling Officer	Major Head	Expenditure (₹ in crore)
1	The Director, Public Instruction, Jagathy, Thiruvananthapuram	2202/2235/ 2205/2204	7465.35
2	The Secretary, Revenue Department, Thiruvananthapuram	2075/2245/ 2250/5475	803.02
3	The Secretary to Government, Higher Education Department, Government Secretariat, Thiruvananthapuram	2202/2203/ 2204/2205	464.35
4	The Commissioner, Rural Development, L.M.S Compound, Thiruvananthapuram	2515/2501/ 2505/ 4515	452.54
5	The Director of Urban Affairs, Thiruvananthapuram	3054	240.69
6	The Secretary, Transport Department, Secretariat, Thiruvananthapuram	3056/2075/ 3075/5053/	236.40
7	The Director, Vocational Higher Secondary Education, Housing Board Building, Santhi Nagar, Thiruvananthapuram	2202	236.30
8	The Secretary to Government, Power Department, Thiruvananthapuram	2801	214.80
9	The Secretary, Local Self Government Department, Thiruvananthapuram	3054	193.06
10	The Secretary to Government, Information Technology Department, Secretariat, Thiruvananthapuram	3451/4859	170.95
11	The Director of Ports, Valiathura, Vallakkadavu, Thiruvananthapuram	3051/5051	152.41
12	The Chief Engineer, Public Office Compound ,Thiruvananthapuram	2515/4515	116.51
13	The Director, Survey and Land Records, Thiruvananthapuram	2029	103.40
14	The Secretary to Government, Science and Technology Department, Thiruvananthapuram	3425	90.58
15	The Director of Homoeopathy, Thiruvananthapuram	2210	89.41
16	The Secretary, Planning and Economic Affairs Department, Secretariat, Thiruvananthapuram	2551/2202/ 3451/ 5475	78.16
17	The Director, Municipal Administration, Thiruvananthapuram	2217	74.31
18	The Director, Regional Cancer Centre, Thiruvananthapuram	2210	69.08
19	The Director, Directorate of State Water Transport Department, Alappuzha	3056/5056	56.59
20	The Director, Kerala Sustainable Urban Development Project, Trans Towers, Vazhuthacaud, Thiruvananthapuram	2217	52.77

Appendix I E
(Referred to Para 3 (iii) of Notes to Accounts on Page 24)

GUARANTEE COMMISSION - 2013-14			
	Name of the Institution	Total Amount of Guarantee Commission Paid during 2013-14 (₹ in crore)	Guarantee Commission Outstanding as on 31 March 2014 (₹ in crore)
1	Kerala State Electricity Board		76.07
2	Kerala State Road Transport Corporation		6.88
3	Kerala Financial Corporation	1.65	
4	Kerala State Housing Board		89.95
5	Thiruvananthapuram Development Authority		1.84
6	Kerala State Co-operative Agricultural And Rural Development Bank Limited.	29.18	19.39
7	Kerala State Co-operative Marketing Federation Limited.		1.36
8	Kerala State Co-operative Federation for Fisheries Development Limited (MATSYAFED)	0.98	
9	Malappuram Co-operative Spinning Mills		0.01
10	The Quilon Co-operative Spinning Mills Limited		0.02
11	Priyadarsini Co-operative Spinning Mills Limited	0.03	
12	Kerala Cashew Workers Apex Co-operative Society		0.12
13	Kerala State Co-operative Milk Marketing Federation Limited	0.04	
14	Kerala State Co-operative Hospital Complex and centre for Advanced Medical Studies Limited		26.23
15	Kerala Water Authority	0.86	28.04
16	Kerala Urban and Rural Development Finance Corporation Limited	0.44	
17	Kerala Small Industries Development Corporation Limited	(*)	
18	Kerala Industrial Infrastructure Development Corporation (KINFRA)	1.54	

(*) Amount negligible.

	Name of the Institution	Total Amount of Guarantee Commission Paid during 2013-14 (₹ in crore)	Guarantee Commission Outstanding as on 31 March 2014 (₹ in crore)
19	Kerala State Financial Enterprises	23.47	
20	Kerala State Development Corporation for SC and ST Limited	0.13	
21	Kerala Electrical and Allied Engineering Company Limited		0.17
22	Kerala Automobiles Limited	0.03	0.04
23	Traco Cable Company Limited	0.34	0.26
24	Meat Products of India Limited	0.01	
25	Kerala State Textile Corporation Limited	0.05	
26	Kerala Transport Development Finance Corporation	9.30	
27	Kerala State Women's Development Corporation Limited	0.24	0.24
28	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited		0.03
29	Kerala State Backward Classes Development Corporation Limited	2.65	
30	Kerala Artisans Development Corporation Limited	0.11	0.02
31	Roads and Bridges Development Corporation of Kerala Limited	0.20	
32	Handicrafts Development Corporation of Kerala Limited	0.01	
33	Kerala Agro Industries Corporation		0.27
34	Kerala Khadi And Village Industries Board		6.50
35	Others	1.59	
	TOTAL	72.85	257.44

Appendix I F
(Referred to Para 3 (vi) of Notes to Accounts on Page 25)

Reserve Funds not bearing interest having 'nil' balances

Sl. No.	Reserve Funds
1	8229 Development and Welfare Funds 104 Development Funds for Animal Husbandry purposes 99 World food programme – Contribution to W.F.F-Maize fund
2	8229 Development and Welfare Funds 200 Other Development and Welfare funds 99 Fishermen's Relief Fund
3	8229 Development and Welfare Funds 200 Other Development and Welfare funds 98 Kerala State Poor Housing Fund
4	8229 Development and Welfare Funds 200 Other Development and Welfare funds 96 The Kerala Cashew workers Welfare Fund
5	8235 General and other Reserve Funds 103 Religious and Charitable Endowment Funds 99 Hindu Religious and Charitable Endowment Fund

Appendix I G
(Referred to Para 3 (ix) of Notes to Accounts on Page 30)

Capital Outlays on various schemes and programmes incurred in rural areas

Capital Outlay on various schemes and programmes

Sl No.	Scheme	Capital Outlay	Capital Outlay	Capital Outlay
		incurred	approved	
		(₹ in crore)		
1	4220-Capital Outlay on Information and Publicity	1.83	1.89	96.83
2	4860-Capital Outlay on Consumer Industries	68.00	73.45	92.58
3	4885-Capital Outlay on Industries and Minerals	50.96	59.46	85.70
4	4810-Capital Outlay on New and Renewable Energy	2.87	3.40	84.41
5	4515-Capital Outlay on other Rural Development Programmes	21.91	28.14	77.86
6	5056-Capital Outlay on Inland Water Transport	13.38	17.60	76.02
7	5051-Capital Outlay on Ports and Light Houses	113.92	150.28	75.81
8	2501-Special Programmes for Rural Development	74.86	106.82	70.08
9	2810-New and Renewable Energy	8.45	13.37	63.20
10	3435-Ecology and Environment	13.37	21.54	62.07
11	2551-Hill Areas	58.11	102.68	56.59
12	2852-Industries	7.81	14.44	54.09
13	5075-Capital Outlay on other Transport Services	154.07	295.20	52.19