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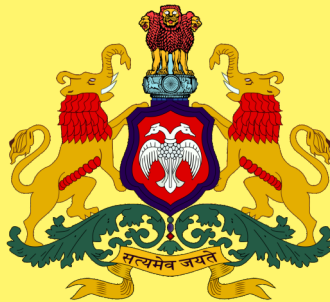
**ACCOUNTS AT A GLANCE
2022 - 23**



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थं सत्यनिष्ठा

Dedicated to Truth in Public Interest



GOVERNMENT OF KARNATAKA



ACCOUNTS AT A GLANCE 2022-23



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GOVERNMENT OF KARNATAKA

PREFACE

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

Finance Accounts are Summary Statements of Accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise Gross Expenditures against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided.


The Accountant General (Accounts and Entitlement) compiles the Finance Accounts and Appropriation Accounts of the State.

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

'Accounts at a Glance' provides a broad overview of Government activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations with the tables and graphs.

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

Place: Bengaluru
Date: 09.01.2024


(Smita Gopal)
Accountant General (A&E)
Karnataka

Our Vision, Mission and Core Values

VISION: We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.
(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)

MISSION: Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders, the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes.
(Our mission enunciates our current role and describes what we are doing today.)

CORE VALUES:
(Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.)

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

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CHAPTER – I

OVERVIEW

1.1 Introduction

The Accountant General (Accounts and Entitlement) Karnataka compiles the accounts of Receipts and Disbursements of Government of Karnataka. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions, Other account rendering Offices, advice of the Central Accounts Section (CAS) of the Reserve Bank of India (RBI), Nagpur and orders for Book Adjustments / Inter Accounts Transfers involving no outflow of cash, issued by the Government of Karnataka, from time to time. Following such compilation, the Accountant General (Accounts and Entitlement), Karnataka, annually prepares, the Finance Accounts and Appropriation Accounts which are placed before the State Legislature, after audit by the Principal Accountant General (Audit - I), Karnataka and a report by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

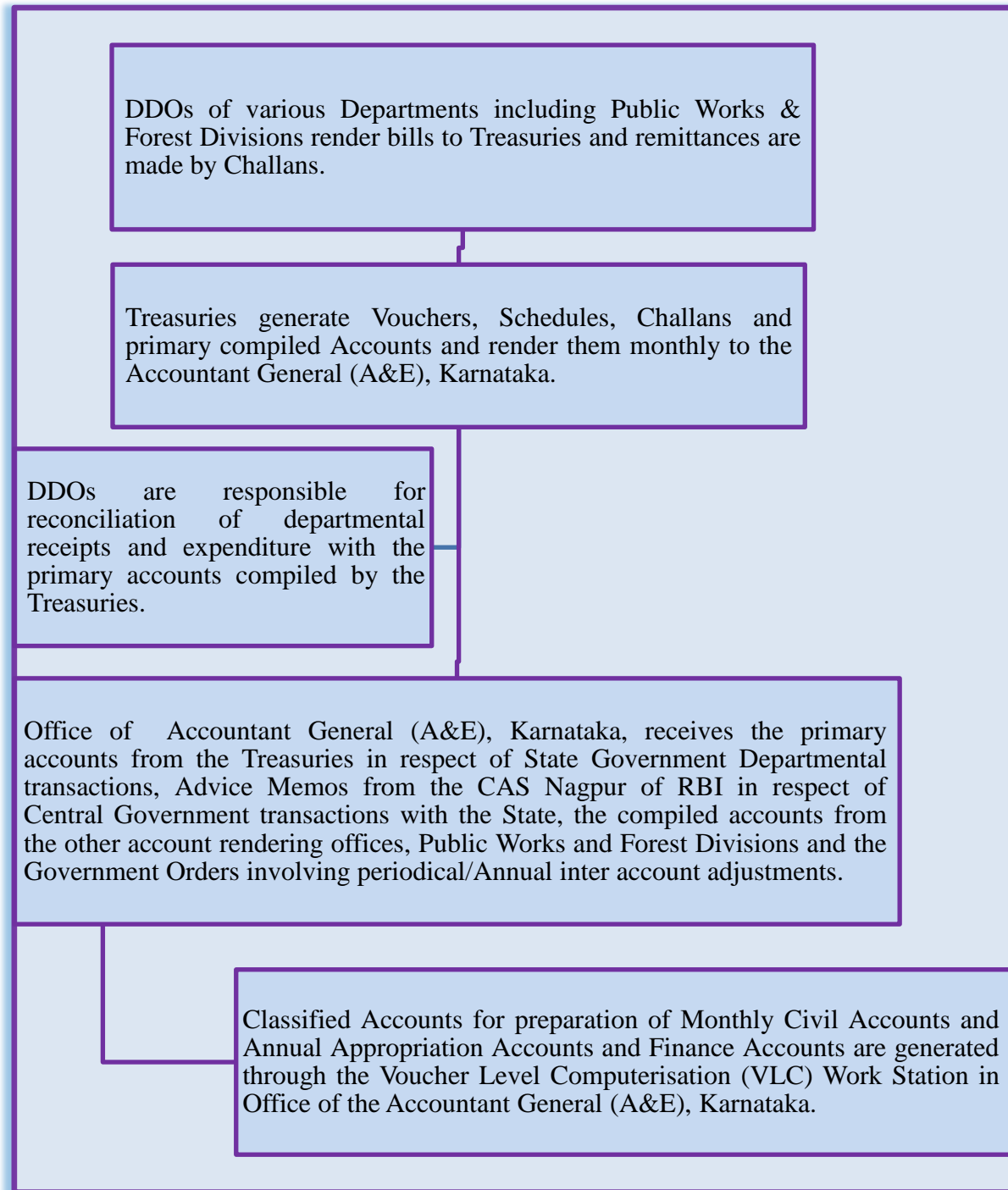
1.2.1 Parts of Government Accounts

The Accounts of the Government are kept in three parts:

Part I CONSOLIDATED FUND	Consolidated Fund comprises Receipts and Expenditure on Revenue and Capital Account, Public Debt, Loans and Advances, Inter State Settlement and Appropriation to Contingency Fund.
Part II CONTINGENCY FUND	The Corpus of Contingency Fund is intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this Fund is recouped either by transferring the debit during the same financial year or by a fresh debit to the Consolidated Fund in the next financial year. The corpus of this fund for the Government of Karnataka is ₹500 crore.
Part III PUBLIC ACCOUNT	All public moneys received other than those credited to the Consolidated Fund are accounted under the Public Account. In respect of such receipts the Government acts as a Trustee. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances).The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

1.2.2 Compilation of Accounts

Flow Diagram showing process of Compilation of Accounts



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the Receipts and Disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. The Finance Accounts are prepared in two volumes, to make it more comprehensive and informative. **Volume I** of the Finance Accounts contains a report of the Comptroller and Auditor General of India, Guide to Finance Accounts, summarized statements of overall Receipts and Disbursements for the year, summarized statements of financial position giving details of Assets and Liabilities, Progressive Capital Expenditure, Borrowings and other Liabilities, Loans and Advances, Guarantees & Grants-in-Aid given by the Government, Investments of the Government, Distribution of Expenditure between Voted and *Charged*, Sources and Application of funds for expenditure other than on Revenue Account, Summary of balances under Government Accounts and ‘Notes to Accounts’. **Volume II** contains, Detailed Statements (**Part-I**) and Appendices (**Part-II**).

Receipts and Disbursements of the Government of Karnataka as depicted in the Finance Accounts 2022-23 are given below:

(₹ in crore)			
Receipts and Disbursement in the year 2022-23			
Receipts	Total Receipts		2,76,182
	Revenue	Tax Revenue	1,78,298
		Non-Tax Revenue	13,914
		Grants-in-Aid	36,868
		Revenue Receipts	2,29,080
	Capital	Recoveries of Loans and Advances	478
		Borrowings and Other Liabilities ⁽¹⁾	46,622
		Other Receipts (Misc. Capital Receipts)	2
Capital Receipts		47,102	
Disbursements	Total Disbursements		2,76,182
	Revenue ⁽²⁾		2,15,584
	Capital		57,348
	Loans and Advances		3,250
(1) Comprises net contribution from (i) ‘E–Public Debt’ {₹28,606 crore}; (ii) ‘Contingency Fund’ {Nil}; (iii) ‘Public Account’ {₹19,286 crore}; (iv) ‘Net Cash Balance’ {(-) ₹1270 crore}			
(2) Includes ₹2,722 crore Grants-in-Aid for creation of Capital Assets released to Urban Local Bodies (ULB) (Please see Statement No.10 in Volume – 1 of Finance Accounts)			

1.3.2 Appropriation Accounts

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

Sums required to meet the expenditure charged upon the Consolidated Fund of the State and sums required to meet other expenditure proposed to be made from the Consolidated Fund for the year 2022-23, was approved by the State Legislature through the Appropriation Acts of 2022-23. For the year 2022-23 funds were provided for gross expenditure of ₹3,05,573 crore, including Supplementary Grants of ₹34,031 crore voted by State Legislature. An amount of ₹8,212 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2022-23 show disbursements of ₹2,97,325 crore against the aggregate Budget Provision of ₹3,05,573 crore, resulting in a net saving of ₹8,248 crore. Actual Recoveries by way of reduction of expenditure amounted to ₹5,200 crore, reflecting a decrease of ₹3,012 crore vis-à-vis Budget Estimates (₹8,212 crore). The gross expenditure includes ₹73 crore drawn on Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2022-23, ₹32,201.44 crore was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Account, which are maintained by the designated Administrators for specific purposes. Normally, the Administrators are required to transfer the unspent balances under PD Accounts to the Consolidated Fund, at the end of the financial year. There was an aggregate unspent balance of ₹29,510 crore in the Personal Deposit Accounts of the Administrators at the year end.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

These are borrowings of a purely temporary nature. These advances are obtained to make good the deficiency in the minimum cash balance required to be maintained with the Reserve Bank of India. If, even after the maximum Ways and Means Advance is given, the balance is below the minimum cash balance, the deficit is met out of Overdrafts. During 2022-23, the Government of Karnataka has availed Ways and Means Advances in the month of August 2022 from the Reserve Bank of India to the extent of ₹1,797.84 crore which since has been repaid.

1.4.2 Fund Flow Statement

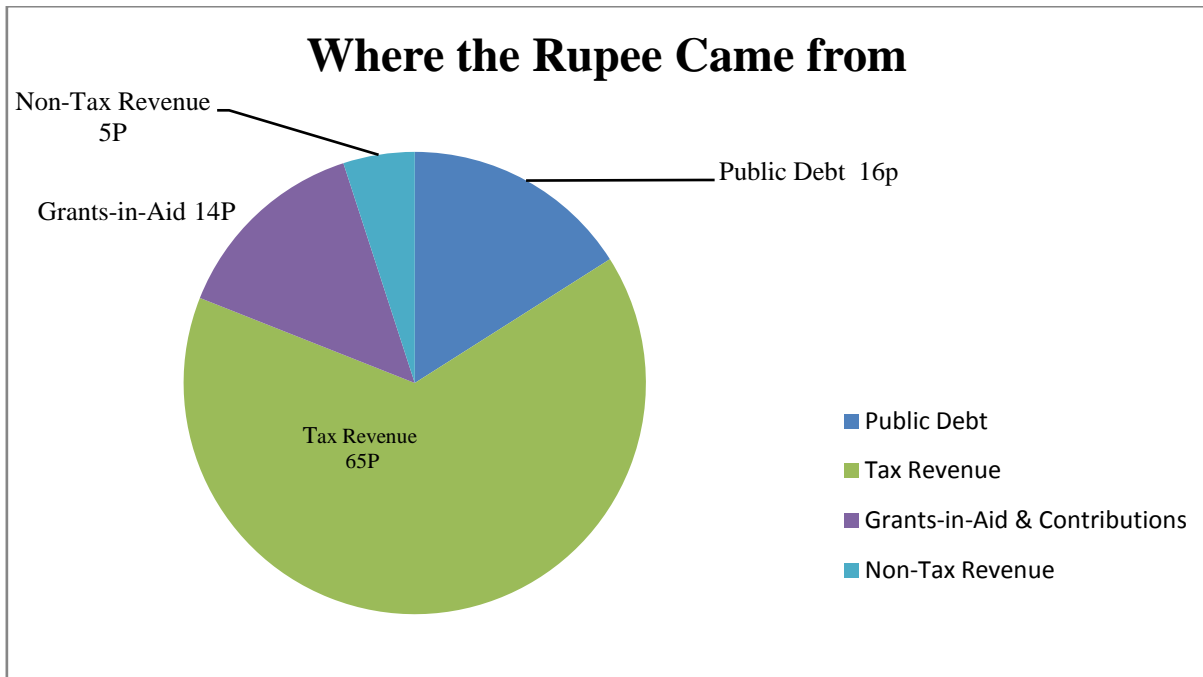
During the year 2022-23, the State had a Revenue Surplus of ₹13,496 crore and a Fiscal Deficit of ₹46,622 crore representing 0.62 per cent and 2.14 per cent of the Gross States' Domestic Product (GSDP)⁽³⁾ respectively. The Fiscal Deficit constituted 16.86 per cent of total Expenditure. This deficit was met from net receipts under Public Debt (₹28,606 crore), Public Account ₹19,286 crore] and decrease in Net Cash Balance [(-) 1,270 crore]. Around 76 per cent of the Revenue Receipts (₹2,29,080 crore) was spent on committed expenditure (₹1,75,286 crore) like Salaries⁽⁴⁾ (₹37,232 crore), Subsidies^(4&5) (₹22,754 crore), Grants-in-Aid and Financial Assistance (₹15,865 crore), Interest Payments (₹29,643 crore) {this includes payment of interest (₹1,216 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹24,020 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions including salaries (₹50,609 crore), Social Security Pensions (₹9,544 crore), Administrative Expenses (₹3,710 crore) and Daily Wages / Contract / Outsource (₹1,324 crore).

Sources and Application of Funds

		(₹ in crore)
SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2022	1,518
	Revenue Receipts	2,29,080
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	480
	Public Debt Receipts	44,549
	Receipt under Small Savings, Provident Funds & Others	9,192
	Reserve & Sinking Funds	10,069
	Deposits Received	1,01,650
	Civil Advances Repaid	...
	Suspense Account and Miscellaneous	978,433
	Remittances	...
	Contingency Fund	...
TOTAL	13,74,971	
APPLICATION	Revenue Expenditure	2,15,584
	Capital Expenditure	57,348
	Loans disbursed	3,250
	Repayment of Public Debt	15,942
	Disbursement under Small Savings, Provident Fund & Others	5,789
	Reserve & Sinking Funds	5,787
	Deposits Repaid	75,458
	Contingency Fund	...
	Suspense Account and Miscellaneous	9,93,184
	Remittances	(-) 159
	Closing Cash Balance as on 31.03.2023	2,788
	TOTAL	13,74,971
(3) GSDP at Current Prices for 2022-23: ₹21,81,217 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India}		
(4) Salaries, Subsidies and Grants-in-Aid are sum of the expenditure of all sectors & Salaries do not include Grants given to Local Bodies etc., for the purpose of payment of salaries.		
(5) Subsidy includes Expenditure booked under Object Head '106 Subsidies' only.		

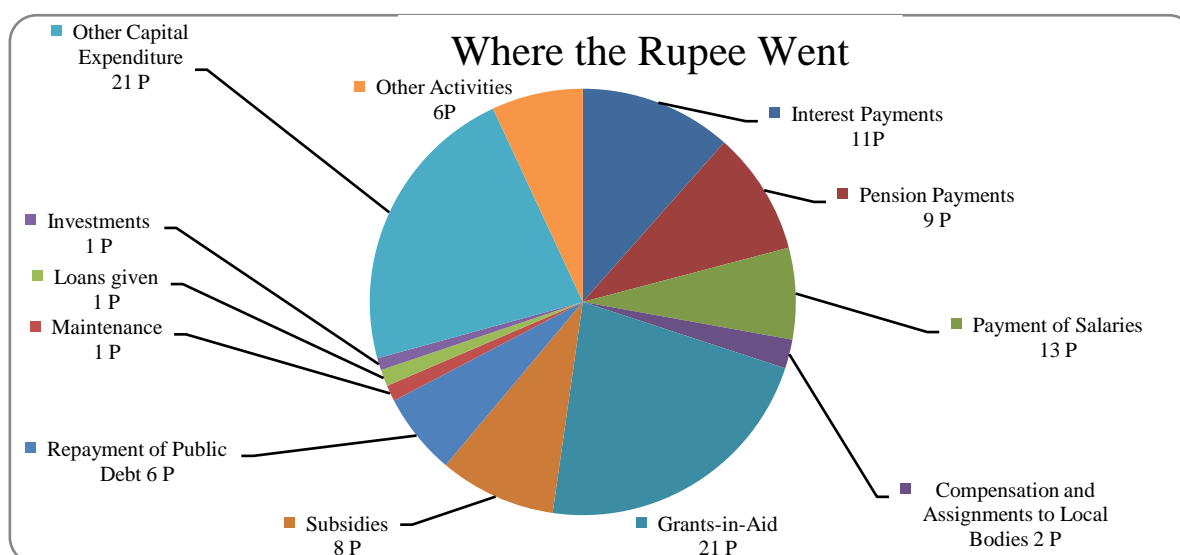
1.4.3 Sources of Receipt

Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government revenues, in terms of Paise (P) to each Rupee of receipts, are indicated in the below given pie diagram.



1.4.4 Destination of Expenditure

The Government expenditure on various functions, programmes, schemes and objects of expenditure is incurred from the Consolidated Fund of the State with the prior approval of the State Legislature. The areas where each rupee spent on main segments of expenditure in terms of Paise (P) are indicated in the pie diagram.



1.5 Financial Highlights of year 2022-23

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2022-23.

Sl. No.	Particulars	Budget Estimates 2022-23	Actual	Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP ^(*)
		₹ in crore			
01	Tax Revenue	1,61,666 (@)	1,78,298 (&)	110.29	8.17
02	Non-Tax Revenue	10,941	13,914	127.17	0.64
03	Grants-in-aid & Contributions	17,281	36,868	213.34	1.69
04	Revenue Receipts (1+2+3)	1,89,888	2,29,080	120.64	10.50
05	Recovery of Loans & Advances	71	478	673.24	0.02
06	Miscellaneous Capital Receipts	18	2	11.11	0.00
07	Borrowings and Other Liabilities	61,563 (#)	46,622 (\$)	75.73	2.14
08	Contingency Fund	5	0	0.00	0.00
09	Capital Receipts (5+6+7+8)	61,657	47,102	76.39	2.16
10	Total Receipts (4+9)	2,51,545	2,76,182	109.79	12.66
11	Revenue Expenditure	2,04,586	2,15,584	105.38	9.88
12	Expenditure on Interest Payments Sl.No10	29,395	28,427	96.71	1.30
13	Capital Expenditure	46,954 (a)	60,598 (b)	129.06	2.78
14	Contingency Fund	5	0	0.00	0.00
15	Total Expenditure (11+13+14)	2,51,545	2,76,182	109.79	12.68
16	Revenue Deficit	14,699	13,496	91.82	0.62
17	Fiscal Deficit {15-(4+5+6)=(7+8)}	61,568	46,622 (^)	75.73	2.14
(*) GSDP at Current Prices for 2022-23: ₹21,81,217 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India}					
(@) Includes State Share of Union Taxes & Duties of ₹29,783 crore					
(&) Includes State Share of Union Taxes & Duties of ₹34,596 crore					
#) Comprises net contribution from (i) 'E-Public Debt' {₹57,821 crore}, (ii) 'Public Account' {₹4,397 crore} (iii) 'Net Cash Balance' {(-) ₹655 crore}					
(\$) Comprises net contribution from (i) 'E-Public Debt' {₹28,606 crore}, (ii) 'Contingency Fund' {nil} (iii) 'Public Account' {₹19,286 crore} minus (iv) 'Net Cash Balance' {(-) 1,270 crore}					
(a) Comprises provision on 'Capital Outlay' {₹43,572 crore} and 'F Loans and Advances' (₹3,382 crore)					
(b) Comprises Expenditure incurred on 'Capital Outlay' (₹57,348 crore) and 'F Loans and Advances' (₹3,250 crore)					
(^) Excludes payment of interest ₹1,216 crore on 'Off budget borrowings' which spread across various functional Major Heads below the relevant Sub-Sectors under 'General Services', 'Social Services' and 'Economic Services'.					

1.6 Definition of Deficits and Surplus

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

Deficit Indicators, Revenue Augmentation and Expenditure Management are major yardsticks for judging the fiscal performance of the Government.

The State Government has been on the path of Fiscal Consolidation ever since the passing of Fiscal Responsibility Legislations (FRLs) like Karnataka Fiscal Responsibility Act (KFRA), 2022 and Karnataka Ceiling on Government Guarantee Act (KCGGA), 1999.

The KFRA was amended in the year 2011 to bring more transparency in the management of Government's Finances and Liabilities. The newly introduced Section 5 (2) (c) mandates the State Government to make specific disclosures. The State Government has been providing such information in the successive Medium Term Fiscal Plans (MTFPs) presented before the State Legislature. An amendment to the KFRA, 2022 was carried out in February 2014 to ensure statutory compliance in reporting the Off-budget Borrowings (OBBs) as part of the State's own liabilities for working out the Total Liabilities.

The particulars of the key fiscal and debt norms to be followed and the compliance by the State are given below, in the table.

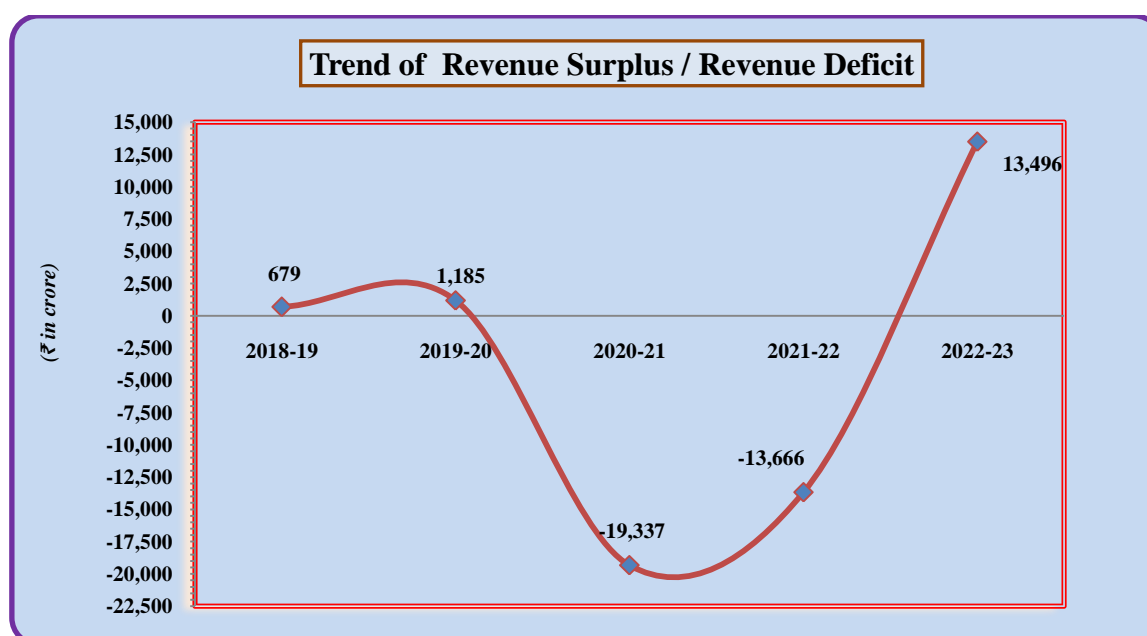
Sl. No.	Particulars	Target for 2022-23	Compliance by State
1.	Revenue Surplus	Revenue Surplus to be maintained. As per the Karnataka Fiscal Responsibility (Amendment) Act, 2022,	The Government of Karnataka has a Revenue Surplus of ₹13,496 crore in 2022-23 (0.62 <i>per cent</i> of GSDP)
2.	Fiscal Deficit	Fiscal deficit shall not exceed 3.5 <i>percent</i> of the estimated GSDP ⁽⁶⁾ during the period 2022-23 as per the Karnataka Fiscal Responsibility (Amendment) Act, 2022.	The Fiscal Deficit of ₹46,622 crore as per the accounts was 2.14 <i>per cent</i> of GSDP for 2022-23
3.	Outstanding Liabilities	Outstanding debt including off-budget borrowing expressed as percentage of GSDP would exceed 25 <i>per cent</i> of GSDP during 2022-23.	The Outstanding debt of ₹5,53,362 crore (including ₹17,306 Off budget borrowings) for 2022-23 was 25.37 <i>per cent</i> of GSDP for 2022-23)
Note 6 GSDP at Current Prices for 2022-23: ₹2,181,217 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India}			

1.6.1 Trend in Revenue Surplus/Revenue Deficit

Revenue Surplus represents the excess of Revenue Receipts over Revenue Expenditure of the Government. The trend in Revenue Surplus for the period 2018-19 to 2019-20 and in 2022-23 and revenue deficit in 2020-21 and 2021-22 is given in Table and graphs below:

(₹ in crore)					
Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Surplus/Revenue Deficit	679	1,185	(-) 19,337	(-) 13,666	13,496
GSDP (*)	14,79,391	16,11,134	16,25,073	19,62,725	21,81,217
Revenue Surplus as <i>per cent</i> to GSDP	0.05	0.07	(-) 1.19	(-) 0.70	0.62

(*) GSDP at Current Prices for 2022-23: ₹2,181,217 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India}

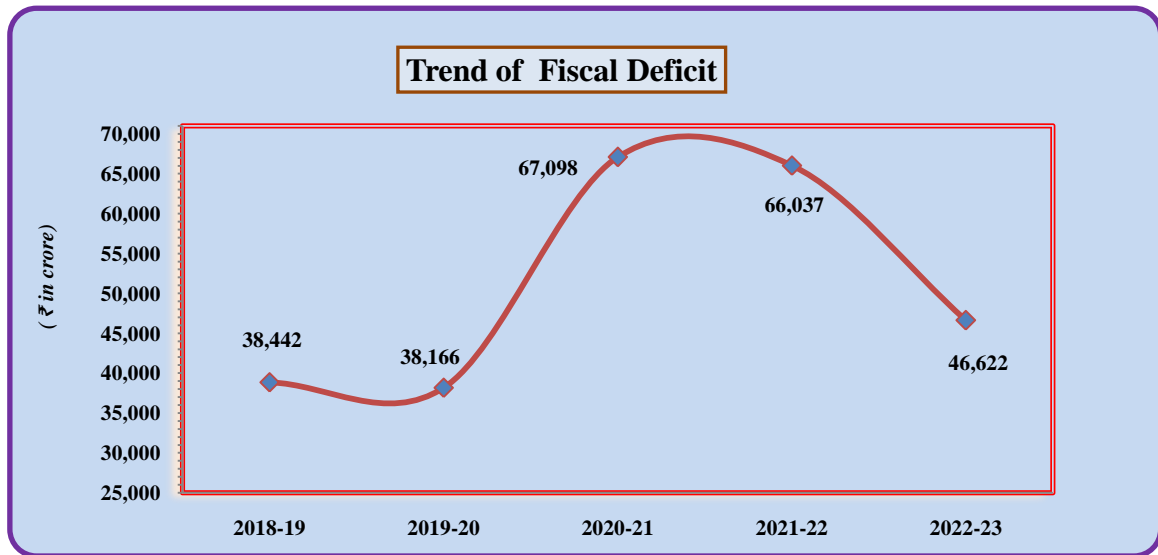


1.6.2 Trend in Fiscal Deficit

Fiscal Deficit is calculated as the Total Expenditure (Revenue + Capital + Net Loans and Advances) less Revenue Receipts and Miscellaneous Capital Receipts. The trend in fiscal deficit for the period 2017-18 to 2022-23 is given in Table and graphs below:

(₹ in crore)					
Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Fiscal Deficit	38,442	38,166	67,098	66,037	46,622
GSDP (*)	14,79,391	16,11,134	16,25,073	19,62,725	21,81,217
Fiscal Deficit as <i>per cent</i> to GSDP	2.60	2.37	4.13	3.36	2.14

(*) GSDP at Current Prices for 2022-23: ₹17,21,336 crore {Source: Ministry of Finance, Dept of Expenditure Govt. of India}



1.6.3 Government Accounts

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

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

(₹ in crore)

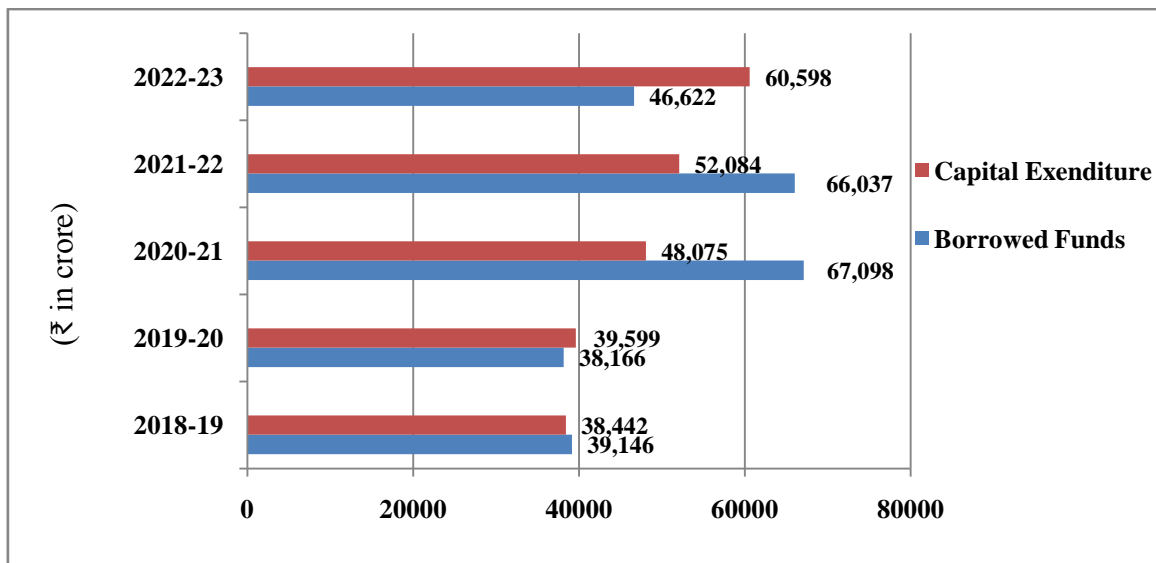
Year	Revenue Heads			Capital Heads			Other Heads (#)	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
2018-19	1,64,979	1,64,300	(+) 679	(-) 6	34,659	(-) 34,665	...	(-) 33,986	(-) 2,45,395
2019-20	1,75,443	1,74,257	(+) 1,185	45	35,530	(-) 35,485	...	(-) 34,300	(-) 2,79,695
2020-21	1,56,717	1,76,054	(-) 19,337	45	45,406	(-) 45,361	...	(-) 64,698	(-) 3,44,393
2021-22	1,95,762	2,09,428	(-) 13,666	6	47,874	(-) 47,868	...	(-) 61,534	(-) 4,05,927
2022-23	2,29,080	2,15,584	(+) 13,496	2	57,348	(-) 57,346	...	(-) 43,850	(-) 4,49,777

(#) Miscellaneous Government Account.

1.6.4 Proportion of Borrowed Funds spent on Capital Expenditure

It is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the payment of interest. The State Government, during 2022-23 has spent ₹60,598 crore towards Capital Expenditure which indicates that the entire borrowings have been utilised for Capital Expenditure.

BORROWED FUNDS AND CAPITAL EXPENDITURE



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CHAPTER II

RECEIPTS

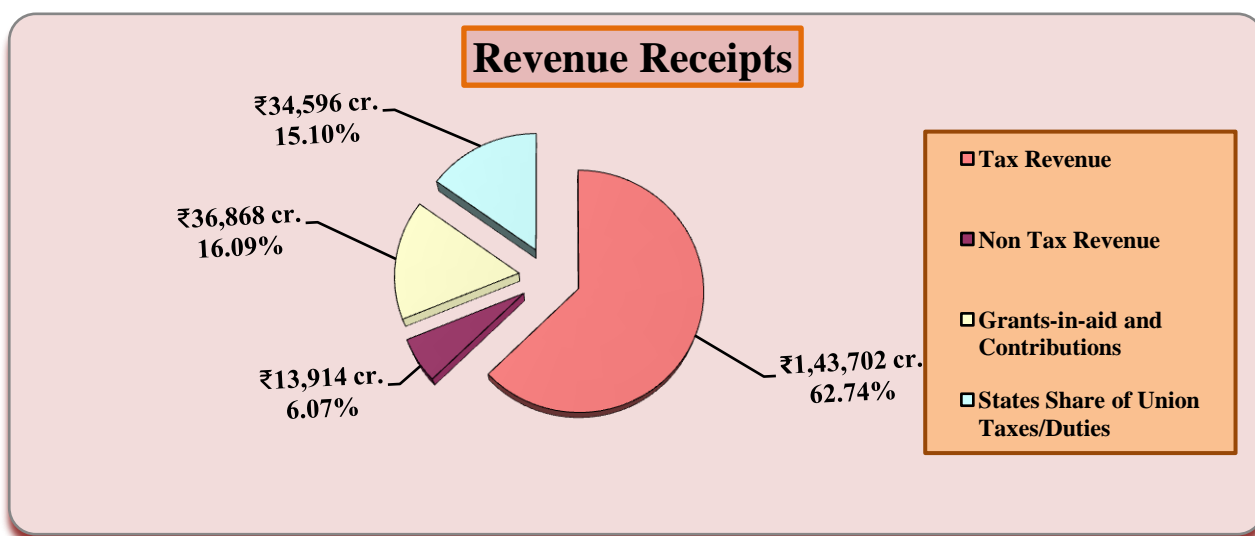
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2022-23 were ₹2,29,080 crore comprising of Tax Revenue (₹1,43,702 crore) which includes ₹34,596 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹13,914 crore), Grants-in-Aid & Contributions from Government of India (₹36,868 crore). Capital Receipts (₹47,102 crore) comprising of Recovery of Loans and Advances (₹478 crore), Miscellaneous Capital Receipts (₹2 crore) and Borrowings & Other Liabilities (₹46,622 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E – Public Debt' {₹28,606 crore}; (ii) 'Contingency Fund' (Nil) (iii) 'Public Account' {₹19,286 crore} (iv) net 'Cash Balance' {(-) ₹1,270 crore}.

2.2 Revenue Receipts

Three main sources of the Revenue Receipts of the State Government are (i) Tax Revenue comprising of State's own taxes and share of Central Taxes and Duties, (ii) Non-tax Revenue and (iii) Grants-in-Aid and Contributions from the Central Government. Segments of revenue receipts as *per cent* to the total revenue receipts are given in the pie chart.

Tax Revenue	Comprises Taxes and Duties collected and retained by the State and State's share of Union Taxes & Duties under Article 280 (3) of the Constitution.
Non-Tax Revenue	Includes Interest Receipts, Dividends and Profits and Other Departmental Receipts.
Grants-in-Aid and Contributions	Essentially, a form of Central Assistance to the State Government includes 'External Grant Assistance and Aid Material & Equipments' received from foreign Governments and channelized through the Union Government.

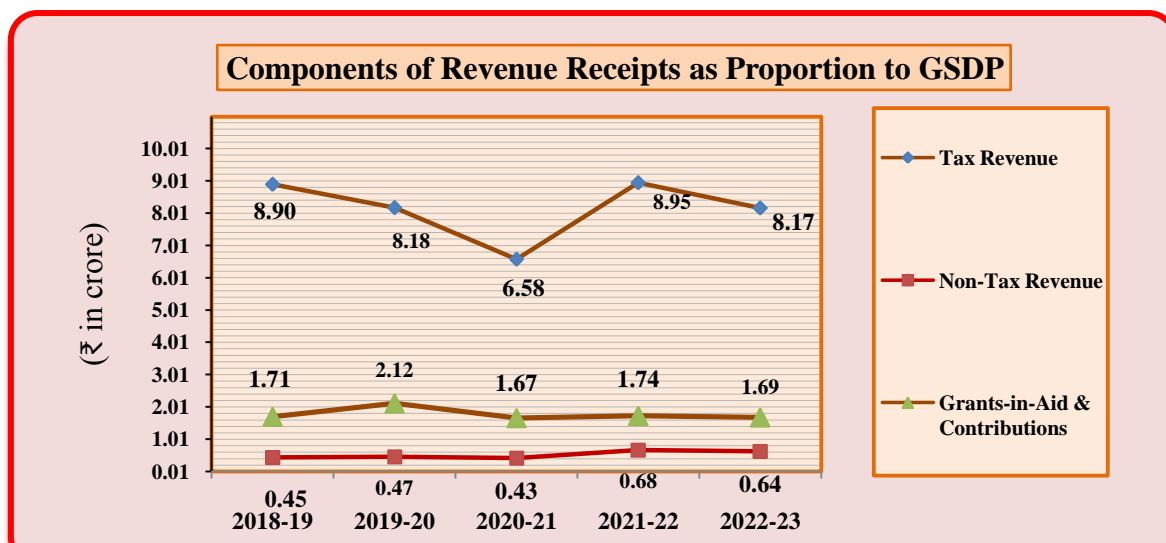


2.2.1 Components of Revenue Receipts

Components of Tax Revenue and Non-tax revenue as *per cent* to total revenue receipts are given in the table.

COMPONENTS	(₹ in crore)	Per cent to Revenue Receipts
A. Tax Revenue (*)	1,78,298	78
Taxes on Income and Expenditure	24,408	11
Taxes on Property and Capital Transactions	18,090	8
Taxes on Commodities and Services including GST	1,35,800	59
B. Non-Tax Revenue	13,914	6
Interest Receipts, Dividends and Profits	1,805	1
General Services	2,336	1
Social Services	846	0
Economic Services	8,927	4
C. Grants-in-aid and Contributions	36,868	16
TOTAL-REVENUE RECEIPTS	2,29,080	100
(*) includes ₹34,596 crore (15.10 <i>per cent</i> of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government		

Total Tax Revenue ₹1,78,298 crore and Non-Tax Revenue of ₹13,914 crore formed 8.17 *per cent* and 0.64 *per cent* respectively of the GSDP.



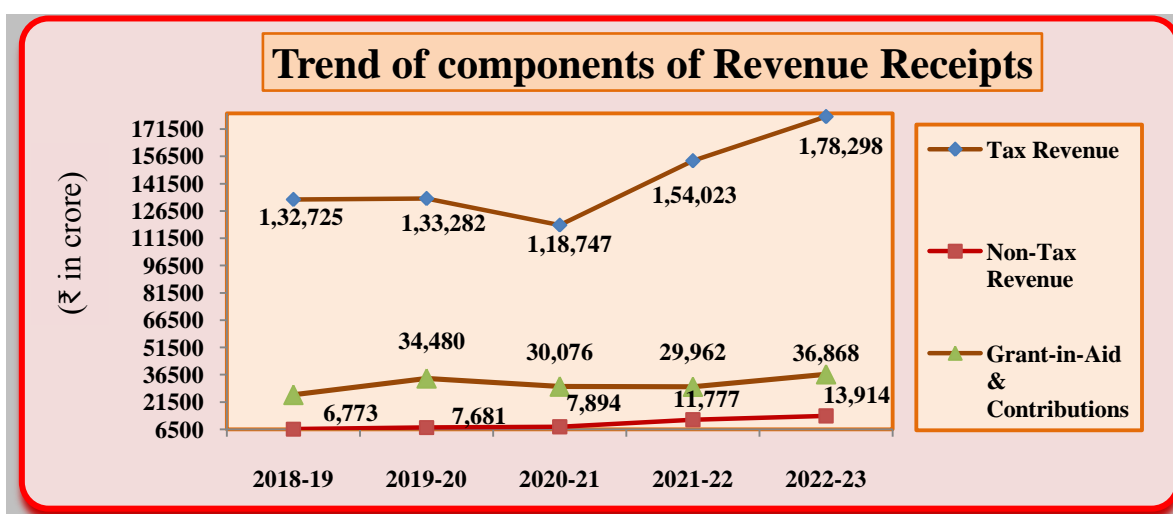
2.2.2 Trend of Revenue Receipts

Trend in components of Revenue Receipts for the previous five years and as a *per cent* of total receipts to GSDP are furnished in the table below along with graphical presentation.

(₹ in crore)

Year	Tax Revenue	Non-Tax Revenue	Grants-in-aid and Contributions	Total Revenue Receipts	GSDP ^(*)	Per cent of Total Revenue Receipts to GSDP
2018-19	1,32,725	6,773	25,481	1,64,979	14,79,391	11.15
2019-20	1,33,282	7,681	34,480	1,75,443	16,11,134	10.89
2020-21	1,18,747	7,894	30,076	1,56,717	16,25,073	9.64
2021-22	1,54,023	11,777	29,962	1,95,762	19,62,725	9.97
2022-23	1,78,298	13,914	36,868	2,29,080	21,81,217	10.50

(*) Source: Ministry of Finance, Dept of Expenditure Govt. of India

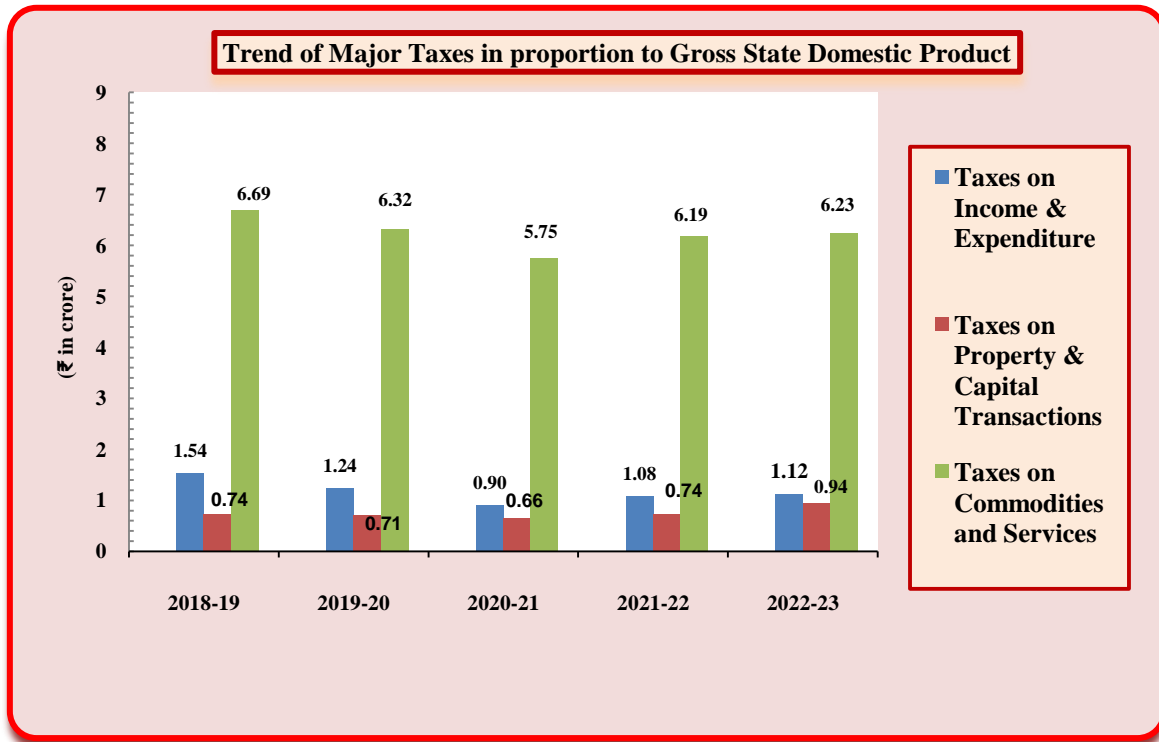


2.3 Trend of Collection of Tax Revenue

Trend in collection of tax revenues by sub-sector, for the last five years are given below, in the table.

(₹ in crore)					
Sector-wise Tax Revenue	2018-19	2019-20	2020-21	2021-22	2022-23
Taxes on Income and Expenditure	22,796	19,944	14,621	20,717	24,408
Taxes on Property and Capital Transactions	10,924	11,512	10,760	14,204	18,090
Taxes on Commodities and Services including GST	99,005	101,826	93,366	119,102	135,800
Total Tax Revenue	1,32,725	1,33,282	1,18,747	1,54,023	1,78,298

Trend of Major Taxes in proportion to Gross State Domestic Product



2.3.1 Performance of Tax Revenue Collection

Year	Tax Revenue	State Share of Union Taxes & Duties	State's Own Tax Revenue	GSDP (*)	State Share of Union Taxes & Duties	State's Own Tax Revenue
	(₹ in crore)				Per cent to GSDP	
2018-19	1,32,725	35,895	96,830	14,79,391	2.43	6.55
2019-20	1,33,282	30,919	1,02,363	16,11,134	1.92	6.35
2020-21	1,18,747	21,694	97,053	16,25,073	1.33	5.97
2021-22	1,54,023	33,284	1,20,739	19,62,725	1.70	6.15
2022-23	1,78,298	34,596	1,43,702	21,81,217	1.59	6.59

(*) Source: Ministry of Finance, Dept of Expenditure Govt. of India

2.4 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions (*)

The efficiency of tax collection as indicated by percentage of Cost of Collection is shown below:

Description	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Revenue Collection	10,288	11,609	10,908	14,426	18,135
Cost of Collection (A)	533	584	458	481	503
Percentage of Cost of Tax Collection	5.18	5.03	4.20	3.33	2.78

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

(A) Comprising Expenditure booked under the minor heads '001-Direction and Administration and 101-Collection Charges'

B. Taxes on Commodities and Services (#)

Description	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Collection	84,838	48,488	26,982	56,432	63,040
Cost of Collection (B)	668	721	237	233	580
Percentage of Cost of Tax Collection	0.79	1.49	0.88	0.41	0.92

(#) Taxes on Commodities and Services excluding 'Customs, Union Excise Duties, Service Tax'

(B) Comprising Expenditure booked under the minor heads '001-Direction and Administration & 101-Collection Charges'

2.4.1 Trend in State's own Tax collection over the past five years

(₹ in crore)

Head of Account	2018-19	2019-20	2020-21	2021-22	2022-23
Taxes on Sales, Trade etc	14,003	16,424	16,028	19,274	19,082
State Goods and Service Tax	41,956	42,147	37,711	49,929	61,403
State Excise	19,944	21,584	23,332	26,378	29,920
Stamps & Registration Fees	10,775	11,308	10,576	14,020	17,726
Corporation Tax	12,482	10,542	6,656	9,823	11,575
Taxes on Vehicles	6,568	6,763	5,607	6,915	10,611
Taxes on Income Other than Corporation Tax	9,192	8,261	6,838	9,624	11,336
Taxes on Goods and Passengers	28	65	16	18	3
Customs	2,544	1,960	1,110	2,574	1,361
Other Taxes on Income and Expenditure	1,057	1140	1,127	1,269	1,498
Union Excise Duties	1,691	1,363	714	1,539	427
Service Tax	332	...	119	528	54
Other Taxes and Duties on Commodities and Services	21	34	21	65	98
Taxes on Duties on Electricity	2,334	2,693	2,434	2,724	3,052
Integrated Goods and Services Tax	707	...	...	...	...
Central Goods and Services Tax	8,859	8,774	6,236	9,158	9,786
Land Revenue	144	203	184	181	364

Net Tax Receipts (₹2,29,080 crore) during the year was more than Budget Estimates (₹1,89,888 crore) by ₹39,192 crore. Major variations in actual realization of Tax Revenues vis-à-vis Budget Estimates were as under.

(₹ in crore)

Tax Receipts where actual was less than Budget Estimates	Amount	Tax Receipts where actual was more than Budget Estimates	Amount
		State Goods and Service Tax	8,183
		Stamps and Registration Fees	2,726
		Taxes on Vehicles	2,604
		Taxes on Income other than Corporation tax	2,355
		Corporation Tax	2,276
		Taxes on Sales, Trade, etc.,	1,442
		State Excise	920
		Other Taxes on Income and Expenditure	348
		Land Revenue	321
		Taxes and Duties on Electricity	229
		Other Taxes and Duties on Commodities and Services	98
		Customs	70
		Union Excise Duties	25
		Service Tax	24
		Central Goods and Service Tax	7
		Taxes on Goods and Passengers	3

2.4.2 Trend of State's Share of Union Taxes & Duties

(₹ in crore)

Major Head Description	2018-19	2019-20	2020-21	2021-22	2022-23
Corporation Tax	12,482	10,542	6,656	9,823	11,575
Taxes on Income other than Corporation Tax	9,192	8,261	6,838	9,624	11,336
Taxes on Wealth	5	...	...	3	...
Customs	2,544	1,960	1,110	2,574	1,361
Union Excise Duties	1,691	1,363	714	1,539	427
Service Tax	332	...	119	528	54
Central Goods and Service Tax	8,859	8,774	6,236	9,158	9,786
Other Taxes and duties on Commodities and services	18	19	21	34	57
Integrated Goods and Service Tax	707	...	...	...	...
State Share of Union Taxes & Duties	35,895	30,919	21,694	33,283	34,596
Total Tax Revenue	1,32,725	1,33,282	1,18,747	1,54,023	1,78,298
Percentage of Union Taxes & Duties to Total Tax Revenue	27.04	23.20	18.27	21.61	19.40

2.5 Public Debt

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

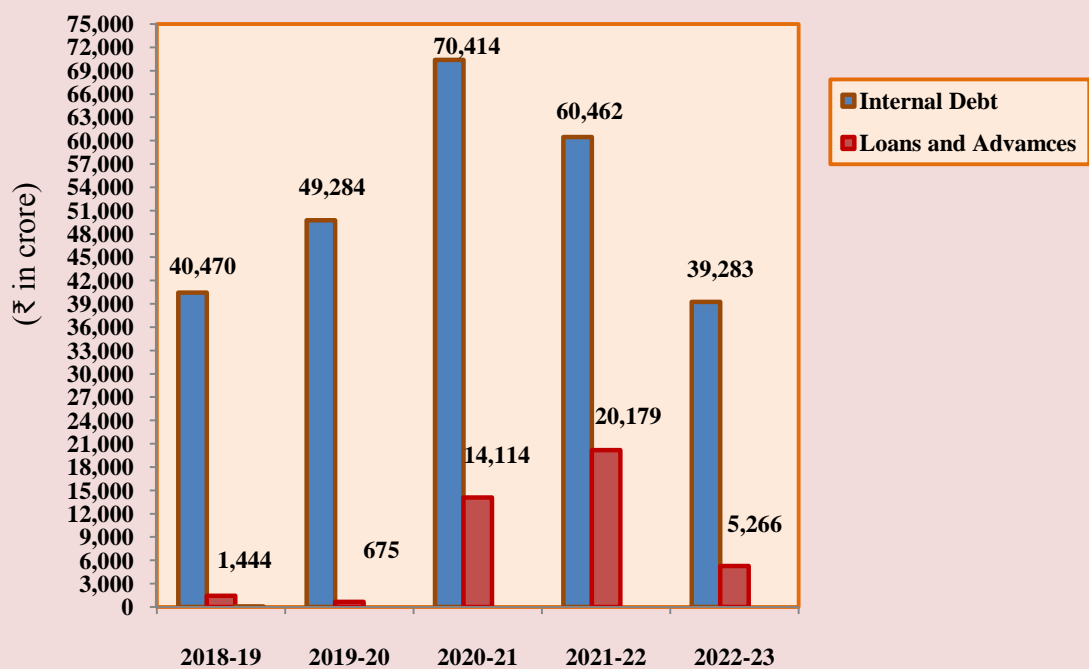
(₹ in crore)

Description	2018-19	2019-20	2020-21	2021-22	2022-23
Internal Debt of the State Government	40,470	49,784	70,414	60,462	39,283
Loans and Advances from the Central Government	1,444	675	14,114	20,179	5,266
Total Public Debt	41,914	50,459	84,528	80,641	44,549

During the year 2022-23, the State Government has obtained 'Market Loans' amounting to ₹36,000 crore, comprising of 16 loans.

Against the total receipts of ₹44,549 crore received during 2022-23, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹39,283 crore) and 'Loans and Advances from the Central Government' (₹5,266 crore), the expenditure on Capital Account was ₹60,598 crore excluding repayment of Public Debt of ₹15,942 crore.

Trend of receipts under Public Debt



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## CHAPTER III

### EXPENDITURE

#### 3.1 Introduction

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

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

|                          |                                                                                                                                                              |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General Services</b>  | Includes Justice, Police, Jails, Public Works, Pensions etc.                                                                                                 |
| <b>Social Services</b>   | Includes Education, Health & Family Welfare, Water Supply and Sanitation, Welfare of Scheduled Caste, Scheduled Tribes and other Backward Classes Minorities |
| <b>Economic Services</b> | Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.                                                        |

#### 3.2 Revenue Expenditure

Revenue Expenditure of ₹2,15,584 crore for 2022-23 is more than Budget Estimates (₹2,04,587 crore) by ₹10,997 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

| Components                     | (₹ in crore) |           |           |          |          |
|--------------------------------|--------------|-----------|-----------|----------|----------|
|                                | 2018-19      | 2019-20   | 2020-21   | 2021-22  | 2022-23  |
| Budget Estimates               | 1,66,290     | 1,81,605  | 1,79,777  | 1,87,405 | 2,04,587 |
| Actuals                        | 1,64,300     | 1,74,257  | 1,76,054  | 2,09,428 | 2,15,584 |
| Gap                            | (-) 1,990    | (-) 7,348 | (-) 3,723 | 22,023   | 10,997   |
| Gap over BE in <i>per cent</i> | 1            | 4         | 2         | 12       | 5        |

The position of committed (\*) and uncommitted (#) revenue expenditure over the last five years is given below:

(₹ in crore)

| Component                                                                                                                                                                                                                                | 2018-19  | 2019-20  | 2020-21  | 2021-22  | 2022-23  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| Total revenue expenditure                                                                                                                                                                                                                | 1,64,300 | 1,74,258 | 1,76,054 | 2,09,428 | 2,15,584 |
| Committed revenue expenditure                                                                                                                                                                                                            | 1,38,841 | 1,47,542 | 1,47,896 | 1,67,354 | 1,75,286 |
| Percentage of committed revenue expenditure to total revenue expenditure                                                                                                                                                                 | 85       | 85       | 84       | 80       | 81       |
| Uncommitted revenue expenditure                                                                                                                                                                                                          | 25,459   | 26,716   | 28,158   | 42,074   | 40,297   |
| (*) Committed Revenue Expenditure includes Salaries, Interest payments, Pension Payments, Social Security Pension, Subsidies, Grants-in-Aid, Administrative Expenses, Devolution to Local Bodies and Daily Wages / Contract / Outsource. |          |          |          |          |          |
| (#) Uncommitted Revenue Expenditure includes other expenses, those not mentioned above (*)                                                                                                                                               |          |          |          |          |          |

It may be seen that the uncommitted Revenue Expenditure available for implementation of various schemes as increased by 63% from ₹25,459 crore in 2018-19 to ₹40,297 crore in 2022-23. The total revenue expenditure increased from ₹1,64,300 crore in 2018-19 to ₹2,15,584 crore in 2022-23 and committed revenue expenditure increased by 24% over the same period.

### 3.2.1 Sectoral Distribution of Revenue Expenditure

Distribution of Revenue Expenditure, between the Sectors are given in the table below.

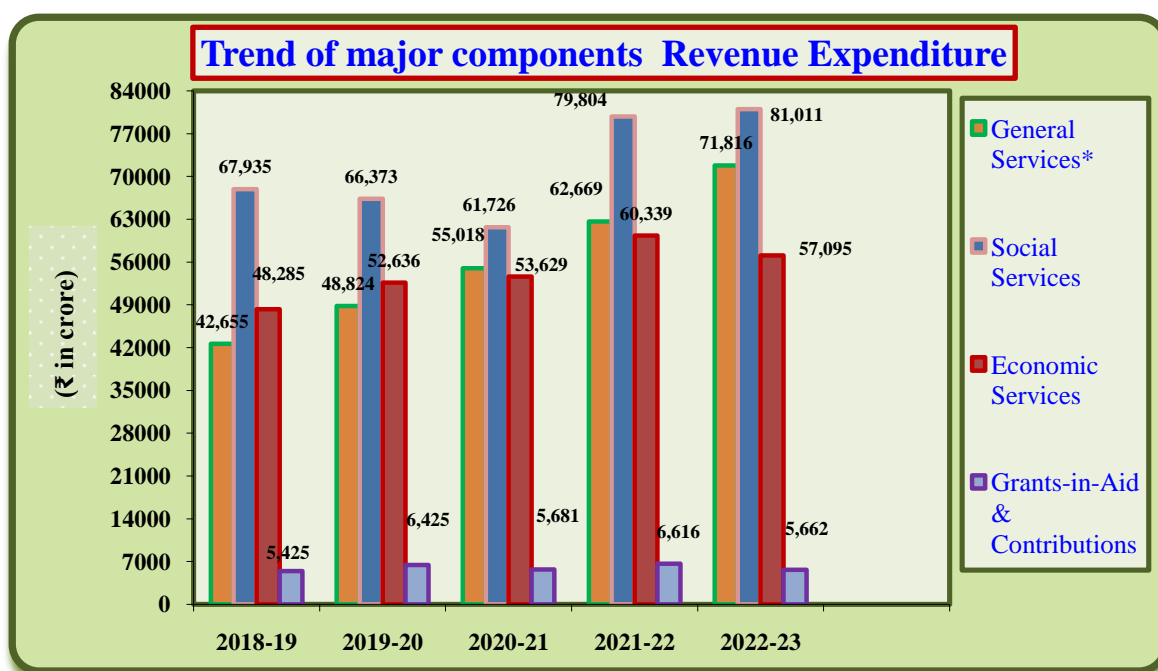
(₹ in crore)

| Components of Revenue Expenditure                                              |                                        | Amount          | Per cent (*)  |
|--------------------------------------------------------------------------------|----------------------------------------|-----------------|---------------|
| <b>A</b>                                                                       | <b>General Services</b>                | 71,816          | 33.31         |
| <b>B</b>                                                                       | <b>Social Services</b>                 | 81,011          | 37.58         |
| <b>C</b>                                                                       | <b>Economic Services</b>               | 57,095          | 26.48         |
| <b>D</b>                                                                       | <b>Grants-in-Aid and Contributions</b> | 5,662           | 2.63          |
| <b>Total Expenditure (A+B+C+D)</b>                                             |                                        | <b>2,15,584</b> | <b>100.00</b> |
| (*) Indicates percentage of Expenditure by Sector to Total Revenue Expenditure |                                        |                 |               |

### 3.2.2 Trend in major components of Revenue Expenditure

(₹ in crore)

| Year                                                                | General Services | Social Services | Economic Services | Grants-in-aid and Contributions | Total Revenue Expenditure | GSDP *    | Per cent of Total Revenue Expenditure to GSDP |
|---------------------------------------------------------------------|------------------|-----------------|-------------------|---------------------------------|---------------------------|-----------|-----------------------------------------------|
| 2018-19                                                             | 42,655           | 67,935          | 48,285            | 5,425                           | 1,64,300                  | 14,79,391 | 11.11                                         |
| 2019-20                                                             | 48,824           | 66,373          | 52,636            | 6,425                           | 1,74,258                  | 16,11,134 | 10.82                                         |
| 2020-21                                                             | 55,018           | 61,726          | 53,629            | 5,681                           | 1,76,054                  | 16,25,073 | 10.83                                         |
| 2021-22                                                             | 62,669           | 79,804          | 60,339            | 6,616                           | 2,09,428                  | 19,62,725 | 10.67                                         |
| 2022-23                                                             | 71,816           | 81,011          | 57,095            | 5,662                           | 2,15,584                  | 21,81,217 | 9.88                                          |
| (*) Source: Ministry of Finance, Dept of Expenditure Govt. of India |                  |                 |                   |                                 |                           |           |                                               |



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

### 3.2.3. Expenditure in Major Sub-Sectors

The trend in Revenue expenditure under Major Sub Sectors, are indicated in the table below.

(₹ in crore)

| Expenditure by Major Sub-sectors |                                                                                      | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|----------------------------------|--------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| 1.                               | Education, Sports, Art and Culture                                                   | 23,424  | 26,518  | 24,316  | 29,140  | 31,263  |
| 2.                               | Agriculture and Allied Activities                                                    | 20,305  | 21,669  | 16,687  | 19,918  | 16,214  |
| 3.                               | Pensions and Miscellaneous General Services                                          | 15,227  | 18,527  | 19,065  | 20,793  | 24,483  |
| 4.                               | Interest Payments and Servicing of Debt                                              | 16,123  | 18,869  | 23,620  | 28,764  | 31,427  |
| 5.                               | Energy                                                                               | 10,061  | 12,264  | 14,277  | 17,445  | 14,103  |
| 6.                               | Social Welfare and Nutrition                                                         | 18,186  | 16,328  | 14,504  | 17,717  | 15,893  |
| 7.                               | Administrative Services                                                              | 7,574   | 8,011   | 8,496   | 9,388   | 11,086  |
| 8.                               | Health and Family Welfare                                                            | 8,369   | 8,339   | 9,768   | 12,770  | 11,309  |
| 9.                               | Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities | 8,488   | 7,167   | 6,293   | 7,574   | 8,515   |
| 10.                              | Rural Development                                                                    | 7,001   | 7,277   | 9,144   | 8,121   | 11,234  |
| 11.                              | Water Supply, Sanitation, Housing and Urban Development                              | 8,611   | 7,133   | 5,788   | 11,207  | 12,503  |
| 12.                              | Transport                                                                            | 3,695   | 3,567   | 4,545   | 4,605   | 6,347   |
| 13.                              | General Economic Services                                                            | 3,286   | 3,991   | 4,839   | 6,326   | 5,474   |



### 3.3 Capital Expenditure

For the year 2022-23, the expenditure on Capital Account was ₹57,348 crore, worked out to 2.63 per cent of GSDP and was more than Budget Estimates (₹43,573 crore) by ₹13,775 crore.

(₹ in crore)

| Sl. No. | Components                                         | 2018-19   | 2019-20   | 2020-21   | 2021-22   | 2022-23   |
|---------|----------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1.      | Budget (B.E.)                                      | 35,246    | 40,080    | 43,059    | 41,358    | 43,573    |
| 2.      | Actual Expenditure <sup>(#)</sup>                  | 34,659    | 35,530    | 45,406    | 47,874    | 57,348    |
| 3.      | Percentage of Actual Expenditure to B.E            | 98        | 89        | 105       | 116       | 76        |
| 4.      | Yearly Growth in Capital Expenditure (in per cent) | 13        | 3         | 28        | 5         | 20        |
| 5.      | GSDP                                               | 14,79,391 | 16,11,134 | 16,25,073 | 19,62,725 | 21,81,217 |
| 6.      | Yearly Growth in GSDP (in percent)                 | 10.96     | 8.91      | 0.87      | 20.78     | 11.13     |
| (#)     | Does not include expenditure on Loans and Advances |           |           |           |           |           |

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2022-23, the Government spent ₹60,598 crore on various projects under the following sectors. The percentage of sector-wise expenditure to the Total Capital Expenditure indicated in the table.

(₹ in crore)

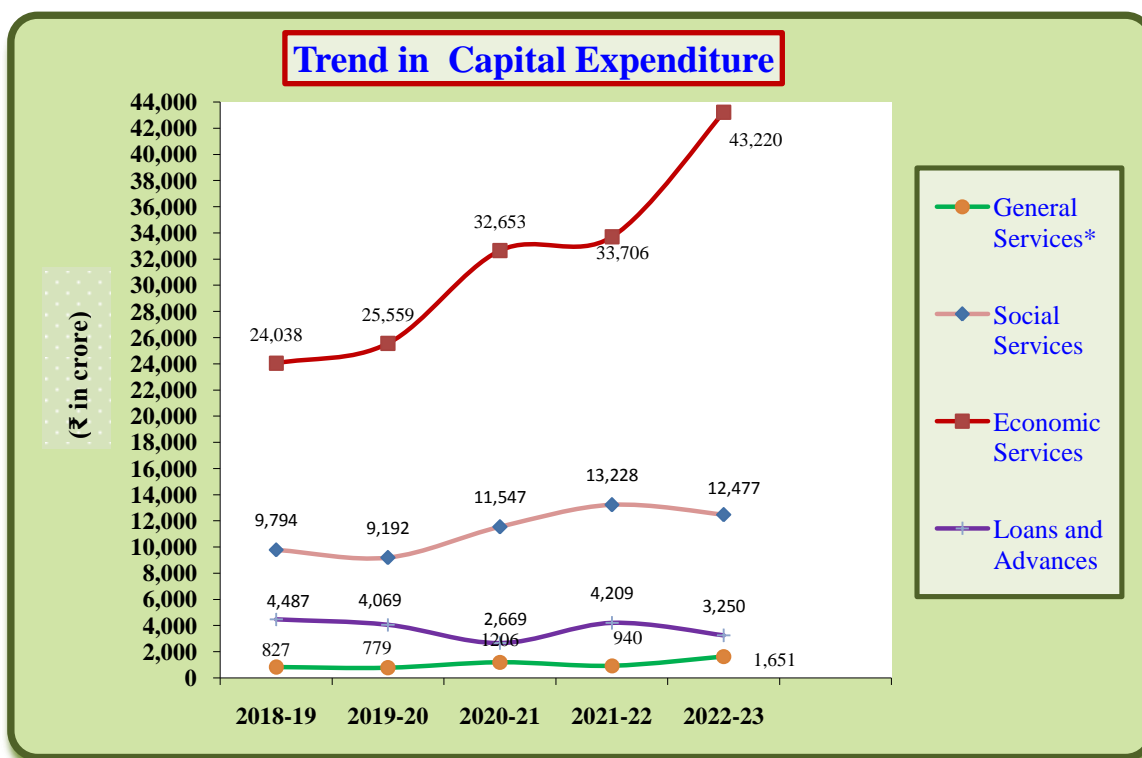
| Sl. No.                                                        | Sector                                                                                                                   | Capital       | Loan         | Total         | Per cent      |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------|---------------|
| 1.                                                             | <b>General Services</b> – Police, Land Revenue etc.,                                                                     | 1,651         | ...          | 1,651         | 2.72          |
| 2.                                                             | <b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,                        | 12,477        | 1,846        | 14,323        | 23.64         |
| 3.                                                             | <b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc., | 43,220        | 1,400        | 44,620        | 73.63         |
| 4.                                                             | <b>Miscellaneous</b>                                                                                                     | ...           | 4            | 4             | 0.01          |
| <b>Total Capital Expenditure (Outside the Revenue Account)</b> |                                                                                                                          | <b>57,348</b> | <b>3,250</b> | <b>60,598</b> | <b>100.00</b> |

#### 3.3.2 Trend in Capital Expenditure

The trends in expenditure on Capital Account for the past five years are indicated in the table below along with graphical presentation.

(₹ in crore)

| Sl. No.      | Sector             | 2018-19       | 2019-20       | 2020-21       | 2021-22       | 2022-23       |
|--------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| 1.           | General Services   | 3827          | 779           | 1,206         | 940           | 1,651         |
| 2.           | Social Services    | 9,794         | 9,192         | 11,547        | 13,228        | 12,477        |
| 3.           | Economic Services  | 24,038        | 25,559        | 32,653        | 33,706        | 43,220        |
| 4.           | Loans and Advances | 4,487         | 4,069         | 2,669         | 4,209         | 3,250         |
| <b>Total</b> |                    | <b>39,146</b> | <b>39,599</b> | <b>48,075</b> | <b>52,083</b> | <b>60,598</b> |



### 3.3.3 Sectoral Distribution of Capital and Revenue Expenditure

The Comparative Sectoral Distribution of Capital & Revenue Expenditure (excluding Grants-in-aid) over the past 5 years is given below

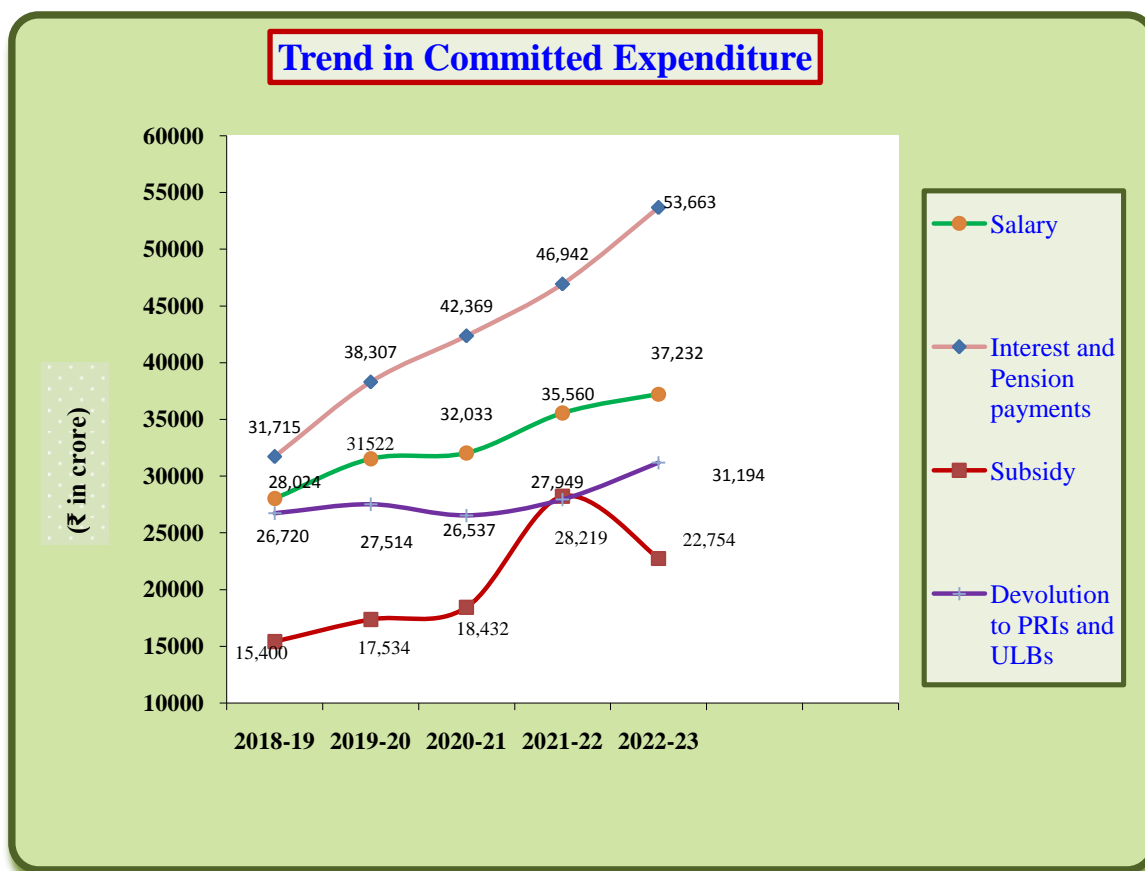
(₹ in crore)

| Sl. No. | Sector            |              | 2018-19       | 2019-20       | 2020-21       | 2021-22       | 2022-23         |
|---------|-------------------|--------------|---------------|---------------|---------------|---------------|-----------------|
| 1.      | General Services  | Capital      | 827           | 779           | 1,206         | 940           | 1,651           |
|         |                   | Revenue      | 42,655        | 48,824        | 55,018        | 62,669        | 71,816          |
|         |                   | <b>Total</b> | <b>43,482</b> | <b>49,603</b> | <b>56,224</b> | <b>63,609</b> | <b>73,467</b>   |
| 2.      | Social Services   | Capital      | 9,794         | 9,192         | 11,547        | 13,228        | 12,477          |
|         |                   | Revenue      | 67,935        | 66,373        | 61,726        | 79,804        | 81,011          |
|         |                   | <b>Total</b> | <b>77,729</b> | <b>75,565</b> | <b>73,273</b> | <b>93,032</b> | <b>93,488</b>   |
| 3.      | Economic Services | Capital      | 24,038        | 25,559        | 32,653        | 33,706        | 43,220          |
|         |                   | Revenue      | 48,285        | 52,636        | 53,629        | 60,339        | 57,095          |
|         |                   | <b>Total</b> | <b>72,323</b> | <b>78,195</b> | <b>86,282</b> | <b>94,045</b> | <b>1,00,315</b> |

### 3.4 Committed Expenditure

In addition to the seven components of Committed Expenditure furnished below in the table, Government of Karnataka has considered Salaries paid under District Sector Schemes, Implicit Subsidies and other Administrative Expenses as components of Committed Expenditure, in their Medium Term Fiscal Plan 2021-25. The Trend in growth of components of Committed Expenditure

which are identified with specific object head codes in the accounts, over the Revenue Receipts and Revenue Expenditure for the five years is given below.



The Trend of Committed Expenditure in comparison to Revenue Expenditure and Revenue Receipts over the past five years is given below:

(₹ in crore)

| Components                            |                                        | 2018-19               | 2019-20               | 2020-21               | 2021-22               | 2022-23               |
|---------------------------------------|----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Committed Expenditure of which- |                                        | 1,35,064              | 1,43,610              | 1,47,896              | 1,67,354              | 1,75,286              |
| 1.                                    | Salary <sup>(A)</sup>                  | 28,024                | 31,522                | 32,033                | 35,560                | 37,232                |
| 2.                                    | Interest Payments                      | 16,614 <sup>(B)</sup> | 19,903 <sup>(D)</sup> | 23,433 <sup>(E)</sup> | 26,276 <sup>(F)</sup> | 29,643 <sup>(G)</sup> |
| 3.                                    | Pension Payments                       | 15,109                | 18,404                | 18,936                | 20,666                | 24,020                |
| 4.                                    | Social Security Pensions               | 5,460                 | 7,243                 | 7,603                 | 7,908                 | 9,544                 |
| 5.                                    | Subsidy <sup>(C)</sup>                 | 15,400                | 17,534                | 18,432                | 28,219                | 22,754                |
| 6.                                    | Grants-in-Aid and Financial Assistance | 24,888                | 19,023                | 18,312                | 16,916                | 15,865                |
| 7.                                    | Administrative Expenses                | 2,136                 | 2,467                 | 2,610                 | 2,530                 | 3,710                 |
| 8.                                    | Devolution to Local Bodies             | 26,720                | 27,514                | 26,537                | 27,949                | 31,194                |
| 9.                                    | Daily Wages / Contract / Outsource     | 714                   | ...                   | ...                   | 1,330                 | 1,324                 |

(₹ in crore)

| Components                                                                                                                                                                                                    | 2018-19  | 2019-20  | 2020-21  | 2021-22  | 2022-23  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| Revenue Receipts                                                                                                                                                                                              | 1,64,979 | 1,75,443 | 1,56,717 | 1,95,762 | 2,29,080 |
| Revenue Expenditure                                                                                                                                                                                           | 1,64,300 | 1,74,258 | 1,76,054 | 2,09,428 | 2,15,584 |
| Percentage of Committed Expenditure to Revenue Receipts                                                                                                                                                       | 82       | 82       | 94       | 85       | 77       |
| Percentage of Committed Expenditure to Revenue Expenditure                                                                                                                                                    | 82       | 82       | 84       | 80       | 81       |
| (A) Indicates Salary booked under the State Sector and excluding the salary paid to staff employed under Panchayat Raj Institutions.                                                                          |          |          |          |          |          |
| (B) Includes payment of interest (₹1,262 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |          |          |          |          |          |
| (C) Subsidy representing only the amount booked under the object head '106-Subsidy', excluding subsidy releases to PRIs & ULBs                                                                                |          |          |          |          |          |
| (D) Includes payment of interest (₹1,384 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |          |          |          |          |          |
| (E) Includes payment of interest (₹1,512 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |          |          |          |          |          |
| (F) Includes payment of interest (₹1,292 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |          |          |          |          |          |
| (G) Includes payment of interest (₹1,216 crore) on 'Off budget borrowings' which spread across various functional Major Heads below the relevant sub-sectors under 'Social Services' and 'Economic Services'. |          |          |          |          |          |

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## CHAPTER IV

### APPROPRIATION ACCOUNTS

#### 4.1 Summary of Appropriation Accounts

Appropriation Accounts of the Government of Karnataka for the year 2022-23 presents the accounts of sums expended compared with the sums specified in the schedules appended to the Appropriation Acts passed under Article 204 & 205 of the Constitution of India. Summary of the Appropriation Accounts by major sections under the Consolidated Fund of the State for the year 2022-23 are given below.

(₹ in crore)

| Sl. No. | Nature of expenditure    | Original Grant  | Supplementary Grant | Surrenders        | Total           | Actual Expenditure | Savings (-) Excess (+) |
|---------|--------------------------|-----------------|---------------------|-------------------|-----------------|--------------------|------------------------|
| 1       | Revenue Voted            | 1,74,433        | 20,669              | (-) 9,527         | 1,85,575        | 1,87,101           | (+) 1,526              |
|         | Charged                  | 33,087          | 16                  | (-) 47            | 33,056          | 33,078             | (+) 22                 |
| 2       | Capital Voted            | 42,495          | 11,128              | (-) 969           | 52,654          | 54,549             | (+) 1,895              |
|         | Charged                  | 3,402           | 3                   | (-) 2             | 3,403           | 3,404              | (+) 1                  |
| 3       | Public Debt Charged      | 14,179          | 1,798               | (-) 34            | 15,943          | 15,943             | ...                    |
| 4       | Loans and Advances Voted | 3,946           | 417                 | (-) 500           | 3,863           | 3,250              | (-) 613                |
|         | <b>Total</b>             | <b>2,71,542</b> | <b>34,031</b>       | <b>(-) 11,079</b> | <b>2,94,494</b> | <b>2,97,325</b>    | <b>(+) 2,831</b>       |

##### 4.1.1 Grant wise Details of Saving/Excess

The Appropriation Accounts of Government of Karnataka for 2022-23 indicate Grant-wise saving and excess as given below:

(₹ in crore)

| Saving under the following grants |                                                    | Revenue |         | Capital |         |
|-----------------------------------|----------------------------------------------------|---------|---------|---------|---------|
| Grant No. and Name                |                                                    | Voted   | Charged | Voted   | Charged |
| 1                                 | Agriculture and Horticulture                       | 535.44  | ...     | 60.65   | ...     |
| 2                                 | Animal Husbandry and Fisheries                     | 129.43  | ...     | 96.82   | ...     |
| 3                                 | Finance                                            | ...     | 2.02    | 11.98   | ...     |
| 4                                 | Department of Personnel and Administrative Reforms | 78.89   | 11.97   | 0.47    | 0.03    |
| 5                                 | Home and Transport                                 | 768.54  | ...     | 0.91    | ...     |
| 6                                 | Infrastructure Development                         | 12.41   | ...     | ...     | ...     |
| 7                                 | Rural Development and Panchayat Raj                | 727.52  | ...     | ...     | ...     |
| 8                                 | Forest, Ecology and Environment                    | 109.61  | 4.55    | 0.23    | ...     |

(₹ in crore)

| Saving under the following grants |                                              | Revenue  |         | Capital |         |
|-----------------------------------|----------------------------------------------|----------|---------|---------|---------|
| Grant No. and Name                |                                              | Voted    | Charged | Voted   | Charged |
| 9                                 | Co-operation                                 | 66.99    | ...     | 66.04   | ...     |
| 10                                | Social Welfare                               | 704.84   | ...     | ...     | ...     |
| 11                                | Women and Child Development                  | 1,180.92 | ...     | 0.73    | ...     |
| 12                                | Information, Tourism and Youth Services      | 36.33    | ...     | 0.03    | ...     |
| 13                                | Food and Civil Supplies                      | ...      | ...     | 0.16    | ...     |
| 14                                | Revenue                                      | ...      | ...     | 15.34   | 1.72    |
| 15                                | Information Technology                       | 1.80     | ...     | ...     | ...     |
| 16                                | Housing                                      | 231.17   | 0.04    | 156.00  | ...     |
| 17                                | Education                                    | 1,096.44 | ...     | 231.02  | ...     |
| 18                                | Commerce and Industries                      | 31.10    | ...     | 248.57  | ...     |
| 19                                | Urban Development                            | 813.03   | ...     | 63.80   | ...     |
| 20                                | Public Works                                 | 70.52    | 3.09    | ...     | ...     |
| 21                                | Water Resources                              | 79.61    | ...     | 0.11    | ...     |
| 22                                | Health and Family Welfare                    | 1,715.63 | ...     | 352.34  | ...     |
| 23                                | Labour and Skill Development                 | 113.69   | ...     | ...     | ...     |
| 24                                | Energy                                       | 6.24     | ...     | ...     | ...     |
| 25                                | Kannada and Culture                          | 17.54    | ...     | 2.60    | ...     |
| 26                                | Planning, Statistics, Science and Technology | 16.53    | ...     | 0.04    | ...     |
| 27                                | Law                                          | 177.98   | 32.21   | 5.79    | 0.03    |
| 28                                | Parliamentary Affairs and Legislation        | 25.95    | 3.70    | 0.03    | 0.02    |
| 29                                | Debt Servicing                               | ...      | ...     | ...     | 33.95   |

(₹ in crore)

| Excess under the following grants |                                     | Revenue |         | Capital |         |
|-----------------------------------|-------------------------------------|---------|---------|---------|---------|
| Grant No. and Name                |                                     | Voted   | Charged | Voted   | Charged |
| 3                                 | Finance                             | 176.96  | ...     | ...     | ...     |
| 6                                 | Infrastructure Development          | ...     | ...     | 54.40   | ...     |
| 7                                 | Rural Development and Panchayat Raj | ...     | ...     | 148.59  | ...     |
| 10                                | Social Welfare                      | ...     | ...     | 207.13  | ...     |
| 13                                | Food and Civil Supplies             | 104.28  | ...     | ...     | ...     |
| 14                                | Revenue                             | 467.12  | ...     | ...     | ...     |
| 20                                | Public Works                        | ...     | ...     | 716.55  | ...     |
| 29                                | Debt Servicing                      | ...     | 32.80   | ...     | ...     |

## 4.2 Trend in Savings

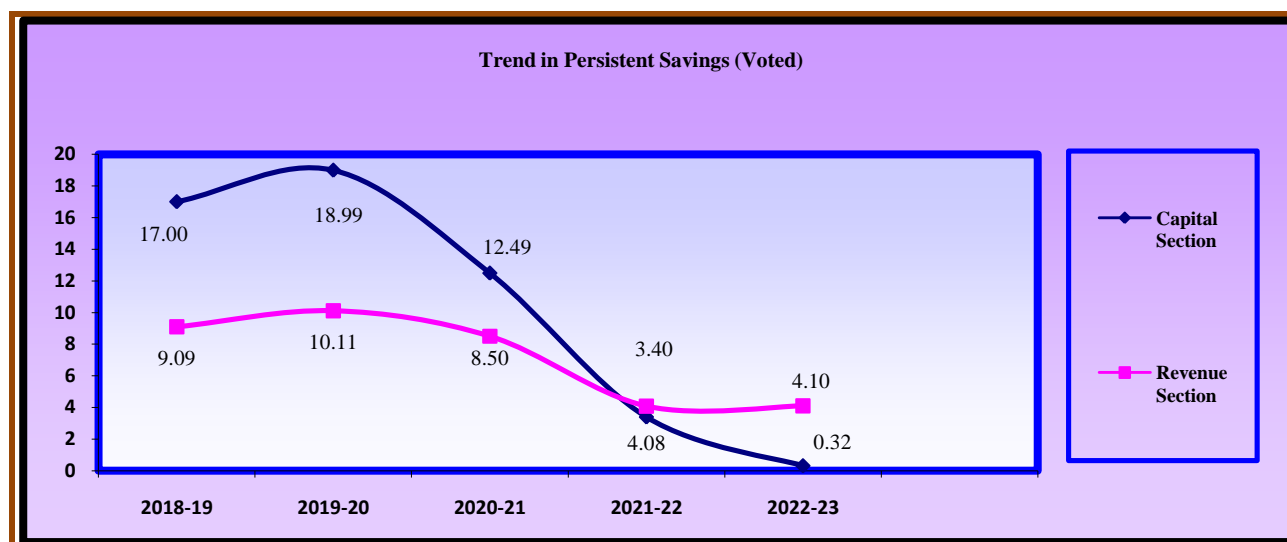
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature excluding the amount surrendered which is also considered as saving.

Trend in saving under voted and *charged* category of Revenue and Capital Section for the preceding five years are given in Tables below, respectively. Graphical presentation of saving as a *per cent* to Total Provision furnished below the respective tables.

**Table - Persistent Savings (Voted)**

(₹ in crore)

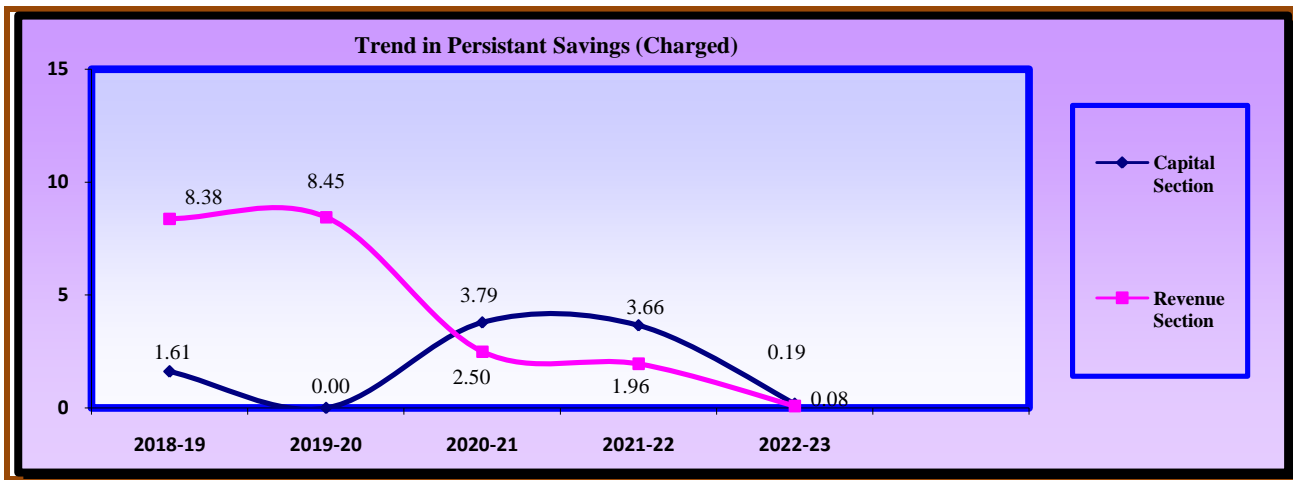
| Year    | REVENUE SECTION |             |        |                                 | CAPITAL SECTION |             |        |                                 |
|---------|-----------------|-------------|--------|---------------------------------|-----------------|-------------|--------|---------------------------------|
|         | Provision       | Expenditure | Saving | Per cent of saving to provision | Provision       | Expenditure | Saving | Per cent of saving to provision |
| 2018-19 | 1,63,872        | 1,48,976    | 14,896 | 9.09                            | 49,234          | 40,865      | 8,369  | 17.00                           |
| 2019-20 | 1,78,093        | 1,60,084    | 18,009 | 10.11                           | 51,649          | 41,839      | 9,810  | 18.99                           |
| 2020-21 | 1,69,040        | 1,54,670    | 14,370 | 8.50                            | 55,716          | 48,756      | 6,960  | 12.49                           |
| 2021-22 | 1,90,251        | 1,82,498    | 7,753  | 4.08                            | 53,566          | 51,747      | 1,819  | 3.40                            |
| 2022-23 | 1,95,101        | 1,87,101    | 8,000  | 4.10                            | 57,986          | 57,799      | 187    | 0.32                            |



**Table - Persistent Savings (Charged)**

(₹ in crore)

| Year    | REVENUE SECTION |             |        |                                 | CAPITAL SECTION |             |        |                                 |
|---------|-----------------|-------------|--------|---------------------------------|-----------------|-------------|--------|---------------------------------|
|         | Provision       | Expenditure | Saving | Per cent of saving to provision | Provision       | Expenditure | Saving | Per cent of saving to provision |
| 2018-19 | 19,927          | 18,257      | 1,670  | 8.38                            | 12,640          | 12,436      | 204    | 1.61                            |
| 2019-20 | 22,588          | 20,679      | 1,909  | 8.45                            | ...             | ...         | ...    | ...                             |
| 2020-21 | 26,130          | 25,478      | 652    | 2.50                            | 14,336          | 13,792      | 544    | 3.79                            |
| 2021-22 | 31,127          | 30,517      | 610    | 1.96                            | 18,241          | 17,574      | 667    | 3.66                            |
| 2022-23 | 33,103          | 33,078      | 25     | 0.08                            | 19,383          | 19,347      | 36     | 0.19                            |



#### 4.3 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2022-23 additional funds aggregating to ₹34,031 crore have been provided through Supplementary Demand for Grants. Few instances, where the Supplementary provision was found unnecessary or excessive are indicated in the table given below.

#### Unnecessary Supplementary Provision

(₹ in crore)

| Gr. No. | Head of account | Original | Supplementary | Total    | Expenditure | Saving |
|---------|-----------------|----------|---------------|----------|-------------|--------|
| 01      | 6401-00-195-01  | ...      | 12.00         | 12.00    | ...         | 12.00  |
| 01      | 2851-00-107-1   | 259.60   | 5.41          | 265.01   | 226.61      | 38.40  |
| 04      | 2052-00-092-16  | 49.88    | 0.36          | 50.24    | 35.45       | 14.79  |
| 04      | 3451-00-090-2   | 94.02    | 1.22          | 95.24    | 75.78       | 19.46  |
| 05      | 2041-00-797-02  | 0.00     | 39.70         | 39.70    | 0.00        | 39.70  |
| 07      | 2515-00-197-1   | 1,889.73 | 78.43         | 1,968.16 | 1,739.59    | 228.57 |
| 07      | 4702-00-101-9   | 50.00    | 7.49          | 57.49    | 23.00       | 34.49  |



(₹ in crore)

| Gr. No. | Head of account | Original | Supplementary | Total    | Expenditure | Saving |
|---------|-----------------|----------|---------------|----------|-------------|--------|
| 07      | 2515-00-101-32  | 24.00    | 57.73         | 81.73    | 24.00       | 57.73  |
| 07      | 2515-00-101-31  | 36.00    | 86.59         | 122.59   | 36.00       | 86.59  |
| 07      | 2515-00-197-6   | 246.30   | 71.31         | 317.61   | 70.97       | 246.64 |
| 07      | 2515-00-196-6   | 136.88   | 35.66         | 172.54   | 45.43       | 127.11 |
| 09      | 6860-04-101-10  | 0.00     | 24.30         | 24.30    | 0.00        | 24.30  |
| 10      | 2225-02-197-6   | 171.25   | 14.00         | 185.25   | 86.11       | 99.14  |
| 10      | 2225-01-197-6   | 120.00   | 3.10          | 123.10   | 53.10       | 70.00  |
| 11      | 2236-02-197-6   | 1,956.49 | 9.89          | 1,966.38 | 1,124.43    | 841.95 |
| 17      | 4202-01-201-1   | 516.50   | 1.90          | 518.40   | 419.82      | 98.58  |
| 19      | 2217-05-191-1   | 1,291.00 | 245.13        | 1,536.13 | 798.50      | 737.63 |
| 19      | 2217-05-001-1   | 62.99    | 0.19          | 63.18    | 50.96       | 12.22  |
| 22      | 2210-01-001-1   | 50.89    | 1.02          | 51.91    | 29.66       | 22.25  |

### Excessive Supplementary Provision

(₹ in crore)

| Sl. No. | Gr. No. | Head of account | Original | Supplementary | Total    | Expenditure | Saving |
|---------|---------|-----------------|----------|---------------|----------|-------------|--------|
| 1       | 01      | 2202-80-107-06  | 200.00   | 810.00        | 1,010.00 | 599.12      | 410.88 |
| 2       | 01      | 4401-00-800-1   | 47.36    | 86.73         | 134.09   | 108.47      | 25.62  |
| 3       | 02      | 2202-80-107-08  | ...      | 39.72         | 39.72    | 0.01        | 39.71  |
| 4       | 04      | 2015-00-106-2   | 3.51     | 3.80          | 7.31     | 5.28        | 2.03   |
| 5       | 04      | 2070-00-003-4   | 1.00     | 3.78          | 4.78     | 1.77        | 3.01   |
| 6       | 04      | 2070-00-800-18  | 3.00     | 2.75          | 5.75     | 4.67        | 1.08   |
| 7       | 05      | 2041-00-797-01  | ...      | 577.14        | 577.14   | 377.14      | 200.00 |
| 8       | 05      | 2055-00-001-06  | ...      | 3.21          | 3.21     | 0.84        | 2.37   |
| 9       | 05      | 2055-00-797-01  | ...      | 597.05        | 597.05   | 467.05      | 130.00 |
| 10      | 05      | 2041-00-101-04  | 1.00     | 42.00         | 43.00    | 15.89       | 27.11  |
| 11      | 05      | 2202-80-107-07  | ...      | 50.00         | 50.00    | 4.07        | 45.93  |
| 12      | 07      | 4515-00-102-1   | 10.00    | 2.00          | 12.00    | 10.52       | 1.48   |
| 13      | 07      | 4215-01-102-2   | 278.39   | 200.00        | 478.39   | 312.36      | 166.03 |
| 14      | 11      | 2235-02-101-53  | 53.20    | 14.44         | 67.64    | 58.17       | 9.47   |
| 15      | 11      | 2235-02-102-51  | ...      | 1.92          | 1.92     | 0.51        | 1.41   |
| 16      | 11      | 2235-02-102-53  | ...      | 348.33        | 348.33   | 74.62       | 273.71 |
| 17      | 11      | 2235-02-102-52  | ...      | 392.74        | 392.74   | 112.06      | 280.68 |
| 18      | 11      | 2235-02-102-48  | 14.36    | 23.06         | 37.42    | 18.92       | 18.50  |
| 19      | 11      | 2235-02-102-49  | ...      | 20.86         | 20.86    | 8.40        | 12.46  |
| 20      | 14      | 2506-00-012-03  | 0.01     | 6.07          | 6.08     | 2.78        | 3.30   |
| 21      | 14      | 2029-00-102-1   | 22.80    | 76.24         | 99.04    | 44.58       | 54.46  |

(₹ in crore)

| Sl. No. | Gr. No. | Head of account | Original | Supplementary | Total  | Expenditure | Saving |
|---------|---------|-----------------|----------|---------------|--------|-------------|--------|
| 22      | 14      | 2506-00-103-03  | 17.80    | 21.75         | 39.55  | 25.64       | 13.91  |
| 23      | 16      | 6216-03-190-01  | ...      | 256.00        | 256.00 | 100.00      | 156.00 |
| 24      | 17      | 4202-01-202-1   | 258.36   | 180.00        | 438.36 | 381.30      | 57.06  |
| 25      | 17      | 2202-03-112-15  | 5.00     | 30.68         | 35.68  | 25.68       | 10.00  |
| 26      | 17      | 2202-04-200-1   | ...      | 9.87          | 9.87   | 7.41        | 2.46   |
| 27      | 18      | 6860-05-190-1   | 24.44    | 25.45         | 49.89  | 44.89       | 5.00   |
| 28      | 18      | 2851-00-103-69  | 12.00    | 6.00          | 18.00  | 15.00       | 3.00   |
| 29      | 22      | 4210-03-101-1   | 10.00    | 5.00          | 15.00  | 12.87       | 2.13   |
| 30      | 27      | 2014-00-103-06  | 0.01     | 14.41         | 14.42  | 8.07        | 6.35   |

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CHAPTER V

ASSETS AND LIABILITIES

5.1 Assets

The existing form of accounts do not depict valuation of Government assets like land, buildings *etc.*, except in the year of acquisition / purchase. The Government assets, mainly comprising of cash balance and investments of cash balance stood at ₹83,629 crore, progressive Capital Expenditure ₹4,56,417 crore, balance of Loans and Advances ₹38,101 crore, Civil Advances ₹7 crore and balance outstanding under Remittances ₹1,048 crore at the end of 31 March 2023. The details of Assets and Liabilities of Government of Karnataka are exhibited in the Statement No.1 of the Finance Accounts **Volume-I**.

Government investments in share capital of different classes of entities stood at ₹72,800 crore at the end of 2022-23, mainly comprising of Statutory Corporations (₹4,197 crore), Regional Rural Banks (₹21 crore), Government Companies / Public Sector Undertakings (₹62,077 crore), Joint Stock Companies (₹6,071 crore) and Co-operative Institutions and Local bodies (₹434 crore). Dividend received during the year was ₹425 crore (0.6 *per cent*) on the Total Government Investments. During the year 2022-23, the Government Investments was increased by ₹2,143 crore, while dividend income increased by ₹75 crore.

Cash Balance with RBI, which stood at ₹1,518 crore on 1 April 2022 increased to ₹2,788 crore at the end of March 2023.

5.2 Debt and Liabilities

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

In pursuant with the recommendations of the XI Finance Commission, the Government of Karnataka was the first State to enact the Fiscal Responsibility (FRA) Act, 2002. In Accordance with the recommendations of the XIII Finance Commission and with the amendment to the FRA (March 2022), the State laid down the Fiscal targets to ensure – outstanding debt to the end of 2022-23 to be at 25 *per cent* of the estimated GSDP.

Outstanding balance of Public debt and Outstanding Liabilities under Public Account of the State Government, in comparison with the per cent to GSDP are as under:

(₹ in crore)

Year	GSDP ^(*)	Public Debt	Per cent to GSDP	Public Account ^(^)	Per cent to GSDP	Total Liabilities ^(^)	Per cent to GSDP
2018-19	14,79,391	1,93,967	13.11	76,409	5.16	2,70,376	18.28
2019-20	16,11,134	2,34,245	14.54	85,172	5.29	3,19,417	19.83
2020-21	16,25,073	3,07,758	18.94	89,748	5.52	3,97,506	24.46
2021-22	19,62,725	3,74,427	19.08	99,146	5.05	4,73,574	24.13
2022-23	21,81,217	4,03,033	18.48	1,33,024	6.10	5,36,057 ^(#)	24.58

(*) Source: Ministry of Finance, Dept of Expenditure Govt. of India

(^) Exhibits net of small savings and other liabilities as depicted in Statement No.6 (i) of Finance Accounts.

(#) Excluding the amount of off-budget borrowings ₹17,306 crore which is not forming part of Consolidated Fund of the State but to be included under Total Liabilities, for calculation of fiscal indicators. For more details, please refer paragraph 1.6 of Chapter I

There is net increase of ₹62,483 crore (13.19 per cent) in Public Debt and Other Liabilities as compared to 2021-22.

For the year 2022-23, the Interest payments on Debt and Other Liabilities stood at ₹28,427 crore which includes Interest on Internal Debt ₹25,846 crore, Interest on Small Savings, Provident Funds (₹3,142 crore), Interest on Loans and Advances from Central Government (₹517 crore) and Interest on Reserve Funds & Other Obligations (₹39 crore). Interest on Off-Budget Borrowings was ₹1,216 crore and the total interest payments works out to 13.70 per cent of the Revenue Expenditure and 12.90 per cent of the Revenue Receipts of the year 2022-23.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹3,367 crore during 2022-23 over 2021-22.

5.2.1 State Provident Funds

The following table shows the details of State Provident Fund for the last five years:

(₹ in crore)

Year	Opening Balance	Receipts ^(*)	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2018-19	15,036	3,894	2,221	1,673	16,709	1,164
2019-20	16,709	4,396	2,626	1,770	18,479	1,392
2020-21	18,479	4,376	2,915	1,461	19,940	1,309
2021-22	19,940	4,513	3,328	1,185	21,125	1,184
2022-23	21,125	4,651	3,550	1,101	22,226	1,101

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

5.2.2 Trend in Government Liabilities

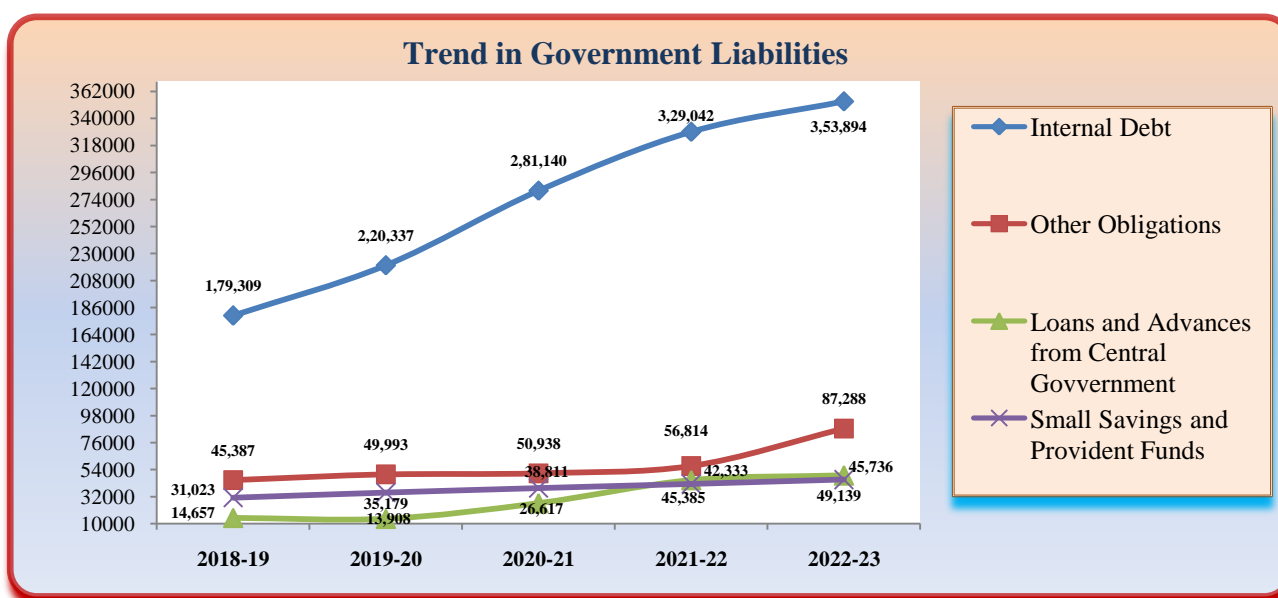
The following table indicates the trends in liabilities of State Government during the past five years. The graphical representation of trends in Government liabilities is also furnished.

(₹ in crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
2018-19	1,79,309	14,657	31,023	45,387	2,70,376
2019-20	2,20,337	13,908	35,179	49,993	3,19,417
2020-21	2,81,140	26,617	38,811	50,938	3,97,506
2021-22	3,29,042	45,385	42,333	56,814	4,73,574
2022-23	3,53,894	49,139	45,736	87,288	5,36,057 ^(\$)

(\$)

Excluding the amount of off-budget borrowings ₹17,306 crore which is not forming part of Consolidated Fund but to be included as part of Total Liabilities for calculations of fiscal indicators. For details please refer paragraph 1.6 of Chapter I of this publication



Government of Karnataka has further amended the Karnataka Fiscal Responsibility Act, 2022, on March 2022, to re-define the scope of 'Total Liabilities' to include the borrowings by the Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments, where the Principal and / or interest are to be serviced out of the budget of the Government of Karnataka.

Details of Off-budget borrowings furnished by the Finance Department are given below in the table.

(₹ in crore)

Opening Balance	Borrowings during the year	Principal repayment during the year	Interest repayment during the year	Closing Balance
(1)	(2)	(3)	(4)	(5)
16,682	4,029	3,405	1,216	17,306

Note: Closing Balance (column 5) worked out by amount in column (1) plus column (2) minus column (3).

The indebtedness of the Government, including the off-budget borrowings (₹17,306 crore), has increased by ₹62,483 crore for the year 2022-23. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2023 stood at ₹5,36,057 crore.

After taking into account the outstanding liabilities on off-budget borrowings ₹17,306 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 24.58 *per cent*, to the end of 2022-23.

5.2.3 Contingency Fund

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

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Number of withdrawals from Contingency Fund	4	3	...	2	3
Total withdrawals from Contingency Fund (₹ in crore)	119.65	20.10	...	114.00	123.00
Withdrawals from the Contingency Fund as a <i>percentage</i> to Total Budget Provision	...	0.01	...	0.04	0.04

5.3 Guarantees

The limit as prescribed in the Karnataka Ceiling on Government Guarantees Act, 1999 is that the total Outstanding Government Guarantees as on the first of April of any year shall not exceed 80 *per cent* of the States' Revenue Receipts of the second preceding year as in the books of the Accountant General (A&E), Karnataka. The maximum amount of outstanding guarantee as depicted in Finance Accounts is within the limits prescribed in the Act. The information on outstanding guarantees for the repayment of Loans and payment of interest thereon raised by Statutory Corporations, Government Companies, Local Bodies, Co-operative Societies, *etc.*, as on 31 March 2023 was furnished by the State Government and depicted in the Statement No.20 of the Finance Accounts **Volume-II**.

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
2018-19	30,719	23,913	178
2019-20	35,694	26,679	151
2020-21	45,104	32,506	226
2021-22	49,467	33,095	98
2022-23	70,095	38,262	95

5.4 Externally Aided Projects

The liability of the State Government for repayment of loans from Externally Aided Projects is given below. Individual Scheme wise details are furnished in the Appendix-IV of the Finance Accounts - **Volume-II**.

(₹ in crore)

Period	Opening Balance	Amount Received	Amount Repaid	Closing Balance
2018-19	12,992	1,455	1,054	13,393
2019-20	13,393	675	1,137	12,931
2020-21	12,931	1,402	1,121	13,212
2021-22	13,212	1,624	1,125	13,711
2022-23	13,711	1,867	1,221	14,357

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## CHAPTER VI

### OTHER ITEMS

#### 6.1 Adverse Balances under Public Debt

Borrowings of State Governments are governed by Article 293(1) of the Constitution of India. The balance under 'Internal Debt of the State Government' stood at ₹3,53,894 crore, which comprises an adverse balance amounting to ₹165.96 crore under 'Loans from National Co-operative Development Corporation' (₹133.57 crore), 'Loans from Life Insurance Corporation of India' (₹24.11 crore) and 'Loans from General Insurance Corporation of India' (₹8.28 crore). The balance under 'Loans and Advances from the Central Government' stood at ₹49,139 crore.

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

Total Loans and Advances made by the State Government at the end of 2022-23 was ₹38,101 crore. The Loans and Advances are disbursed to various Loatee Groups consisting of Panchayat Raj Institutions, Urban Development Authorities & Municipalities, Housing Boards and Corporations, Government Companies & Corporations, Co-operative Institutions and others. Recovery of Principal aggregating to ₹9,380 crore and interest amounting to ₹6,476 crore, is in arrears as at the end of 31 March 2023 in respect of loans, the detailed accounts of which are maintained by the Accountant General (A&E) Karnataka.

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

Grants-in-Aid to Local Bodies *etc.*, has increased by ₹5,126 crore from ₹57,582 crore in 2021-22 to ₹62,708 crore in 2022-23 representing an increase by 8.90 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹50,601 crore) represented 81 *per cent* of total grants given during the year. Details of Grants-in-aid for the past five years are as under.

(₹ in crore)

| Year    | Zilla Panchayats | Taluk Panchayats | Gram Panchayats | ULBs & Municipalities | Others <sup>(*)</sup> | Total  |
|---------|------------------|------------------|-----------------|-----------------------|-----------------------|--------|
| 2018-19 | 11,750           | 19,222           | 4,925           | 5,425                 | 9,281                 | 50,603 |
| 2019-20 | 12,104           | 21,127           | 4,802           | 6,425                 | 10,145                | 54,603 |
| 2020-21 | 11,812           | 21,309           | 4,983           | 5,681                 | 9,986                 | 53,771 |
| 2021-22 | 12,943           | 23,097           | 3,789           | 6,616                 | 11,137                | 57,582 |
| 2022-23 | 14,800           | 23,821           | 6,318           | 5,662                 | 12,107                | 62,708 |

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



### 6.3.1 Status of Outstanding Utilization Certificates

The Government while sanctioning Grants-in-aid (GIA) to various beneficiaries may stipulate that the UCs for the amount of Grants-in-Aid have to be forwarded to the Accountant General (A&E). The Accountant General (A&E) will keep a watch over the submission of UCs in respect of such releases only. At the end of 31 March 2023 about 48 Grants-in-Aid bills amounting to ₹42 crore were outstanding for submission of Utilisation Certificates.

## 6.4 Cash Balance and Investment of Cash Balance

| Component                                                          | (₹ in crore)          |                        |                                  |
|--------------------------------------------------------------------|-----------------------|------------------------|----------------------------------|
|                                                                    | As on<br>1 April 2022 | As on<br>31 March 2023 | Net Increase (+)<br>Decrease (-) |
| Cash Balance <sup>(1)</sup>                                        | 1,518                 | 2,788                  | (-) 1,270                        |
| Investments from Cash Balance<br>(GOI Securities & Treasury Bills) | 31,974                | 47,920                 | (-) 15,946                       |
| Other Cash Balances & Investments                                  | 29,914                | 32,914                 | (-) 3,000                        |
| (a) Cash with Departmental Officers<br>and permanent advances      | 6                     | 6                      | 0                                |
| (b) Investments and earmarked funds                                | 29,920                | 32,920                 | (-) 3,000                        |
| <b>Total</b>                                                       | <b>63,412</b>         | <b>83,628</b>          | <b>(-) 20,216</b>                |
| Interest realised                                                  | 899                   | 1,139                  | (+) 240                          |
| (1) Cash Balance include Local Remittances & Deposits with RBI.    |                       |                        |                                  |

During 2022-23 interest receipt on Cash Balance and Investments increased by 26.70 per cent in comparison with the previous year.

## 6.5 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the Departments and the figures appearing in the accounts compiled by the Accountant General (A&E) Karnataka. This exercise is to be conducted by respective Heads of Departments. During the year, receipts amounting to ₹2,27,451.09 crore (99.29 per cent of total receipts of ₹2,29,081.96 crore which excludes loan receipts) and expenditure amounting to ₹2,71,307.91 crore (99.40 per cent of total expenditure ₹2,72,932.13 crore which excludes loan expenditure) were reconciled by the State Government. Loans and advances (both repayment of Loans and Disbursements) were not reconciled by any of the CCOs concerned.

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

The 'Contingent Charges' or 'Contingencies' means and include all incidental and other expenses which are incurred for the management of an office or for the technical working of a department other than those which under prescribed rules of classification of expenditure fall under some other head of expenditure. The Drawing and Disbursing Officers (DDOs) are authorized to draw money without supporting documents through AC bills, under Rule 36 of Manual of Contingent Expenditure 1958. Such AC bills are required to be finally settled through submission of Non-payment Detailed Contingent (NDC) bills through treasury to the Accountant General (A&E) before the 15<sup>th</sup> of the month following the month to which the bill relates. As per the Government Order September 2004, the NDC bills are to be routed through treasuries and shall be enforced by the treasury by non-honouring further AC bills till the unadjusted AC Bills are cleared by submission of NDC Bills. Prolonged non-submission of NDC bills renders the expenditure under AC bills opaque. At the end of 31 March 2023 about 1,462 AC bills amounting to ₹73 crore were outstanding for submission of NDC bills.

## 6.7 Commitments on account of Incomplete Works

A total expenditure of ₹3,01,992 crore was incurred up to the year 2022-23 by the State Government under various construction projects taken up by the Public Works Department, Water Resources Department, and Public Health & Engineering Department. However, the Departments engaged in construction projects have reported commitment of ₹983 crore on incomplete works (2605 Works) costing over ₹408 crore to the end of the financial year 2022-23. The age-wise details of incomplete works are as follows.

(₹ in crore)

| Period       | Number of Works | Cost of Works | Progressive Expenditure |
|--------------|-----------------|---------------|-------------------------|
| 2005-2010    | 12              | 13            | 13                      |
| 2010-2015    | 31              | 167           | 144                     |
| 2015-2020    | 1,193           | 4,351         | 2,760                   |
| 2020-2022    | 3,233           | 4,929         | 3,013                   |
| <b>TOTAL</b> | <b>4,469</b>    | <b>9,460</b>  | <b>5,930</b>            |

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FINANCIAL REPORTING

7.1 Efficiency on Budget Preparation

Article 202 of the Constitution of India empowers the State Government for preparation of statement of estimated receipts and expenditure of the State, for each financial year, which has to be laid before both the houses of Legislature.

This Statement also known as Annual Financial Statement or Budget, provide descriptions about projections or estimation of Revenue and Expenditure for a particular fiscal year, followed by detailed estimate of Receipts and Statement of Demand for Grants followed by detailed estimate of Expenditure. Budget papers of a given year provide information normally for three years. *viz.*, Budget Estimate for the ensuing year, budget estimate and revised estimate of previous year and accounts or actual (figures) of second preceding year.

A comparative and critical analysis of proposed budgeted Receipts and Expenditure of a particular year's budget with their final outcome facilitates a meaningful understanding of performance of government. Variations do occur owing to overestimation or underestimation of revenue and expenditure. The extent of variation between the budget estimates of Revenue and Expenditure and actual Revenue and Expenditure are influenced by several factors like political decisions, economic & social conditions, system of budgetary control.

Huge variation between the budget estimates and actuals is not desirable, as such variation would result in distortions of fiscal indicators. Accuracy in revenue estimates is desired for facilitating a realistic choice of expenditure policy for smooth implementation of expenditure schemes. Accuracy of budget estimation helps in formulation of economic policy and attainment of efficient fiscal indicators. Thus, without sound budgetary forecasts, a satisfactory integration between formulation and execution of economic goals cannot be easily achieved.

A comparison of budget estimates for the year 2022-23 with the Actual Accounts has revealed variations as detailed below:

The budget estimates envisaged revenue receipts of ₹1,89,888 crore against which the actual realisation was ₹2,29,080 crore, an increase of ₹39,192 crore (about 20.64 *per cent* of the estimated Revenue Receipts).

1. Details of variation between the Estimated Revenue Receipts and Actuals are furnished in the Explanatory Notes to Statement No.14 of Finance Accounts Volume II.

Revenue expenditure was estimated at ₹2,04,587 crore against which the actual expenditure was ₹2,15,584 crore, an increase of ₹10,997 crore (about 5.38 *per cent* of the Estimated Revenue Expenditure).

2. Details of variation between the Estimated Revenue Expenditure and Actuals are furnished in the Explanatory Notes at Statement No.15 of Finance Accounts Volume II.

7.2 Grants-in-Aid

According to Indian Government Accounting Standards (IGAS)-2, Grants-in-Aid are payments, transfer of funds, in cash or in kind in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

Grants-in-aid are given by the Union Government to State Governments and by the State Governments to the Local Bodies discharging functions of State government under the Constitution. This is based on the system of governance in India, which follows three-tier pattern with the Union Government at the apex, the States in the middle and the Local Bodies (LBs) consisting of Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs) at the grass root level. Grants-in-aid released by the Union Government to the State Governments are paid out of the Consolidated Fund of India as per Articles 275 and 282 of the Constitution.

The State Government, while sanctioning Grants-in-Aid (GIA) to various bodies, may stipulate that the Utilisation Certificates (UCs) for the grants released are to be forwarded to the Accountant General (A&E), who will watch submission of UC's against such grants. Utilisation Certificates outstanding beyond the specified period (18 months) indicates absence of assurance on utilisation of grants for intended purposes. The status of outstanding UCs is shown in the table below:

(₹ in crore)		
Year (*)	Number of UCs awaited	Amount
Up to 2021-22	34	30.53
2022-23	14	11.14
Total	48	41.67
(*) The year mentioned above relates to "Due Year", i.e., after 18 months of actual drawal.		

7.3 Status of Suspense Balance

Transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons are classified under suspense. These heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts.

The Finance Accounts reflect the net balances under different Suspense and Remittance Heads of Account. The outstanding balances under the Major Head of account '8658 – Suspense Accounts' and '8782 – Cash Remittances and adjustment between officers rendering accounts to the same Accounts Officer' are worked out by aggregating the outstanding debit and credit balances separately under various heads was ₹197.76 crore under 07 heads as on 31 March 2023.

Non-clearance of balances outstanding under these heads affects the accuracy of receipts / expenditure figures and balances under different heads of accounts of the State Government.

7.4 National Pension System:

State Government employees recruited on or after 1 April 2006 are covered under the New Pension System (NPS), a defined contribution pension system, the recovery for which commenced from 1 April 2010. Under this Scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance and 14 percent of basic pay and dearness allowance is contributed by the State Government and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL / Trustee Bank).

During the year 2022-23, as per the information received from NPS Cell, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹3,213.13 crore (Employees' contribution ₹1,344.16 crore and Government's contribution ₹1,868.97 crore). However, as per the Finance Accounts, the Government transferred 3,213.13 crore to the Public Account under Major Head 8342-00-117 Defined Contribution Pension scheme. The detailed information on government contribution is available in Statement No.21 of the Finance Accounts.

As there is a difference of ₹15.49 crore, NPS Cell has to carry out reconciliation of the schedules and challans received from the treasuries for the month and match the total with the figures booked by Accountant General (A&E) on a monthly basis.

7.5 Personal Deposit Accounts

As per Article 286A of Karnataka Financial Code (KFC), 1958, Personal Deposit (PD) accounts are created in favour of Drawing and Disbursing Officers to make payments through cheques instead of presenting bills at the treasury. Amounts are transferred to PD accounts by debiting functional heads under the Consolidated Fund of the State with a contra credit to the Public Account against the respective Deposit head classifications.

Unspent balances under these PD accounts created by debit to the Consolidated Fund should be closed at the end of the financial year by minus debit of the balance to the relevant service head under the Consolidated Fund through book adjustment as reduction of expenditure. However, such adjustments had not been carried out at the end of the financial year.

Details of the PD accounts are indicated below:

(₹ in crore)

Opening Balance as on April 2022		Additions during the year 2022-23		Closed / withdrawal during the year 2022-23		Closing Balance as on 31 March 2023	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
78	4,105.61	7	32,201.44	0	6,797.51	85	29,509.54

The PD accounts are maintained Head of Account wise by the Accountant General (A&E), Karnataka. As per Treasury, there are 396 Administrators with a closing balance amounting to ₹29,500.28 crore as on 31 March 2023. Difference in closing balance between figures of Accountant General (A&E) and Treasury is due to non-reconciliation of figures by the administrators.

7.6 Investments

Information on Government investments appearing in **Statement 8** of the Finance Accounts Volume I is based on the accounts and sanctions received by the Accountant General (A&E), Karnataka. Government has invested ₹72,800 crore to the end of 2022-23 in 151 entities. Against ₹72,800 crore invested in these entities as on 31 March 2023, only ₹425 crore was received towards dividend (0.58 *per cent* of invested amount) from 120 entities and 31 entities did not pay any dividend to the State Government. The investment figures have not been reconciled with the records of the concerned entities. These figures require confirmation by the concerned Department of the Government of Karnataka and the entity in which investments was made.

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