



सत्यमेव जयते

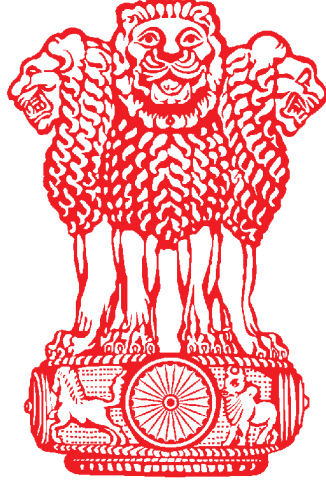
# ACCOUNTS AT A GLANCE 2021 - 22



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



GOVERNMENT OF KARNATAKA

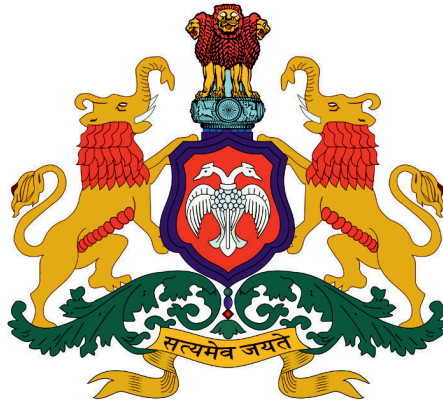


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## ***PREFACE***

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.



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

**Place: Bengaluru**  
**Date: 16/12/2022**



## *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:**

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

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



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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, prepares annually, 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

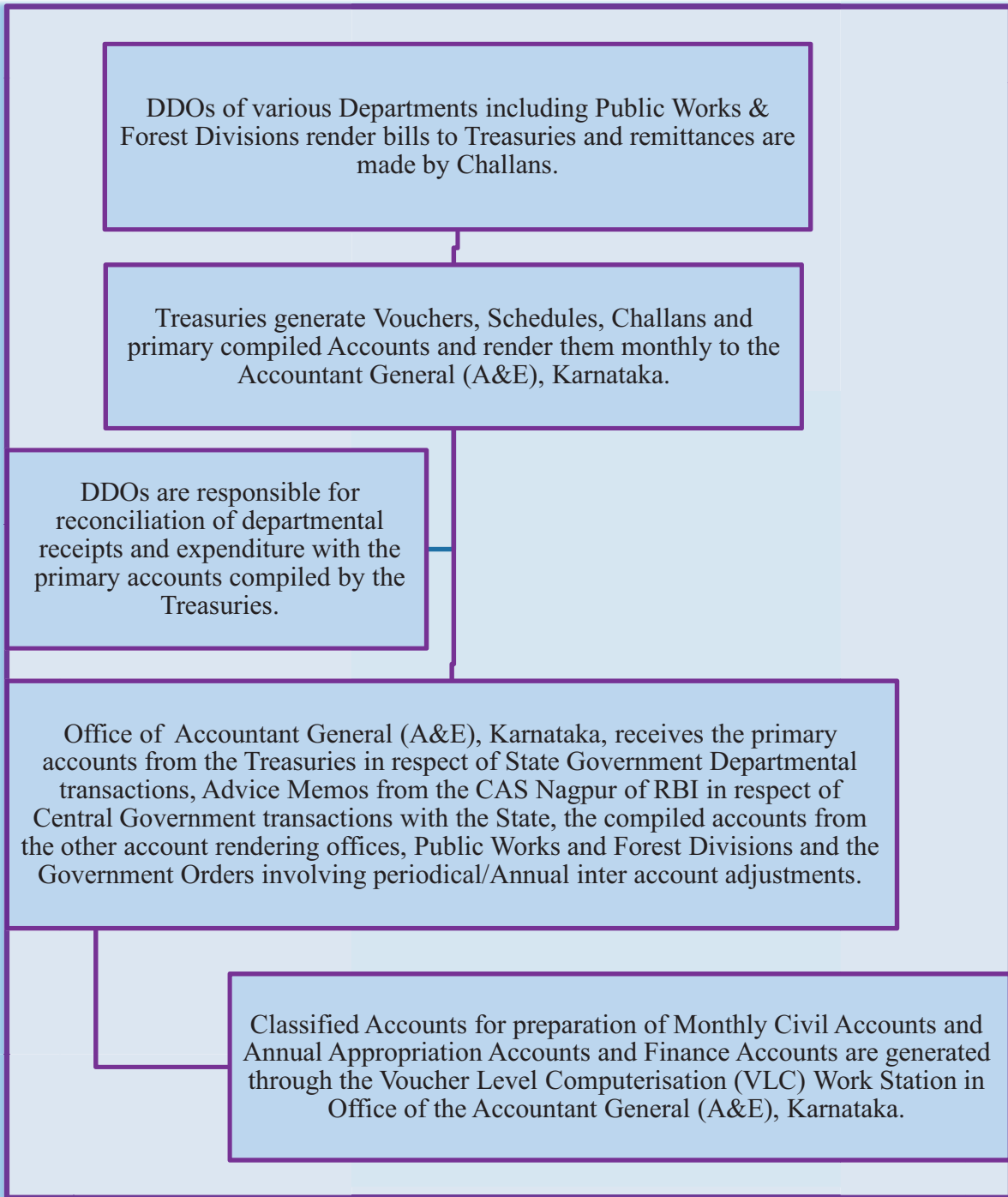
*The Accounts of the Government are kept in three parts:*

<b>Part I CONSOLIDATED FUND</b>	Consolidated Fund comprises Receipts and Expenditure on Revenue and Capital Account, Public Debt, Loans and Advances, Inter State Settlement and Appropriation to Contingency Fund.
<b>Part II CONTINGENCY FUND</b>	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.
<b>Part III PUBLIC ACCOUNT</b>	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 2021-22 are given below:

(₹ in crore)			
<b>Receipts and Disbursement in the year 2021-22</b>			
<b>Receipts</b>	<b>Total Receipts</b>		<b>261,511</b>
	Revenue	Tax Revenue	154,023
		Non-Tax Revenue	11,777
		Grants-in-Aid	29,962
		<b>Revenue Receipts</b>	<b>195,762</b>
	Capital	Recoveries of Loans and Advances	127
		Borrowings and Other Liabilities <sup>(1)</sup>	65,616
		Other Receipts (Misc. Capital Receipts)	6
<b>Capital Receipts</b>		<b>65,749</b>	
<b>Disbursements</b>	<b>Total Disbursements</b>		<b>261,511</b>
	Revenue <sup>(2)</sup>		209,428
	Capital		47,874
	Loans and Advances		4,209
(1) Comprises net contribution from (i) 'E-Public Debt' {₹66,669 crore}; (ii) 'Contingency Fund' {Nil}; (iii) 'Public Account' {(-) ₹1,118 crore}; (iv) 'Net Cash Balance' {₹65 crore}			
(2) Includes ₹1,815 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 2021-22, was approved by the State Legislature through the Appropriation Acts of 2021-22. For the year 2021-22 funds were provided for gross expenditure of ₹293,185 crore, including Supplementary Grants of ₹40,793 crore voted by State Legislature. An amount of ₹7,966 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2021-22 show disbursements of ₹282,336 crore against the aggregate Budget Provision of ₹293,185 crore, resulting in a net saving of ₹10,849 crore. Actual Recoveries by way of reduction of expenditure amounted to ₹6,432 crore, reflecting a decrease of ₹1,534 crore vis-à-vis Budget Estimates (₹7,966 crore). The gross expenditure includes ₹64 crore drawn on Abstract Contingent (AC) Bills against which Non-payable Detailed Contingent (NDC) Bills are outstanding at the end of the year.

During 2021-22, ₹4,787 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 ₹4,106 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 2021-22, the Government of Karnataka has not availed any Ways and Means Advances from the Reserve Bank of India as the minimum balance was being maintained during the entire year.

### 1.4.2 Fund Flow Statement

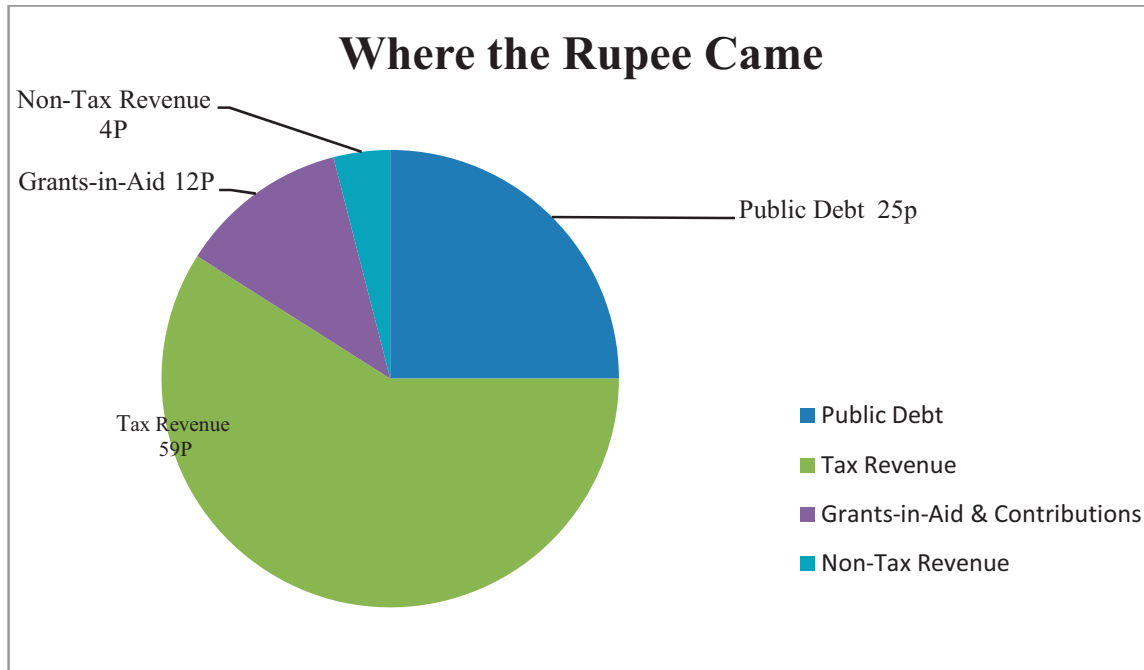
During the year 2021-22, the State had a Revenue Deficit of ₹13,666 crore and a Fiscal Deficit of ₹66,037 crore representing 0.79 per cent and 3.84 per cent of the Gross States' Domestic Product (GSDP)<sup>(3)</sup> respectively. The Fiscal Deficit constituted 25.21 per cent of total Expenditure. This deficit was met from net receipts under Public Debt (₹66,669 crore), decrease in net accruals under Public Account [(-) ₹1118 crore] and decrease in Net Cash Balance [₹65 crore]. Around 85 per cent of the Revenue Receipts (₹195,762 crore) was spent on committed expenditure (₹167,354 crore) like Salaries<sup>(4)</sup> (₹35,560 crore), Subsidies<sup>(4&5)</sup> (₹28,219 crore), Grants-in-Aid<sup>(5)</sup> (₹16,916 crore), Interest Payments (₹24,984 crore) {this excludes payment of interest (₹1,292 crore) on Off-budget Borrowing, accounted under various functional Major Heads, other than 'Interest Payments'}, Pension payments (₹20,666 crore), Compensation and Assignment to Local Bodies and Panchayat Raj Institutions (₹27,949 crore), Social Security Pensions (₹7,908 crore) and Administrative Expenses (₹2,530 crore).

#### Sources and Application of Funds

		(₹ in crore)
SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2021	1,583
	Revenue Receipts	195,762
	Miscellaneous Capital Receipts and Recovery of Loans & Advances	133
	Public Debt Receipts	80,641
	Receipt under Small Savings, Provident Funds & Others	8,882
	Reserve & Sinking Funds	12,406
	Deposits Received	73,546
	Civil Advances Repaid	...
	Suspense Account and Miscellaneous	861,023
	Remittances	(-) 1
	Contingency Fund	...
	<b>TOTAL</b>	<b>1,233,975</b>
APPLICATION	Revenue Expenditure	209,428
	Capital Expenditure	47,874
	Loans disbursed	4,209
	Repayment of Public Debt	13,972
	Disbursement under Small Savings, Provident Fund & Others	5,361
	Reserve & Sinking Funds	9,337
	Deposits Repaid	70,738
	Contingency Fund	...
	Suspense Account and Miscellaneous	871,406
	Remittances	132
	Closing Cash Balance as on 31.03.2022	1,518
	<b>TOTAL</b>	<b>1,233,975</b>
(3) GSDP 2021-22: ₹1,721,336 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI), 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

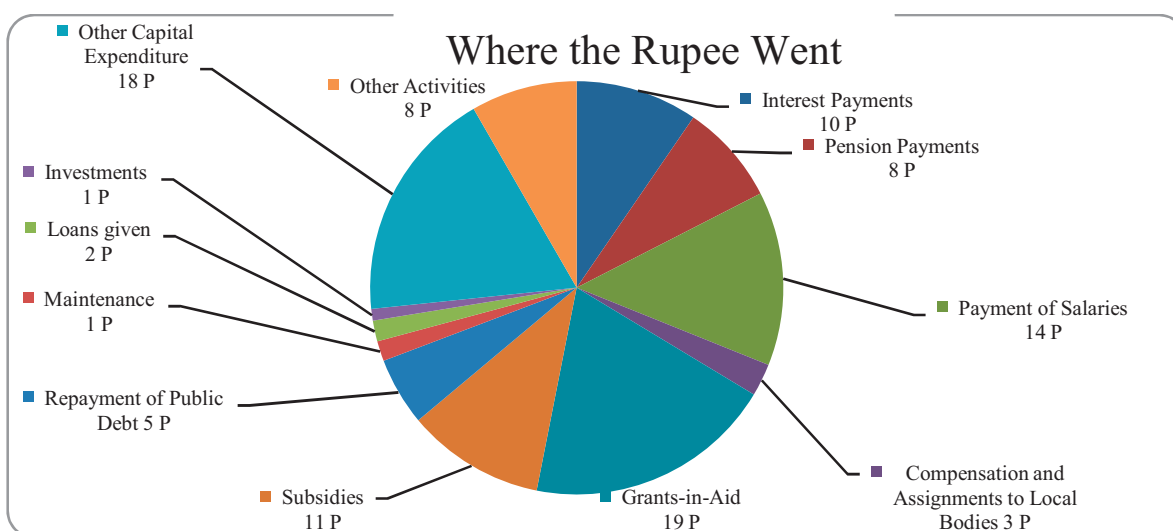
Funds for public expenditure are mainly sourced from the amounts credited as revenues of Government, Public Debt receipts, recovery of loans and advances under the Consolidated Fund of the State and from the net accretions to the Public Account minus increase in cash balance. Main segments of Government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



Note: Receipts under 'Miscellaneous Capital Receipts ₹127 crore and 'Public Account' (-) ₹1,118 crore representing less than one paise, hence not shown in the 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 2021-22

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2021-22.

Sl. No.	Particulars	Budget Estimates 2021-22	Actual	Percentage of Actual to Budget Estimates	Percentage of Actual to GSDP (*)
		₹in crore			
01	Tax Revenue	148,475 (@)	154,023 (&)	103.74	8.95
02	Non-Tax Revenue	8,258	11,777	142.61	0.68
03	Grants-in-aid & Contributions	15,538	29,962	192.83	1.74
<b>04</b>	<b>Revenue Receipts (1+2+3)</b>	<b>172,271</b>	<b>195,762</b>	<b>113.64</b>	<b>11.37</b>
05	Recovery of Loans & Advances	91	127	139.56	0.01
06	Miscellaneous Capital Receipts	40	6	15.00	0.00
07	Borrowings and Other Liabilities	59,240 (#)	65,617 (\$)	110.76	3.81
08	Contingency Fund	0	420	0.00	0.02
<b>09</b>	<b>Capital Receipts (5+6+7+8)</b>	<b>59,371</b>	<b>66,169</b>	<b>89.73</b>	<b>3.84</b>
<b>10</b>	<b>Total Receipts (4+9)</b>	<b>231,642</b>	<b>261,931</b>	<b>113.08</b>	<b>15.22</b>
11	Revenue Expenditure	187,405	209,428	111.75	12.17
12	Expenditure on Interest Payments Sl.No10	27,161	24,984	91.98	1.45
13	Capital Expenditure	44,237 (a)	52,083 (b)	117.74	3.03
14	Contingency Fund	0	420	0.00	0.02
<b>15</b>	<b>Total Expenditure (11+13+14)</b>	<b>231,642</b>	<b>261,931</b>	<b>113.08</b>	<b>15.22</b>
<b>16</b>	<b>Revenue Deficit</b>	<b>15,134</b>	<b>13,666</b>	<b>90.30</b>	<b>0.79</b>
<b>17</b>	<b>Fiscal Deficit {15-(4+5+6)=(7+8)}</b>	<b>59,240</b>	<b>66,037 (^)</b>	<b>111.47</b>	<b>3.84</b>
(*) GSDP at Current Prices for 2021-22: ₹1,721,336 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India}					
(@) Includes State Share of Union Taxes & Duties of ₹24,273 crore					
(&) Includes State Share of Union Taxes & Duties of ₹33,284 crore					
#) Comprises net contribution from (i) 'E-Public Debt' {₹56,767 crore}, (ii) 'Public Account' {₹4,339 crore} (iii) 'Net Cash Balance' {₹1866 crore}					
(\$) Comprises net contribution from (i) 'E-Public Debt' {₹66,669 crore}, (ii) 'Contingency Fund' {nil} (iii) 'Public Account' {(-) ₹1,117 crore} minus (iv) 'Net Cash Balance' ₹65 crore}					
(a) Comprises provision on 'Capital Outlay' {₹41,358 crore} and 'F Loans and Advances' (₹2,879 crore)					
(b) Comprises Expenditure incurred on 'Capital Outlay' (₹47,874 crore) and 'F Loans and Advances' (₹4,209 crore)}					
(^) Excludes payment of interest ₹1,292 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

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

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

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), 2002 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, 2002 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.

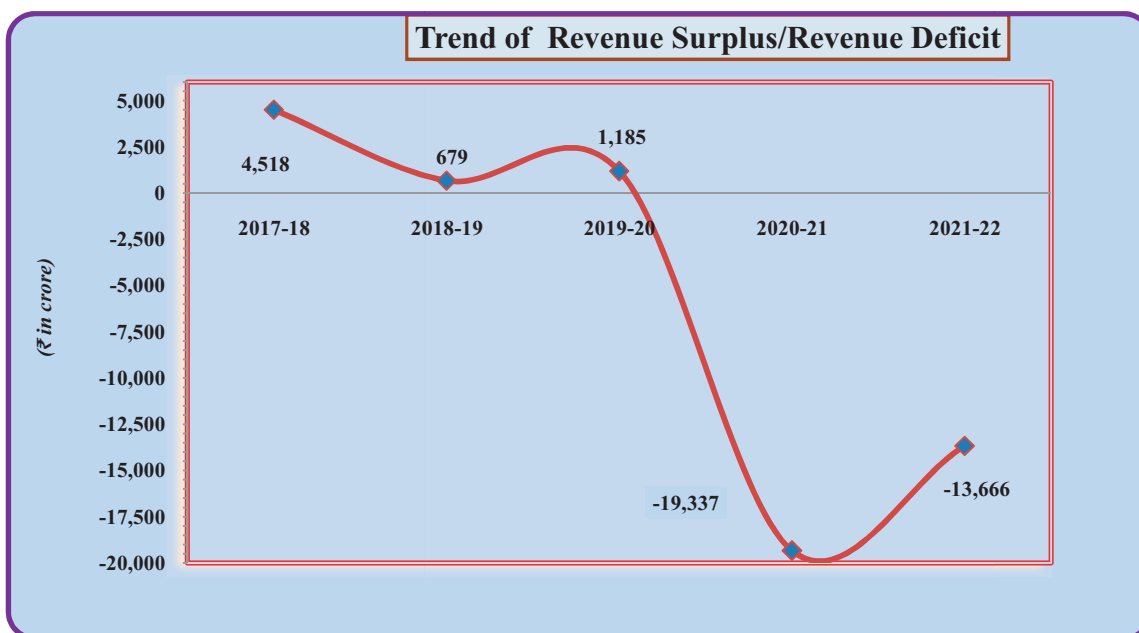
Sl. No.	Particulars	Target for 2021-22	Compliance by State
1.	<b>Revenue Surplus</b>	Revenue Surplus to be maintained. As per the Karnataka Fiscal Responsibility (Amendment) Act, 2020, the State Revenue Deficit may arise due to reduction of receipts, as a result of covid pandemic.	The Government of Karnataka has a Revenue Deficit of ₹13,666 crore in 2021-22 (0.79 <i>per cent</i> of GSDP)
2.	<b>Fiscal Deficit</b>	Fiscal deficit shall not exceed 5 <i>percent</i> of the estimated GSDP <sup>(6)</sup> during the period 2021-22 as per the Karnataka Fiscal Responsibility (Amendment) Act, 2020.	The Fiscal Deficit of ₹66,037 crore as per the accounts was 3.84 <i>per cent</i> of GSDP for 2021-22
3.	<b>Outstanding Liabilities</b>	Outstanding debt expressed as percentage of GSDP shall be less than 25 <i>per cent</i> of GSDP during 2021-22.	The Outstanding debt of (₹473,574 crore) for 2021-22 was 27.51 <i>per cent</i> of GSDP for 2021-22)

Sl. No.	Particulars	Target for 2021-22	Compliance by State
4.	<b>Guarantees</b>	Outstanding guarantees on 1 April of any year shall not exceed 80 percent of Total Revenue Receipts (TRR) of the second preceding year	Outstanding Guarantees stood at (₹49,467 crore) at the beginning of 2021-22 constituted 28.20 percent of the TRR ₹175,443 crore for the second preceding year 2019-20.
Note 6	GSDP 2021-22: ₹1,721,336 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India}.		
Note 7	Outstanding Liabilities worked out with the amount of off budget borrowings (₹16,682 crore) furnished by the Government of Karnataka, together with those appearing ₹473,573 crore) under Consolidated Fund and Public Account of the State, in terms of KFR (Amendment) Act, 2014.		

### 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 2017-18 to 2019-20 and revenue deficit in 2020-21 and 2021-22 is given in Table and graphs below:

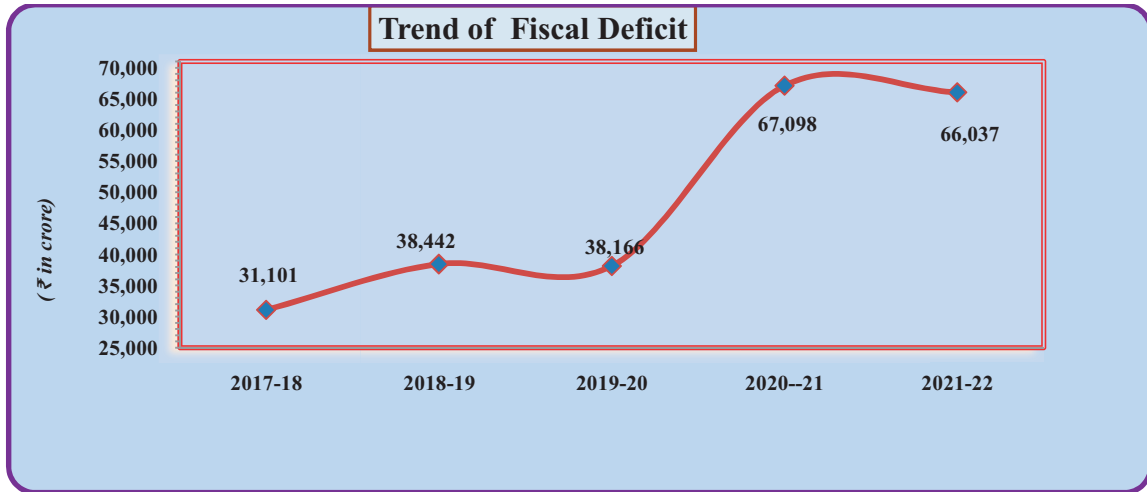
Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Surplus/Revenue Deficit	4,518	679	1,185	(-) 19,337	(-) 13,666
GSDP (*)	1,333,240	1,476,496	1,615,457	1,730,991	1,721,336
Revenue Surplus as <i>per cent</i> to GSDP	0.34	0.05	0.07	(-) 1.12	(-) 0.79
(*) GSDP at Current Prices for 2021-22: ₹1,721,336 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) 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 2021-22 is given in Table and graphs below:

(₹ in crore)					
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Fiscal Deficit	31,101	38,442	38,166	67,098	66,037
GSDP (*)	1,333,240	1,476,496	1,615,457	1,730,991	1,721,336
Fiscal Deficit as <i>per cent</i> to GSDP	2.32	2.60	2.36	3.88	3.84
(*) GSDP at Current Prices for 2021-22: ₹1,721,336 crore {Source: Ministry of Statistics and Programme Implementation (MoSPI) 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)

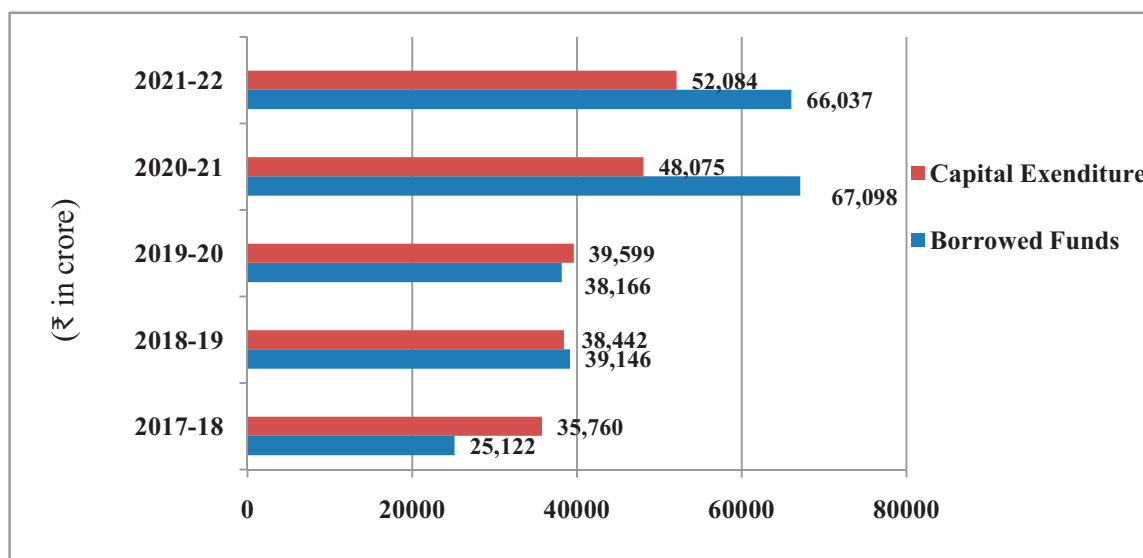
Year	Revenue Heads			Capital Heads			Other Heads <sup>(#)</sup>	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
2017-18	147,000	142,482	(+) 4,518	4	30,667	(-) 30,663	...	(-) 26,145	(-) 211,409
2018-19	164,979	164,300	(+) 679	(-) 6	34,659	(-) 34,665	...	(-) 33,986	(-) 245,395
2019-20	175,443	174,257	(+) 1,185	45	35,530	(-) 35,485	...	(-) 34,300	(-) 279,695
2020-21	156,717	176,054	(-) 19,337	45	45,406	(-) 45,361	...	(-) 64,698	(-) 344,393
2021-22	195,762	209,428	(-) 13,666	6	47,874	(-) 47,868	...	(-) 61,534	(-) 405,927

(#) 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, however, during 2021-22 has spent ₹52,084 crore towards Capital Expenditure out of the amount of borrowings of the current year (₹66,037 crore), which is inclusive of disbursement of Loans and Advances.

#### BORROWED FUNDS AND CAPITAL EXPENDITURE



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## CHAPTER II

### RECEIPTS

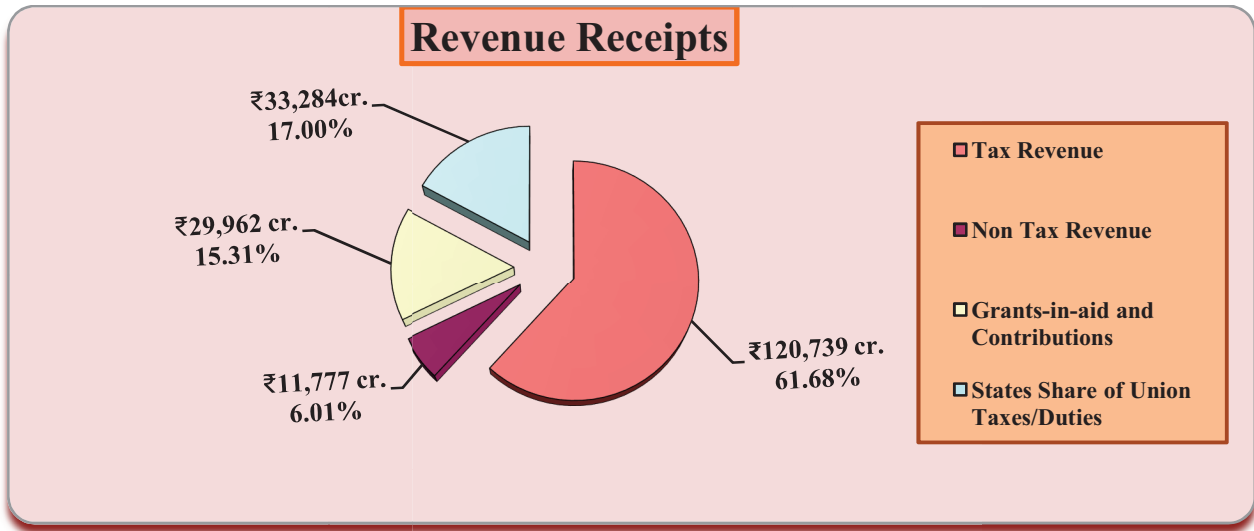
#### 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2021-22 were ₹195,762 crore comprising of Tax Revenue (₹120,739 crore) which includes ₹33,284 crore being State share of Union Taxes and Duties, Non-Tax Revenue (₹11,777 crore), Grants-in-Aid & Contributions from Government of India (₹29,962 crore). Capital Receipts (₹65,750 crore) comprising of Recovery of Loans and Advances (₹127 crore), Miscellaneous Capital Receipts (₹6 crore) and Borrowings & Other Liabilities (₹65,617 crore). Borrowings & Other Liabilities comprise net contribution from (i) 'E – Public Debt' {₹66,669 crore}; (ii) 'Contingency Fund' (Nil) (iii) 'Public Account' {(-) ₹1,118 crore} (iv) net 'Cash Balance' {₹65 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.

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

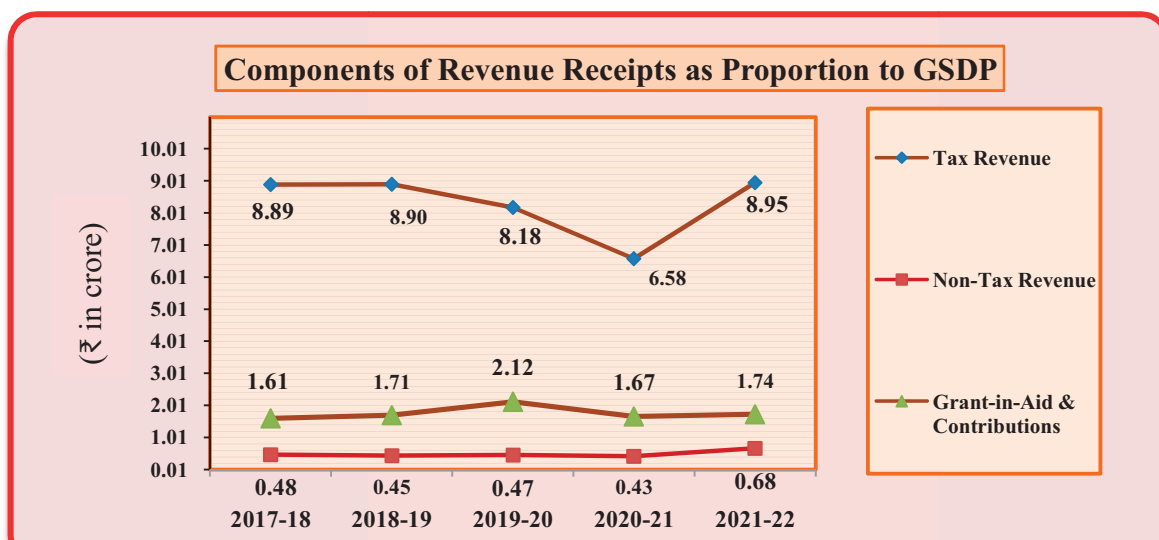


### 2.2.1 Components of Revenue Receipts

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

COMPONENTS	(₹ in crore)	<i>Per cent to Revenue Receipts</i>
<b>A. Tax Revenue (*)</b>	<b>154,023</b>	<b>79</b>
Taxes on Income and Expenditure	20,717	11
Taxes on Property and Capital Transactions	14,204	7
Taxes on Commodities and Services including GST	119,102	61
<b>B. Non-Tax Revenue</b>	<b>11,777</b>	<b>6</b>
Interest Receipts, Dividends and Profits	1,665	1
General Services	1,708	1
Social Services	993	0
Economic Services	7,411	4
<b>C. Grants-in-aid and Contributions</b>	<b>29,962</b>	<b>15</b>
<b>TOTAL-REVENUE RECEIPTS</b>	<b>195,762</b>	<b>100</b>
(*) includes ₹33,284 crore (17.00 <i>per cent</i> of Revenue Receipts) being the State's share of allocable Taxes & Duties, received from Union Government		

Total Tax Revenue ₹154,023 crore and Non-Tax Revenue of ₹11,777 crore formed 8.95 *per cent* and 0.68 *per cent* respectively of the GSDP.



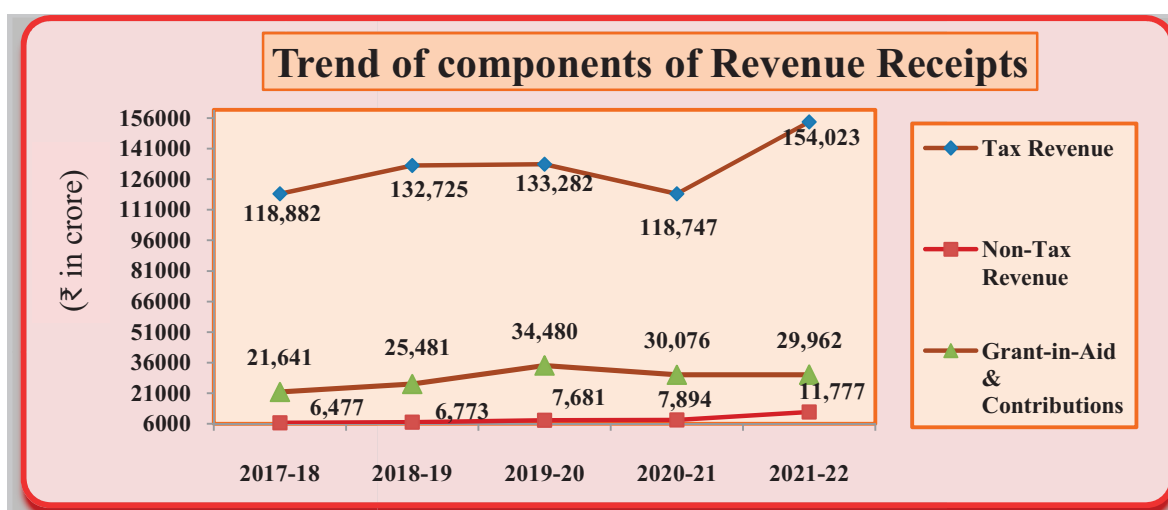
## 2.2.2 Trend of Revenue Receipts

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 <sup>(*)</sup>	Per cent of Total Revenue Receipts to GSDP
2017-18	118,882	6,477	21,641	147,000	1,333,240	11.03
2018-19	132,725	6,773	25,481	164,979	1,476,496	11.17
2019-20	133,282	7,681	34,480	175,443	1,615,457	10.86
2020-21	118,747	7,894	30,076	156,717	1,730,991	9.05
2021-22	154,023	11,777	29,962	195,762	1,721,336	11.37

(\*) Source for GSDP : Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India



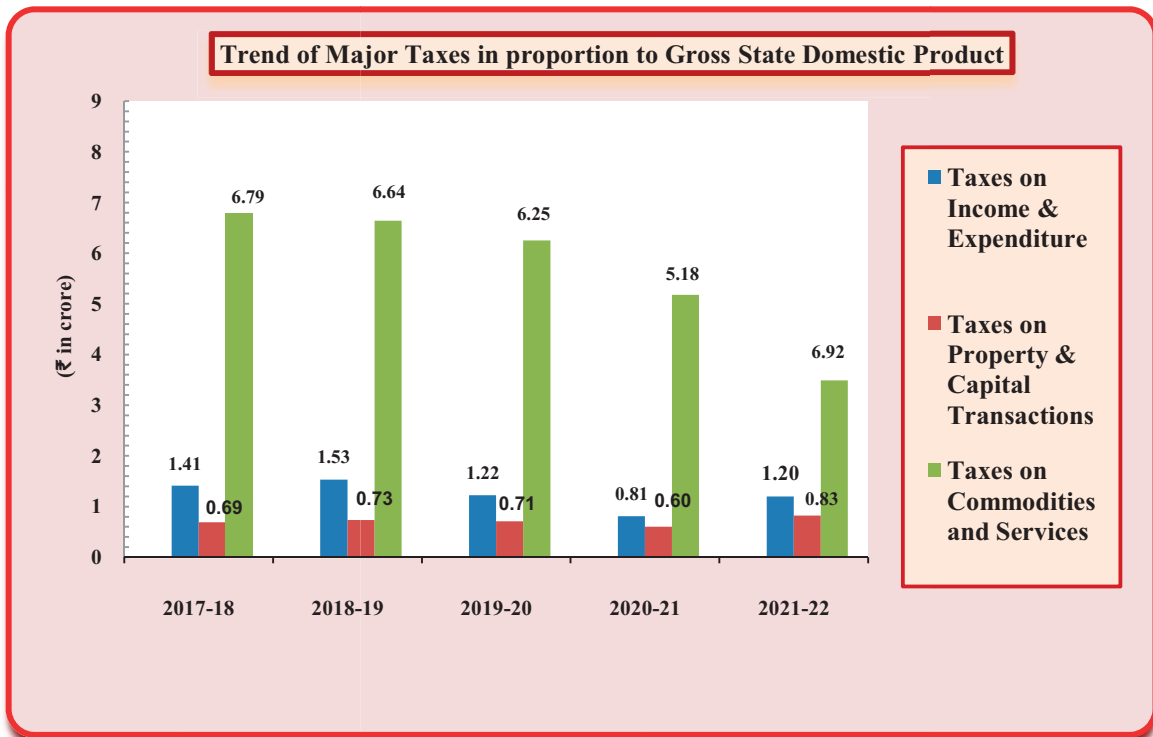
### 2.3 Trend of Collection of Tax Revenue

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	2017-18	2018-19	2019-20	2020-21	2021-22
Taxes on Income and Expenditure	18,909	22,796	19,944	14,621	20,717
Taxes on Property and Capital Transactions	9,219	10,924	11,512	10,760	14,204
Taxes on Commodities and Services including GST	90,754	99,005	101,826	93,366	119,102
<b>Total Tax Revenue</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>	<b>118,747</b>	<b>154,023</b>

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
	( <b>₹ in crore</b> )				<b>Per cent to GSDP</b>	
2017-18	118,882	31,752	87,130	1,333,240	2.38	6.54
2018-19	132,725	35,895	96,830	1,476,496	2.43	6.56
2019-20	133,282	30,919	102,363	1,615,457	1.91	6.34
2020-21	118,747	21,694	97,053	1,730,991	1.25	5.61
2021-22	154,023	33,284	120,739	1,721,336	1.93	7.01

(\*) Source for GSDP :Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India

### 2.4 Efficiency of Tax Collection

#### A. Taxes on Property and Capital Transactions<sup>(\*)</sup>

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

Description	( <b>₹ in crore</b> )				
	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Revenue Collection	8,947	10,288	11,609	10,908	14,426
Cost of Collection <sup>(A)</sup>	353	533	584	458	481
Percentage of Cost of Tax Collection	3.95	5.18	5.03	4.20	3.33

(\*) 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<sup>(\*)</sup>

Description	( <b>₹ in crore</b> )				
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Collection	55,086	84,838	48,488	26,982	56,432
Cost of Collection <sup>(A)</sup>	204	668	721	237	233
Percentage of Cost of Tax Collection	0.37	0.79	1.49	0.88	0.41

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

(A) 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	2017-18	2018-19	2019-20	2020-21	2021-22
Taxes on Sales, Trade etc	25,093	14,003	16,424	16,028	19,274
State Goods and Service Tax	24,182	41,956	42,147	37,711	49,929
State Excise	17,949	19,944	21,584	23,332	26,378
Stamps & Registration Fees	9,024	10,775	11,308	10,576	14,020
Corporation Tax	9,721	12,482	10,542	6,656	9,823
Taxes on Vehicles	6,209	6,568	6,763	5,607	6,915
Taxes on Income Other than Corporation Tax	8,209	9,192	8,261	6,838	9,624
Taxes on Goods and Passengers	1,279	28	65	16	18
Customs	3,204	2,544	1,960	1,110	2,574
Union Excise Duties	3,349	1,691	1,363	714	1,539
Service Tax	3,617	332	...	119	528
Other Taxes and Duties on Commodities and Services	736	21	34	21	65
Taxes on Duties on Electricity	1,485	2,334	2,693	2,434	2,724
Integrated Goods and Services Tax	3,205	707	...	...	...
Central Goods and Services Tax	448	8,859	8,774	6,236	9,158

Net Tax Receipts (₹195,762 crore) during the year was more than Budget Estimates (₹172,271 crore) by ₹23,491 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
Stamps and Registration Fees	1,365	State Goods and Service Tax	3,982
Taxes on Vehicles	600	Corporation Tax	2,761
Service Tax	513	Taxes on Sales, Trade, etc.,	2,483
Land Revenue	90	Taxes on Income other than Corporation tax	2,447
		State Excise	1,798
		Central Goods and Service Tax	1,315
		Customs	1,107
		Union Excise Duties	829
		Other Taxes on Income and Expenditure	242
		Other Taxes and Duties on Commodities and Services	34
		Taxes on Goods and Passengers	18
		Taxes and Duties on Electricity	16

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

(₹ in crore)

Major Head Description	2017-18	2018-19	2019-20	2020-21	2021-22
Corporation Tax	9,721	12,482	10,542	6,656	9,823
Taxes on Income other than Corporation Tax	8,209	9,192	8,261	6,838	9,624
Taxes on Wealth	...	5	...	...	3
Customs	3,204	2,544	1,960	1,110	2,574
Union Excise Duties	3,349	1,691	1,363	714	1,539
Service Tax	3,617	332	...	119	528
Central Goods and Service Tax	448	8,859	8,774	6,236	9,158
Other Taxes and duties on Commodities and services	...	18	19	21	34
Integrated Goods and Service Tax	3,205	707	...	...	...
<b>State Share of Union Taxes &amp; Duties</b>	<b>31,752</b>	<b>35,895</b>	<b>30,919</b>	<b>21,694</b>	<b>33,283</b>
<b>Total Tax Revenue</b>	<b>118,882</b>	<b>132,725</b>	<b>133,282</b>	<b>118,747</b>	<b>154,023</b>
<b>Percentage of Union Taxes &amp; Duties to Total Tax Revenue</b>	<b>26.71</b>	<b>27.04</b>	<b>23.20</b>	<b>18.27</b>	<b>21.61</b>

## 2.5 Public Debt

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

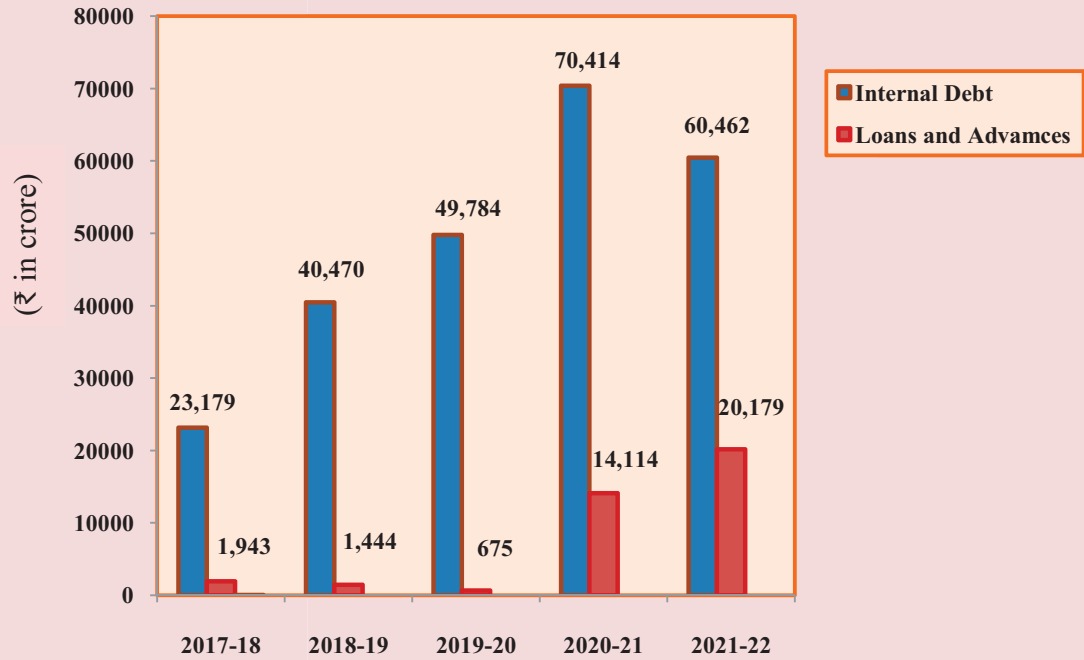
(₹ in crore)

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Internal Debt of the State Government	23,179	40,470	49,784	70,414	60,462
Loans and Advances from the Central Government	1,943	1,444	675	14,114	20,179
<b>Total Public Debt</b>	<b>25,122</b>	<b>41,914</b>	<b>50,459</b>	<b>84,528</b>	<b>80,641</b>

During the year 2021-22, the State Government has obtained 'Market Loans' amounting to ₹59,000 crore, comprising of 68 loans.

Against the total receipts of ₹80,641 crore received during 2021-22, under 'Public Debt' comprising of 'Internal Debt of the State Government' (₹60,462 crore) and 'Loans and Advances from the Central Government' (₹20,179 crore), the expenditure on Capital Account was ₹52,083 crore excluding repayment of Public Debt of ₹13,972 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 ₹209,428 crore for 2021-22 is more than Budget Estimates (₹187,405 crore) by ₹22,023 crore. The trend of Revenue Expenditure against Budget Estimates during the past five years is given below.

| Components                     | (₹ in crore) |           |           |           |         |
|--------------------------------|--------------|-----------|-----------|-----------|---------|
|                                | 2017-18      | 2018-19   | 2019-20   | 2020-21   | 2021-22 |
| Budget Estimates               | 144,755      | 166,290   | 181,605   | 179,777   | 187,405 |
| Actuals                        | 142,482      | 164,300   | 174,257   | 176,054   | 209,428 |
| Gap                            | (-) 2,273    | (-) 1,990 | (-) 7,348 | (-) 3,723 | 22,023  |
| Gap over BE in <i>per cent</i> | 2            | 1         | 4         | 2         | 12      |

The position of committed and uncommitted revenue expenditure over the last five years is given below:

(₹ in crore)

| Component                                                                | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Total revenue expenditure                                                | 142,482 | 164,300 | 174,258 | 176,054 | 209,428 |
| Committed revenue expenditure                                            | 110,483 | 138,841 | 147,542 | 147,896 | 167,354 |
| Percentage of committed revenue expenditure to total revenue expenditure | 78      | 85      | 85      | 84      | 80      |
| Uncommitted revenue expenditure                                          | 31,999  | 25,459  | 26,716  | 28,158  | 42,074  |

It may be seen that the uncommitted Revenue Expenditure available for implementation of various schemes as increased by 21% from ₹31,999 crore in 2017-18 to ₹42,074 crore in 2021-22. The total revenue expenditure increased from ₹142,482 crore in 2017-18 to ₹209,428 crore in 2021-22 and committed revenue expenditure increased by 51% 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.

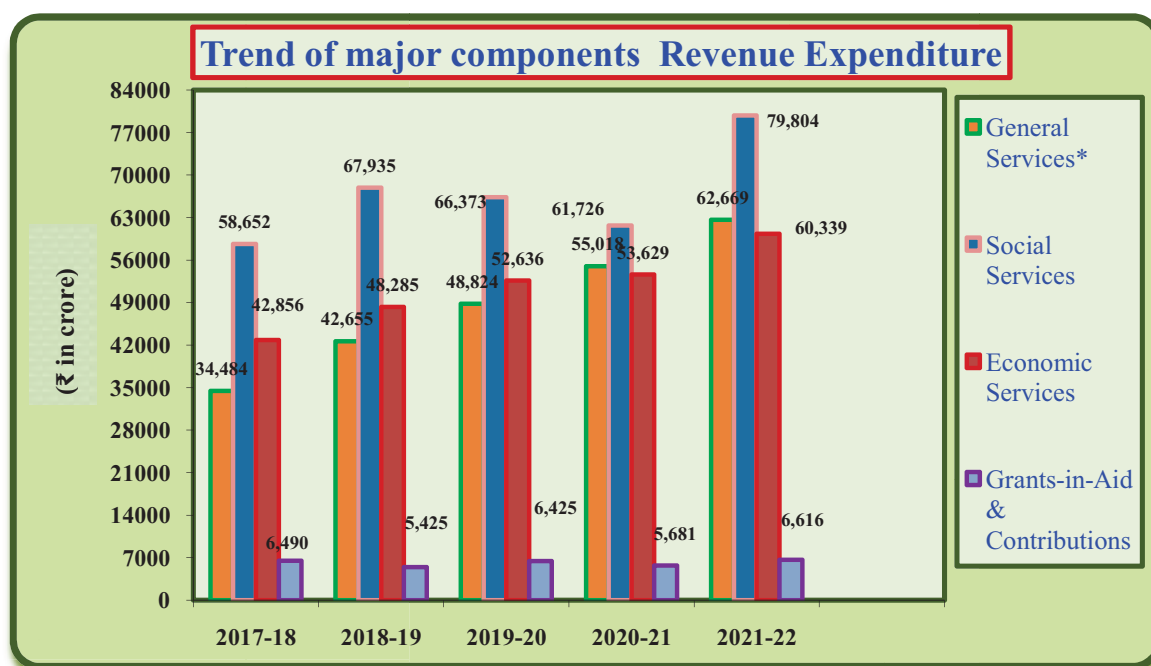
(₹ in crore)

| Components of Revenue Expenditure                                           |                                 | Amount         | Per cent <sup>(*)</sup> |
|-----------------------------------------------------------------------------|---------------------------------|----------------|-------------------------|
| A                                                                           | General Services                | 62,669         | 29.92                   |
| B                                                                           | Social Services                 | 79,804         | 38.11                   |
| C                                                                           | Economic Services               | 60,339         | 28.81                   |
| D                                                                           | Grants-in-Aid and Contributions | 6,616          | 3.16                    |
| <b>Total Expenditure (A+B+C+D)</b>                                          |                                 | <b>209,428</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 |
|-----------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|---------------------------------|---------------------------|-----------|-----------------------------------------------|
| 2017-18                                                                                       | 34,484           | 58,652          | 42,856            | 6,490                           | 142,482                   | 1,333,240 | 10.69                                         |
| 2018-19                                                                                       | 42,655           | 67,935          | 48,285            | 5,425                           | 164,300                   | 1,476,496 | 11.13                                         |
| 2019-20                                                                                       | 48,824           | 66,373          | 52,636            | 6,425                           | 174,258                   | 1,615,457 | 10.79                                         |
| 2020-21                                                                                       | 55,018           | 61,726          | 53,629            | 5,681                           | 176,054                   | 1,730,991 | 10.17                                         |
| 2021-22                                                                                       | 62,669           | 79,804          | 60,339            | 6,616                           | 209,428                   | 1,721,336 | 12.17                                         |
| *Source for GSDP: Ministry of Statistics and Programme Implementation (MoSPI) 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 |                                                                                      | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|----------------------------------|--------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| 1.                               | Education, Sports, Art and Culture                                                   | 21,307  | 23,424  | 26,518  | 24,316  | 29,140  |
| 2.                               | Agriculture and Allied Activities                                                    | 14,521  | 20,305  | 21,669  | 16,687  | 19,918  |
| 3.                               | Pensions and Miscellaneous General Services                                          | 11,817  | 15,227  | 18,527  | 19,065  | 20,793  |
| 4.                               | Interest Payments and Servicing of Debt                                              | 13,930  | 16,123  | 18,869  | 23,620  | 28,764  |
| 5.                               | Energy                                                                               | 9,403   | 10,061  | 12,264  | 14,277  | 17,445  |
| 6.                               | Social Welfare and Nutrition                                                         | 8,789   | 18,186  | 16,328  | 14,504  | 17,717  |
| 7.                               | Administrative Services                                                              | 6,417   | 7,574   | 8,011   | 8,496   | 9,388   |
| 8.                               | Health and Family Welfare                                                            | 6,985   | 8,369   | 8,339   | 9,768   | 12,770  |
| 9.                               | Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities | 8,546   | 8,488   | 7,167   | 6,293   | 7,574   |
| 10.                              | Rural Development                                                                    | 5,209   | 7,001   | 7,277   | 9,144   | 8,121   |
| 11.                              | Water Supply, Sanitation, Housing and Urban Development                              | 11,712  | 8,611   | 7,133   | 5,788   | 11,207  |
| 12.                              | Transport                                                                            | 4,970   | 3,695   | 3,567   | 4,545   | 4,605   |
| 13.                              | General Economic Services                                                            | 5,051   | 3,286   | 3,991   | 4,839   | 6,326   |

### 3.3 Capital Expenditure

For the year 2021-22, the Expenditure on Capital Account was ₹52,083 crore, which includes disbursement of Loans and Advances (₹4,209 crore) worked out to 3.03 *per cent* of GSDP and was more than Budget Estimates (₹41,358 crore) by ₹6,516 crore.

(₹ in crore)

| Sl. No. | Components                                         | 2017-18   | 2018-19   | 2019-20   | 2020-21   | 2021-22   |
|---------|----------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1.      | Budget (B.E.)                                      | 32,033    | 35,246    | 40,080    | 43,059    | 41,358    |
| 2.      | Actual Expenditure <sup>(#)</sup>                  | 30,667    | 34,659    | 35,530    | 45,406    | 47,874    |
| 3.      | Percentage of Actual Expenditure to B.E            | 96        | 98        | 89        | 105       | 116       |
| 4.      | Yearly Growth in Capital Expenditure (in per cent) | 9         | 13        | 3         | 28        | 5         |
| 5.      | GSDP                                               | 1,333,240 | 1,476,496 | 1,615,457 | 1,730,991 | 1,721,336 |
| 6.      | Yearly Growth in GSDP (in percent)                 | 10.40     | 10.74     | 9.41      | 7.15      | (-) 0.56  |
| (#)     | Does not include expenditure on Loans and Advances |           |           |           |           |           |

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2021-22, the Government spent ₹52,083 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.,                                                                     | 940           | ...          | 940           | 1.80          |
| 2.                                                             | <b>Social Services</b> – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.,                        | 13,228        | 2,770        | 15,998        | 30.72         |
| 3.                                                             | <b>Economic Services</b> – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc., | 33,706        | 1,435        | 35,141        | 67.47         |
| 4.                                                             | <b>Miscellaneous</b>                                                                                                     | ...           | 4            | 4             | 0.01          |
| <b>Total Capital Expenditure (Outside the Revenue Account)</b> |                                                                                                                          | <b>47,874</b> | <b>4,209</b> | <b>52,083</b> | <b>100.00</b> |

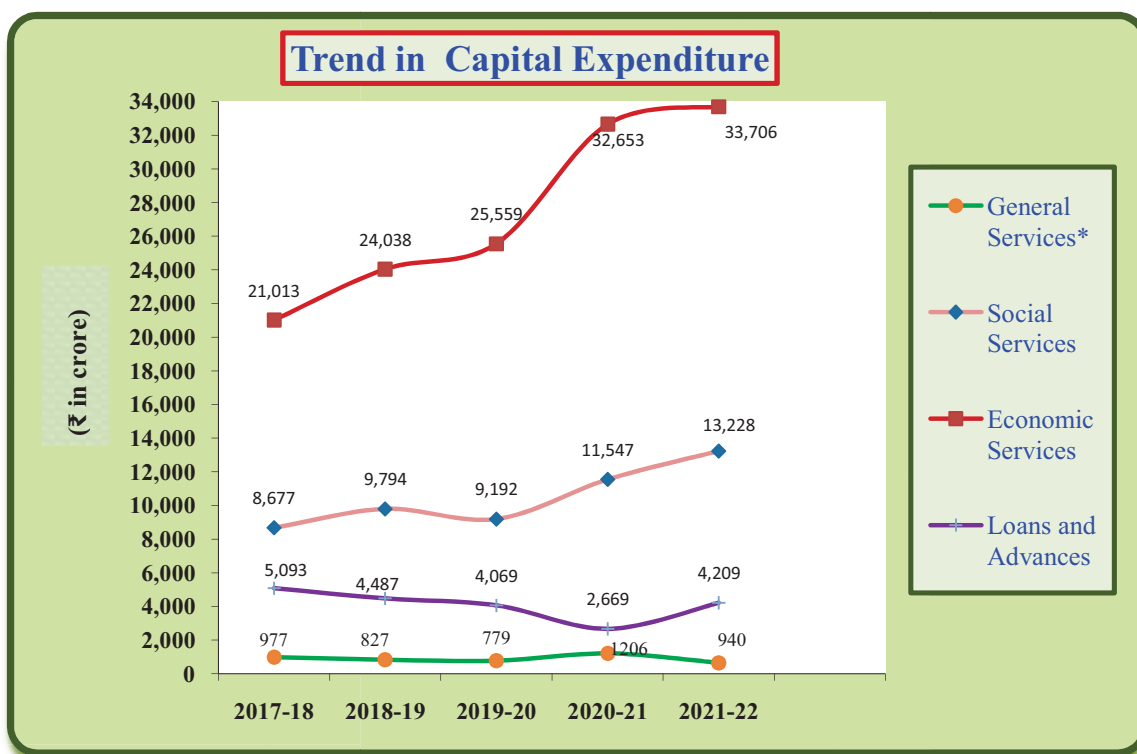
#### 3.3.2 Trend in Capital Expenditure

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             | 2017-18       | 2018-19       | 2019-20       | 2020-21       | 2021-22       |
|--------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| 1.           | General Services   | 977           | 827           | 779           | 1,206         | 940           |
| 2.           | Social Services    | 8,677         | 9,794         | 9,192         | 11,547        | 13,228        |
| 3.           | Economic Services  | 21,013        | 24,038        | 25,559        | 32,653        | 33,706        |
| 4.           | Loans and Advances | 5,093         | 4,487         | 4,069         | 2,669         | 4,209         |
| <b>Total</b> |                    | <b>35,760</b> | <b>39,146</b> | <b>39,599</b> | <b>48,075</b> | <b>52,083</b> |





### 3.3.3 Sectoral Distribution of Capital and Revenue Expenditure

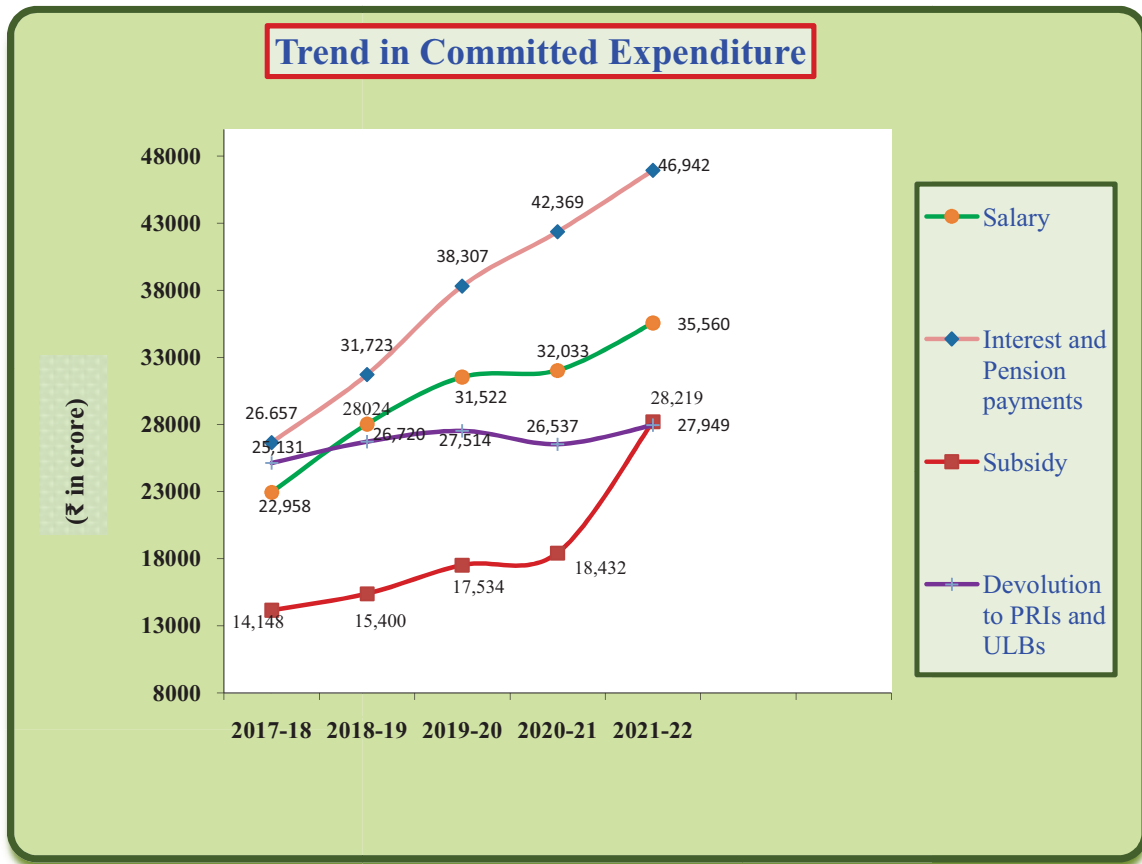
The Comparative Sectoral Distribution of Capital & Revenue Expenditure (excluding Grants-in-aid) over the past 5 years is given below

|         |                   |              | (₹ in crore)  |               |               |               |               |
|---------|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Sl. No. | Sector            |              | 2017-18       | 2018-19       | 2019-20       | 2020-21       | 2021-22       |
| 1.      | General Services  | Capital      | 977           | 827           | 779           | 1,206         | 940           |
|         |                   | Revenue      | 34,484        | 42,655        | 48,824        | 55,018        | 62,669        |
|         |                   | <b>Total</b> | <b>35,461</b> | <b>43,482</b> | <b>49,603</b> | <b>56,224</b> | <b>63,609</b> |
| 2.      | Social Services   | Capital      | 8,677         | 9,794         | 9,192         | 11,547        | 13,228        |
|         |                   | Revenue      | 58,652        | 67,935        | 66,373        | 61,726        | 79,804        |
|         |                   | <b>Total</b> | <b>67,329</b> | <b>77,729</b> | <b>75,565</b> | <b>73,273</b> | <b>93,032</b> |
| 3.      | Economic Services | Capital      | 21,013        | 24,038        | 25,559        | 32,653        | 33,706        |
|         |                   | Revenue      | 42,856        | 48,285        | 52,636        | 53,629        | 60,339        |
|         |                   | <b>Total</b> | <b>63,869</b> | <b>72,323</b> | <b>78,195</b> | <b>86,282</b> | <b>94,045</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                            |                                        | 2017-18               | 2018-19               | 2019-20               | 2020-21               | 2021-22               |
|---------------------------------------|----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Committed Expenditure of which- |                                        | 107,165               | 135,064               | 143,610               | 147,896               | 167,354               |
| 1.                                    | Salary <sup>(A)</sup>                  | 22,958                | 28,024                | 31,522                | 32,033                | 35,560                |
| 2.                                    | Interest Payments                      | 14,973 <sup>(B)</sup> | 16,614 <sup>(D)</sup> | 19,903 <sup>(E)</sup> | 23,433 <sup>(F)</sup> | 26,276 <sup>(G)</sup> |
| 3.                                    | Pension Payments                       | 11,684                | 15,109                | 18,404                | 18,936                | 20,666                |
| 4.                                    | Social Security Pensions               | 4,055                 | 5,460                 | 7,243                 | 7,603                 | 7,908                 |
| 5.                                    | Subsidy <sup>(C)</sup>                 | 14,148                | 15,400                | 17,534                | 18,432                | 28,219                |
| 6.                                    | Grants-in-Aid and Financial Assistance | 11,812                | 24,888                | 19,023                | 18,312                | 16,916                |
| 7.                                    | Administrative Expenses                | 2,404                 | 2,136                 | 2,467                 | 2,610                 | 2,530                 |
| 8.                                    | Devolution to Local Bodies             | 25,131                | 26,720                | 27,514                | 26,537                | 27,949                |
| 9.                                    | Daily Wages/Contract/Outsource         | 567                   | 714                   | ...                   | ...                   | 1,330                 |

(₹ in crore)

| Components                                                                                                                                                                                                    | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Revenue Receipts                                                                                                                                                                                              | 147,000 | 164,979 | 175,443 | 156,717 | 195,762 |
| Revenue Expenditure                                                                                                                                                                                           | 142,482 | 164,300 | 174,258 | 176,054 | 209,428 |
| Percentage of Committed Expenditure to Revenue Receipts                                                                                                                                                       | 73      | 82      | 82      | 94      | 85      |
| Percentage of Committed Expenditure to Revenue Expenditure                                                                                                                                                    | 75      | 82      | 82      | 84      | 80      |
| (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 (₹1,043 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 (₹1,262 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 (₹1,384 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 (₹1,512 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 (₹1,292 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 2021-22 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 2021-22 are given below.

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Reappropriation /Surrenders	Total	Actual Expenditure	Savings (-) Excess (+)
1	Revenue Voted	159,578	30,673	(-) 4,478	185,773	182,498	(-) 3,275
	Charged	31,121	5	(-) 479	30,647	30,517	(-) 130
2	Capital Voted	40,261	8258	(-) 361	48,158	46,717	(-) 1,441
	Charged	3,587	89	(-) 74	3,602	3,602	...
3	Public Debt Charged	14,565	...	(-) 593	13,972	13,972	...
4	Loans and Advances Voted	3,279	1,768	(-) 13	5,034	5,029	(-) 5
	<b>Total</b>	<b>252,391</b>	<b>40,793</b>	<b>(-) 5,998</b>	<b>287,186</b>	<b>282,335</b>	<b>(-) 4,851</b>

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

The Appropriation Accounts of Government of Karnataka for 2021-22 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	443.27	...	16.32	...
2	Animal Husbandry and Fisheries	115.40	...	0.02	...
3	Finance	144.03	4.73	39.86	...
4	Department of Personnel and Administrative Reforms	129.74	19.14	3.22	...
5	Home and Transport	878.09	...	11.38	...
6	Infrastructure Development	29.97	...	48.40	...
7	Rural Development and Panchayat Raj	1,573.91	...	1,208.92	...
8	Forest, Ecology and Environment	150.21	1.28	0.33	...

(₹ in crore)

Saving under the following grants		Revenue		Capital	
		Voted	Charged	Voted	Charged
9	Co-operation	71.25	...	...	...
10	Social Welfare	300.00	...	2.65	...
11	Women and Child Development	172.83	...	1.11	...
12	Information, Tourism and Youth Services	26.96	...	57.67	...
13	Food and Civil Supplies	51.67	...	0.03	...
14	Revenue	952.49	...	50.77	74.24
15	Information Technology	1.26	...	...	...
16	Housing	159.01	3.04	...	...
17	Education	538.93	...	44.25	...
18	Commerce and Industries	139.19	...	6.17	...
19	Urban Development	487.96	...	109.19	...
20	Public Works	114.53	28.63	1.50	...
21	Water Resources	91.55	127.20	104.33	...
22	Health and Family Welfare	871.50	...	104.80	...
23	Labour and Skill Development	150.80	...	7.65	...
24	Energy	5.41	...	...	...
25	Kannada and Culture	8.67	...	0.70	...
26	Planning, Statistics, Science and Technology	14.63	...	...	...
27	Law	106.58	29.94	...	...
28	Parliamentary Affairs and Legislation	23.31	1.57	...	...
29	Debt Servicing	...	394.17	...	593.24

## 4.2 Trend in Savings

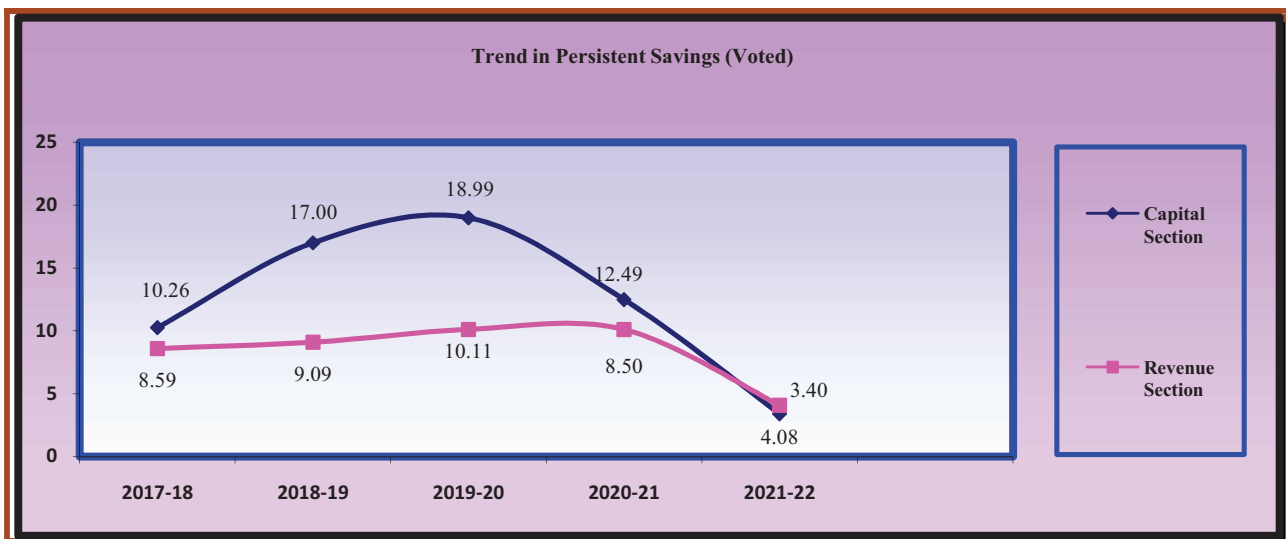
Saving in the Appropriation Accounts represent the amount of non-utilization of the funds provided for the various objects of expenditure through the Appropriation Acts passed by the State Legislature. Saving worked out with reference to the amounts authorized by the Legislature excluding the amount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

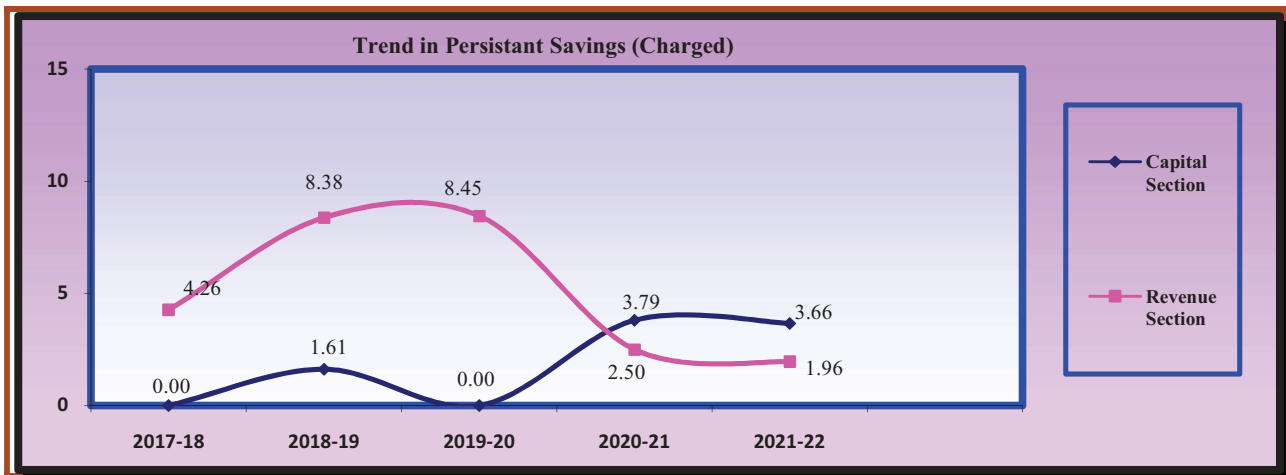
Year	REVENUE SECTION				CAPITAL SECTION			
	Provision	Expenditure	Saving	Per cent of saving to provision	Provision	Expenditure	Saving	Per cent of saving to provision
2017-18	141,869	129,684	12,185	8.59	42,523	38,161	4,362	10.26
2018-19	163,872	148,976	14,896	9.09	49,234	40,865	8,369	17.00
2019-20	178,093	160,084	18,009	10.11	51,649	41,839	9,810	18.99
2020-21	169,040	154,670	14,370	8.50	55,716	48,756	6,960	12.49
2021-22	190,251	182,498	7,753	4.08	53,566	51,747	1,819	3.40



**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
2017-18	16,328	15,632	696	4.26	...	...	...	...
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



### 4.3 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes/programmes. Grants with Persistent and Significant savings for the past five years, equal and above 10 *per cent* of the provision of funds, under Revenue and Capital Section are given below:

(in *per cent*)

Grant No. and Name of the Grant		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Revenue Section</b>						
04	Departmental of Personnel and Administrative Reforms	14	13	10	14	14
21	Water Resources	16	12	27	19	10
<b>Capital Section</b>						
12	Information, Tourism and Youth Services	35	42	27	52	23

#### 4.4 Supplementary Provision of funds

Under Article 205 of the Constitution of India, during 2021-22 additional funds aggregating to ₹40,793 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	2401-00-119-4	155.33	0.04	155.37	107.78	47.59
04	3451-00-090-2	107.46	2.00	109.46	77.32	32.14
05	2041-00-102-03	200.00	78.00	278.00	112.87	165.13
07	2215-01-001-1	150.87	8.70	159.57	143.13	16.44
07	2215-01-198-6	416.00	0.01	416.01	0.00	416.01
07	5054-03-337-71	1,500.00	333.95	1,833.95	844.07	989.88
08	2406-01-101-2	94.90	4.23	99.13	83.24	15.89
10	2225-01-197-6	121.47	0.03	121.50	106.70	14.80
11	2235-02-101-53	45.48	12.41	57.89	37.51	20.38
14	2053-00-093-1	92.98	9.67	102.65	91.04	11.61
14	2235-02-101-20	1,168.86	100.24	1,269.10	1,119.62	149.48
14	2245-80-102-03	60.15	0.01	60.16	17.97	42.19
14	2506-00-103-03	25.00	0.08	25.08	0.00	25.08
16	2216-02-800-04	515.00	12.73	527.73	367.56	160.17
16	2216-80-198-6	500.00	0.01	500.01	0.00	500.01
18	2852-08-202-7	203.00	10.00	213.00	167.25	45.75
19	3604-00-191-9	652.23	139.50	791.73	510.73	281.00
22	2210-01-001-01	65.25	0.50	65.75	49.41	16.33
22	2210-01-104-02	50.00	17.72	67.72	49.20	18.52
22	4210-04-107-2	158.50	11.70	170.20	39.01	131.19
25	2205-00-102-1	73.50	2.00	75.50	62.82	12.68



## Excessive Supplementary Provision

(₹ in crore)

Gr. No.	Head of account	Original	Supplementary	Expenditure	Saving
01	2401-00-110-07	900.00	480.05	1,241.57	138.48
01	2408-01-103-01	16.93	31.27	33.60	14.60
02	2403-00-106-03	8.46	4.44	9.70	3.20
04	2015-00-105-02	0.01	18.96	16.34	2.63
04	2015-00-106-1	0.02	18.75	14.81	3.96
06	3451-00-090-1	48.67	24.05	54.72	18.00
08	2406-02-110-53	8.00	14.42	13.46	8.96
12	4202-03-102-01	12.00	46.64	21.17	37.47
14	4059-01-201-02	5.00	83.90	14.66	74.24
14	4059-80-051-42	40.00	41.69	44.66	37.03
22	2210-01-200-05	...	45.00	11.25	33.75
22	2210-01-200-06	...	30.00	7.50	22.50
22	2210-03-800-18	1,600.00	1,139.52	2,013.78	725.74
22	2210-03-800-19	...	56.68	22.76	33.92
22	2210-03-800-21	...	41.62	34.14	7.48

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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 ₹63,412 crore, progressive Capital Expenditure ₹399,069 crore, balance of Loans and Advances ₹35,329 crore, Civil Advances ₹7 crore and balance outstanding under Remittances ₹1,206 crore at the end of 31 March 2022. 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 ₹70,657 crore at the end of 2021-22, mainly comprising of Statutory Corporations (₹3,070 crore), Regional Rural Banks (₹21 crore), Government Companies/Public Sector Undertakings (₹61,060 crore), Joint Stock Companies (₹6,071 crore) and Co-operative Institutions and Local bodies (₹435 crore). Dividend received during the year was ₹350 crore (0.5 *per cent*) on the Total Government Investments. During the year 2021-22, the Government Investments was increased by ₹2401 crore, while dividend income increased by ₹269 crore.

Cash Balance with RBI, which stood at ₹1,583 crore on 1 April 2021 decreased to ₹1,518 crore at the end of March 2022.

#### 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 (May 2011), the State laid down the Fiscal targets to ensure – outstanding debt to the end of 2021-22 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 <sup>^</sup>	Per cent to GSDP	Total Liabilities <sup>^</sup>	Per cent to GSDP
2017-18	1,336,240	163,135	12.21	69,923	5.23	233,058	17.44
2018-19	1,476,496	193,967	13.14	76,409	5.18	270,376	18.31
2019-20	1,615,457	234,245	14.50	85,172	5.27	319,417	19.77
2020-21	1,730,991	307,758	17.78	89,748	5.18	397,506 <sup>(#)</sup>	22.96
2021-22	1,721,336	374,427	21.75	99,146	5.76	473,574	27.51

(\*) Source for GSDP : Ministry of Statistics and Programme Implementation (MoSPI) Govt. of India.

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

(<sup>#</sup>) Excluding the amount of off-budget borrowings ₹16,682 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 ₹76,068 crore (19.14 per cent) in Public Debt and Other Liabilities as compared to 2020-21.

For the year 2021-22, the Interest payments on Debt and Other Liabilities stood at ₹26,276 crore which includes payment of interest on off-budget borrowings (₹1,292 crore), Interest on Internal Debt (₹21,549 crore excluding Interest on Management of State Debt), Interest on Small Savings, Provident Funds (₹2,973 crore), Interest on Loans and Advances from Central Government (₹418 crore) and Interest on Reserve Funds & Other Obligations (₹44 crore) and the total interest payments works out to 12.55 per cent of the Revenue Expenditure and 13.42 per cent of the Revenue Receipts of the year 2021-22.

The Expenditure on account of interest payments (inclusive of interest on off-budget borrowings) increased by ₹2,843 crore during 2021-22 over 2020-21.

### 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 <sup>(*)</sup>	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2017-18	13,535	3,507	2,006	1,501	15,036	1,055
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

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

### 5.2.2 Trend in Government Liabilities

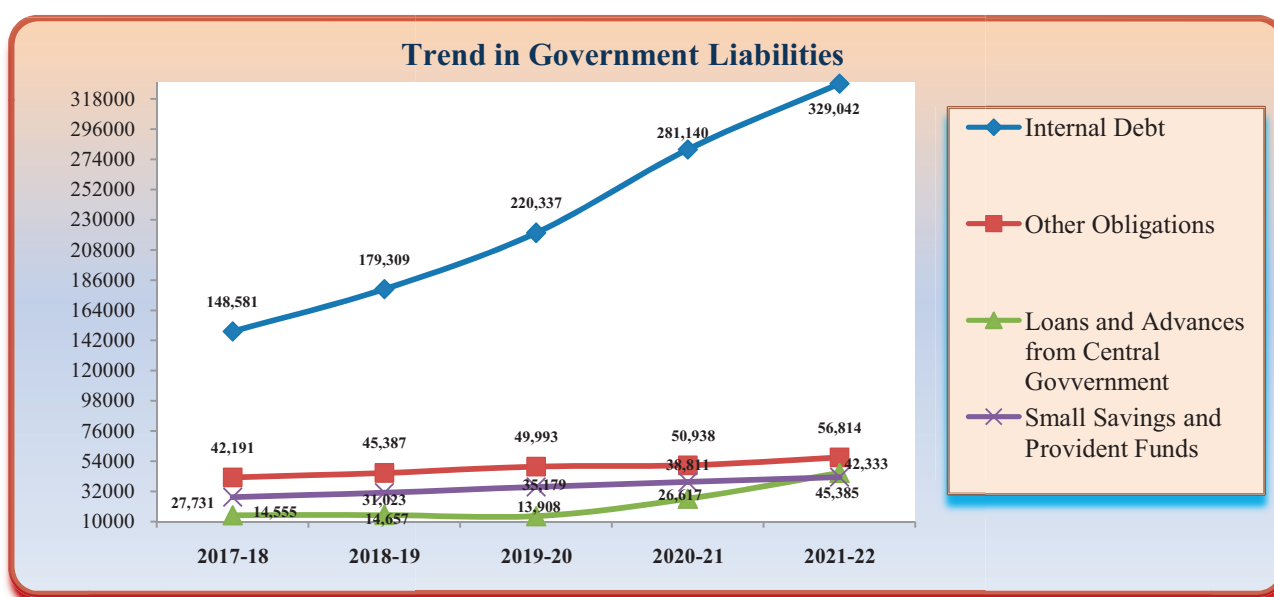
The following table indicates the trends in liabilities of State Government during the past five years. The graphical representation of trends in Government liabilities is also furnished.

(₹ in crore)

Year	Internal debt of the State	Loans & Advances from Central Government	Small Savings and Provident Funds	Other Obligations	Total Liabilities
2017-18	148,581	14,555	27,731	42,191	233,058
2018-19	179,309	14,657	31,023	45,387	270,376
2019-20	220,337	13,908	35,179	49,993	319,417
2020-21	281,140	26,617	38,811	50,938	397,506 <sup>(#)</sup>
2021-22	329,042	45,385	42,333	56,814	473,574 <sup>(S)</sup>

(#) Excluding the amount of off-budget borrowings ₹18,421 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

(S) Excluding the amount of off-budget borrowings ₹16,682 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, 2011, on 28<sup>th</sup> February 2014, 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)
18,421	2,350	4,089	1,292	16,682

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 (₹16,682 crore), has increased by ₹78,407 crore for the year 2021-22. Thus, the Total Outstanding Liability (TOL) as on 31 March, 2022 stood at ₹473,574 crore.

After taking into account the outstanding liabilities on off-budget borrowings ₹16,682 crore, for the purpose of calculation of Fiscal Indicator, the proportion of TOL to GSDP, works out to 27.51 *per cent*, to the end of 2021-22.

### 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	2017-18	2018-19	2019-20	2020-21	2021-22
Number of withdrawals from Contingency Fund	...	4	3	...	2
Total withdrawals from Contingency Fund (₹ in crore)	...	119.65	20.10	...	114.00
Withdrawals from the Contingency Fund as a <i>percentage</i> to Total Budget Provision	...	...	0.01	...	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 2022 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
2017-18	24,025	18,266	149
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

#### 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
2017-18	11,919	1,968	895	12,992
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

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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 ₹329,042 crore, which comprises an adverse balance amounting to ₹139.01 crore under 'Loans from National Co-operative Development Corporation' (₹133.57 crore) and 'Loans from General Insurance Corporation of India' (₹5.44 crore). The balance under 'Loans and Advances from the Central Government' stood at ₹45,385 crore.

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

Total Loans and Advances made by the State Government at the end of 2021-22 was ₹35,329 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 ₹19,969 crore and interest amounting to ₹5,578 crore, is in arrears as at the end of 31 March 2022 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 ₹3,811 crore from ₹53,771 crore in 2020-21 to ₹57,582 crore in 2021-22 representing an increase by 7.09 *per cent* over the previous year. Grants to Zilla Panchayats, Taluk Panchayats, Grama Panchayats and Municipalities & Urban Local Bodies (₹46,445 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
2017-18	9,811	15,705	5,533	6,490	9,557	47,096
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

(\*) 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 2022 about 132 Grants-in-Aid bills amounting to ₹325 crore were outstanding for submission of Utilisation Certificates.

## 6.4 Cash Balance and Investment of Cash Balance

(₹ in crore)			
Component	As on 1 April 2021	As on 31 March 2022	Net Increase (+) Decrease (-)
Cash Balance <sup>(1)</sup>	1,583	1,518	(-) 65
Investments from Cash Balance (GOI Securities & Treasury Bills)	21,744	31,974	(+) 10,230
Other Cash Balances & Investments	23,816	29,920	(+) 6,104
(a) Cash with Departmental Officers and permanent advances	5	6	(+) 1
(b) Investments and earmarked funds	23,811	29,914	(+) 6,103
<b>Total</b>	<b>47,143</b>	<b>63,412</b>	<b>(+) 16,269</b>
Interest realised	627	899	(+) 272
(1) Cash Balance include Local Remittances & Deposits with RBI.			

During 2021-22 interest receipt on Cash Balance and Investments increased by 43.38 *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 2021-22, only 97.03 *per cent* (₹249,651 crore) of the total expenditure of ₹257,302 of the State Government was reconciled. Similarly, out of total receipts of ₹195,768 crore, 98.98 *per cent* (₹193,763 crore) was reconciled. 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 2022 about 1,376 AC bills amounting to ₹64 crore were outstanding for submission of NDC bills.

## 6.7 Commitments on account of Incomplete Works

A total expenditure of ₹179,402 crore was incurred up to the year 2021-22 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 ₹370 crore on incomplete works (770 Works) costing over ₹236 crore to the end of the financial year 2021-22. The age-wise details of incomplete works are as follows.

(₹ in crore)

Period	Number of Works	Cost of Works	Progressive Expenditure
2005-2010	11	14	10
2010-2015	42	64	52
2015-2020	1,244	5,223	3,674
2020-2022	681	1,008	587
<b>TOTAL</b>	<b>1,978</b>	<b>6,309</b>	<b>4,323</b>

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## **CHAPTER VII**

### **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 2021-22 with the Actual Accounts has revealed variations as detailed below:

The budget estimates envisaged revenue receipts of ₹177,271 crore against which the actual realisation was ₹195,762 crore, an increase of ₹18,491 crore (about 10.43 *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 ₹187,405 crore against which the actual expenditure was ₹209,428 crore, a increase of ₹22,023 crore (about 12 *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 2020-21                                                                             | 26                    | 34.16         |
| 2021-22                                                                                   | 106                   | 291.34        |
| <b>Total</b>                                                                              | <b>132</b>            | <b>325.50</b> |
| * 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 ₹141.45 crore under 07 heads as on 31 March 2022.

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 2021-22, as per the information received from NPS Cell, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹2,776.34 crore (Employees' contribution ₹1,155.61 crore and Government's contribution ₹1,620.73 crore). However, as per the Finance Accounts, the Government transferred ₹2,777.08 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 ₹0.74 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)                                          |          |                                    |          |                                       |          |                                               |          |
|-------------------------------------------------------|----------|------------------------------------|----------|---------------------------------------|----------|-----------------------------------------------|----------|
| PD accounts existing at the beginning of the year     |          | PD accounts opened during the year |          | Transactions during the year (Amount) |          | PD accounts existing at the close of the year |          |
| Number                                                | Amount   | Number                             | Amount   | Number                                | Amount   | Number                                        | Amount   |
| 71                                                    | 3,989.23 | 11                                 | 4,787.13 | 4*                                    | 4,670.75 | 78                                            | 4,105.61 |
| (*) During the year 2021-22, 04 accounts were closed. |          |                                    |          |                                       |          |                                               |          |

The PD accounts are maintained Head of Account wise by the Accountant General (A&E), Karnataka. As per Treasury, there are 435 Administrators with a closing balance amounting to ₹4,029.86 crore as on 31 March 2022. 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 ₹70,657 crore to the end of 2021-22 in 150 entities. Against ₹70,657 crore invested in these entities as on 31 March 2022, only ₹350 crore was received towards dividend (0.49 per cent of invested amount) from 119 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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