



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

Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24



Government of Kerala
Report No. 3 of the year 2025
(State Finances Audit Report)

Presented to the Legislature on
09 October 2025

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Comptroller and Auditor General of India
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PREFACE

1. This Report is prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for being placed in the State Legislature.
2. Chapter I of this Report contains the basis and approach to the Report and the underlying data, provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.
3. Chapters II and III of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, of the State Government for the year ended 31 March 2024. Information has also been obtained from the Government of Kerala, wherever necessary.
4. Chapter IV on 'Quality of Accounts and Financial Reporting Practices' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the financial year 2023-24.
5. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.



**EXECUTIVE
SUMMARY**

Executive Summary

About the Report

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

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

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 8.97 per cent from ₹8,12,935 crore in 2019-20 to ₹11,46,109 crore in 2023-24. Budget Outlay of the State grew at an average growth rate of 8.35 per cent from ₹1,94,462.61 crore in 2019-20 to ₹2,67,969.30 crore in 2023-24.

GSDP grew by 11.97 per cent in 2023-24 over 2022-23. The revenue receipts decreased by 6.21 per cent and the percentage of revenue receipts over GSDP decreased from 12.97 per cent in 2022-23 to 10.86 per cent in 2023-24. The tax revenue increased by 6.48 per cent during 2023-24 and the State's own tax revenue increased by 3.28 per cent. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Kerala increased from ₹1,58,738.42 crore in 2022-23 to ₹1,59,506.51 crore in 2023-24 increasing by 0.48 per cent. Of this, revenue expenditure showed 0.48 per cent increase from 2022-23. Revenue deficit increased from ₹9,226.28 crore in 2022-23 to ₹18,140.19 crore in 2023-24 registering 96.61 per cent increase over 2022-23, while fiscal deficit increased from ₹25,554.54 crore in 2022-23 to ₹34,258.05 crore in 2023-24 increasing by 34.06 per cent.

Receipt-Expenditure Mismatch

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

From 2019-20 to 2023-24, revenue receipts grew from ₹90,224.67 crore to ₹1,24,486.15 crore, with an average annual growth rate of 8.38 per cent. Capital receipts also increased from ₹25,514.50 crore to ₹51,810.65 crore during this period. The share of Grants-in-aid in revenue receipts decreased from 12.45 per cent in 2019-20 to 9.69 per cent in 2023-24. The State Government received ₹3,936.74 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the

State's infrastructure and service network. Between 2019-20 and 2023-24, revenue expenditure increased from ₹1,04,719.92 crore (12.88 *per cent* of GSDP) to ₹1,42,626.34 crore (12.44 *per cent* of GSDP). It consistently made up a significant portion (89 to 92 *per cent*) of the total expenditure during this period, growing at an average annual rate of 8.03 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipts and revenue expenditure results in revenue deficit. The revenue deficit of the State increased to ₹18,140.19 crore (1.58 *per cent* of GSDP) in the current year from ₹14,495.25 crore (1.78 *per cent* of GSDP) in the year 2019-20.

The State Government spent ₹13,584.45 crore only on capital account. This was 8.52 *per cent* of the total expenditure in the year 2023-24. Capital expenditure was just 5.18 *per cent* of the total borrowings. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹34,258.05 crore (2.99 *per cent* of GSDP) in 2023-24 from ₹23,837.47 crore (2.93 *per cent* of GSDP) in 2019-20.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 56-68 *per cent* of revenue expenditure during the period 2019-20 (68.02%) to 2023-24 (65.01%). The Committed expenditure increased at an average rate of 6.82 *per cent* i.e. from ₹71,221.27 crore in 2019-20 to ₹92,728.15 crore in 2023-24 {an increase of 2.29 *per cent* over 2022-23 (₹90,656.05 crore)}.

Share of inflexible expenditure in revenue expenditure decreased from 9.99 *per cent* to 9.82 *per cent* during 2019-20 to 2023-24. The inflexible expenditure decreased from ₹15,236.34 crore in 2022-23 to ₹14,011.67 crore in 2023-24 registering a decrease of 8.04 *per cent*.

Taken together, the committed and inflexible expenditure in 2023-24 was ₹1,06,739.82 crore; 74.83 *per cent* of the revenue expenditure. The huge share of committed and inflexible expenditure in revenue expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is a fluctuating trend of subsidies. Subsidies increased from ₹1,429.01 crore in 2019-20 to ₹1,723.83 crore in 2023-24. However as a percentage of Revenue expenditure, the subsidies decreased from 1.36 *per cent* in 2019-20 to 1.21 *per cent* in 2023-24.

Off-budget borrowings

During 2023-24, State Government, through Public Sector Undertakings, raised ₹10,632.46 crore as off-budget borrowings; which did not flow into the

Consolidated Fund of the State but are required to be repaid and serviced through budget.

Contingent Liabilities on account of Guarantees

In 2023-24, the amount guaranteed by the State Government is ₹13,088.62 crore. No guarantee was invoked during the year.

Fiscal sustainability

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

FRBM requirements and compliance with fiscal parameters

The FRBM Act/ Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be maintained. In 2023-24, revenue deficit was 1.58 *per cent* of GSDP as against the target of 1.20 *per cent* revenue surplus; fiscal deficit was 2.99 *per cent* of GSDP as against the limit of 3.5 *per cent*; outstanding liability was 34.96 *per cent* of GSDP as against limit of 33.70 *per cent*.

Further, if the quantum of the off-budget borrowings is included as part of debt, the overall liability (Includes Public Debt and Public Account Liabilities) of the Government was 37.84 *per cent* of the GSDP. Going by the fiscal trends, the State finances are heavily stressed.

As per the debt stabilization analysis, the Overall Liabilities including off-budget borrowings of the Government of Kerala has grown on an average at a rate of 11.61 *per cent* annually between 2019-20 to 2023-24. Overall Liabilities to GSDP ratio of Kerala has increased from 34.38 *per cent* in 2019-20 to 37.84 *per cent* in 2023-24.

The Domar gap (g-r) was positive during the period from 2019-20 to 2023-24, except during 2019-20 and 2020-21. During the pre-Covid period of 2019-20, the real growth rate of the GSDP was 0.90 *per cent* and Domar gap (expressed as g-r) was negative. Covid -19 affected the real growth rate of GSDP during 2020-21 and the Domar gap sharply declined and continued to be negative during the year. In the subsequent years (2021-22 to 2023-24), the Domar gap became positive along with the primary deficit, which reflect that Overall debt as a percentage of GSDP tends towards a stable value and is therefore sustainable. Depending on the stock of debt, it will either increase or decrease in time to reach a stable level greater than zero. Further, the sustainability of Overall Debt will depend on whether the State economy maintains the real growth rate in the long run keeping the real interest rate under control.

Going by the analysis and results as discussed above, the finances of the State of Kerala is marked by increasing trend of liabilities (debt, off-budget

borrowings, etc.) which pose risk to target of debt stabilisation and debt sustainability.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In the Revenue section, deviation in outturn compared with BE was 8.61 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 31 grants and one appropriation, between ± 25 *per cent* to ± 50 *per cent* in nine grants, between ± 50 *per cent* and ± 75 *per cent* in one grant, between ± 75 *per cent* and ± 100 *per cent* in one grant and more than 100 *per cent* in two grants.

In Capital section, deviation in outturn compared with BE was 37.93 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in five grants, between ± 25 and ± 50 *per cent* in 12 grants, between ± 50 *per cent* and ± 75 *per cent* in nine grants and one appropriation, between ± 75 *per cent* and ± 100 in one grant and more than 100 *per cent* in two grants.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-) 3.56 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 39 grants and one appropriation, and between ± 25 *per cent* and ± 50 *per cent* in five grants.

In Capital section, deviation in outturn compared with RE was (-) 3.95 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 11 grants and one appropriation, between ± 25 *per cent* and ± 50 *per cent* in 11 grants, between ± 50 *per cent* and ± 75 *per cent* in three grants, between ± 75 *per cent* and ± 100 *per cent* in three grants and more than 100 *per cent* in one grant.

No provision in Capital section was made in respect of 16 grants and one appropriation.

It was noticed that supplementary provisions of ₹266.66 crore during the year 2023-24 in 16 cases (more than ₹50 lakh in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and the final budget was 11.02 per cent, there were deviations between 30 and 70 per cent in 11 grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.

Quality of Accounts and Financial Reporting

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

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/ appropriations regularised by the State Legislature as per article 204 and 205(1)(b) of the constitution. It was observed that in 2023-24 there was excess expenditure of ₹427.68 crore under seven grants and one appropriation which required regularisation. Further, excess expenditure of ₹2,202.11 crore pertaining to the period from 2016-17 to 2022-23 were yet to be regularised.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government complied with IGAS-1: ‘Guarantees given by the Government–Disclosure requirements’, IGAS-2: ‘Accounting and Classification of Grants-in- Aid’ and IGAS-4: Prior Period Adjustment. However, requirement under IGAS-3 ‘Loans and Advances made by Government’ were only partly complied by Government.

Operation of Treasury Savings Bank (TSB)Accounts

The Government of Kerala does not follow the system of operating PD Accounts for implementation of schemes by transferring funds from the Consolidated Fund. This purpose is served through TSB Accounts maintained in the State Treasuries as per Rule 37 of Kerala Treasury Code. As on 31 March 2024, the amount lying in TSB Accounts under the head 8031-00-102- 99 was ₹1,578.76 crore. An amount of ₹ 71,050.89 crore was also outstanding under Term Fixed Deposit accounts in Treasuries as on 31 March 2024 under the head of account ‘8031-00-102-98’. State Government resumed funds amounting to ₹3,609.41 crore parked in the TSB Accounts of various Government departments and state-owned PSUs, Autonomous Bodies etc. into the Consolidated Fund of the State on 26 March 2024. Out of ₹3,609.41 crore resumed, an amount of ₹3,179.19 crore was resumed to a common head of account ‘2075-00-911-94 Deduct Recoveries-Refund of amounts resumed from the idling STSB accounts’ during the year.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per information available on the PFMS portal, ₹6,222.10 crore (₹3,069.44 crore share of the Government of India and

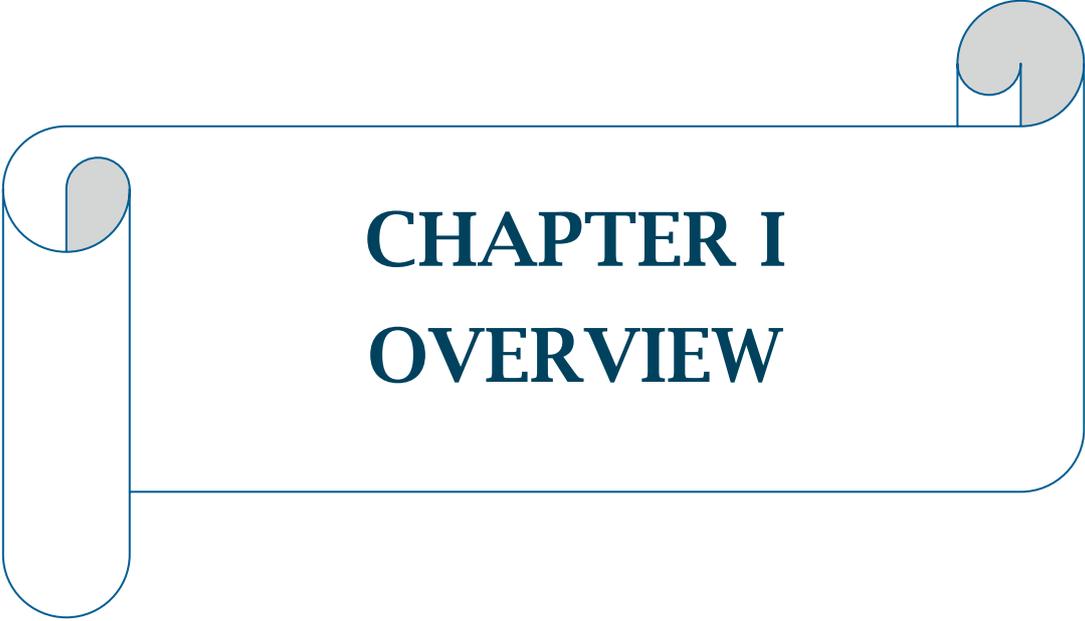
₹3,152.66 crore share of the State Government) was transferred to the SNAs as on 31 March 2024. An amount of ₹2,294.93 crore is lying unspent in the bank accounts of SNAs as on 31 March 2024.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against grants within a stipulated time period, 22 outstanding UCs of ₹ 11.07 crore were pending as on 31st March 2024. Non-submission of UCs indicates the failure of the departmental officers to comply with the rules to ensure accountability. The pendency of UCs are fraught with the risk of misappropriation of funds and fraud.

Temporary Advances

As on 31 March 2024, 2,872 temporary advances amounting to ₹120.88 crore were pending adjustments. Temporary Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/ malfeasance, *etc.*, of public money and unhealthy practices.



CHAPTER I
OVERVIEW

CHAPTER I

OVERVIEW

1.1 Profile of Kerala

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area-wise, Kerala is ranked 22nd in the country with an area of 38,863 sq.km. The State has a population of 3.59 crore with a density of 924.53 persons per sq.km. The decadal growth rate of population was 5.31 *per cent*, which is the third lowest among Indian States. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian States. The general data relating to the State is given in **Appendix 1.1**.

1.1.1 Gross State Domestic Product of Kerala

Gross Domestic Product (GDP) is the value of all the goods and services produced within the boundaries of a country in a given period of time; whereas Gross State Domestic Product (GSDP) is the value of goods and services produced in a State.

Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period. The GSDP increased from ₹10,23,602 crore in 2022-23 to ₹ 11,46,109 crore in 2023-24 recording a growth rate of 11.97 *per cent* and it was higher than the growth rate of GDP for the year. Growth rate of GSDP and GDP for the period from 2019-20 to 2023-24 are shown in **Table 1.1**.

Table 1.1: Trends in GSDP compared to GDP (at current prices)

Sl No	Year	2019-20	2020-21	2021-22	2022-23	2023-24
India						
1	GDP (₹ in crore) (2011-12 Series)	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646	2,95,35,667
2	GVA (₹ in crore)	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
3	Growth rate of GDP over previous year (<i>in per cent</i>)	6.37	(-) 1.24	18.85	14.21	9.60
4	Growth rate of GVA over previous year (<i>in per cent</i>)	7.02	(-) 0.93	18.81	13.97	8.53
5	Per capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725

SI No	Year	2019-20	2020-21	2021-22	2022-23	2023-24
Kerala¹						
6	GSDP (₹ in crore) (2011-12 Series)	8,12,935	7,71,724	9,24,465	10,23,602	11,46,109
7	GSVA (₹ in crore)	7,30,193	6,85,793	8,23,032	9,16,148	10,26,044
8	Growth rate of GSDP over previous year (<i>in per cent</i>)	3.13	(-)5.07	19.79	10.72	11.97
9	Growth rate of GSVA over previous year (<i>in per cent</i>)	4.89	(-)6.08	20.01	11.31	12.00
10	Per capita GSDP (in ₹)	2,33,338	2,20,400	2,59,878	2,86,595	3,17,723

Source: Directorate of Economics and Statistics, Government of Kerala

Kerala ranked 11th among all the States in the contribution to National GDP. During the five-year period from 2019-20 to 2023-24, the growth rate of GSDP shows a fluctuating trend. The significant growth in the year 2021-22 was mainly due to the fall in the GSDP in the previous year (negative growth) due to COVID 19 pandemic.

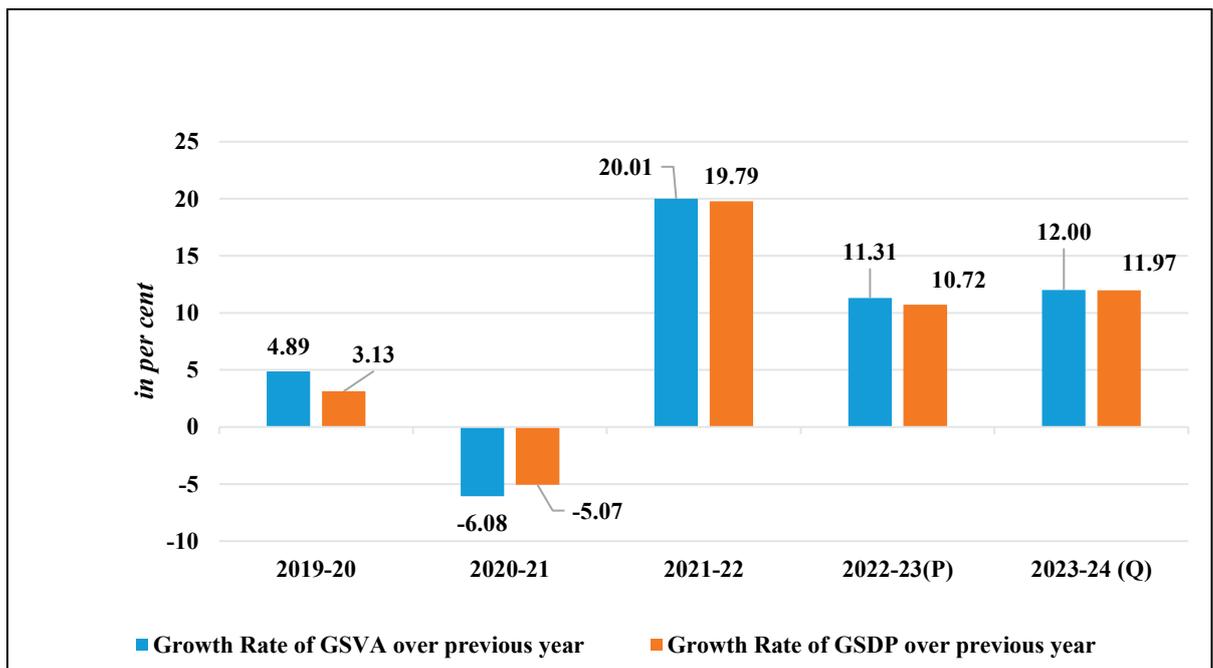
The per capita GSDP of the State for the year 2023-24 was ₹ 3,17,723 while that of the country was ₹2,11,725 which was 33.36 *per cent* lower than that of the State.

Gross Value Added (GVA) is being used for economic analysis by Government of India and international organisations like IMF and World Bank as GVA is considered better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. While GDP can be and is also computed as the sum total of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of the GVA and GSVA data for better analysis and making policy interventions.

The trends of GSDP and GSVA and sectoral growth in GSDP at current prices for the period from 2019-20 to 2023-24 are indicated in **Chart 1.1** and **1.2** respectively.

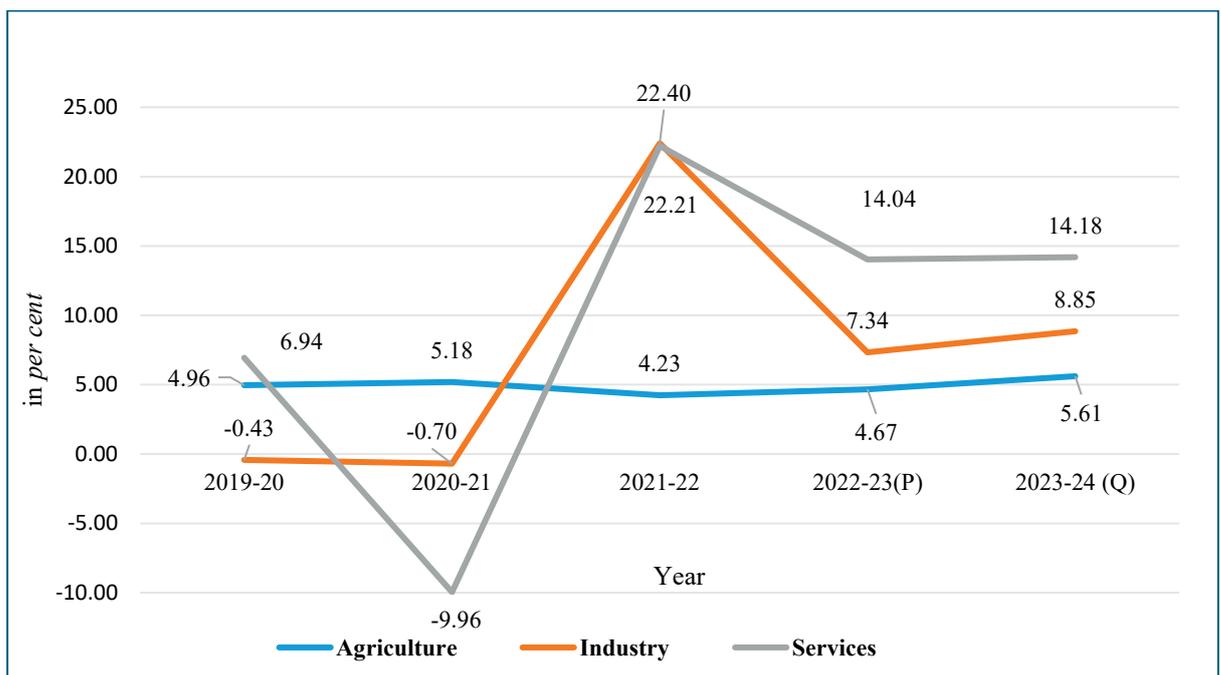
¹ Figures obtained from Directorate of Economics and Statistics, Government of Kerala

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



Source: Directorate of Economics and Statistics, Government of Kerala

Chart 1.2: Sectoral growth in GSDP



Source: Directorate of Economics and Statistics, Government of Kerala

Chart 1.2 shows that, during 2023-24, there was growth of 8.85 per cent in the Industry Sector, which was attributed to increased growth in mining and quarrying, manufacturing, construction and other utility services sub-sectors. During 2023-24, Service Sector grew by 14.18 per cent due to increased growth in all the sub sectors under Services Sectors. Growth rate in Agriculture Sector was 5.61 per cent during 2023-24 due to increased growth in crops, livestock and forestry sub sectors.

The growth in all the three sectors led to an overall increase in GSDP by 11.97 per cent during 2023-24 when compared to 2022-23.

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151(2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151(2) of the Constitution of India.

The Accountant General (Accounts and Entitlement) prepares the Finance Accounts and Appropriation Accounts of the State annually from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Accountant General (Audit) and certified by the CAG.

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

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures.
- Results of audit carried out by the Offices of the Accountants General (Audit I & II).
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS).
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

An entry meeting was held on 07 October 2024 with Additional Secretary (Finance), Finance Department, Government of Kerala, wherein the audit approach was explained, and the draft report was forwarded to the State Government on 08 November 2024 for comments. Exit conference was conducted on 16 December 2024.

1.3 Overview of Government Accounts-Structure & Budgetary Process

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

(1) Consolidated Fund of the State {Article 266(1) of the Constitution of India}

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central

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

(2) Contingency Fund of the State {Article 267(2) of the Constitution of India}

This Fund is in the nature of an imprest which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

(3) Public Accounts of the State {Article 266(2) of the Constitution of India}

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consists of tax revenue, non-tax revenue, share of Union Taxes/ Duties, and Grants from Government of India.

Revenue Expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of:

- **Public Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to PSUs and other parties.

Public Debt and Public Liability:

In this Report 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loan given by Central Government *etc.* For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

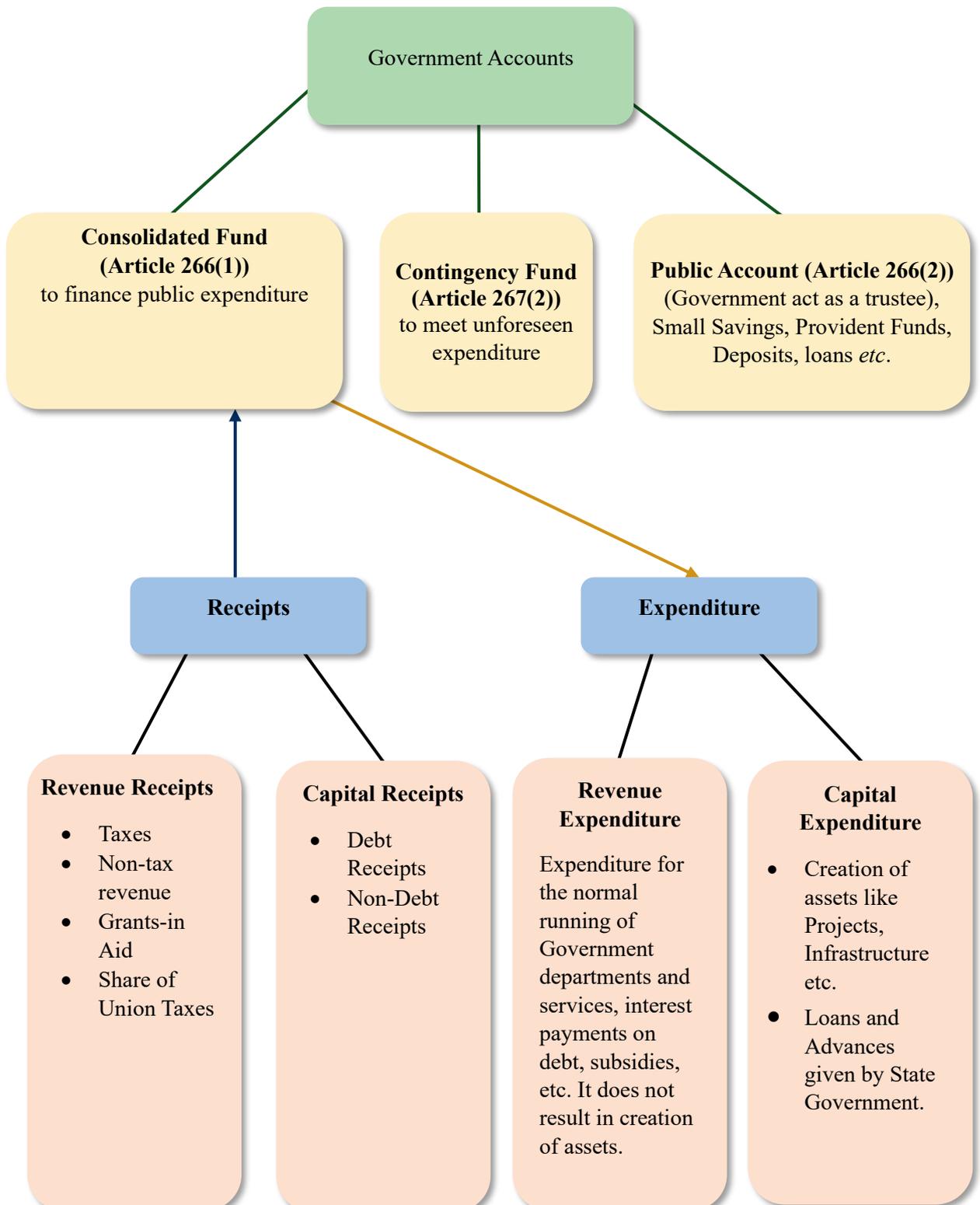
Further, the transactions relating to 'Small Savings, Provident Fund, *etc.*', 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid.

The transactions relating to 'Remittances' and 'Suspense' under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8009 to 8554 relating to 'Small Savings, Provident Fund, *etc.*', 'Reserve Funds' and 'Deposit and Advances' along with the transactions under major heads 6003 and 6004.

A pictorial representation of the structure of Government accounts is given in **Chart 1.3** below

Chart 1.3: Structure of Government Accounts



Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government is detailed in Chapter-III of this report.

1.3.1 Snapshot of Finances

Table 1.2 provides the details of Actuals *vis-a-vis* Budget Estimates for the year 2023-24 vis-a-vis actuals of 2022-23. Details of five years are given in **Appendix 1.2**.

Table 1.2: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2022-23 (Actuals)	2023-24 (Budget Estimate)	2023-24 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals (2023-24) to GSDP
1.	Tax Revenue	90,228.84	1,02,464.02	96,071.93	93.76	8.38
i	Own Tax Revenue	71,968.16	81,038.77	74,329.01	91.72	6.49
ii	Share of Union taxes/duties	18,260.68	21,425.25	21,742.92	101.48	1.90
2	Non-Tax Revenue	15,117.95	17,088.62	16,345.96	95.65	1.43
3.	Grants-in-aid and Contributions	27,377.86	15,866.03	12,068.26	76.06	1.05
4.	Revenue Receipts (1+2+3)	1,32,724.65	1,35,418.67	1,24,486.15	91.93	10.86
5.	Recovery of Loans and Advances	409.29	941.75	714.80	75.90	0.06
6.	Other Receipts	49.94	66.30	47.51	71.66	
7.	Borrowings (Net Public debt)	18,026.41	28,552.79	29,989.02	105.03	2.62
8.	Capital Receipts (5+6+7)	18,485.64	29,560.84	30,751.33	104.03	2.68
9	Total Receipts (4+8)	1,51,210.29	1,64,979.51	1,55,237.48	94.10	13.54
10.	Revenue Expenditure	1,41,950.93	1,59,360.91	1,42,626.34	89.50	12.44
11.	Interest payments (included in Sl. No.10)	25,176.36	26,246.99	26,986.22	102.82	2.35
12.	Capital Expenditure	13,996.56	14,605.53	13,584.45	93.01	1.19
13	Loans and advances	2,790.93	2,122.51	3,295.72	155.27	0.29
14	Total Expenditure (10+12+13)	1,58,738.42	1,76,088.95	1,59,506.51	90.58	13.92
15	Revenue Deficit (4-10)	9,226.28	23,942.24	18,140.19	75.77	1.58
16	Fiscal Deficit {14-(4+5+6)}	25,554.54	39,662.23	34,258.05	86.37	2.99

Sl. No.	Components	2022-23 (Actuals)	2023-24 (Budget Estimate)	2023-24 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals (2023-24) to GSDP
17	Primary Deficit (16-11)	378.18	13,415.24	7,271.83	54.21	0.63
Buoyancy Ratio						
	Revenue Receipt	1.29	0.07	#		
	Revenue Expenditure	#	0.11	0.04		

Source: Statement 2 of Finance Accounts.

Buoyancy ratio not calculated as rate of growth was negative

The State received compensation of ₹737.88 crore as grants under revenue receipts on account of loss of revenue arising out of the implementation of GST during 2023-24.

The revenue receipts of the State decreased by ₹8,238.50 crore (6.21 per cent) during 2023-24 as compared to the previous year, and revenue expenditure increased by ₹675.41 crore (0.48 per cent). This led to an increase in revenue deficit by ₹8,913.91 crore during the year as compared to the previous year. Fiscal deficit increased by ₹8,703.51 crore during 2023-24 as compared to 2022-23.

1.3.2 Snapshot of Assets and Liabilities as on 31 March 2024

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Table 1.3** gives a summarised position of such assets and liabilities as on 31 March 2024. While the liabilities consist mainly of internal borrowings, loans and advances from GoI, and receipts from the Public Account, the assets mainly comprises the capital outlay and loans and advances given by the State Government and its cash balances.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2022-23	2023-24	Per cent increase (+) decrease (-)			2022-23	2023-24	Per cent increase (+) decrease (-)
Consolidated Fund									
A	Internal Debt	2,27,137.07	2,57,157.92	13.22	a	Gross Capital Outlay	1,21,784.75	1,35,321.69	11.12
B	Loans and Advances from GOI	25,369.21	25,337.38	(-) 0.13	b	Loans and Advances	24,357.02	26,937.94	10.60
	Contingency Fund	100.00	100.00	-					

Liabilities					Assets				
		2022-23	2023-24	Per cent increase (+) decrease (-)			2022-23	2023-24	Per cent increase (+) decrease (-)
Public Account									
A	Small Savings, Provident Funds, etc.	1,24,190.92	1,23,944.24	(-) 0.20	a	Advances	59.64	59.43	(-) 0.35
B	Deposits	7,603.72	7672.17	0.90	b	Remittance	1,125.12	-	
C	Reserve Funds	3,452.19	4,156.65	20.41	c	Suspense and Miscellaneous		-	
D	Suspense and Miscellaneous	229.25	143.98	(-) 37.20		Cash balance (including investment in Earmarked Fund)	9,991.68	7367.38	(-) 26.26
E	Remittance		81.91			Total	1,57,318.21	1,69,686.44	7.86
						Deficit in Revenue Account	2,30,764.15	2,48,907.81	7.86
	Total	3,88,082.36	4,18,594.25	7.86		Total	3,88,082.36	4,18,594.25	7.86

Source: Finance Accounts

Abstract of Assets and Liabilities as on 31 March 2024 is given in the **Appendix 1.3**. As on 31 March 2024, the State Government had an accumulation of liabilities of ₹4,18,594.25 crore for its activities against which, only ₹1,35,321.69 crore (32.33 per cent) was used for capital creation. The State had utilised ₹ 2,48,907.81 crore (59.46 per cent) for meeting the cumulative revenue deficit of the State. In other words, in each financial year more than 50 per cent of additional liabilities were being created to meet its revenue expenditure. The same pattern was repeated in 2023-24, wherein 59.46 per cent of the additional liabilities created was for meeting the revenue deficit of the State.

1.4 Fiscal Balance: Achievement of deficit and total debt target

When a Government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture Government deficit.

Deficits are financed by borrowing giving rise to Government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which adds to the stock of debt. If the Government continues to borrow year after year, it leads to accumulation of debt and the Government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the Government entails the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present but may decide to pay off the bonds some twenty years later by raising taxes or reducing expenditure. Also, Government borrowing from the people reduces the savings available to the private sector. To the extent that this

reduces capital formation and growth, debt acts as a ‘burden’ on future generations.

However, if Government deficits succeed in their goal of raising production, there will be more income and, therefore, more saving. In this case, both Government and industry can borrow more. Also, if the Government invests in infrastructure, future generations may be better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output. The debt should not then be considered burdensome. The growth in debt will have to be judged by the growth of the economy (State GDP) as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. However, the major thrust has been towards reduction in Government expenditure. This could be achieved through making Government activities more efficient through better planning of programmes and better administration.

The State Government enacted the Kerala Fiscal Responsibility Act, 2003, to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium-term framework and for matters connected therewith. The State Government amended its Fiscal Responsibility Act from time to time keeping in view the fiscal parameters prescribed by successive Finance Commissions.

As per Government of India FRBM Act, the Central Government Debt at any date includes total outstanding liabilities on the security of the Consolidated Fund of India, including external debt valued at current exchange rates; total outstanding liabilities in the Public Account of India; and such financial liabilities of any body corporate or other entity owned or controlled by the Central Government which the Government is to repay or service from the annual financial Statement reduced by the cash balance at the end of that date. However, such a definition was not seen in the Kerala Fiscal Responsibility Act 2003 or its subsequent amendments thereon.

Compliance with the targets fixed in Kerala Fiscal Responsibility act during the period 2019-20 to 2023-24 is shown in **Table 1.4**.

Table 1.4: Compliance with provisions of KFR Act

Sl No.	Fiscal Parameters	Fiscal targets	Actuals				
			2019-20	2020-21	2021-22	2022-23	2023-24
1	Revenue Deficit (₹ in crore)	zero ²	14,495.25	25,829.50	29,539.27	9,226.28	18,140.19
2	Fiscal Deficit (as percentage of GSDP) [@]	3 per cent (up to 2019-20)	2.93	-	-	-	
3		5 per cent in 2020-21, 4 per cent in 2021-22 and 4 per cent in 2022-23 and 3.5 for 2023-24	-	5.31	4.98	2.50	2.99
4	Ratio of total outstanding liability to GSDP (in per cent)*	33.70 per cent in 2023-24 ³	32.64	39.21	37.09	36.20	34.96
			34.38 [#]	41.35 [#]	39.72 [#]	39.08 [#]	37.84 [#]

Source: Statement 2 of Finance Accounts and KFR Act.

[@] Includes additional borrowing of 0.50 per cent of GSDP allowed for reforms undertaken in Power Sector of which consent for additional borrowing of 0.45 per cent of GSDP alone was received from GoI during 2023-24.

*During 2020-21, it excludes ₹ 5,766 crore received as back-to-back loan from GoI in lieu of GST compensation. During 2021-22 to 2023-24, it excludes back to back loan of ₹ 14,505.31 crore received from GoI in lieu of GST compensation which were not to be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

[#] including off-budget borrowings (2019-20: ₹14,142.20 crore; 2020-21: ₹16,469.05 crore; 2021-22: ₹24,272.67; 2022-23: ₹29,475.97 crore; 2023-24: ₹32,942.14 crore)

The State Government had not made any disclosure on the Off-budget borrowings through KIIFB (₹ 20,041.52 crore) and KSSPL (₹ 12,900.62 crore) in the State budget, which led to an understatement of Government liabilities by ₹ 32,942.14 crore. Though the target prescribed in KFR Act over the years was to eliminate revenue deficit completely and to achieve revenue surplus during 2018-19 to 2023-24, the State continued to be in revenue deficit during the period. The ratio of total outstanding liability to GSDP (i.e., 37.84 per cent) also remained beyond the target fixed in the Act for the year 2023-24 (i.e. 33.70 per cent). However, the State was able to contain the fiscal deficit to GSDP ratio within 3.5 per cent.

State Government replied (December 2024) that as the repayment obligation of back-to-back loan received from GoI in lieu of GST compensation is not met from the resources of the State Government, the loan amount be considered as grant-in-aid for the calculation of all fiscal indicators. The reply is not acceptable as the back-to-back loan received from GoI in lieu of GST compensation is received and accounted as loan and not as grant-in-aid.

² Revenue Surplus/GSDP - 0.50 per cent in 2021-22, 0.80 per cent in 2022-23 and 1.20 per cent in 2023-24.

³ 29.67 per cent in 2019-20 and 2020-21, 34.70 per cent in 2021-22 and 34.50 per cent in 2022-23.

The targets set by XV Finance commission and those projected in the State budget vis-à-vis achievements in respect of major fiscal aggregates with reference to GSDP during 2023-24 are given in **Table 1.5**.

Table 1.5: Targets vis-a-vis achievements in respect of major fiscal aggregates for the year 2023-24

Fiscal Variables	Targets as prescribed by XV FC	Target in the budget	Actual	Percentage variation of actuals over	
				Targets of XV FC	Target in Budget
Revenue Deficit/GSDP (<i>per cent</i>)	0	2.11	1.58	(-) 1.58	0.53
Fiscal Deficit/GSDP (<i>per cent</i>)	3.5*	3.50	2.99	0.51	0.51
Total outstanding liability/GSDP(<i>per cent</i>)	33.7	36.05	37.84**	(-) 4.14	(-)1.79

Source: Recommendation of XV FC, Annual Financial Statements and Finance Accounts

* Includes additional borrowing of 0.50 per cent of GSDP allowed for reforms undertaken in Power Sector of which consent for additional borrowing of 0.45 per cent of GSDP alone was received from GoI during 2023-24

**excluding back-to-back loans of ₹ 14,505.31 crore received from GoI in lieu of GST compensation shortfall during 2020-22 and including off-budget borrowings of ₹32,942.14 crore

During 2023-24, the State Government was unable to contain the revenue deficit and outstanding liability/GSDP ratio within the limits fixed by the XV FC but fiscal deficit was within the target fixed by the Finance Commission. Even though revenue and fiscal deficits were within the limits projected in budget, outstanding liability/ GSDP ratio was outside the projections made in State Budget.

In accordance with the Kerala Fiscal Responsibility Act, 2003 the State Government presents the Medium-Term Fiscal Policy (MTFP) and Strategy Statement (included as **Appendix 1.4**) before the State Legislature every year.

A comparison of targets for fiscal parameters projected in MTFP presented to the State Legislature with actuals for the current year is given below in **Table 1.6**.

Table 1.6: Actuals vis-a-vis projection in MTFP for 2023-24

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2023-24)	Variation(in <i>per cent</i>) with reference to Projections as per MTFP
1	Own Tax Revenue	81,038.77	74,329.01	(-) 8.28
2	Non-Tax Revenue	17,088.62	16,345.96	(-) 4.35
3	Resources from Centre (Share of Central taxes and Grant-in-aid from GoI)	37,291.28	33,811.18	(-) 9.33
4	Revenue Receipts (1+2+3)	1,35,418.67	1,24,486.15	(-) 8.07
5	Revenue Expenditure	1,59,360.91	1,42,626.34	(-) 10.50
6	Revenue Deficit (-) (4 - 5)	(-)23942.24	(-)18,140.19	(-) 24.23
7	Fiscal Deficit (-)/ Surplus (+)	(-)39,662.22	(-)34,258.05	(-) 13.63
8	FD/GSDP	3.50	2.99	0.51
9	Liability-GSDP ratio (<i>per cent</i>)	36.05	37.84*	1.79
10	GSDP growth rate at current prices (<i>per cent</i>)	11.23	11.97	0.74

Source: Statement No.2 of Finance Accounts and Medium Term Fiscal Policy

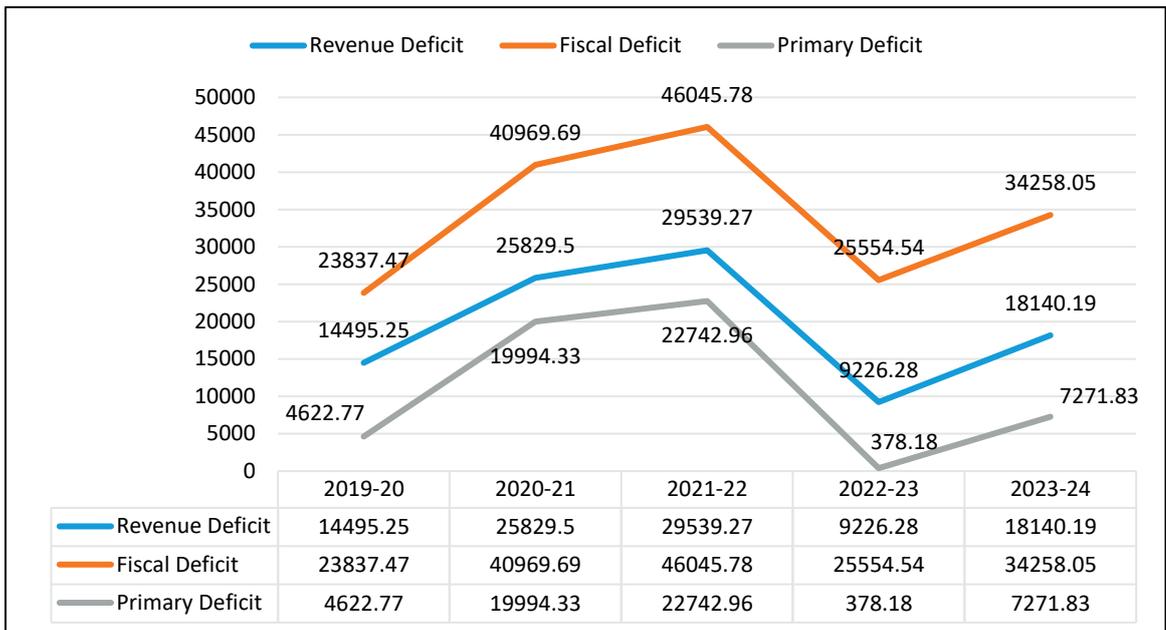
* The back-to-back Loan (₹14,505.31 crore) received from GoI in lieu of GST compensation has not been considered as Debt for working out the indicator. Off-budget borrowings of ₹32,942.14 crore has been considered for working out the indicator.

Though revenue and fiscal deficits were less than the projections as per MTFP, the State could not achieve many of the targets fixed by the State Government in its MTFP during 2023-24. Own Tax Revenue collected during 2023-24 fell short of the projections made in MTFP by 8.28 per cent and Non-Tax Revenue fell short by 4.35 per cent. Liability -GSDP ratio exceeded the projections in MTFP by 1.79 per cent.

The trends of deficits over the period 2019-20 to 2023-24 are presented in **Appendix 1.2**.

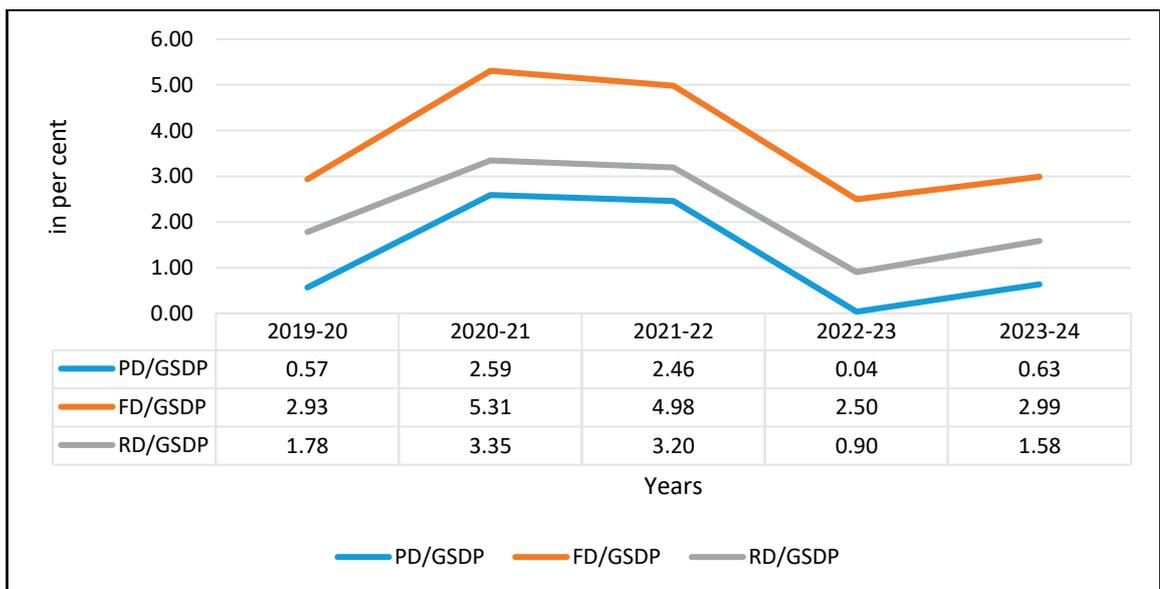
Chart 1.4 and **Chart 1.5** presents the trends in deficit indicators and trends relative to GSDP respectively over the period 2019-20 to 2023-24.

Chart 1.4: Trends in Deficit Parameters



Source: Finance Accounts of respective years

Chart 1.5: Trends in deficit indicators relative to GSDP



Source: Finance Accounts of respective years

Revenue Deficit (RD) is the difference between revenue expenditure and revenue receipts in the Consolidated fund. When the Government incurs a revenue deficit, it implies that the Government is unable to match the revenue expenditure with the revenue receipts and is using capital receipts, loans to meet its consumption expenditure. As per KFR (Amendment) Act 2022, Government shall achieve Revenue Surplus during 2019-20 to 2023-24. However, the State was on revenue deficit throughout the period 2019-20 to 2023-24. Revenue deficit increased from ₹ 9,226.28 crore in 2022-23 to ₹ 18,140.19 crore in 2023-24. Revenue deficit as a percentage of GSDP also increased from 0.90 *per cent* in 2022-23 to 1.58 *per cent* in 2023-24.

Fiscal Deficit (FD) is the gap between total receipts (excluding borrowings) and total expenditure in the Consolidated fund. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. The fiscal deficit during 2023-24 increased to ₹34,258.05 crore (2.99 *per cent* of GSDP) from ₹25,554.54 crore in 2022-23 (2.50 *per cent* of GSDP).

Primary Deficit (PD) refers to the fiscal deficit minus the interest payments and indicates the excess of primary expenditure (total expenditure net of interest payment) over non-debt receipts. The primary deficit for the year 2023-24 was ₹ 7,271.83 crore (0.63 *per cent* of GSDP) when compared to ₹ 378.18 crore in 2022-23 (0.04 *per cent* of GSDP).

1.5 Deficits post examination by Audit

The State Government must ensure compliance to the targets fixed for fiscal indicators such as deficits, ceiling on debt *etc.* in Fiscal Responsibility Act. The revenue deficit and fiscal deficit as worked out for the State gets impacted due to various circumstances such as misclassification of revenue expenditures as capital expenditure and off-budget fiscal operations. Besides, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, sinking and redemption funds, etc. also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.7**.

Table 1.7: Revenue and Fiscal Deficit post examination by Audit

(₹ in crore)				
Sl No.	Particulars	Revenue Deficit	Fiscal Deficit	Paragraph reference
1	Pre Audit deficit	18,140.19	34,258.05	
2	Audit findings having an impact on deficit ^s			
a	Non-contribution to Guarantee Redemption Fund	311.93	311.93	2.5.2.4
b	Non discharge of Interest liabilities Interest on State Compensatory Afforestation Fund	1.59	1.59	2.5.2.2
c	Resumption of Funds from State Treasury Savings Bank Account	35.02		4.6.4
d	Resumption of non-Governmental funds of Roads & Bridges Development Corporation of Kerala	40.02	40.02	4.6.3

Sl No.	Particulars	Revenue Deficit	Fiscal Deficit	Paragraph reference
e	Non-transfer of Kerala Road Safety Fund	58.25	58.25	4.3
3	Total of all post audit findings	446.81	411.79	
4	Post Audit deficit (1+3)	18,587.00	34,669.84	

Source: Compiled from Finance Accounts and audit analysis.

\$ Understated (+) and Overstated (-).

The fiscal deficit as a percentage of GSDP during 2023-24 post examination by Audit works out to 3.03 per cent.

1.6 Total outstanding Debt after examination by Audit

Total liabilities mean liabilities under the Consolidated fund and the Public Account of the State. The outstanding debt/liabilities can be split into various components as given in **Table 1.8**.

Table 1.8: Components of outstanding debt/liabilities as on 31 March 2024

(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	2,57,157.92
Market Loans	2,25,780.04
Bonds	0.10
Loans from Financial Institutions	2,987.61
Special Securities issued to NSSF	27,418.00
Other loans	972.17
Loans and Advances from Central Government (B)	25,337.38
Non plan Loans	5.32
Loans for State Plan Schemes	4,341.31
Other Loans*	20,990.75
Liabilities upon Public Accounts (C)	1,32,725.85
Small savings, Provident funds etc.	1,23,944.24
Reserve Funds	1,109.44
Deposits	7,672.17
Total (A+B+C)	4,15,221.15

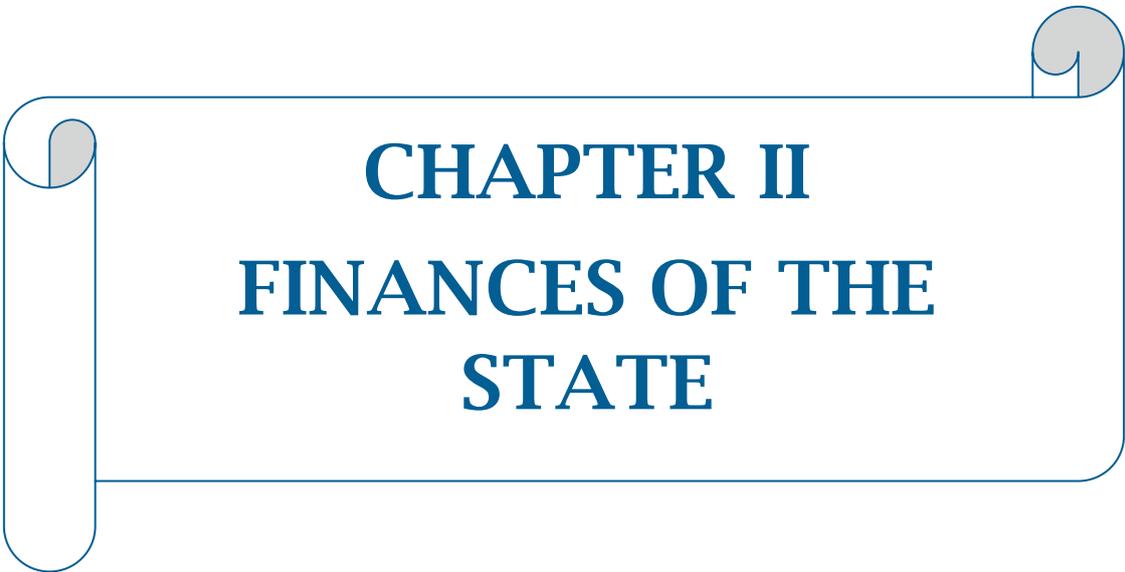
Source: Finance Accounts

*Including back to back loans of ₹ 14,505.31 crore received from GoI in lieu of GST compensation shortfall

Further, the post audit analysis also reveals that the State Government resorted to off-budget borrowing of ₹10,632.46 crore through Kerala Infrastructure Investment Fund Board (KIIFB) (₹ 5,803.86 crore), and Kerala Social Security Pension Limited (KSSPL) (₹ 4,828.60 crore) in 2023-24. It was in addition to the liabilities of ₹ 4,15,221.15 crore as mentioned in **Table 1.8**.

As on 31 March 2024, KIIFB and KSSPL together have an outstanding liability of ₹ 32,942.14 crore (Chapter II). Thus, taking into account the off-budget borrowing, the overall liability of the State as on 31 March 2024 stands at ₹4,48,163.29 crore and the Liability/GSDP ratio stands at 37.84 *per cent* (excluding back-to-back loan of ₹ 14,505.31 crore received from GOI in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms) which is way above the fiscal target of 33.70 *per cent* envisaged in the Kerala Fiscal Reasonability Act for 2023-24.

State Government replied (December 2024) that the matter of inclusion of own borrowings of KIIFB and KSSPL in State's Borrowings has been challenged and is under the consideration of Hon'ble Supreme Court of India.



CHAPTER II
FINANCES OF THE
STATE

CHAPTER II

FINANCES OF THE STATE

This Chapter analyses the Finance Accounts of the State for the year 2023-24 to unravel the underlying causes of deficit and areas of fiscal concern as well as positive trends.

2.1 Major Changes in Key Fiscal Aggregates *vis-a-vis* 2022-23

The major changes in key fiscal aggregates of the State during the year 2023-24, compared to the previous year are given in **Table 2.1**.

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

Revenue Receipts	<ul style="list-style-type: none"> • Revenue Receipts of the state decreased by 6.21 <i>per cent</i> • Own tax receipts of the State increased by 3.28 <i>per cent</i> • Own non-tax receipts increased by 8.12 <i>per cent</i> • State's share of Union taxes and duties increased by 19.07 <i>per cent</i> • Grants-in-Aid from Government of India decreased by 55.92 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none"> • Revenue Expenditure increased by 0.48 <i>per cent</i> • Revenue expenditure on General Services increased by 11.96 <i>per cent</i> • Revenue expenditure on Social Services decreased by 12.47 <i>per cent</i> • Revenue expenditure on Economic Services decreased by 7.05 <i>per cent</i> • Expenditure on Grants-in-Aid and Contributions decreased by 5.66 <i>per cent</i>
Capital receipts	<ul style="list-style-type: none"> • Debt Capital Receipts increased by 93.22 <i>per cent</i> • Non-debt Capital Receipts increased by 66 <i>per cent</i>
Capital expenditure	<ul style="list-style-type: none"> • Capital expenditure decreased by 2.94 <i>per cent</i> • Capital outlay on General Services decreased by 19.43 <i>per cent</i> • Capital outlay on Social Services decreased by 2.79 <i>per cent</i> • Capital outlay on Economic Services decreased by 2.51 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none"> • Recoveries of Loans and Advances increased by 74.64 <i>per cent</i> • Disbursement of Loans and Advances increased by 18.09 <i>per cent</i>
Public Debt	<ul style="list-style-type: none"> • Public Debt Receipts increased by 93.22 <i>per cent</i> • Repayment of Public Debt increased by 106.68 <i>per cent</i>
Public Account	<ul style="list-style-type: none"> • Public Account Receipts decreased by 9.60 <i>per cent</i> • Disbursement of Public Account decreased by 8.92 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none"> • Cash Balance increased by 50.73 <i>per cent</i>

Source: Finance Accounts

2.2 Sources and Application of Funds

The components of the sources and application of funds of the State during the financial year compared to the previous year is given below in **Table 2.2**.

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

(₹ in crore)

Particulars		2022-23	2023-24	Increase (+)/ Decrease (-) (in per cent)
Sources	Opening Cash Balance*	(-)293.86	182.69	162.16
	Revenue Receipts	1,32,724.65	1,24,486.15	(-)6.21
	Capital Receipts	49.94	47.51	(-)4.87
	Recoveries of Loans and Advances	409.29	714.80	74.64
	Public Debt Receipts (Net)	18,026.41	29,989.02	66.36
	Public Account Receipts (Net)	8,004.68	4,361.70	(-)45.51
	Contingency fund	0	0	0
	Total	1,58,921.11	1,59,781.87	
Application	Revenue Expenditure	1,41,950.93	1,42,626.34	0.48
	Capital Expenditure	13,996.56	13,584.45	(-)2.94
	Disbursement of Loans and Advances	2,790.93	3,295.72	18.09
	Closing Cash Balance*	182.69	275.36	50.73
	Contingency fund	0	0	0
	Total	1,58,921.11	1,59,781.87	

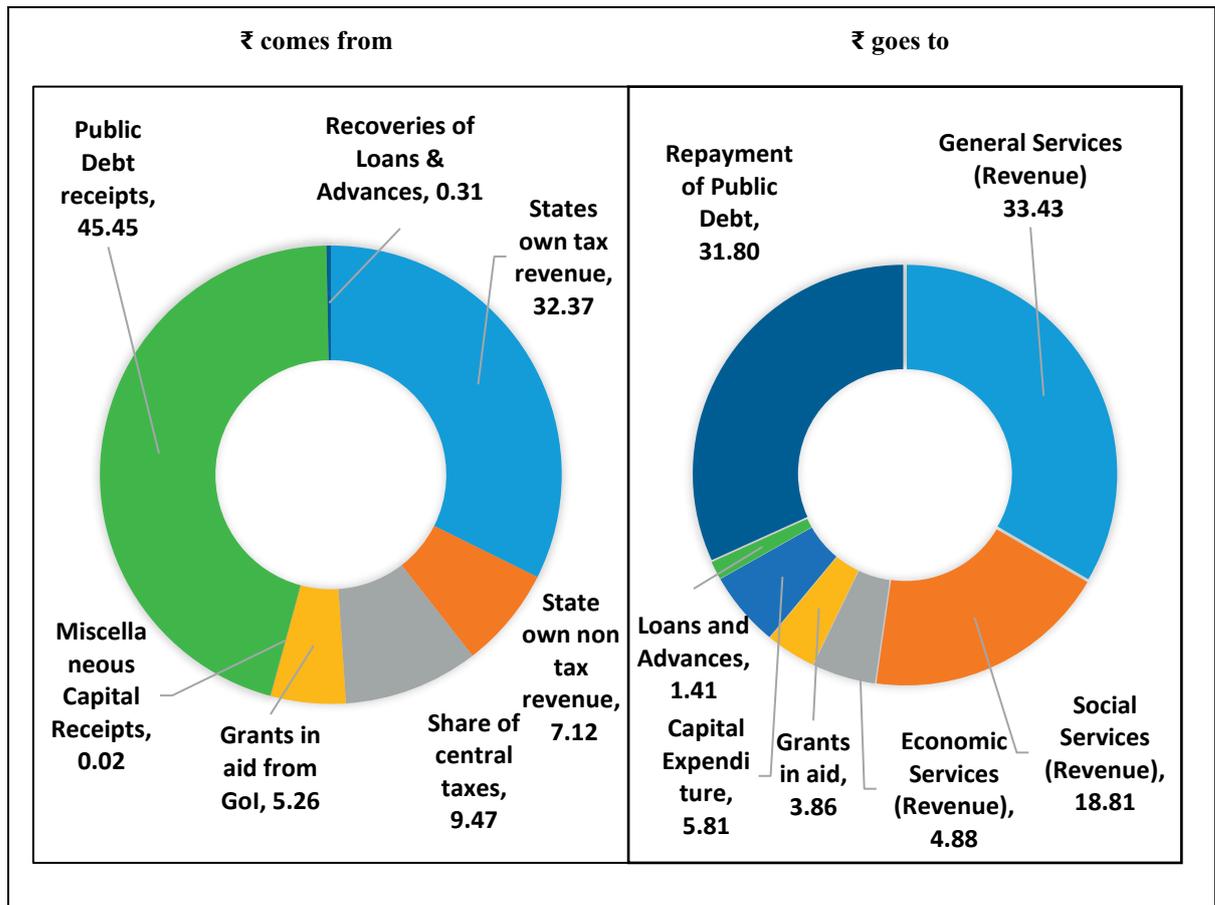
Source: Finance Accounts for 2022-23 and 2023-24

*Does not include investment in Cash Balance investment account, Investment in earmarked funds, Cash with departmental officers and Permanent Cash Imprest for contingent expenditure with department officers.

Composition and application of resources in the Consolidated Fund of the State during 2023-24 is given in **Chart 2.1** and **Chart 2.2** respectively.

Chart 2.1 Composition of resources
(in per cent)

Chart 2.2 Application of resources
(in per cent)



Source: Finance Accounts

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue (Own Tax revenue plus share of Union taxes/duties), non-tax revenue and Grants-in-aid from the Government of India
2. **Capital receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both Revenue and Capital receipts form part of the Consolidated Fund of the state.

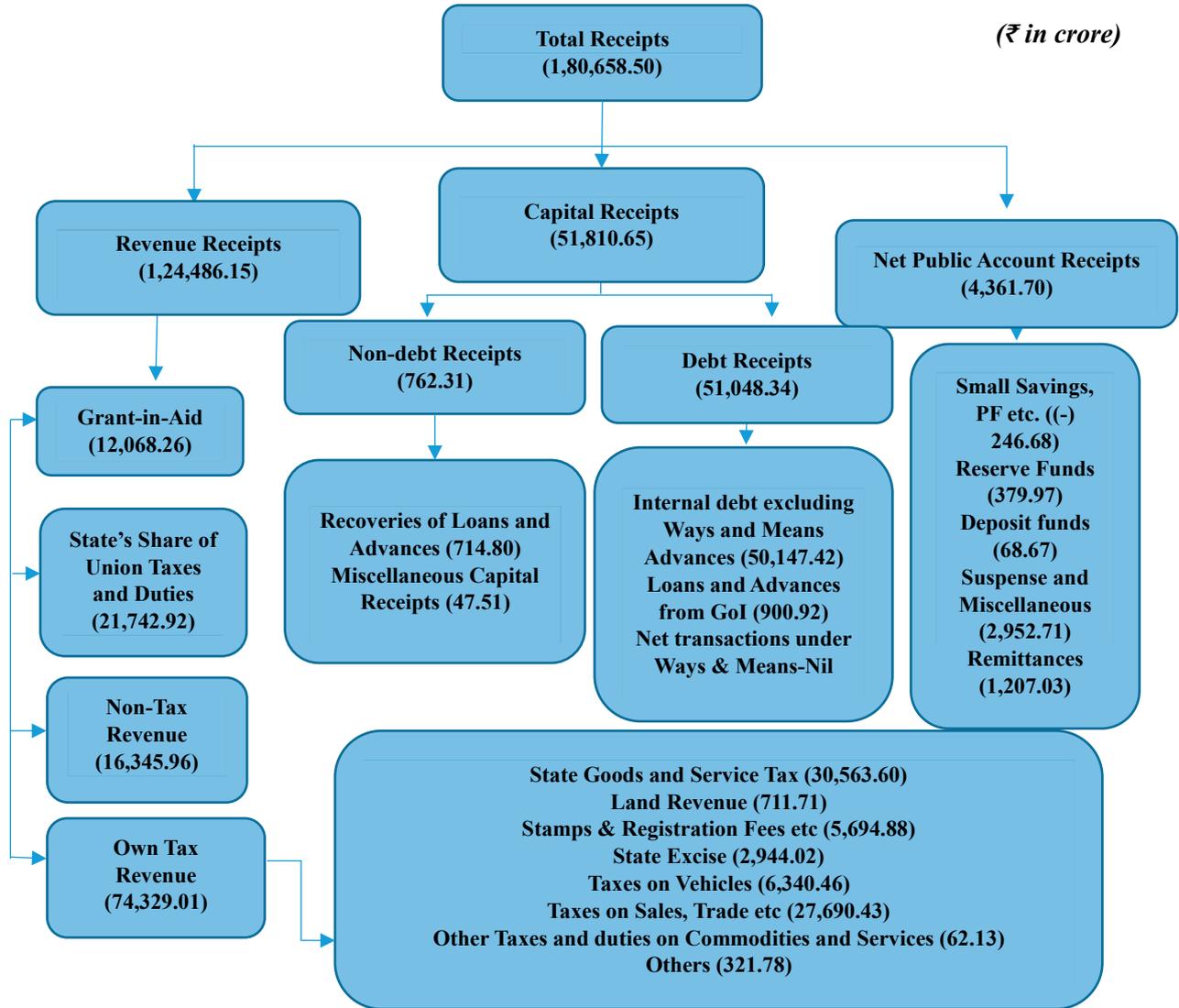
3. **Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

Here, the Government acts as a banker. The balance after disbursement is the fund available with the Government for use.

2.3.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Revenue and capital Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of total receipts of the State is depicted in **Chart 2.3**.

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



Source: Finance Accounts

Out of total resources of ₹1,80,658.50 crore of State Government during 2023-24, revenue receipts (₹ 1,24,486.15 crore) constituted 68.91 per cent. Capital Receipts (₹ 51,810.65 crore) and net public account receipts (₹4,361.70 crore) constituted 28.68 per cent and 2.41 per cent of the total resources respectively.

2.3.2 State's Revenue Receipts

The paragraph gives the trend of the revenue receipts, its components and its relationship with GSDP for a period of five years (2019-2024) as shown in Table 2.3.

Table 2.3: Trend in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	90,224.67	97,616.83	1,16,640.24	1,32,724.65	1,24,486.15
Rate of growth of RR (<i>per cent</i>)	(-) 2.83	8.19	19.49	13.79	(-)6.21
Own Tax Revenue (₹ in crore)	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01
Rate of growth of Own Tax Revenue (<i>per cent</i>)	(-) 0.63	(-)5.29	22.41	23.36	3.28
Non-Tax Revenue (₹ in crore)	12,265.22	7,327.31	10,462.51	15,117.95	16,345.96
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	0.26	(-) 12.14	25.12	26.57	4.12
State's share in Union taxes and duties	16,401.05	11,560.40	17,820.09	18,260.68	21,742.92
Grants-in-aid from GOI (₹ in crore)	11,235.26	31,068.28	30,017.12	27,377.86	12,068.26
Rate of growth of Grants-in-aid (<i>per cent</i>)	(-) 1.35	176.52	(-) 3.38	(-) 8.79	(-) 55.92
Gross State Domestic Product (₹ in crore)	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
Rate of growth of GSDP (<i>per cent</i>)	3.13	(-) 5.07	19.79	10.72	11.97
RR/GSDP (<i>per cent</i>)	11.10	12.65	12.62	12.97	10.86
Buoyancy Ratios⁴					
Own Tax Buoyancy w.r.t GSDP (<i>per cent</i>)	*	*	1.13	2.18	0.27

Source: Finance Accounts of respective years; for GSDP, Department of Economics & Statistics

*Figures not calculated because of negative growth rate.

Table 2.3 shows that revenue receipts increased by 37.97 *per cent* from ₹90,224.67 crore in 2019-20 to ₹ 1,24,486.15 crore in 2023-24. However, Revenue Receipts decreased by ₹ 8,238.50 crore (6.21 *per cent*) during 2023-24 when compared to 2022-23. Own tax revenue and non-tax revenue increased by ₹ 2,360.85 crore (3.28 *per cent*) and ₹ 1,228.01 crore (8.12 *per cent*) in 2023-24 when compared to 2022-23.

States share in Union taxes and duties increased from ₹ 16,401.05 crore in 2019-20 to ₹ 21,742.92 crore (32.57 *per cent*) in 2023-24. It increased by ₹ 3,482.24 crore (19.07 *per cent*) in 2023-24 over 2022-23.

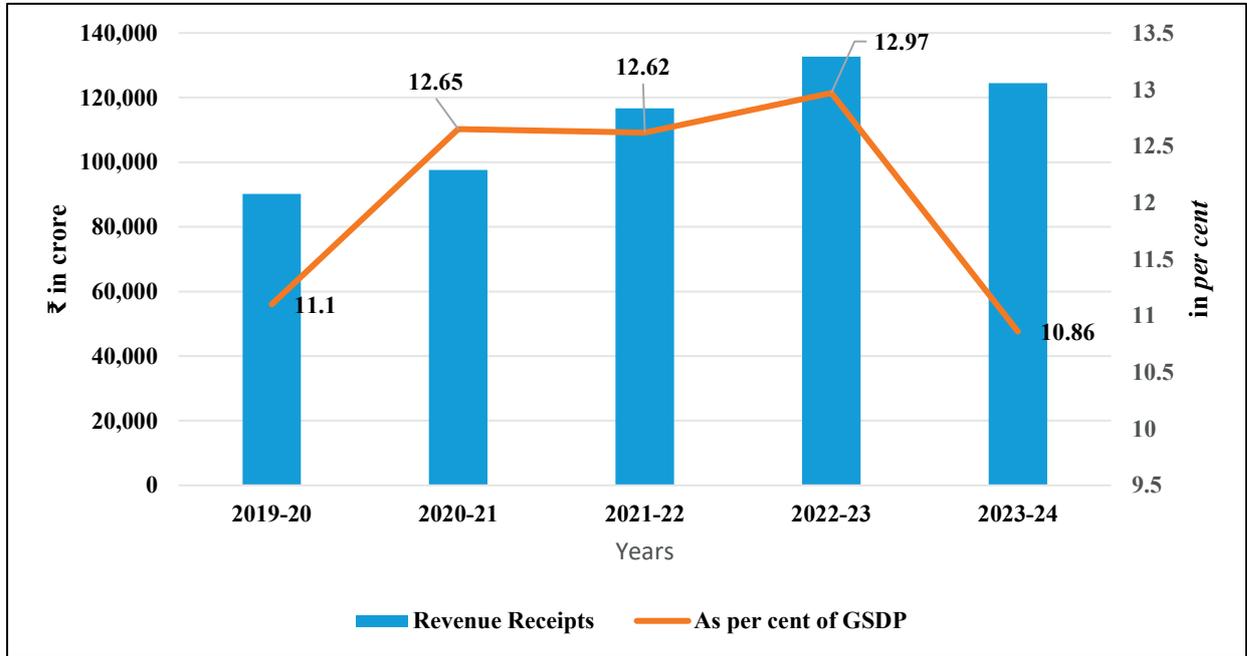
⁴Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Grants-in-aid from GoI decreased by ₹ 15,309.60 crore (55.92 per cent) during 2023-24 when compared to previous year.

Revenue receipts as a percentage of GSDP decreased from 12.97 per cent in 2022-23 to 10.86 per cent in 2023-24.

Trends of revenue receipts during 2019-20 to 2023-24 are shown in **Chart 2.4**.

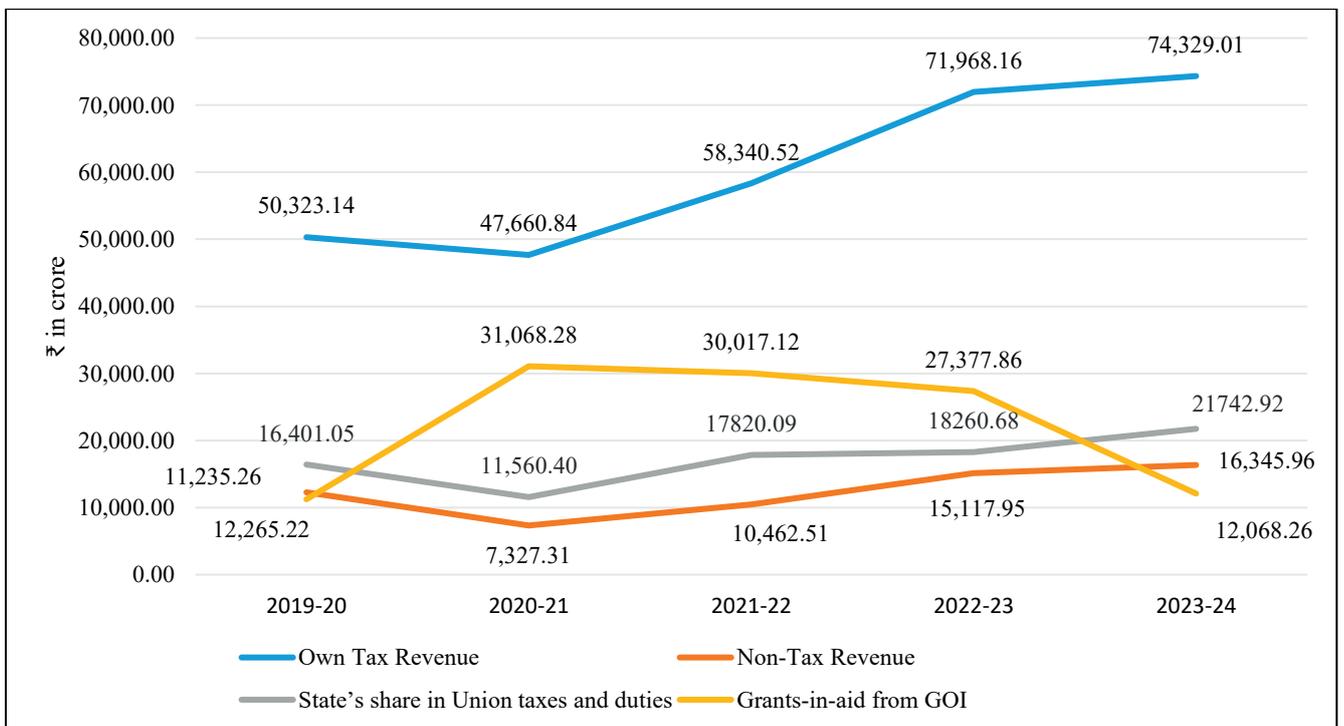
Chart 2.4: Trends of Revenue Receipts



Source: Finance Accounts

Trends in composition of revenue receipts during 2019-20 to 2023-24 are given in **Chart 2.5**.

Chart 2.5: Trends of components of Revenue Receipts



Source: Finance Accounts

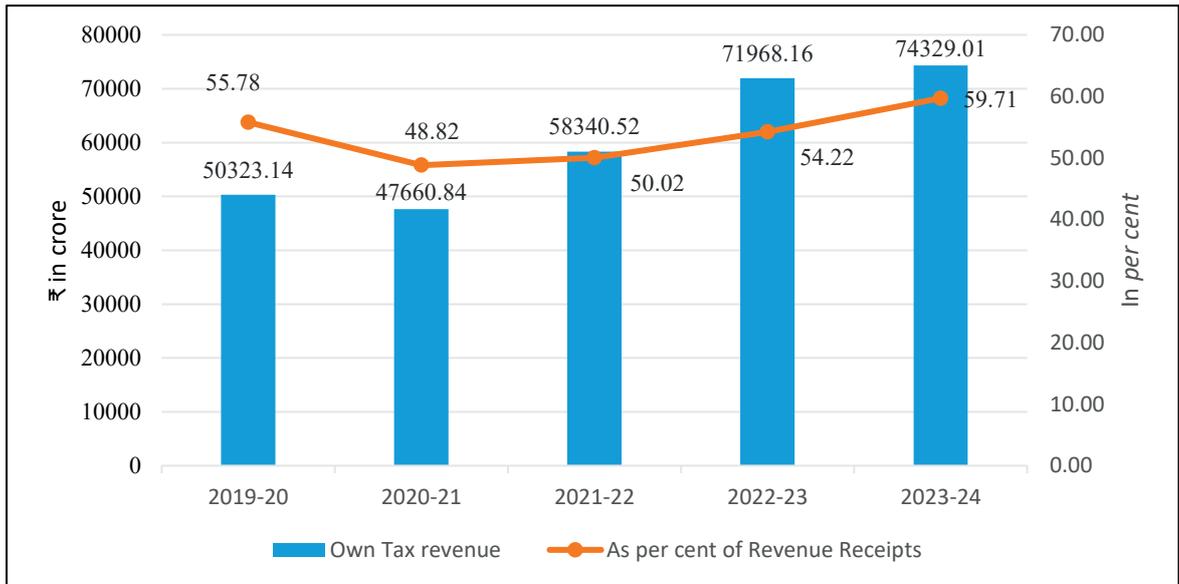
2.3.2.1 State's Own Resources

State's revenue consists of own tax revenue and non-tax revenue.

(i) Own tax revenue

Own tax revenue of the State consists of State specific taxes like State GST, Excise etc. The trend of own tax revenue and analysis of its components during the period 2019-2024 are shown in **Chart 2.6** & **Table 2.4** respectively.

Chart 2.6: Trend of Own Tax Revenue Receipts during 2019-24



Source: Finance Accounts

Table 2.4: Components of States' own tax revenue

(₹ in crore)

Sl No.	Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
	1	2	3	4	5	6	7
1	State Goods and Services tax	20,446.95	20,028.31	24,169.81	29,513.28	30,563.60	
2	Taxes on Sales, Trade etc.	19,649.64	17,689.17	22,487.42	26,875.78	27,690.43	
3	Stamps and Registration Fees	3,615.01	3,489.59	4,857.33	6,216.71	5,694.88	
4	State Excise	2,255.28	2,329.22	2,032.23	2,875.95	2,944.02	
5	Taxes on Vehicles	3,721.14	3,386.28	4,037.10	5,386.81	6,340.46	
6	Land Revenue	332.42	493.35	470.84	718.9	711.71	
7	Other Taxes and Duties on Commodities and Services	39.31	48.8	56.04	67.89	62.13	
8	Others	263.39	196.12	229.75	312.84	321.78	
9	Total	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01	
10	Growth rate in (per cent)	(-).0.63	(-).5.29	22.41	23.36	3.28	

Source: Statement 3 of Finance Accounts of respective years

- State's own tax revenue increased by ₹24,005.87 crore (47.70 per cent) from ₹50,323.14 crore in 2019-20 to ₹74,329.01 crore in 2023-24. When compared to 2022-23, own tax revenue increased by ₹2,360.85 crore (3.28 per cent) during 2023-24. As percentage to Revenue Receipts, State's own tax revenue was 59.71 per cent during 2023-24.
- State Goods and Services Tax (SGST) was the single largest source of State's own tax revenue (41 to 42 per cent) followed by Taxes on Sales, Trade etc. (37 to 39 per cent) during the period 2019-20 to 2023-24.
- The major increase in own tax revenue during 2023-24 was under SGST (₹1,050.32 crore), Taxes on Sales, Trade etc. (₹814.65 crore) and Taxes on Vehicles (₹953.65 crore) when compared to 2022-23.

(a) State Goods and Services Tax (SGST)

Goods and Services Tax (GST) was introduced with effect from 1 July 2017. During the year 2023-24, the State GST collection was ₹30,563.60 crore compared to ₹29,513.28 crore in 2022-23, registering an increase of ₹ 1,050.32 crore (3.56 per cent). This includes adjustment of Advance Apportionment of IGST amounting to ₹ (-)332.10 crore. The negative balance is due to adjustment of advance apportionment to make up shortfall in IGST balance as on 26 December 2022. In addition, the State received ₹6,598.65 crore as its share of net proceeds assigned to the State under Central Goods and Services Tax. The total receipts under GST were ₹37,162.25 crore. The State received compensation of ₹ 737.88 crore as Grant-in-aid from GoI on account of loss of revenue arising out of implementation of GST during 2023-24.

(b) Analysis of arrears of revenue

The arrears of revenue indicate delayed realisation of revenue due to the Government. It deprives the State of potential revenue receipts and ultimately affects the revenue deficit.

Arrears of revenue

Audit noticed that there were huge arrears of revenue in 14 cases in 13 Departments pending realisation. The arrears of revenue as on 31 March 2024 amounted to ₹24,462.50 crore of which ₹6,880.85 crore was outstanding for more than five years, as detailed in **Table 2.5**.

Table 2.5: Arrears of revenue as on 31 March 2024

<i>(₹ in crore)</i>			
Sl. No	Name of Department/Heads of Account	Amount	Outstanding for more than 5 years
1	Police Department (MH 0055)	494.20	274.94
2	Kerala State Audit Department (MH 0070)	110.66	21.30
3	Factories & Boilers (MH 0230)	1.49	0.03
4	Finance Department-Arrears in interest receipts (MH 0049)	7,604.49	Nil

Sl. No	Name of Department/Heads of Account	Amount	Outstanding for more than 5 years
5	Finance Department-Arrears in Guarantee commission (MH 0075)	395.94	Nil
6	Registration Department (MH 0030)	723.53	Nil
7	Excise Department (MH 0039)	303.50	303.50
8	Mining and Geology Department (MH 0853)	224.00	69.50
9	Printing (MH 0058)	51.41	40.49
10	Stationery (MH 0058)	30.36	25.53
11	Labour Department (MH 0230)	0.40	Nil
12	State Goods and Services Tax Department	13,559.46	5,754.74
13	Forest Department (MH 0406)	420.92	272.41
14	Land Revenue Commissionerate (MH 0029)	542.14	118.41
	Total arrears	24,462.50	6,880.85

Source: Information collected from various departments

(c) Evasion of tax detected by the department

The cases of evasion of taxes detected by the department, cases finalised and demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The promptness in disposal of these cases is an important indicator of performance of the departments concerned.

The details of cases of evasion of tax detected by various departments, cases finalised and demands for additional tax raised, as reported by the departments are given in **Table 2.6** below:

Table 2.6: Evasion of tax detected

Sl No	Particulars	0030- Stamps & Registration fees	0029- Land Revenue	0406 - Forestry and Wildlife	0041- Motor vehicles	0040- SGST	
1	Number of Cases pending as on 31 March 2023	1,41,850	2461	9	26	19,105	
2	Number of Cases detected during 2023-24	14,783	50	0	0	18,667	
3	Total	1,56,633	2,511	9	26	37,772	
4	Cases in which assessment/ investigation completed and additional demand with penalty etc. raised	Number of cases	10,111	57	0	0	24,832
		Amount of demand (₹ in crore)	25.87	0.3	0	0	4,161.04
5	Number of cases pending for finalisation as on 31 March 2024	1,46,522	2,454	9	26	12,940	

Source: Information collected from departments

(ii) Non-tax Revenue

Non-Tax revenue consists of State lotteries, dividends and profits, Forestry and wildlife, interest receipts, etc. as shown in **Table 2.7**.

Table 2.7: Main components of State’s Non-tax Revenue

(₹ in crore)

Sl No	Revenue Heads	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
1	State Lotteries	9,973.67	4,873.01	7,134.93	11,892.87	12,530.91	
2	Dividends and Profits	100.33	110.19	227.98	48.93	242.68	
3	Forestry and Wildlife	255.85	236.61	200.57	290.61	262.43	
4	Interest Receipts	84.95	246.64	177.05	171.95	175.35	
5	Other Non-Tax Receipts	1,850.42	1,860.86	2,721.98	2,713.60	3,134.59	
6	Non Tax Revenue	12,265.22	7,327.31	10,462.51	15,117.96	16,345.96	

Source: Statement 14 of Finance Accounts of respective years

The non-tax revenue increased from ₹ 12,265.22 crore in 2019-20 to ₹16,345.96 crore in 2023-24. It increased by ₹ 1,228 crore (8.12 per cent) during 2023-24 over the previous year. Receipts from State Lotteries is the major source of non-tax revenue and its share in non-tax revenue ranged between 66 per cent and 81 per cent of non-tax revenue during the period from 2019-20 to 2023-24. During 2023-24, revenue from State Lotteries constituted 76.66 per cent of the non-tax revenue. Revenue from State Lotteries increased by 5.36 per cent (₹638.04 crore) during the current year when compared to the growth rate of 66.69 per cent (₹4,757.94 crore) during 2022-23. Directorate of State Lotteries attributed (January 2025) the huge growth rate in 2022-23 to decreased revenue collection during 2021-22 due to cancellation of several lottery tickets and reduction in sale due to Covid pandemic. The normal growth rate was subsequently maintained during 2023-24. Other major increase in non-tax revenue during 2023-24 was under dividends and profits (₹193.75 crore).

(a) State Lotteries

Lotteries yield GST on the sales value, as well as non-tax revenue on the sales value of tickets as shown in **Table 2.8** below:

Table 2.8: Revenue from State Lotteries for the period 2019-2024

(₹ in crore)

Sl No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Sales Revenue	9,973.67	4,873.01	7,134.93	11,892.87	12,530.91
2	SGST	636.78	687.52	1,000.24	1,664.74	1,754.09
3	Total Revenue	10,610.45	5,560.53	8,135.17	13,557.61	14,285.00

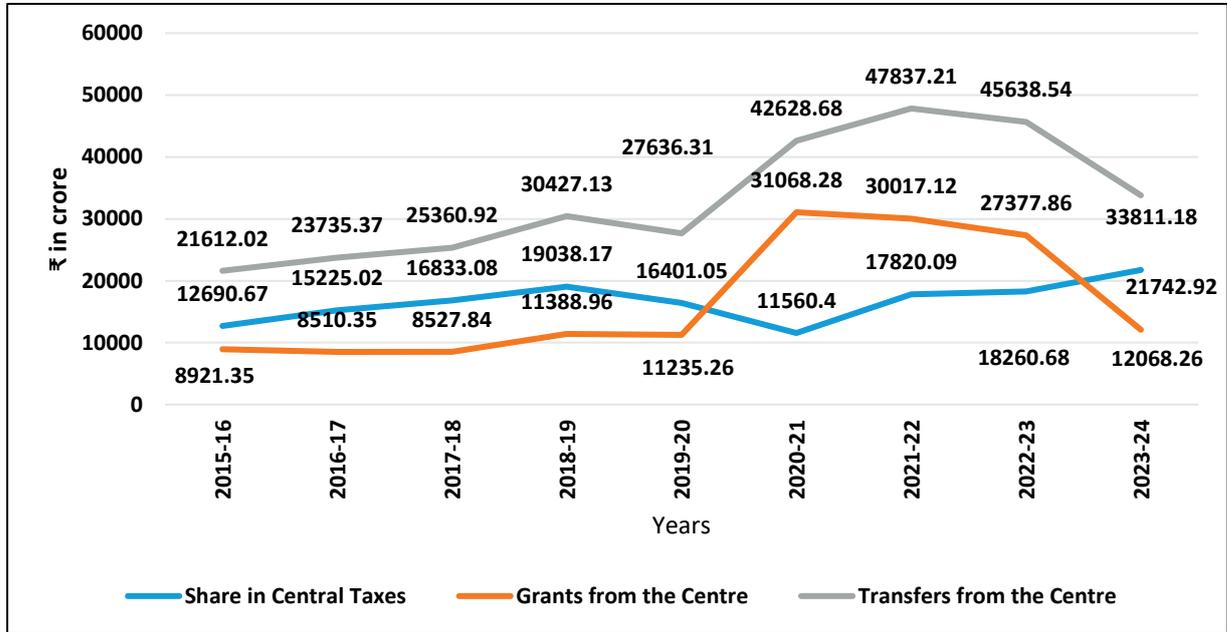
Source: Information collected from Lotteries Department and Statement 14 of Finance Accounts of respective years

Lotteries organised by GoI or Government of a State is a Union subject but the tax on sale of such lotteries is a State subject. States are allowed to organise the lotteries subject to observance of the provisions in the ‘Lotteries Regulation Act, 1998’ and rules made there under. Against the actual sale proceeds of ₹12,530.91 crore during 2023-24, the SGST collected on sales value is ₹1,754.09 crore. Thus, revenue from State lotteries is a very important source of own revenue of the Government contributing ₹14,285.00 crore.

2.3.2.2 Transfers from the Centre

Transfers from Centre include State's share of Union taxes and Grants-in-aid from Government of India. The details of these transfers during the period from 2015-16 to 2023-24 are shown in **Chart 2.7**.

Chart 2.7: Trends in transfers from Centre



Source: Statement 2 of Finance Accounts of respective years

(i) Central Tax transfer

Actual release of State's share in Union taxes and duties vis-à-vis projection made by Fourteenth Finance Commission and Fifteenth Finance Commission during the period 2015-16 to 2023-24 are given in **Table 2.9**.

Table 2.9: State's Share in Union Taxes and Duties: Actual devolution vis-à-vis Finance Commission projection

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
2015-16	2.50 per cent of net proceeds of all shareable taxes excluding service tax and 2.526 per cent of net proceeds of shareable service tax (as per recommendation of Fourteenth FC)	14,511	12,691	(-),820
2016-17		16,745	15,225	(-),520
2017-18		19,348	16,833	(-),2,515
2018-19		22,383	19,038	(-),3,345
2019-20		25,925	16,401	(-),9,524
2020-21	1.943 per cent of the net proceeds of the taxes (divisible pool) (as per recommendation of Fifteenth FC)	16,616	11,560	(-),5,056
2021-22	1.925 per cent of the net proceeds of the taxes (divisible pool) (as per recommendation of Fifteenth FC)	12,678	17,820	5,142
2022-23		14,103	18,261	4,158
2023-24		15,869	21,743	5,874

Source: Reports of the Fourteenth FC, Fifteenth FC and Finance Accounts

From 2021-22 onwards, the amount of actual tax devolution was more than the projections made by the Finance Commission.

Trends in Components of Central Tax transfers during 2019-20 to 2023-24 are shown in **Table 2.10**.

Table 2.10: Central Tax transfers

(₹ in crore)

Sl No.	Head	2019-20	2020-21	2021-22	2022-23	2023-24
1	Central Goods and Services Tax (CGST)	4,654.19	3,325.63	4,832.67	5,165.39	6,598.65
2	Integrated Goods and Services Tax (IGST)	0	0	0	0	0
3	Corporation Tax	5,592.06	3,546.02	5,238.12	6,109.21	6,526.25
4	Taxes on Income other than Corporation Tax	4,381.76	3,642.70	5,104.81	5,983.30	7,537.02
5	Customs	1,039.60	591.59	1,431.33	718.62	761.95
6	Union Excise Duties	722.80	380.78	898.09	225.48	288.31
7	Service Tax	0.00	62.54	294.96	28.59	4.07
8	Taxes on Wealth	0.25	0	1.48	0	0
9	Other Taxes ⁵	10.39	11.14	18.63	30.09	26.67
10	Total	16,401.05	11,560.40	17,820.09	18,260.68	21,742.92
11	Percentage of increase over previous year	(-) 13.85	(-) 29.51	54.15	2.47	19.07
12	Percentage of Central tax transfers to Revenue Receipts	18.18	11.84	15.28	13.76	17.47

Source: Statement 3 of Finance Accounts of respective years

The Central tax transfers stood at ₹ 21,742.92 crore in 2023-24, registering an increase of 19.07 per cent (₹ 3,482.24 crore) over the previous year.

(ii) Grants-in-aid from Government of India

Grant-in-aid (GIA) received from the Government of India contributed to 9.69 per cent of the revenue receipts of the State during 2023-24. Details of GIA received by the State Government from GoI during 2019-20 to 2023-24 are given in **Table 2.11**.

Table 2.11 : Grants-in-aid from Government of India

(₹ in crore)

Sl No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Grants for Plan Schemes	-	-	(-) 0.74	0	(-) 17.87
2	Grants for Centrally Sponsored Schemes	3,262.65	5,141.92	3,801.74	4,587.79	3,936.74
3	Finance Commission Grants	2,343.01	18,048.80	22,171.13	15,382.30	7,245.68
4	Other transfers/ Grants to States/ Union Territories with Legislature	5,629.60	7,877.56	4,044.99	7,407.77	903.71
5	Total	11,235.26	31,068.28	30,017.12	27,377.86	12,068.26
6	Percentage of increase over the previous year	(-) 1.35	176.52	(-) 3.38	(-) 8.79	(-) 55.92
7	Percentage of GIA to Revenue Receipts	12.45	31.83	25.73	20.63	9.69

Source: Statement 3 of Finance Accounts of respective years

⁵ Include Other Taxes on Income and Expenditure, Other Taxes and Duties on Commodities and Services.

During the year 2023-24, the Grants-in-Aid from GoI decreased by ₹ 15,309.60 crore (55.92 per cent) over the previous year, the reason for which was attributable to reduction in the Finance Commission grants by ₹ 8,136.62 crore. Decrease in Finance Commission grants during 2023-24 was mainly under Post Devolution Revenue Grant (₹ 8,425 crore). Grants under ‘Other transfers/ Grants to States/ Union Territories with Legislature’ also decreased by ₹6,504.06 crore mainly due to decrease under compensation for loss of revenue arising out of implementation of GST by ₹ 6,508.09 crore.

2.3.3 Transfer of funds to Single Nodal Agency (SNA)

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23-03-2021 had notified the procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released through Single Nodal Agency (SNA). For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA’s account along with the corresponding State share within 30 days of receipt of central share.

As per Finance Accounts, ₹ 3,936.74 crore was received as Central share for CSS from GoI during 2023-24. As per the SNA Report from PFMS, the State Government received ₹3,773.63 crore being the Central share during the year 2023-24 in its Treasury Accounts. The difference of ₹163.11 crore is under reconciliation.

As per SNA Report, as on 31 March 2024, the Government transferred Central share of ₹3,069.44 crore and State share of ₹3,152.66 crore to the SNAs. An amount of ₹ 2,294.93 crore is lying unspent in the bank accounts of SNAs as on 31 March 2024 (₹ 704.19 crore remained untransferred). There is a difference of ₹334.54 crore between expenditure incurred by State under CSS as per SNA Report (₹6,222.10 crore) and Finance Accounts (₹6,556.64 crore) which is under reconciliation.

2.3.4 Fifteenth Finance Commission Grant

The Fifteenth Finance Commission (XV-FC, henceforth) grants were provided to the States for local bodies, disaster management, post devolution revenue deficit grant and health sector. The details of grants-in-aid recommended by XV-FC and grants provided to the States are given in **Table 2.12**.

Table 2.12: Recommended amount, actual release and transfers of Grant-in-aid

(₹ in crore)

Transfers		Recommendation of XV FC for 2023-24	Actual release by GoI during 2023-24	
(i)	Grants to Panchayati Raj Institutions (PRIs)	1,260.00	1,260.00	
	(a) General Basic (untied) Grants	504.00	504.00	
	(b) Performance (tied) Grants	756.00	756.00	
(ii)	Grants to Urban Local Bodies (ULBs)	649.00	400.36	
	(a) One million plus cities (for solid waste management and sanitation)	281.00	265.00	
	(b) Non- million plus cities (untied grants for local needs)	147.20	54.14	
	(c) Non- million plus cities (tied grants for drinking water, rain water harvesting, solid waste management and sanitation)	220.80	81.22	
Total for Local Bodies (i+ii)		1,909.00	1,660.36	
Grants for Health sector		587.00	458.03	
SDRMF	SDRF	Central share	277.60	277.60
		State Share	92.00	92.00
		Total	369.60	369.60
	SDMF	Central share	69.40	100.70*
		State Share	23.00	33.50**
		Total	92.40	134.20
Post Devolution Revenue Deficit Grant		4,749.00	4,749.00	

*Includes ₹66 crore for the year 2022-23, **Includes ₹22 crore for the year 2022-23

Source: XV FC report and Finance Accounts

- Against the XV FC recommendation for 2023-24, there was shortfall in receipt of GoI funds amounting to ₹ 248.64 crore and ₹ 128.97 crore during the year in respect of grants to ULBs and Health sector respectively.
- During the current year, the GoI released ₹7,245.69 crore which was 52.90 per cent less than the amount (₹15,382.30 crore) released during the previous year. This shortfall was recorded mainly under Grants to Local Bodies (10.25 per cent) and post devolution revenue deficit grant (63.95 per cent).
- XV FC has not recommended Post Devolution Revenue Deficit Grant from 2024-25 onwards.

2.3.5 Capital Receipts (Debt and non-debt Capital Receipts)

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions) and loans and advances from GoI.

The trends of capital receipts and its components during 2019-20 to 2023-24 are shown in **Table 2.13**.

Table 2.13: Trends in growth and composition of capital receipts

(₹ in crore)					
Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts	25,514.50	40,280.76	42,597.17	38,721.39	51,810.65
Non-Debt Receipts	322.80	297.97	539.51	459.23	762.31
<i>i. Miscellaneous Capital Receipts</i>	27.48	34.15	60.27	49.94	47.51
<i>ii. Recovery of Loans and Advances</i>	295.32	263.82	479.24	409.29	714.80
Public Debt Receipts*	25,191.70	39,982.79	42,057.66	38,262.16	51,048.34
<i>Internal Debt</i>	23,041.01	32,964.05	32,592.64	35,737.73	50,147.42
<i>Loans and advances from GoI</i>	2,150.69	7,018.74	9,465.02	2,524.43	900.92
Rate of growth of Debt Capital Receipts (in per cent)	6.08	58.71	5.19	(-)9.02	33.42
Rate of growth of Non-Debt Capital Receipts (in per cent)	25.58	(-) 7.69	81.06	(-)14.88	66.00
GSDP	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
Rate of growth of GSDP (in per cent)	3.13	(-)5.07	19.79	10.72	11.97
Debt Receipts/Capital Receipts (in per cent)	98.73	99.26	98.73	98.81	98.53
Rate of growth of Capital Receipts (in per cent)	6.29	57.87	5.75	(-)9.10	33.80

Source: Statement 2 and 6 of Finance Accounts of respective years; for GSDP, data furnished by Directorate of Economics and Statistics.

*including net figures under Ways and Means Advance/Over Drafts/Special Drawing Facility.

Capital Receipts increased by 33.80 per cent from ₹38,721.39 crore in 2022-23 to ₹51,810.65 crore in 2023-24. The increase was mainly due to increase in internal debt receipts by ₹14,409.69 crore (40.32 per cent) over the previous year. During 2023-24, 96.79 per cent of capital receipts came from net internal debt.

2.3.6 State's performance in mobilisation of resources

The State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax resources.

The State's actual tax and non-tax revenue for the year 2023-24 *vis-à-vis* projections made by Fifteenth Finance Commission (XV-FC) and Budget Estimates are presented in **Table 2.14** below.

Table 2.14: Tax and Non-Tax receipts *vis-a-vis* projections for the year 2023-24
(₹ in crore)

Particulars	XV-FC Projections	Budget Estimates	Actual	Percentage variation of actual over	
				XV-FC Projections	Budget Estimates
Own Tax Revenue	87,780	81,038.77	74,329.01	(-)15.32	(-)8.28
Non-Tax Revenue	4,743	17,088.62	16,345.96	244.63	(-)4.35
Total	92,523	98,127.39	90,674.97	(-)2.00	(-)7.59

Source: XV-FC report, Annual Financial Statement and Statement 2 of Finance Accounts of 2023-24

The own tax revenue of the State in 2023-24 was lower than the projections made in the XV-FC and budget estimates by 15.32 per cent and 8.28 per cent respectively. However, non-tax revenue collected during 2023-24 was higher than the projections made by XV-FC by 244.63 per cent but fell short of budget estimates by 4.35 per cent.

2.4 Application of Resources

The State Government is vested with the responsibility of improving the quality of life of its citizens by spending its resources on health, education, agriculture, industry, infrastructure etc. An analysis of growth and composition of expenditure is detailed in the succeeding paragraphs.

Growth and composition of expenditure

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules by competent authority shall be classified as capital expenditure.

Loans and Advances: Loans and Advances by the Government to Public Sector Undertakings (PSU) and other parties.

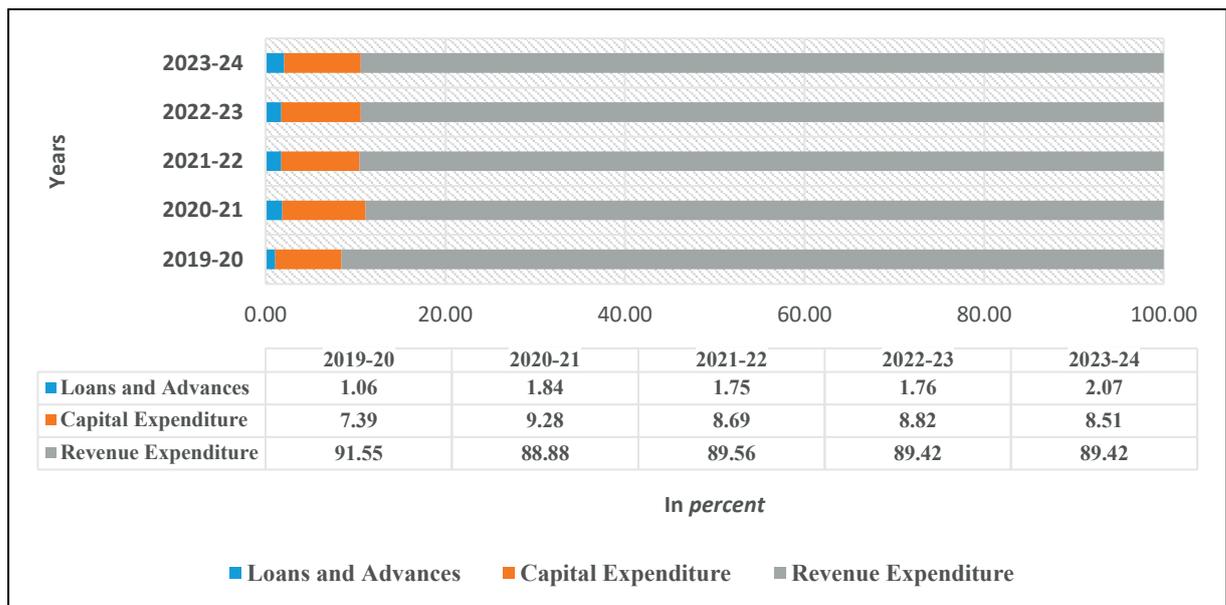
Trends of overall expenditure and its components during 2019-20 to 2023-24 are shown in **Table 2.15** and **Chart 2.8**.

Table 2.15: Total Expenditure and its compositions

(₹ in crore)

Sl No.	Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Expenditure (TE)	1,14,384.94	1,38,884.49	1,63,225.53	1,58,738.42	1,59,506.51
2	Revenue Expenditure (RE)	1,04,719.92	1,23,446.33	1,46,179.51	1,41,950.93	1,42,626.34
3	Capital Expenditure (CE)	8,454.80	12,889.65	14,191.73	13,996.56	13,584.45
4	Loans and Advances	1,210.22	2,548.51	2,854.29	2,790.93	3,295.72
5	GSDP (₹ in crore)	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
6	TE/GSDP	14.07	18.00	17.66	15.51	13.92
7	RE/GSDP	12.88	16.00	15.81	13.87	12.44
8	CE/GSDP	1.04	1.67	1.54	1.37	1.19
9	Loans and advances/GSDP	0.15	0.33	0.31	0.27	0.29

Source: Statement 2 of Finance Accounts of respective years

Chart 2.8: Total Expenditure: Trends in share of its components

Source: Statement 2 of Finance Accounts of respective years

The Total Expenditure (TE) increased from ₹ 1,14,384.94 crore in 2019-20 to ₹1,59,506.51 crore (39.45 per cent) in 2023-24. As a percentage of GSDP, TE increased from 14.07 per cent in 2019-20 to 18 per cent in 2020-21 and thereafter, decreased steadily to 13.92 per cent in 2023-24.

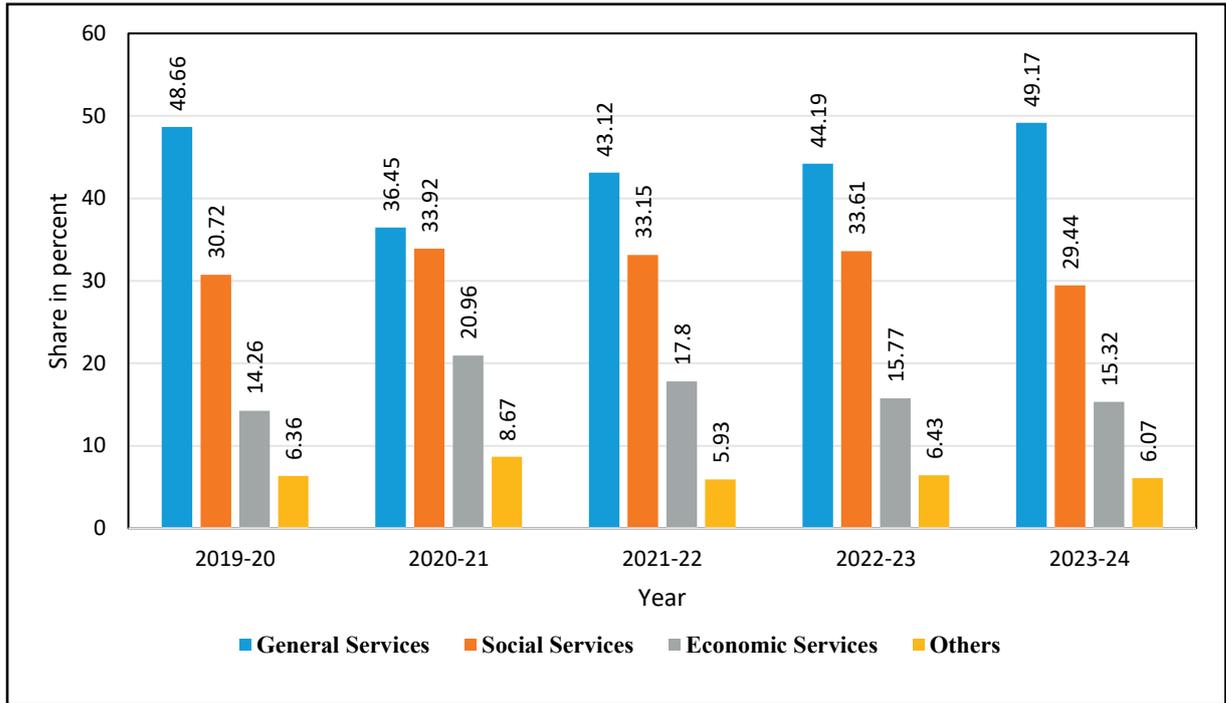
In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and Others. The relative share of these sectors of expenditure during 2019-20 to 2023-24 are given in **Table 2.16** and **Chart 2.9**.

Table 2.16 : Relative share of various sectors of expenditure*(₹ in crore)*

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	55,661.45	50,620.56	70,380.26	70,138.58	78,432.42
Social Services	35,135.41	47,110.34	54,113.75	53,345.02	46,963.95
Economic Services	16,313.99	29,112.63	29,051.70	25,039.10	24,432.04
Others (Grants to Local Bodies and Loans and Advances)	7,274.09	12,040.96	9,679.82	10,215.72	9,678.10
Total	1,14,384.94	1,38,884.49	1,63,225.53	1,58,738.42	1,59,506.51

Source: Finance Accounts

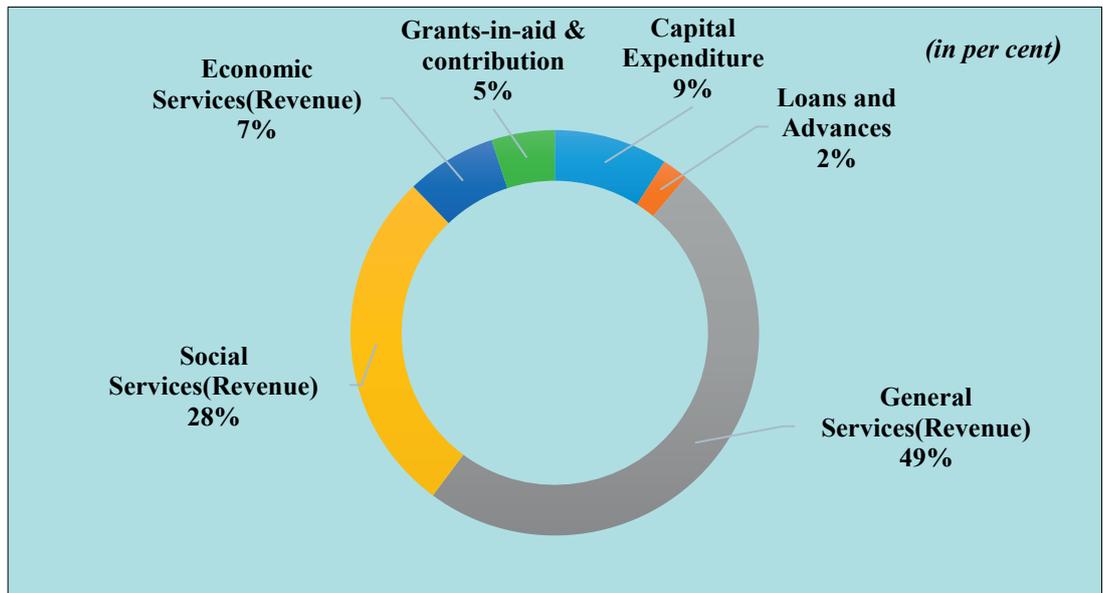
Chart 2.9: Total Expenditure - Expenditure by activities



Source: Finance Accounts

Chart 2.9 shows that relative share of General, Social and Economic Services fluctuated during 2019-20 to 2023-24. While the share of General Services in Total Expenditure increased during 2023-24 when compared to the previous year, the relative share of Social Services, Economic Services and others decreased during the year 2023-24. **Chart 2.10** shows composition of expenditure by function.

Chart 2.10: Composition of expenditure by function during 2023-24



Source: Finance Accounts

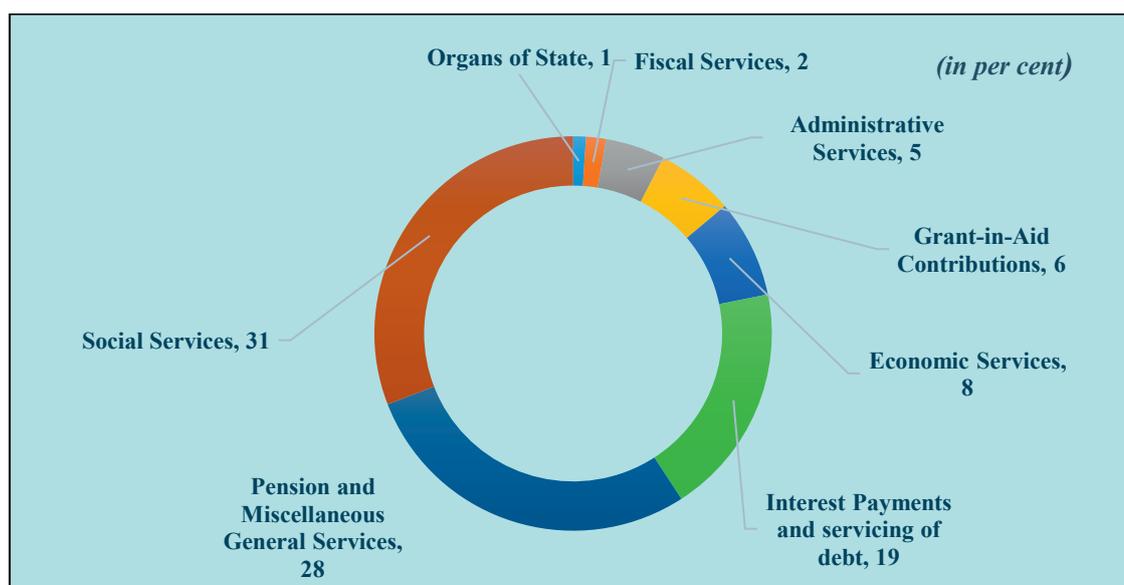
General Services in Revenue Sector constituted the major portion of Total Expenditure (49.02 per cent) followed by Social Services (Revenue) (27.59 per cent) during 2023-24. Capital expenditure constituted only 8.52 per cent of TE during 2023-24.

2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and to pay for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network.

The overall Revenue Expenditure, its rate of growth and its ratio to Total Expenditure are indicated in **Table 2.17** and the sectoral distribution of Revenue expenditure pertaining to 2023-24 is given in **Chart 2.11**.

Chart 2.11: Sector-wise distribution of revenue expenditure (in per cent)



Source: Finance Accounts

Table 2.17: Revenue Expenditure – Basic parameters

Particulars	₹ in crore				
	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	1,14,384.94	1,38,884.49	1,63,225.53	1,58,738.42	1,59,506.51
Revenue expenditure (RE)	1,04,719.92	1,23,446.33	1,46,179.51	1,41,950.93	1,42,626.34
Rate of Growth of RE(per cent)	(-)5.07	17.88	18.42	(-)2.89	0.48
Revenue Receipts (RR)	90,224.67	97,616.83	1,16,640.24	1,32,724.65	1,24,486.15
Rate of growth of Revenue Receipts	(-)2.83	8.19	19.49	13.79	(-)6.21
GSDP	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
Rate of growth of GSDP	3.13	(-)5.07	19.79	10.72	11.97
Revenue expenditure as percentage to TE	91.55	88.88	89.56	89.42	89.42
RE as percentage of RR	116.07	126.46	125.33	106.95	114.57
RE/GSDP (per cent)	12.88	16.00	15.81	13.87	12.44

Source: Finance Accounts of respective years; for GSDP, data furnished by Directorate of Economics and Statistics

- The expenditure pattern of the State revealed that, revenue expenditure hovered around 89 to 92 *per cent* of the total expenditure during the period (2019-20 to 2023-24) leaving inadequate resources for creation of assets.
- The ratio of revenue expenditure to revenue receipts ranged between 107 *per cent* to 126 *per cent* during the period and it was 114.57 *per cent* during 2023-24. The State had to resort to borrowed funds for meeting the revenue expenditure which goes against the tenets of prudent fiscal management.
- Revenue expenditure increased by ₹ 37,906.42 crore (36.20 *per cent*) from ₹ 1,04,719.92 crore in 2019-20 to ₹ 1,42,626.34 crore in 2023-24 growing at an annual average growth rate of 8.03 *per cent* during the five-year period. The corresponding growth rate in GSDP was 8.97 *per cent*.
- As a percentage of GSDP, Revenue expenditure decreased from 12.88 *per cent* in 2019-20 to 12.44 *per cent* in 2023-24.

2.4.1.1 Major Changes in revenue expenditure

The revenue expenditure for the year 2023-24 increased by ₹675.41 crore (0.48 *per cent*) as compared to 2022-23. The major increase in expenditure occurred under General Services, which increased by ₹ 8,353.48 crore (11.96 *per cent*) during 2023-24 when compared to 2022-23. Revenue Expenditure under Social Services and Economic Services decreased by ₹6,270.63 crore (12.47 *per cent*) and ₹865.99 crore (7.05 *per cent*) respectively during current year when compared to the previous year.

Table 2.18 shows the eight major heads of account where there was significant variation (₹300 crore and above) with regard to revenue expenditure of the State during the current year and the previous year.

Table 2.18: Variations in Revenue Expenditure during 2023-24 compared to 2022-23

(₹ in crore)					
Sl No.	Major Head of Account	2022-23	2023-24	Increase (+)/ Decrease (-)	Variation (in <i>per cent</i>)
1	2075-Miscellaneous General Services	8,352.24	14,741.68	6,389.44	76.50
2	2049 - Interest Payment	25,176.36	26,986.22	1,809.86	7.19
3	2801-Power	359.28	819.12	459.84	127.99
4	2408 - Food, Storage and Warehousing	1,428.53	1,796.51	367.98	25.76
5	2235 - Social Security and Welfare	12,940.59	7,940.22	(-) 5,000.37	(-)38.64
6	3054-Roads and Bridges	2,355.37	989.23	(-) 1366.14	(-)58.00
7	2210 - Medical and Public Health	9,270.90	8,657.54	(-)613.36	(-)6.62
8	3604-Compensation & Assignment to Local Bodies and Panchayati Raj Institutions	9,562.52	9,021.07	(-)541.45	(-)5.66

Source: Statement 15 of Finance Accounts

- Increase in interest payments on market loans (₹1,423.71 crore) accounted for 78.66 *per cent* of the increase in total interest payments of ₹ 1,809.86 crore. The expenditure under ‘Interest on other savings deposits’ and

‘Interest on Insurance and Pension Fund’ also increased by ₹146.23 crore and ₹85.49 crore respectively.

- Increase of ₹6,389.44 crore under ‘Miscellaneous General Services’ was mainly under ‘Refund of amounts resumed from the idling STSB Accounts’ (₹2,835.73 crore) and ‘State Lotteries’ (₹429.24 crore).
- Increase of ₹459.84 crore under ‘Power’ was due to increase in expenditure under ‘Assistance to Public Sector and Other Undertakings’(₹768.72 crore) partly off-set by decrease of expenditure under ‘Assistance to Electricity Boards’(₹307.77 crore).
- Increase in expenditure of ₹367.98 crore under ‘Food, Storage and Warehousing’ was mainly due to increase in expenditure under ‘Food Subsidies’ (₹152.48 crore) and net increase under ‘Procurement & Supply’ (₹134.49 crore)⁶.
- Decrease in expenditure of ₹5,000.37 crore under ‘Social Security and Welfare’ was due to decrease in expenditure under ‘Pension under Social Security Schemes’(₹4,944.37 crore) and ‘Welfare of Aged, Infirm and Destitute’(₹202.74 crore).
- Decrease in expenditure of ₹1,366.14 crore under ‘Roads & Bridges’ was mainly due to decrease of expenditure under ‘Assistance to Gram panchayat’(₹722.66 crore) and ‘Assistance to Zilla Parishads/District level Panchayats’(₹276.84 crore).
- Decrease in expenditure of ₹613.35 crore under ‘Medical and Public Health’ was mainly due to decrease in expenditure under ‘Prevention and Control of diseases’(₹611.19 crore).
- Decrease in expenditure of ₹541.45 crore under ‘Compensation & Assignments to Local Bodies and Panchayati Raj Institutions’ was mainly due to decrease in expenditure under ‘Other Miscellaneous Compensations and Assignments’(₹567.86 crore).

2.4.1.2 Committed expenditure

Interest payments, expenditure on salaries and wages, pension etc. have the first charge on the Government resources as committed expenditure. Higher the committed expenditure leaves the Government with lesser flexibility for development sector.

Apart from above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis

⁶ The net increase in expenditure under the Minor Head ‘Procurement and Supply’ amounting to ₹134.49 crore during 2023-24 was mainly due to increase in expenditure under ‘Paddy procurement through Kerala State Civil Supplies Corporation and Other Agencies’ (₹303.14 crore), ‘Assistance to State agencies for intra State movement of Food grains’ (₹138.52 crore), ‘Assistance to State Agencies for FPS Dealers’ Margin under NFSA’ (₹248.38 crore) partly offset by decrease in expenditure under ‘Ration Subsidy’ (₹555.55 crore).

unlike for variable transactions such as capital expenditure *etc.* For example, the following items may be considered as inflexible expenditure:

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

Table 2.19 presents the trends in the components of committed and inflexible expenditure during 2019-20 to 2023-24.

Table 2.19: Components of Committed Expenditure and Inflexible Expenditure

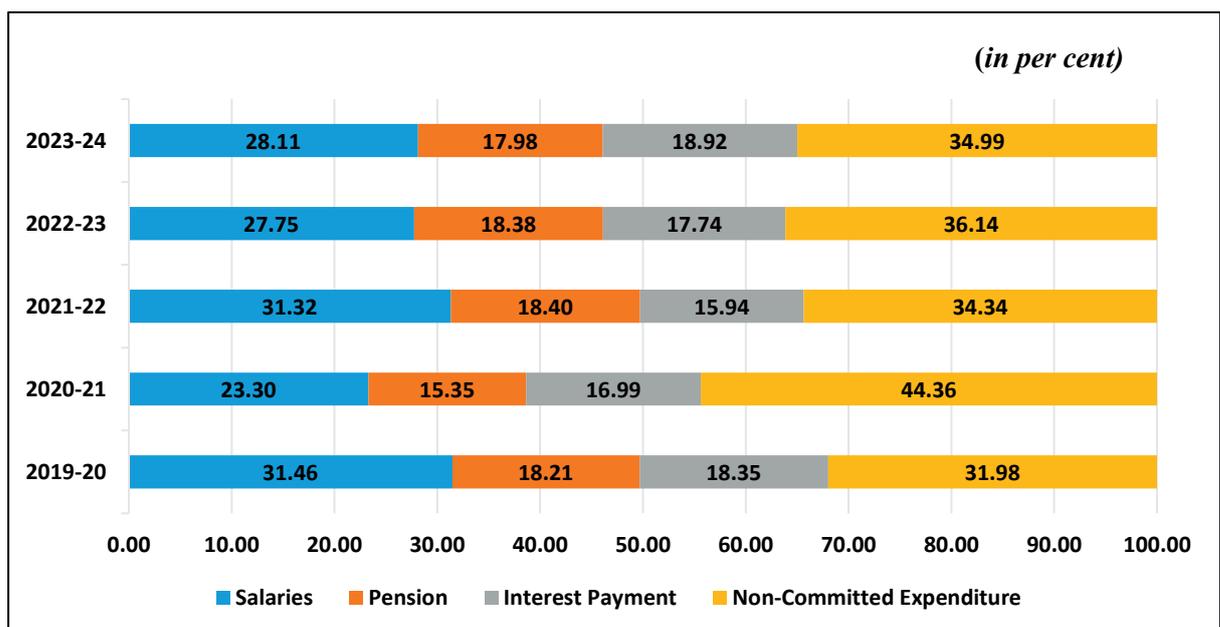
(₹ in crore)					
Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries & Wages	32,942.28	28,767.46	45,780.08	39,389.65	40,097.69
Expenditure on Pensions	19,064.29	18,942.85	26,898.69	26,090.04	25,644.24
Interest Payments	19,214.70	20,975.36	23,302.82	25,176.36	26,986.22
Total Committed Expenditure	71,221.27	68,685.67	95,981.59	90,656.05	92,728.15
Components of inflexible expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Statutory devolution to local bodies	8,007.35	12,345.16	10,186.09	12,375.71	10,120.34
Contribution to Reserve Funds – SDRF, SDMF	225.00	419.00	335.20	352.00	503.80
Transfer of Motor Vehicle Tax/Cess to KIIFB	2,200.00	2,172.86	2,068.08	2,469.69	3230.25
Payment of interest on the balances of the interest-bearing funds as if they could have been invested – SDRF, SDMF	24.27	171.85	101.09	38.94	37.28
Contribution to Consolidated Sinking Fund					120.00
Total of inflexible expenditure	10,456.62	15,108.87	12,690.46	15,236.34	14,011.67
As a percentage of Revenue Receipts					
Committed Expenditure					
Salaries & Wages	36.51	29.47	39.25	29.68	32.21
Expenditure on Pensions	21.13	19.41	23.06	19.66	20.60
Interest Payments	21.30	21.49	19.98	18.97	21.68
Total	78.94	70.37	82.29	68.30	74.49
Inflexible Expenditure					
Total	11.59	15.48	10.88	11.48	11.26

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
As a percentage of Revenue Expenditure					
Salaries & Wages	31.46	23.30	31.32	27.75	28.11
Expenditure on Pensions	18.21	15.35	18.40	18.38	17.98
Interest Payments	18.35	16.99	15.94	17.74	18.92
Total	68.02	55.64	65.66	63.86	65.01
Inflexible Expenditure					
Total	9.99	12.24	8.68	10.73	9.83
Non-committed Revenue Expenditure	33,498.65	54,760.66	50,197.92	51,294.88	49,898.19
Percentage of non-committed Revenue Expenditure to total Revenue Expenditure	31.98	44.36	34.34	36.14	34.99

Source: Statement 2 and 4 of Finance Accounts of respective years.

The quantum of committed expenditure on salaries and wages, pension and interest payments constituted 55 to 68 *per cent* of revenue expenditure during 2019-20 to 2023-24. It increased at an annual average rate of 6.82 *per cent* from ₹71,221.27 crore in 2019-20 to ₹92,728.15 crore in 2023-24. Committed expenditure increased by ₹ 2,072.10 crore (2.29 *per cent*) during 2023-24 over the previous year. The inflexible expenditure increased by ₹3,555.05 crore from ₹ 10,456.62 crore in 2019-20 to ₹14,011.67 crore in 2023-24. During 2023-24, it however decreased by ₹ 1,224.67 crore (8.04 *per cent*) when compared to the previous year. Taken together, the committed and inflexible expenditure in 2023-24 was ₹1,06,739.82 crore, which was 74.84 *per cent* of the revenue expenditure. The huge share of committed and inflexible expenditure in revenue expenditure leaves Government with a reduced flexibility for priority sectors and Capital creation. The percentage of component wise committed expenditure in Revenue Expenditure during 2019-20 to 2023-24 is given in **Chart 2.12**.

Chart 2.12: Share of Salaries, Pension & Interest in RE



Source: compiled from Finance Accounts of respective years.

Committed expenditure of Salaries and Wages, pension and interest payments constituted 65.01 *per cent* of the revenue expenditure of the State during 2023-24. The components of committed expenditure are discussed in the succeeding paragraphs.

Salaries and Wages

Expenditure on Salaries & wages increased from ₹ 32,942.28 crore in 2019-20 to ₹ 40,097.69 crore in 2023-24. During 2023-24, expenditure on Salaries and wages (₹40,097.69 crore) increased by 1.80 *per cent* over the previous year (₹39,389.65 crore). Share of salaries and wages in revenue expenditure increased marginally from 27.75 *per cent* in 2022-23 to 28.11 *per cent* in 2023-24.

Pensions

Expenditure on pension and other retirement benefits increased from ₹19,064.29 crore in 2019-20 to ₹25,644.24 crore in 2023-24. However, pension expenditure (₹25,644.24 crore) decreased by 1.71 *per cent* (₹445.80 crore) when compared to previous year (₹26,090.04 crore)

Interest Payments

Interest payments increased from ₹ 19,214.70 crore in 2019-20 to ₹26,986.22 crore in 2023-24. Interest payments increased by 7.19 *per cent* (₹ 1,809.86 crore) in 2023-24 (₹ 26,986.22 crore) over the previous year (₹ 25,176.36 crore). The interest paid on internal debt constituted 67.03 *per cent* (₹ 18,088.60 crore) of the total interest payment; while Small Savings, Provident Fund *etc.* accounted for 31.38 *per cent* (₹8,467.94 crore) of the total interest payment.

National Pension System

The Government of Kerala introduced the Defined Contribution Pension Scheme, (NPS) to all new entrants joining the State Government Service on or after 01 April 2013.

As per the guidelines of the Scheme, the employee has to contribute 10 *per cent* of his basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depositories Limited (NSDL)/Trustee Bank.

During the year 2023-24, total contribution to the NPS was ₹1,970.42 crore (Employees contribution ₹986.68 crore and Government's contribution ₹983.74 crore).

Out of total contribution of ₹ 1,974.62 crore (including opening balance of ₹0.19 crore), an amount of ₹1,974.48 crore was transferred to NSDL/Trustee Bank during 2023-24, leaving a balance of ₹0.14 crore under the Head of Account '8342-117 Defined Contribution Pension Scheme'.

2.4.1.3 Subsidies

The expenditure on subsidies decreased by ₹123.21 crore, from ₹1,847.04 crore in 2022-23 to ₹ 1,723.83 crore in 2023-24. The subsidies as a percentage of revenue receipts and revenue expenditure during the year are 1.38 and 1.21 *per cent* respectively as detailed in **Table 2.20** below:

Table 2.20: Expenditure on subsidies during 2019-2024

(₹ in crore)						
Sl No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Subsidies	1,429.01	6,547.48	4,153.97	1,847.04	1,723.83
2	Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.65	1,24,486.15
3	Revenue Expenditure	1,04,719.92	1,23,446.33	1,46,179.51	1,41,950.93	1,42,626.34
4	Subsidies as percentage of Revenue Receipts	1.58	6.71	3.56	1.39	1.38
5	Subsidies as percentage of Revenue Expenditure	1.36	5.30	2.84	1.30	1.21

Source: Statement 2 of Finance Accounts of respective years

The main items of subsidies given during the year 2023-24 included Grant to Kerala State Civil Supplies Corporation Limited for market intervention operations (₹390.80 crore), Ration Subsidy (₹144.45 crore), Paddy Procurement through Kerala State Civil Supplies Corporation and Other Agencies (₹577.50 crore), Interest Subsidy to Kerala Urban and Rural Development Finance Corporation (KURDFC) towards the loan availed from HUDCO (₹245.79 crore) and re-imburement of price difference to FCI (₹160.86 crore).

2.4.1.4 Financial assistance to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local Bodies and Other Institutions by way of Grants-in-aid to meet the pay and allowances, other Miscellaneous expenses and for creation of capital assets. The quantum of assistance provided by way of grants to Local Bodies, and other institutions during 2019-20 to 2023-24 is presented in **Table 2.21**.

Table 2.21: Financial assistance to Local Bodies, Educational Institutions etc.

(₹ in crore)						
Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24	
(A) Local Bodies						
Municipal Corporation and Municipalities	2,296.24	3,653.02	2,584.33	3,676.97	2,806.69	
Panchayati Raj Institutions	5,711.11	8,692.14	7,601.76	8,698.74	7,313.65	
Total (A)	8,007.35	12,345.16	10,186.09	12,375.71	10,120.34	
(B) Others						
Public Sector Undertakings (Government Companies and Statutory Corporations)	365.92	774.92	972.19	770.45	1,153.60	

Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
Educational Institutions (Universities)	1,564.63	1,569.61	1,713.01	1,714.52	1,758.30
Co-operative Institutions	50.5	91.71	47.43	54.96	51.42
Other Institutions	933.42	3,174.94	3,339.83	928.07	734.30
Total (B)	2,914.47	5,611.18	6,072.46	3,468.00	3,697.62
Total (A +B)	10,921.82	17,956.34	16,258.55	15,843.71	13,817.96
GIA for Salary	1,958.11	1,915.98	1,938.79	1,871.62	1,928.54
GIA for creation of Capital Asset	4,107.55	7,170.60	7,136.33	7,024.58	6,146.13
GIA for non-salary	798.99	1,452.32	1,626.76	974.26	781.36
GIA given in kind	Information not provided by State Government				
Revenue Expenditure	1,04,719.92	1,23,446.33	1,46,179.51	1,41,950.93	1,42,626.34
Assistance as percentage of Revenue Expenditure	10.43	14.55	11.12	11.16	9.69

Source: Statement 10 of Finance Accounts of respective years

The financial assistance to Local Bodies decreased by ₹2,255.37 crore from ₹12,375.71 crore in 2022-23 to ₹10,120.34 crore in 2023-24. Against the budget allocation of ₹16,299.83 crore for Local Bodies during 2023-24 the expenditure incurred was only ₹10,120.34 crore.

It is significant to note that the sanction for allotment of final instalment of Development Fund and Maintenance Fund (Road assets and Non-road assets) for 2023-24 amounting to ₹1,850.68 crore and ₹1,215.66 crore were issued only on 22 March 2024 and 30 March 2024 respectively. Similarly, the sanction for allotment of last three instalments of General Purpose Fund for 2023-24 amounting to ₹557.04 crore were issued only on 30 March 2024.

2.4.1.5 Allocation of expenditure booked under Centrally Sponsored Schemes

The total expenditure booked under Centrally Sponsored Schemes (CSS) as on 31 March 2024, is ₹ 6,556.64 crore (Revenue expenditure ₹ 5,379.93 crore and Capital expenditure ₹ 1,176.71 crore), which includes expenditure out of Central share (₹3,912.71 crore) and State share (₹2,643.93 crore).

2.4.2 Capital Expenditure

Capital Expenditure is primarily the expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges etc. It also includes investments made by State Government in Companies/Corporations. The overall capital expenditure, its growth over previous year and its percentage to GSDP during the last five years (2019-2024) are indicated in **Table 2.22**.

Table 2.22: Trend of Capital Expenditure during the last five years (2019-24)
(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Capital expenditure (CE)	8,454.80	12,889.65	14,191.73	13,996.56	13,584.45
Growth in CE (in per cent)	13.78	52.45	10.10	(-1.38)	(-2.94)
Total expenditure (TE)	1,14,384.94	1,38,884.49	1,63,225.53	1,58,738.42	1,59,506.51
CE/TE (in per cent)	7.39	9.28	8.69	8.82	8.52
GSDP	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
CE/GSDP (in per cent)	1.04	1.67	1.54	1.37	1.19
Budget for Capital expenditure*	17,179.27	15,455.54	18,086.52	19,438.36	18,216.83
CE/Budget (in per cent)	49.22	83.40	78.47	72.00	74.57

*Including Supplementary budget

Source: Statement 2 of Finance Accounts of respective years

Capital expenditure during 2019-20 to 2023-24 constituted only 7.39 to 9.28 per cent of the Total expenditure. Capital expenditure increased from ₹8,454.80 crore in 2019-20 to ₹14,191.73 crore in 2021-22 but decreased thereafter to ₹13,996.56 crore in 2022-23 and ₹13,584.45 crore in 2023-24.

The Capital Expenditure as a percentage of Total Expenditure declined during 2023-24 (8.52 per cent) as compared to the previous year (8.82 per cent) while the GSDP of the State grew by 11.97 per cent during 2023-24.

The Capital expenditure incurred over the last five years ranged between 1.04 per cent and 1.67 per cent of the GSDP. Utilisation of budget for Capital expenditure ranged between 49.22 per cent and 83.40 per cent from 2019-20 to 2023-24 and it was 74.57 per cent during 2023-24.

The decline in Capital expenditure during 2023-24 has been under Economic Services (₹267.97 crore; 2.51 per cent), Social Services (₹84.51 crore; 2.79 per cent) and General Services (₹ 59.63 crore; 19.43 per cent).

Significant amount of Capital expenditure incurred during 2023-24 includes ₹4,667.70 crore incurred under 'Other General Economic Services'. The major share of Capital Expenditure under 'Other General Economic Services' was under 'Share of KIIFB from cess on petrol and diesel and Motor Vehicle Tax' (₹3,230.25 crore) and 'Rebuild Kerala Initiative- Post Flood Projects' (₹1,367.95 crore).

2.4.2.1 Major changes in Capital Expenditure

Significant variations under various Heads of Account with regard to Capital Expenditure of the State during 2023-24 and 2022-23 is given in **Table 2.23**.

Table 2.23 : Capital Expenditure during 2023-24 compared to 2022-23

(₹ in crore)

Major head of Account	2022-23	2023-24	Increase (+)/ Decrease (-)
4059-Capital Outlay on Public Works	260.35	144.65	(-)115.70
4215- Capital Outlay on Water Supply & Sanitation	1,751.79	1,350.78	(-)401.01
4217- Capital Outlay on Urban Development	41.43	146.33	104.90
4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	174.93	300.54	125.61
4425- Capital Outlay on Co-operation	225.49	7.35	(-)218.14
4859- Capital Outlay on Telecommunication and Electronic Industries	228.24	108.64	(-)119.60
5051- Capital Outlay on Ports and Light Houses	41.61	268.19	226.58
5053- Capital Outlay on Civil Aviation	212.16	59.57	(-)152.59
5054- Capital Outlay on Road and Bridges	2,451.90	2,123.78	(-)328.12
5475- Capital Outlay on Other General Economic Services	3,997.49	4,667.70	670.21

Source: Statement 16 of Finance Accounts

Major decrease in Capital Expenditure occurred under ‘4215- Capital outlay on Water Supply and Sanitation’ (₹401.01 crore), ‘5054- Capital outlay on Roads and Bridges (₹328.12 crore)’ even though sufficient budget allocation was available under both these heads. It is significant to note that ₹878.75 crore and ₹538.22 crore respectively were surrendered under these heads during 2023-24.

2.4.2.2 Quality of Capital Expenditure

This section presents an analysis of Investments and other Capital Expenditure undertaken by the Government.

In the post-Fiscal Responsibility and Budget Management framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/ investment (including loans and advances) requirements from its own sources of revenue. In addition, in a transition to complete dependence on market-based resources, the State Government is required to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies. This section presents the broad financial analysis of Investments and other Capital Expenditure undertaken by the Government during the current year *vis-a-vis* previous years. **Table 2.24** shows the return on investments from 2019-20 to 2023-24.

Table 2.24: Return on investments*(₹ in crore)*

Investment/ return/ cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore)	8,775.35	9,354.02	9,767.48	10,709.18	10,920.97
Return (₹ in crore)	100.33	110.19	227.98	48.93	242.68
Return (in per cent)	1.14	1.18	2.33	0.46	2.22
Average rate of interest on Government Borrowings (in per cent) ⁷	7.58	7.31	7.00	6.78	6.74
Difference between interest rate and return (in per cent)	(-) 6.44	(-) 6.13	(-) 4.67	(-) 6.32	(-) 4.52
Difference between interest on Government borrowings and return on investment (₹ in crore) ⁸	(-)565.13	(-)573.40	(-)456.14	(-)676.82	(-)493.63

Source: Statement 8 Finance Accounts of respective years

As on 31 March 2024, the State Government had invested ₹ 10,920.97 crore in three Statutory Corporations (₹ 1,639.75 crore), 126 Government Companies (₹ 5,530.59 crore), 41 Joint Stock Companies (₹ 1,960.72 crore) and Co-operative Banks and Societies (₹ 1,789.91 crore).

During 2023-24, Government invested ₹ 259.29⁹ crore in various PSUs/ Co-operative Banks/ Societies. Progressive expenditure on investments was increased by ₹ 106.51 crore under Government Companies and was reduced by ₹ 47.51 crore under Co-operative Banks and Societies.

The return on investment increased from ₹ 100.33 crore in 2019-20 to ₹ 242.68 crore in 2023-24. The return registered a significant increase from 0.46 per cent in the preceding year to 2.22 per cent in the current year. However, it fell far short of the interest rate ranging from 6.74 per cent to 7.58 per cent paid by Government on borrowings.

During 2023-24, the State Government made an investment of ₹ 26.61 crore in five PSUs, which are loss making and whose net worth has been completely eroded as shown in **Table 2.25** below.

Table 2.25: Investments made during 2023-24 in PSUs whose net worth has been completely eroded*(₹ in crore)*

Name of PSU	Latest Year of Accounts	Net worth	Loss during the year of Accounts	Investment during 2023-24	Total investment as on 31-03-2024
Kerala State Road Transport Corporation	2019-20	(-)11,791.22	(-)1,519.93	13.29	815.36
Kerala Tourism Development Corporation Limited	2021-22	(-)63.11	(-)51.43	10.50	197.94
Kerala State Handloom Development Corporation	2022-23	(-)70.14	(-)5.34	1.72	57.80

⁷ Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] *100.

⁸ Investment at the end of the year *Difference between interest rate and return.

⁹ ₹ 113.34 crore in Statutory Corporations, ₹ 110.87 crore in Government Companies, ₹ 19.59 crore in Joint Stock Companies, ₹ 15.49 crore in Co-operative Banks and Societies.

Name of PSU	Latest Year of Accounts	Net worth	Loss during the year of Accounts	Investment during 2023-24	Total investment as on 31-03-2024
The Kerala State Cashew Development Corporation Limited	2021-22	(-)1,221.59	(-)77.62	0.45	535.29
Kerala State Horticultural Products Development Corporation Limited	2020-21	(-) 18.56	(-)7.59	0.65	9.43
Total				26.61	1,615.82

Source: Data collected from Finance Accounts and latest finalised accounts of PSUs

Investments made in Companies which are loss making and whose net worth is completely eroded affect the quality of capital expenditure.

2.4.2.3 Loans and Advances by the State

In addition to investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Societies, the Government also provides loans and advances to these institutions. Table 2.26 presents the status of loans and advances disbursed, repayments and interest received *vis-à-vis* interest paid by the State Government on its borrowings during 2019-20 to 2023-24.

Table 2.26: Quantum of loans disbursed and recovered during last five years

(₹ in crore)

Sl No.	Quantum of Loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
1	Opening Balance of loans outstanding	16,557.18 ¹⁰	17,472.08	19,725.39 ¹¹	22,086.89 ¹²	24,357.02 ¹³
2	Amount advanced during the year	1,210.22	2,548.51	2,854.29	2,790.93	3,295.72
3	Amount recovered during the year	295.32 ¹⁴	263.82 ¹⁵	479.24 ¹⁶	409.29 ¹⁷	714.80 ¹⁸
4	Closing Balance of the Loans Outstanding	17,472.08	19,756.77	22,100.44	24,468.53	26,937.94
5	Net addition	914.90	2,284.69	2,375.05	2,381.64	2,580.92
6	Interest received	50.59	42.83	53.36	118.98	116.70
7	Interest rate on loans and	0.30	0.23	0.26	0.51	0.46

¹⁰ Difference of ₹718 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no. 18 of Finance Accounts 2019-20.

¹¹ Decreased *proforma* due to reclassification of conversion of loan into equity for Kerala Electrical and Allied Engineering Company Limited (₹31.38 crore).

¹² Difference of ₹13.55 crore with previous years closing balance was on account of *proforma* adjustments vide foot note (f) of Statement no 18 of Finance Accounts 2022-23.

¹³ Difference of ₹111.51 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (f) of Statement no. 18 of Finance Accounts 2023-24.

¹⁴ Includes ₹0.30 crore being the irrecoverable loans written off.

¹⁵ Includes ₹0.23 crore being the irrecoverable loans written off.

¹⁶ Includes ₹0.15 crore being the irrecoverable loans written off.

¹⁷ Includes ₹0.38 lakh being the irrecoverable loans written off

¹⁸ Includes ₹0.37 crore being irrecoverable loans written off

Sl No.	Quantum of Loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
	Advances given by the Government ¹⁹ (in per cent)					
8	Rate of Interest paid on the outstanding borrowings of the Government (in per cent)	7.58	7.31	7.00	6.78	6.74
9	Difference between the rate of interest paid and interest received (in per cent)	7.28	7.08	6.74	6.27	6.28

Source: Statement 7 of Finance Accounts of respective years.

Total outstanding loans and advances increased from ₹ 17,472.08 crore in 2019-20 to ₹26,937.94 crore in 2023-24. Of the total of ₹ 3,295.72 crore advanced during the year, ₹2,625.59 crore was advanced to Economic Services, ₹ 657.03 crore advanced to Government Servants and Miscellaneous Purposes and ₹13.10 crore to Social Services. The increase in recovery of loans during 2023-24 was mainly under Loans to Government Servants etc. towards implementation of MEDISEP amounting to ₹316.08 crore.

Interest received against these loans remained less than one *per cent* during the period 2019-20 to 2023-24 and was 0.46 *per cent* as against average cost of borrowings of 6.74 *per cent* during the year. This indicates that State's borrowings were more expensive than the loans advanced by Government.

2.4.3 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like Education, Health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Table 2.27 analyses the fiscal priority of the State Government with regard to Health, Education and Capital Expenditure during 2019-20 and 2023-24.

Table 2.27: Expenditure priority of the State with regards to Health, Education and Capital expenditure

	(in per cent)			
	TE/GSDP	CE*/TE	Education/TE	Health & FW/ TE
General Category States(2019-20)	15.88	14.02	15.79	5.25
Kerala (2019-20)	14.07	8.45	16.08	6.59
General Category States(2023-24)	15.66	16.50	14.36	5.71
Kerala (2023-24)	13.92	10.58	13.78	6.00
TE- Total Expenditure, CE- Capital Expenditure				

Source: State PAG/AG.

*CE includes Loans and Advances also

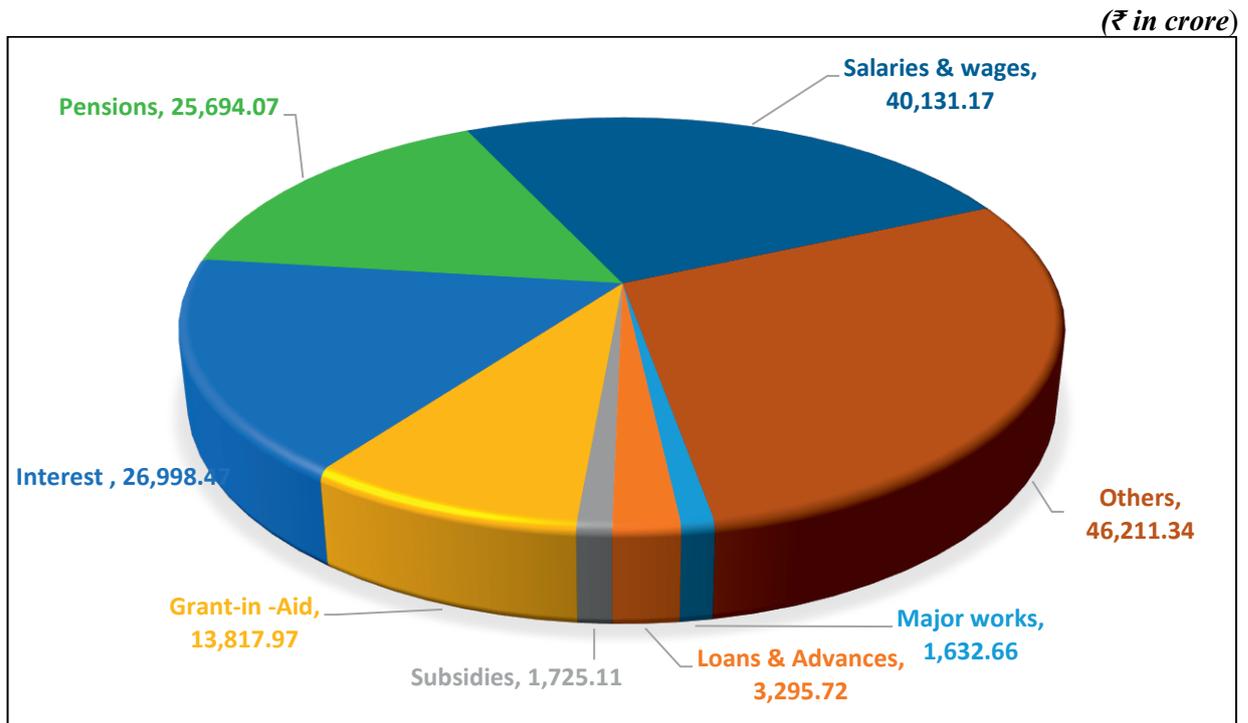
¹⁹ Interest Received/ {(Opening balance + Closing balance of Loans and Advances)/2} *100.

In 2019-20 and 2023-24, the percentage of Capital Expenditure to Total Expenditure for the State was much lower than that of the General Category States indicating low priority given by the State to Capital Expenditure. During 2023-24, the percentage of expenditure on Education to Total Expenditure was lower than that of General Category States whereas the percentage of expenditure on Health and Family Welfare to Total Expenditure was higher than that of General Category States.

2.4.4 Object head wise expenditure

Object head-wise expenditure gives information about the object/purpose of the expenditure. **Chart 2.13** below gives object head-wise expenditure.

Chart 2.13: Object head wise expenditure



Source: Finance Accounts 2023-24

From the above Chart, it can be seen that out of the total expenditure, the expenditure on salaries and wages were the highest followed by interest and pension payments.

2.5 Public Accounts

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

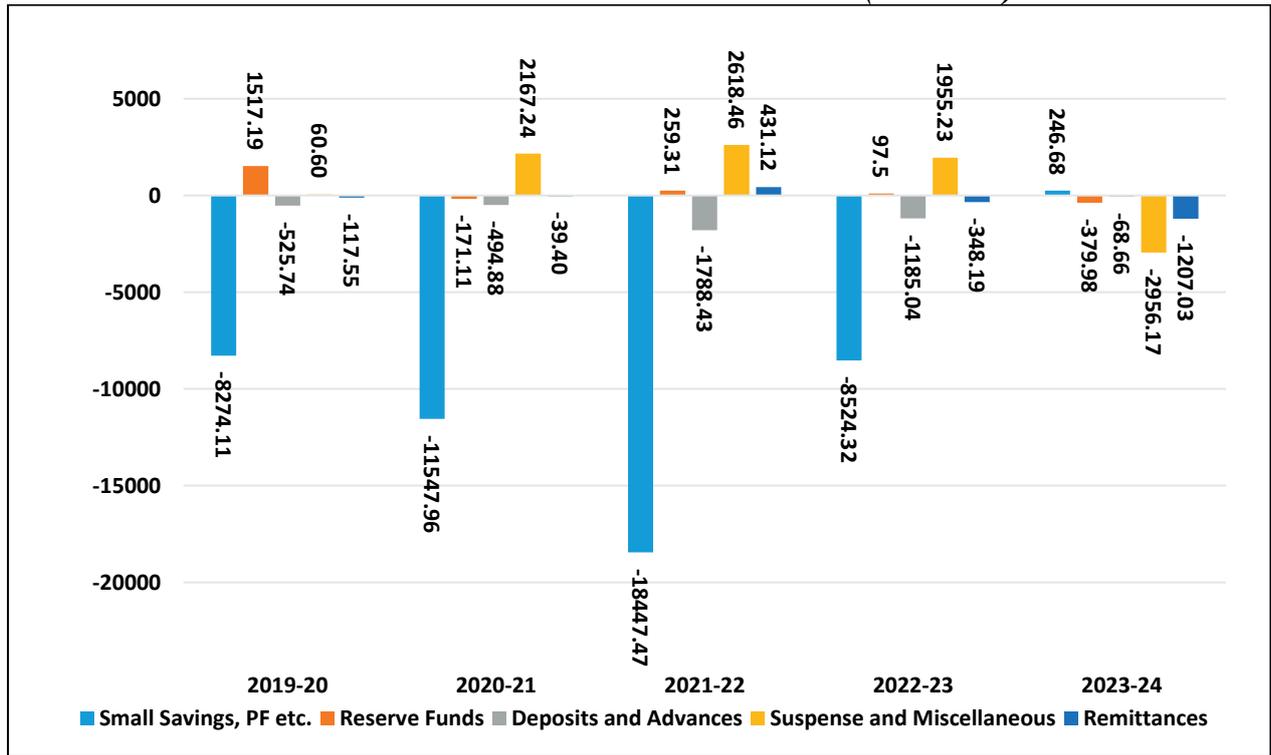
Component-wise net balances in Public Account of the State as on 31 March 2024 are shown below in **Table 2.28** and yearly changes in composition of public account balances are depicted in **Chart 2.14**.

Table 2.28: Components-wise net Balances

		(₹ in crore)				
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds etc.	Small Savings Provident Funds	(-) 85,671.17	(-) 97,219.13	(-) 1,15,666.60	(-) 1,24,190.92	(-) 1,23,944.24
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)635.57	(-)719.55	(-)471.73	(-)394.65	(-)770.89
	(b) Reserve Funds not bearing Interest	(-)279.59	(-)366.72	(-)355.23	(-)334.81	(-)338.55
K. Deposits and Advances	(a) Deposits bearing Interest	(-)0.49	(-)0.34	(-)0.51	(-)0.36	(-)0.30
	(b) Deposits not bearing interest	(-) 4,135.32	(-) 4,632.53	(-) 6,418.82	(-) 7,603.36	(-) 7,671.87
	(c) Advances	60.08	62.27	60.29	59.64	59.43
L. Suspense and Miscellaneous	(a) Suspense	728.57	1,057.03	242.94	370.88	240.24
	(b) Other Accounts	(-)612.50	1,226.28	4,658.84	6,486.12	3,660.59
	(c) Accounts with Government of Foreign Countries	0	0	0	0	0
	(d) Miscellaneous	0	0	0	0	0
M. Remittances	(a) Money Orders and Other Remittances	1,038.91	952.43	1,412.78	1,063.13	(-)148.25
	(b) Inter Government Adjustment Accounts	42.68	89.76	60.54	61.98	66.33
Total		(-) 89,464.40	(-) 99,550.50	(-) 12,377.50	(-) 1,24,482.35	(-) 1,28,847.51

Source: Finance Accounts of respective years
+ve figures denote debit balance and negative figures denote credit balances.

Chart 2.14 Yearly changes in composition of Public Account Balances
(₹ in crore)



Source: Finance Accounts

Significant changes in net balance under public account during 2023-24 occurred under ‘Suspense and Miscellaneous’ ((-)₹2,956.17 crore) and ‘Remittances’ ((-)₹1,207.03 crore).

The major change under ‘Suspense and Miscellaneous’ was under Cash Balance Investment Account which decreased by ₹3,041.48 crore. Inter-State Suspense Accounts increased by ₹4.35 crore. There was a net change of ₹1,884.33 crore under ‘Public Works Remittances’ due to increase in receipts as compared to disbursements.

2.5.2 Reserve Funds

Reserve funds are created for specific and defined purposes under the Public Account of the State Government. These Funds are met from contribution of grants from the Consolidated Fund of the State. The fund balances lying in the Reserve Funds as on 31 March 2024 are given in **Table 2.29**.

Table 2.29: Details of Reserve Funds

		(₹ in crore)
Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
1	Reserve Funds bearing interest	770.89
2	State Disaster Response Fund	394.99
3	State Disaster Mitigation Fund	319.74
4	State Compensatory Afforestation Fund	56.16

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
5	Reserve Funds not bearing interest	3,385.76
6	Sinking Funds	3,031.32
7	Development Funds for Agricultural purposes	10.37
8	Mines Welfare Funds	1.32
9	Consumer Welfare Fund	21.66
10	Other Development and Welfare Funds	321.09
	Grand Total	4,156.65

Source: Finance Accounts

Details of Significant Reserve funds are given below:

Reserve Funds bearing Interest:

2.5.2.1 State Disaster Risk Management Fund (SDRMF)

On the recommendation of XV Finance Commission the SDRMF was divided into State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF) for addressing the full cycle of disaster management needs-response and relief, recovery and reconstruction, preparedness, capacity building and mitigation. The SDRF receives 80 *per cent* of the total SDRMF while the State Disaster Mitigation Fund (SDMF) receives 20 *per cent* of the allocation.

State Disaster Response Fund (SDRF)

As per the guidelines on Constitution and Administration of State Disaster Response Fund issued by Ministry of Home Affairs, GoI, the accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, Auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks. However, this was not done till date. As per the guidelines, the State Governments shall be liable to recoup in SDRF an amount equal to loss accrued due to non-investment of SDRF, from its own resources. An amount of ₹ 26.19 crore was credited to the fund on account of interest on uninvested balances of the fund during 2023-24.

The size of the Fund for Kerala for the year 2023-24 fixed by XV Finance Commission is ₹369.60 crore, 75 *per cent* of which was to be contributed by the Central Government and 25 *per cent* by the State Government.

During the year, an amount of ₹395.79 crore was credited to the Fund which includes Central share of ₹277.60 crore, State share of ₹92.00 crore and interest on uninvested balances amounting to ₹26.19 crore for the year. In the beginning of the year 2023-24, there was a balance of ₹ 165.47 crore in the Fund. After setting off the expenditure for disaster relief operations to the extent of ₹ 166.28 crore, the balance in SDRF as on 31 March 2024 is ₹ 394.98 crore.

State Disaster Mitigation Fund (SDMF)

State Disaster Mitigation Fund was constituted in the Public Account under Reserve Fund bearing interest in the Major Head 8121-General and Other Reserve Funds-130-State Disaster Mitigation Fund in the accounts of the State. As per guidelines, the State Government shall invest the SDMF as per provisions in the guidelines and pay interest to SDMF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI for the amount not invested from SDMF.

The opening balance of SDMF as on 01 April 2023 was ₹ 182.75 crore. During the year, State Government received ₹ 100.70 crore as Central Government share (₹ 66 crore for the year 2022-23 and ₹ 34.70 crore for 1st instalment of 2023-24). The State Government share during the year is ₹ 33.50 crore (₹ 22 crore for the year 2022-23 and ₹ 11.50 crore for the first instalment of 2023-24). State Government transferred ₹ 145.29 crore (Central share of ₹ 100.70 crore, State share of ₹ 33.50 crore and ₹ 11.09 crore for interest on uninvested balances for the year). An expenditure of ₹ 8.30 crore has been incurred from the Fund. The balance lying under SDMF as at the end of 31 March 2024 was ₹319.74 crore.

2.5.2.2 State Compensatory Afforestation Fund

The Compensatory Afforestation Fund Act, 2016, is an Act to provide for the establishment of funds under the Public Accounts of India and the Public Accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980; constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations), assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.

The State Compensatory Fund has been established as per section 4 of the Act.

There was an opening balance of ₹ 46.42 crore in the fund. Expenditure of ₹4.73 crore was incurred from the fund. During 2023-24, ₹ 14.47 crore received from user agencies was transferred to the fund. The total balance in the State Compensatory Afforestation Fund as on 31 March 2024 was ₹ 56.16 crore.

As per Section 4(5) of the Act, the monies received in the State Fund shall be an interest-bearing fund under Public Accounts. Section 4(6) of the Act provides for payment of interest to the balance in the State Fund as per the rate declared by the Central Government on year to year basis. As per Finance Accounts, ₹1.59 crore was the interest due on the opening balance in the fund. However, the State Government did not provide for the interest on the Fund. Non-payment of interest resulted in understatement of revenue and fiscal deficit by ₹1.59 crore.

Reserve Funds not bearing Interest:**2.5.2.3 Consolidated Sinking Fund**

In line with the recommendations of the XII Finance Commission, the State Government set up Consolidated Sinking Fund (CSF) with effect from the financial year 2007-08. The Fund is to be utilised as an amortisation fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. As per the revised model scheme for constitution and administration of the CSF, the State Government may contribute to the CSF at least 0.5 *per cent* of the outstanding liabilities as at the end of the previous financial year. Against a requirement of ₹ 1,925.15 crore (0.50 *per cent* of their outstanding liabilities of ₹3,85,030.37 crore as on 01 April 2023) the State Government contributed an amount of ₹ 120 crore to the fund during the year.

2.5.2.4 Guarantee Redemption Fund

As per the recommendations of the Twelfth Finance Commission (2005-2010), State Governments are required to constitute a Guarantee Redemption Fund (GRF) to be utilised for meeting the payment of obligations arising out of the guarantees issued by the Government. The Fund is operated outside the State Government account and administered by the Reserve Bank of India. State Government has not constituted GRF so far.

As the State Government has not constituted GRF, Guarantee Commission of ₹2,308.30 crore collected from 2003-04 to 2023-24 including ₹311.93 crore collected during 2023-24 was credited under the revenue receipts head ‘0075-108-Guarantee Fee’ and utilised for meeting the revenue expenditure of the State.

Failure to constitute GRF would increase the risk on State Government to repay the loan obligations raised by various institutions against the guarantee given by the State Government in the event of default by these institutions.

Under the guidelines, the State Government is required to make minimum annual contribution of 0.50 *per cent* of outstanding guarantee at the beginning of the year to GRF. The amount to be contributed by the State Government in the Fund during the year is ₹ 251.87 crore. Since the GRF was not constituted, Government has not made any contribution to the fund during the year.

In terms of the Kerala Ceiling on Government Guarantees Act 2003, the guarantee commission received annually are to be transferred to the Public Account and these contributions shall form the corpus of the Guarantee Redemption Fund under Public Account of the State.

In view of non-contribution to GRF, the revenue deficit and the fiscal deficit is understated by ₹ 311.93 crore.

2.5.2.5 Central Road and Infrastructure Fund (CRIF)

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI’s Gazette notification dated 31 March

2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure etc.

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Subventions from Central Road and Infrastructure Fund through functional Major Head.

During the year 2023-24, the State Government received grants of ₹144.61 crore toward CRIF. The State Government transferred ₹144.61 crore to the fund in the Public Account as on 31 March 2024.

2.6 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government’s liabilities in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Outstanding liability of the State along with its percentage to GSDP is shown in **Chart 2.15**.

Chart 2.15: Outstanding liability of the State along with its percentage to GSDP



Source: Finance Accounts

* During the year 2020-21, it excludes ₹5,766 crore and during the years 2021-22, 2022-23 and 2023-24, it excludes ₹14,505.31 crore, as back-to-back loans from GOI in lieu of GST compensation shortfall, would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

2.6.1 Liability Profile: Components

Total liability of the State Government typically comprises Internal Debt of the State (market loans, ways and means advances from RBI, special securities

issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government and Public Account Liabilities. In addition, Government also resorts to Off Budget borrowings which add up to the total liability of the State Government. The component-wise liability trends of the State for the period from 2019-20 to 2023-24 are shown in **Table 2.30**.

Table 2.30: Components of Total liability*(₹ in crore)*

Components of Fiscal liabilities	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding total liabilities	2,65,362.36	3,02,620.01	3,42,887.45	3,70,525.07	4,00,715.84
Public Debt	1,74,640.22	1,99,681.73	2,19,974.55	2,38,000.97	2,67,989.99
Internal Debt	1,65,960.03	1,90,474.09	2,10,791.59	2,27,137.07	2,57,157.92
Loans from GOI*	8,680.19	9,207.64	9,182.96	10,863.90	10,832.07
Public Account liabilities	90,722.14	1,02,938.28	1,22,912.90	1,32,524.10	1,32,725.85
Small Savings, Provident Fund etc.	85,671.17	97,219.13	1,15,666.60	1,24,190.92	1,23,944.24
Reserve Funds bearing interest	635.57	719.55	471.73	394.65	770.89
Reserve Funds not bearing interest	279.59	366.72	355.23	334.81	338.55
Deposits bearing interest	0.49	0.34	0.52	0.36	0.30
Deposits not bearing interest	4,135.32	4,632.54	6,418.82	7,603.36	7,671.87
Rate of growth of outstanding total liability (per cent)	9.83	14.04	13.31	8.06	8.15
Gross State Domestic Product (GSDP)	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
Liability/GSDP (per cent)	32.64	39.21	37.09	36.20	34.96
Borrowings and other liabilities (as per Statement 6 of Finance Accounts)					
Total receipts#	1,83,509.21	2,40,014.87	2,31,582.07	2,16,432.90	2,61,358.70
Total repayments	1,59,761.36	2,02,757.22	1,91,314.63	1,88,795.28	2,31,167.92
Net funds available	23,747.85	37,257.65	40,267.44	27,637.62	30,190.78
Repayments/receipts (per cent)	87.06	84.48	82.61	87.23	88.45
Off Budget borrowings (OBB)	14,142.20	16,469.05	24,272.67	29,475.97	32,942.14
Outstanding liabilities including OBB	2,79,504.56	3,19,089.06	3,67,160.12	4,00,001.04	4,33,657.98
Liabilities including OBB/GSDP	34.38	41.35	39.72	39.08	37.84

Source: Finance Accounts

* During the year 2020-21, it excludes ₹5,766 crore and during the years 2021-22, 2022-23 and 2023-24, it excludes ₹14,505.31 crore, as back-to-back loans from GOI in lieu of GST compensation shortfall, would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

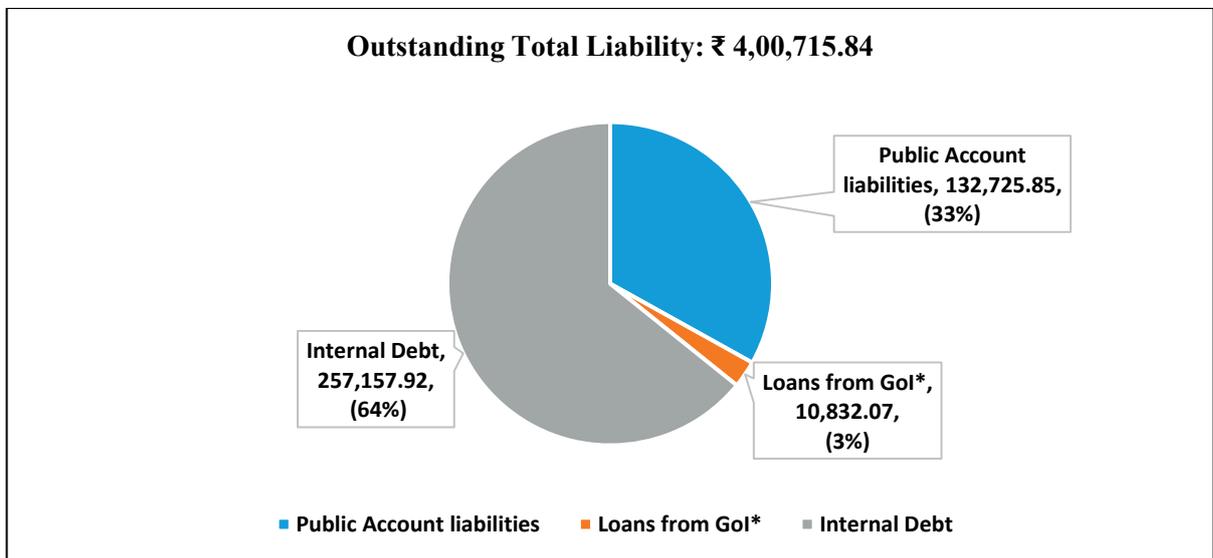
During the year 2020-21 and 2021-22, these have been calculated after excluding ₹5,766.00 crore and ₹8,739.31 crore respectively, as back-to-back loans from GOI in lieu of GST compensation shortfall, would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

The total liabilities of the State Government increased from ₹2,65,362.36 crore in 2019-20 to ₹ 4,00,715.84 crore in 2023-24 recording a growth of 51.01 per cent during the last five years. Taking into account the off budget borrowings of the State, the total liabilities of the State increased from ₹ 2,79,504.56²⁰ crore in 2019-20 to ₹ 4,33,657.98²¹ crore in 2023-24 recording a growth of 55.15 per cent during the same period. Public debt increased by ₹ 93,349.77 crore (53.45 per cent) during the period from 2019-20 to 2023-24, wherein Internal debt increased by ₹ 91,197.89 crore (54.95 per cent) and Loans from GOI increased by ₹ 2,151.88 crore (24.79 per cent). Public Account liabilities increased by ₹42,003.71 crore (46.30 per cent) during the same period. Major increase was under Small Savings, Provident Fund etc. (₹ 38,273.07 crore: 44.67 per cent).

Break-up of outstanding total liabilities as on 31 March 2024 is shown in **Chart 2.16**.

Chart 2.16: Break-up of outstanding total liabilities as on 31 March 2024

(₹ in crore)



Source: Finance Accounts

*Excludes back-to-back loan of ₹14,505.31 crore received from GoI in lieu of GST compensation short-fall received during 2020-22.

Internal debt constituted 64.17 per cent of the total liabilities whereas Public Account liabilities constituted 33.12 per cent of liabilities as on 31 March 2024.

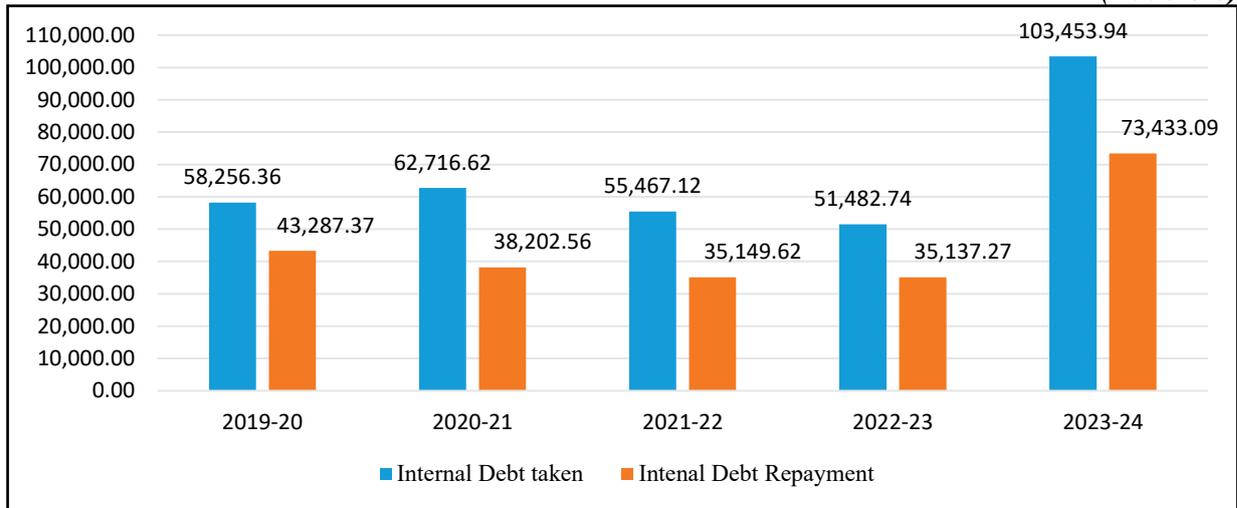
Chart 2.17 depicts the quantum of internal debt taken vis-à-vis repayment during the period from 2019-20 to 2023-24.

²⁰ Including OBB of ₹14,142.20 crore

²¹ Including OBB of ₹32,942.14 crore

Chart 2.17: Internal debt taken *vis-a-vis* repayment

₹ in crore)



Source: Finance Accounts

Internal debt comprises market loans, special securities issued to national small savings fund of the Central Government, Loans from NABARD, NCDC and other financial institutions and Ways and Means Advances from the Reserve Bank of India.

While loans taken from GoI decreased marginally, the State's market loans increased by 13.38 per cent from 2022-23.

Table 2.31 depicts components of fiscal deficit and its financing pattern during 2019-20 to 2023-24.

Table 2.31: Components of fiscal deficit and its financing pattern

₹ in crore)

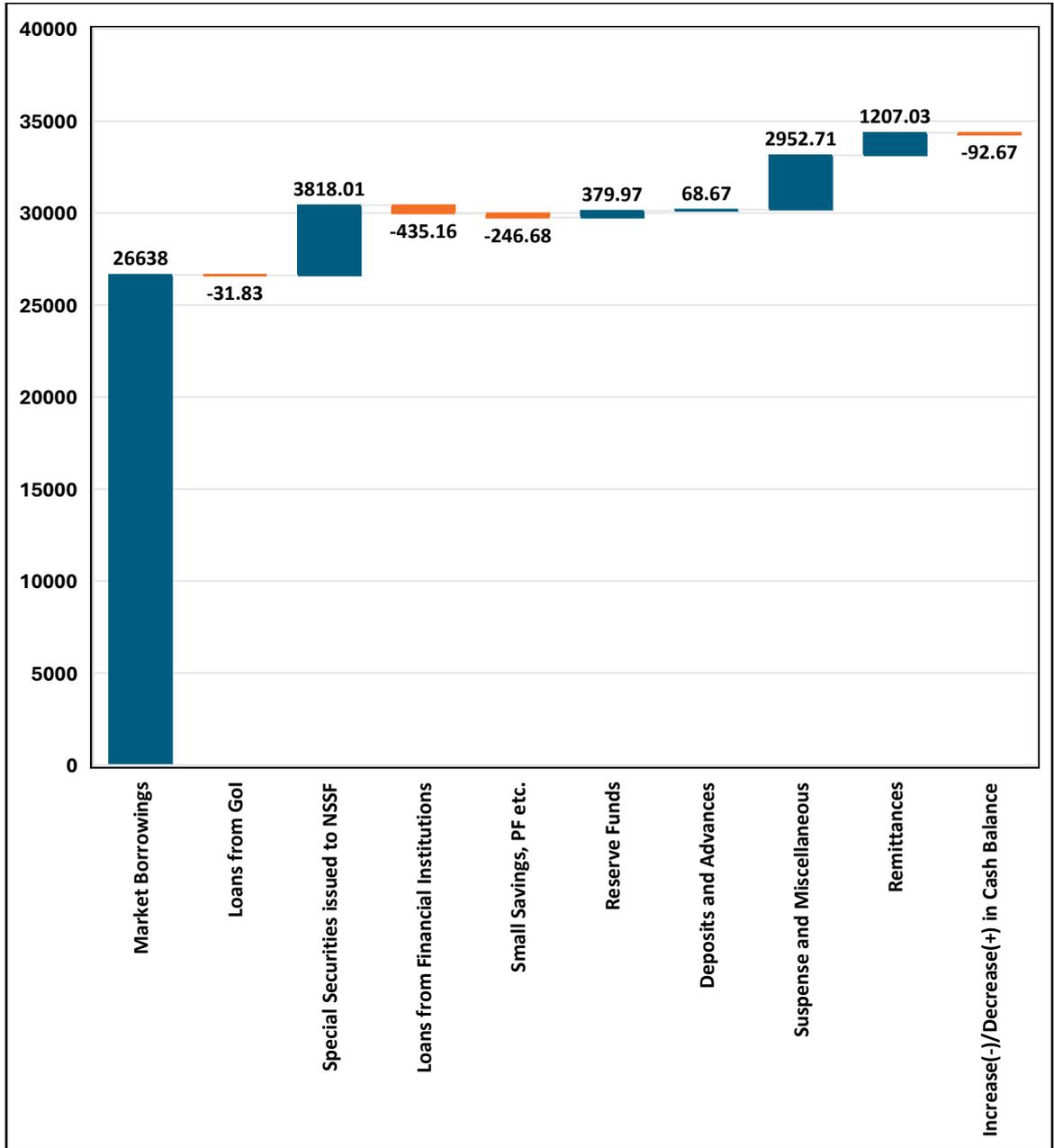
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Components of fiscal deficit	23,837.47	40,969.69	46,045.78	25,554.54	34,258.05
Revenue Deficit	14,495.25	25,829.50	29,539.27	9,226.28	18,140.19
Net Capital Expenditure	8,427.32	12,855.50	14,131.46	13,946.62	13,536.94
Net Loans and Advances	914.90	2,284.69	2,375.05	2,381.64	2,580.92
Financing Pattern of Fiscal Deficit					
Market Borrowings	12,617.00	23,066.00	18,120.00	15,620.00	26,638.00
Loans from GoI	1,436.78	6,293.45	8,714.63	1,680.94	(-31.83)
Special Securities issued to NSSF	1,787.91	2,438.18	2,732.83	1,033.45	3,818.01
Loans from Financial Institutions	564.08	(-990.12)	(-) 535.33	(-)307.98	(-)435.16
Small Savings, PF etc.	8,274.11	11,547.96	18,447.47	8,524.32	(-)246.68
Reserve Funds	(-)1,517.19	171.10	(-)259.30	(-)97.50	379.97
Deposits and Advances	525.74	494.88	1,788.44	1,185.04	68.67
Suspense and Miscellaneous	(-)60.66	(-)2,187.62	(-)2,619.28	(-)1,955.37	2,952.71
Remittances	117.54	39.41	(-)431.12	348.19	1,207.03
Contingency Fund	(-)75.00	75.00	0	0	0
Overall Deficit	23,670.31	40,948.24	45,958.34	26,031.09	34,350.72
Increase(-)/Decrease(+) in Cash Balance	167.16	21.45	87.44	(-)476.55	(-)92.67
Gross Fiscal Deficit	23,837.47	40,969.69	46,045.78	25,554.54	34,258.05

Source: Finance Accounts

The financing of fiscal deficit during 2023-24 is expressed through a water flow Chart 2.18.

Chart 2.18: Financing of fiscal deficit during 2023-24

(₹ in crore)



Source: Finance Accounts

The components of receipts and disbursements financing fiscal deficit during 2023-24 are depicted in **Table 2.32**.

Table 2.32: Receipts and Disbursements under various components financing the fiscal deficit during 2023-24 (₹ in crore)

Particulars	Receipt	Disbursement	Net
Market Borrowings	42,438.00	15,800.00	26,638.00
Loans from GOI	900.92	932.75	(-)31.83
Special Securities issued to NSSF	7,069.73	3,251.72	3,818.01
Loans from Financial Institutions	53,946.21	54,381.37	(-)435.16
Small Savings, PF etc.	1,48,966.14	1,49,212.82	(-)246.68
Reserve Funds	1,333.65	953.68	379.97
Deposits and Advances	6,704.50	6,635.83	68.67
Suspense and Miscellaneous	2,23,528.26	2,20,575.55	2,952.71
Remittances	4,668.57	3,461.54	1,207.03
Overall Deficit			34350.72
Increase (-)/Decrease (+) in cash balance	182.69	275.36	(-)92.67
Gross Fiscal Deficit			34,258.05

Source: Finance Accounts

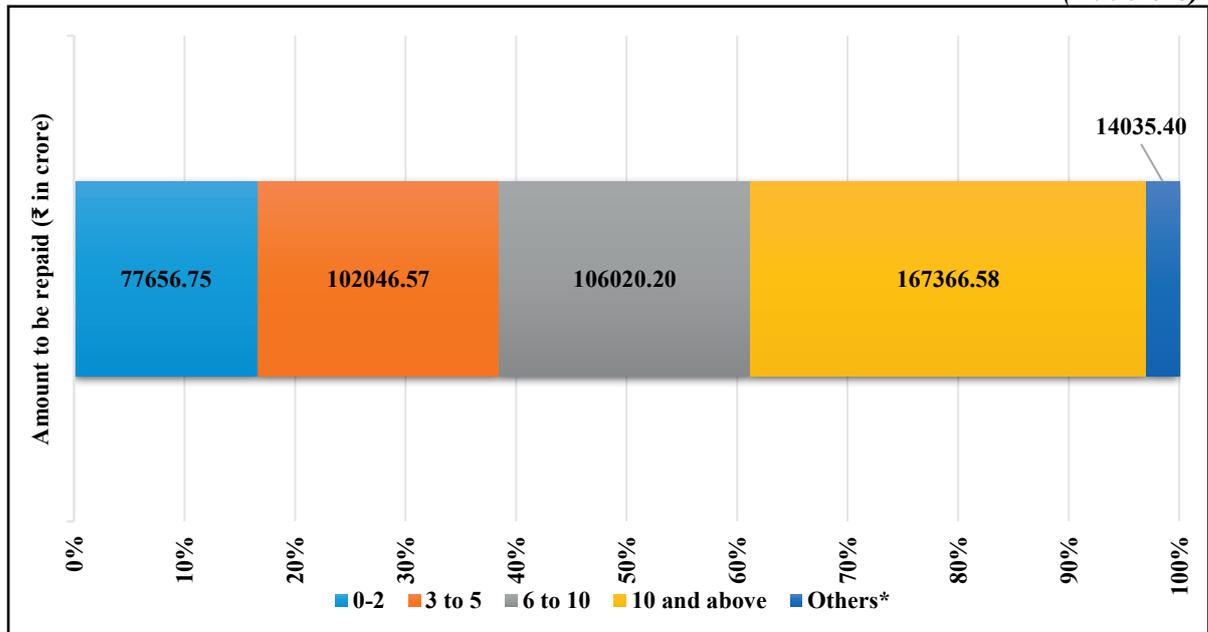
The above table indicates that during the year 2023-24, Market Borrowings, Special Securities issued to NSSF and Net accretions in Public Account are the main source of the State Government to finance the fiscal deficit. Net market borrowings contributed to financing 77.76 per cent of the fiscal deficit during the year.

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in Chart 2.19.

Chart 2.19: Maturity Profile of Public Debt (including interest)

(₹ in crore)



Source: Finance Accounts

*Excluding ₹14,505.31 crore received as back-to-back loans from GoI in lieu of GST compensation shortfall received during 2020-22.

Approximate interest calculated at average interest rate of 7.57 per cent (average of interest rates for the last five years)

Table 2.33 shows the year-wise repayment schedule during next 10 years of the Public debt outstanding as on 31 March 2024.

Table 2.33: Repayment schedule of Public Debt (including interest) during next 10 years

(₹ in crore)

Year	Repayment of		
	Principal	Interest#	Total
Upto 2023-24	(-)3.46	0	(-)3.46
2024-25	19,743.34	19,224.36	38,967.71
2025-26	20,962.45	17,730.05	38,692.51
2026-27	21,764.47	16,143.20	37,907.67
2027-28	19,391.97	14,495.63	33,887.60
2028-29	17,223.64	13,027.65	30,251.30
2029-30	20,777.50	11,723.82	32,501.32
2030-31	10,212.02	10,150.97	20,362.98
2031-32	9,080.99	9,377.92	18,458.90
2032-33	9,940.76	8,690.49	18,631.24
2033-34	8,127.78	7,937.97	16,065.76
Total	1,57,221.46	1,28,502.06	2,85,723.52

Source: Finance Accounts

Approximate interest calculated at average interest rate of 7.57 per cent (average of interest rates for the last five years)

Table 2.33 shows that on an average, the State will have to repay public debt of ₹ 28,572 crore (including approximate interest in respect of debt outstanding at the end of 2023-24) annually till 2033-34. In addition to the debt outstanding at the end 2023-24, the State would have to resort to further borrowings every year to cover the resource gap, which would result in increase in debt and more funds being utilised for repayment of borrowings.

2.7 Other Liabilities of the State

The State Government also has liabilities such as, off budget borrowings, guarantees given by the Government on repayment of principal and interest on loans raised by Statutory Corporations/ Government Companies, Local Bodies, Joint Stock Companies, Cooperative Institutions *etc.* Details of other liabilities for 2022-23 and 2023-24 are shown in **Table 2.34**.

Table 2.34: Details of Other liabilities

(₹ in crore)

Sl. No	Particulars	As of March 2023	As of March 2024
1	Off-budget borrowings	29,475.97	32,942.14
2	Guarantees	50,374.49	62,868.15
	Total	79,850.46	95,810.29

Source: Details collected from KIIFB, KSSPL and Finance Accounts

As of March 2024, the other liabilities of the State increased by ₹ 15,959.83 crore (19.99 per cent) from ₹79,850.46 crore in 2022-23 to ₹ 95,810.29 crore in 2023-24.

2.7.1 Off-budget borrowing

Off-Budget Borrowings by State Public Sector companies/corporations, Special purpose vehicles (SPVs) and other equivalent instruments, where principal and/or interest are to be serviced out of the State Budgets and/or by assignment of taxes/cess or any other State's revenue, shall be considered as Borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India.

As per the recommendations of the XV Finance Commission, all committed expenditures and developmental expenditures should be met from the augmented borrowing space recommended for the State Governments, without resorting to off-budget or any non-transparent means of financing for any expenditures.

State Government resorted to off budget borrowings for infrastructural projects through KIIFB and for social security and welfare pensions through KSSPL. The outstanding balance of loans as on 31 March 2024 borrowed by KIIFB was ₹ 20,041.52 crore and KSSPL was ₹ 12,900.62 crore. Total outstanding off-budget borrowing of the above two institutions as on 31 March 2024 comes to ₹ 32,942.14 crore. The entity wise details of off budget borrowings is shown in **Table 2.35**.

Table 2.35: Entity-wise details of off-budget borrowings

(₹ in crore)

Name of the Entity	Outstanding Off Budget Borrowings as on 31 March 2023	Off Budget Borrowings during 2023-24	Repayment during 2023-24		Closing Balance
			Principal	Interest	
Kerala Infrastructure Investment Fund Board	17,742.68	5,803.86	3,505.02	1,639.64	20,041.52
Kerala Social Security Pension Limited	11,733.29	4,828.60	3,661.27	970.18	12,900.62
Total	29,475.97	10,632.46	7,166.29	2,609.82	32,942.14

Source: Information furnished by KIIFB and KSSPL

The trends in off budget borrowings over the period 2019-20 to 2023-24 are shown in **Chart 2.20** below:

Chart 2.20: Trends in off budget borrowings over the period 2019-20 to 2023-24



Source: Information collected from KIIFB and KSSPL

Off-budget borrowing through KIIFB and KSSPL are explained in the succeeding paragraphs:

2.7.1.1 Kerala Infrastructure Investment Fund Board (KIIFB)

The Kerala Infrastructure Investment Fund Board (KIIFB) is a statutory body constituted (November 1999) and controlled by the State Government under the Kerala Infrastructure Investment Fund Act to manage the Kerala Infrastructure Investment fund with the objective of providing investment for critical and large infrastructure projects in Kerala. The State Government undertakes for the payment of principal and interest of the loans raised by Kerala Infrastructure Investment Fund Board as per section 9(1) of the Kerala Infrastructure Investment Fund (Amendment) Act, 2016. Thus, the loan taken by KIIFB are the direct liabilities of the State Government, and are therefore, off-budget borrowings for the State. The State Government has allotted the petroleum cess and 50 per cent of the Motor Vehicle Tax for servicing the loans of KIIFB. During the year 2023-24, KIIFB raised off-budget loans amounting to ₹5,803.86 crore from various sources. An amount of ₹ 20,041.52 crore was outstanding as on 31 March 2024.

Government replied (October 2024) that the borrowings undertaken by KIIFB are not off-budget borrowings, but are the liabilities of KIIFB. It was also stated that the budgetary support to KIIFB has already been accounted for as an expenditure item in the State Budget and was taken for the computation of Fiscal Deficit. The borrowings of KIIFB would become the liability of the Government, only when it fails to repay the borrowed funds.

The contention of the Government is not acceptable, as KIIFB has no revenue of its own and the State Government has to defray the debt obligations of KIIFB by transferring its own revenue through budget every year which otherwise could have been used for financing the deficits of the State.

2.7.1.2 Kerala Social Security Pension Limited (KSSPL)

Kerala Social Security Pension Limited was incorporated in August 2018 under the Companies Act 2013. The Company is wholly owned by the Government of Kerala under Finance Department and the Company was formed with the objective of improving the disbursement of various Social Security and welfare pensions to the beneficiaries in Kerala.

As per the Government Order G.O (Ms) No 232/2018/FIN dated 26 June 2018 of Finance (SS) Department, anticipated expenditure for Social Security Pension would be provided through Budget every year and amount from Government of India under National Social Assistance Programme (NSAP) would also be infused into the Company. The Government would bear the repayment liabilities of the Company arising on account of pension disbursement. The Company is also authorised to raise funds from the Public, Public Sector Undertakings and other institutions through suitable financial instruments including deposits and loans which would be serviced / redeemed with the funds provided by the Government through its budget. The funds required for repayment of loans are mobilised through short term financial instruments and financial assistance from the Government.

As the loans raised by KSSPL were for meeting the liability of the State Government and the repayment of loan and interest are from the Consolidated Fund of the State, the loan raised by KSSPL is an off-budget borrowing of the State Government. During 2023-24, KSSPL raised off-budget loans amounting to ₹ 4,828.60 crore.

As per the information received from KSSPL, a loan amount of ₹ 12,900.62 crore was outstanding as on 31 March 2024. Since KSSPL is a Government Company having no revenue of its own, the outstanding loan of ₹ 12,900.62 crore is also an additional liability of the Government.

State Government replied (December 2024) that KSSPL is a separate entity incorporated as a company and hence loans taken by KSSPL cannot be taken as the liabilities of the State Government. The reply is not acceptable as KSSPL has no revenue of its own and the loans raised by KSSPL are being repaid using the assistance given by the State Government.

Thus, resorting to the off-budget borrowing by the State Government during 2023-24 through the above two entities, had led to an additional burden on the State exchequer, which had an impact on the Liability-GSDP ratio as well. The liability-GSDP ratio for the State stands at 34.96 *per cent* during 2023-24 (**Table 1.8**). But if the liabilities on account of off-budget borrowings are taken into account, the actual outstanding liability-GSDP ratio stands at 37.84 *per cent*, which is way above the Fiscal target of 33.70 *per cent*.

2.8 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt.

(A) Debt Sustainability Analysis (DSA) considers the feasibility of meeting debt related financial obligations during a period beginning with the present,

and is a crucial aspect for assessing financial health of an economy. The cornerstone of DSA is the Debt-GSDP ratio. A sustainable fiscal policy is one where the debt to GSDP ratio is stable or declining over the long term.

2.8.1 Debt Stabilisation – Debt Sustainability Indicators

This section assesses the sustainability of the debt of the Government in terms of rate of growth of public debt, ratio of total outstanding debt to GSDP, ratio of interest payment to revenue receipt, debt repayment to debt receipt, net debt available to the State etc. Trends in fiscal variables determining the debt stabilisation are shown in **Table 2.36**.

Table 2.36: Trends in Debt Sustainability Indicators

(₹ in crore)

SL. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Public Debt*	1,74,640.22	1,99,681.73	2,19,974.55	2,38,000.97	2,67,989.99
2	Public Account Liabilities	90,722.14	1,02,938.28	1,22,912.90	1,32,524.10	1,32,725.85
3	Off Budget Borrowings (OBB)	14,142.20	16,469.05	24,272.67	29,475.97	32,942.14
4	Overall Liabilities (including Public Account Liabilities and Off Budget Borrowings) (1+2+3)	2,79,504.56	3,19,089.06	3,67,160.12	4,00,001.04	4,33,657.98
5	Rate of growth of Overall Liabilities (<i>per cent</i>)	11.12	14.16	15.07	8.94	8.41
6	GSDP (in nominal terms)	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
7	Nominal GSDP growth (<i>per cent</i>)	3.13	(-5.07)	19.79	10.72	11.97
8	Overall Liabilities /GSDP (<i>per cent</i>)	34.38	41.35	39.72	39.08	37.84
9	Maturity profile of Public debt					
9a	0-2 years	17,206.19	29,409.83	36,636.11	38,670.26	40,702.33
9b	2-5 years	41,399.79	55,938.50	59,604.90	60,840.13	58,380.09
9c	5-10 years	79,524.39	81,602.59	71,512.16	64,854.33	58,139.04
9d	Over 10 years	26,340.03	21,626.42	40,671.85	62,141.63	96,733.13
9e	Others [#]	10,169.82	11,104.39	11,549.53	11,494.62	14,035.40
10	Repayment to Gross Borrowings (<i>per cent</i>)	95.70	93.02	90.52	97.50	98.49
11	Net borrowings available as a percentage of Gross Borrowings (<i>per cent</i>)	4.30	6.98	9.48	2.50	1.51
12	Interest paid on Overall Liabilities	20,200.11	22,182.13	24,756.20	27,219.84	29,540.21
13	Effective rate of interest on Overall Liabilities (<i>per cent</i>)	7.73	7.53	7.35	7.26	7.26
14	Interest paid on Overall Liabilities to Revenue Receipts (<i>per cent</i>)	22.39	22.72	21.22	20.51	23.73
15	Revenue Deficit/Surplus	(-) 14,495.25	(-) 25,829.50	(-) 29,539.27	(-) 9,226.28	(-) 18,140.19
16	Primary Revenue Balance (PRB)	4,719.45	(-)4,854.14	(-)6,236.45	15,950.08	8,846.03

SL. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
17	Primary Balance (PB)	(-) 4,622.77	(-) 19,994.33	(-) 22,742.96	(-) 378.18	(-) 7,271.83
18	PB/GSDP (<i>per cent</i>)	(-) 0.57	(-) 2.59	(-) 2.46	(-) 0.04	(-) 0.63
19	Outstanding Loan & Advances Disbursed	17,472.08	19,725.39	22,086.89	24,357.02	26,937.94
20	Interest Receipts on Outstanding Loan & Advances Disbursed	50.59	42.83	53.36	118.98	116.70
21	Return on Investment (RoI)	0.30	0.23	0.26	0.51	0.46
22	Difference between effective rate of interest on Overall Liabilities and RoI (13-21)	7.43	7.30	7.09	6.75	6.80
23	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	35,745.17 (291)	29,222.75 (230)	22,874.48 (124)	15,745.01 (55)	53,306.52 (192)
24	Interest/ Rate Spread (7-13)	(-) 4.60	(-)12.60	12.44	3.46	4.71
25	Quantum Spread (4 x 24)/100	(-) 12,857.21	(-) 40,205.22	45,674.72	13,840.04	20,425.29
26	Debt Stabilisation (Quantum spread + Primary balance) (25+17)	(-) 17,479.98	(-) 60,199.55	22,931.76	13,461.86	13,153.46
27	Domar Criteria					
a	GSDP (in constant terms)	5,59,194.18	5,11,702.92	5,71,982.96	5,96,236.86	6,35,136.53
b	Real Growth (in constant terms)	0.90	(-) 8.49	11.78	4.24	6.52
c	Inflation based on CPI (<i>per cent</i>)	6.14	5.35	4.17	5.79	4.96
d	Effective rate of interest on Overall Debt (<i>per cent</i>)	7.73	7.53	7.35	7.26	7.26
e	Real effective rate of interest (Effective rate of interest-Inflation) (d-c)	1.59	2.18	3.18	1.47	2.30
f	Growth Interest Differential (Real growth-Real effective rate of interest) (b-e)	(-)0.69	(-)10.67	8.60	2.77	4.22

Source: Finance Accounts and data collected from State Government.

*During 2020-21, it excludes ₹ 5,766 crore received as back-to-back loan from GoI in lieu of GST compensation shortfall. During 2021-22 to 2023-24, it excludes ₹ 14,505.31 crore received as back-to-back loan from GoI in lieu of GST compensation shortfall.

#Maturity profile not available

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

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

Effective Rate of Interest: $\text{Interest Payments} / \{\text{Average Outstanding Debt of Previous and Current Financial Year (Excluding Non-Interest Bearing Liabilities)}\} * 100$

Liquidity Management: Amount availed against SDF, WMA & OD

Interest Spread: $\text{GSDP nominal growth} - \text{effective rate of interest}$

Quantum Spread: $\text{Interest Spread} * \text{Debt}$

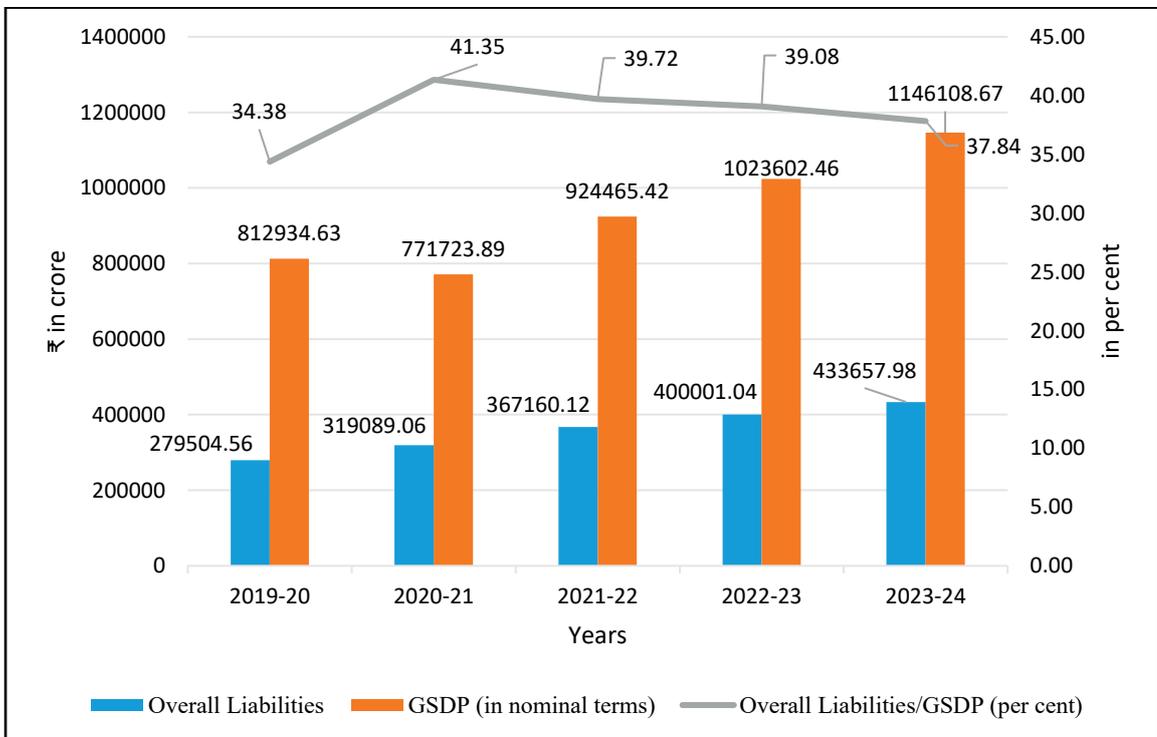
Return on investment as measured by effective rate of interest receipts, $\text{RoI} = \text{Interest Receipts} / \text{Average of Outstanding Loans and Advances Disbursed of Previous and Current Financial Year} * 100$

2.8.1.1 Ratio of Overall Liabilities to GSDP

The debt-to-GSDP ratio is the metric comparing a State’s debt to its Gross State Domestic Product (GSDP). By comparing what a State owes with what it produces, the debt-to-GSDP ratio reliably indicates the State’s ability to pay back its debts. A low debt-to-GDP ratio indicates that an economy produces goods and services sufficient to pay back debts without incurring further debt. A falling debt-to-GSDP ratio can be considered as leading towards stability. If debt-to-GSDP ratio increases rapidly and goes above a threshold, it can be considered that State’s debt burden is substantial compared to its economic output indicating financial vulnerability and reduced fiscal flexibility.

The Overall Liabilities to GSDP ratio for the period from 2019-20 to 2023-2024 is given in **Chart 2.21**.

Chart 2.21: Ratio of Overall Liabilities to GSDP



Source: Finance Accounts and data collected from State Government

The Overall Liabilities including OBB to GSDP ratio ranged between 34.38 per cent and 41.35 per cent during the last five-year period. It can be seen that Overall Liabilities including OBB to GSDP ratio after reaching a high of 41.35 per cent in 2020-21 decreased steadily to 37.84 per cent in 2023-24 indicating higher rate of growth of GSDP when compared to the growth rate of Liabilities during the last three years.

2.8.1.2 Interest payment on Overall Liabilities (including OBB) as percentage of revenue receipts

If ratio of interest payment to revenue receipts is declining, it would enable Government to utilise more resources for other productive purposes. Though interest payment on Overall Liabilities to revenue receipt ratio decreased from 22.72 *per cent* in 2020-21 to 20.51 *per cent* in 2022-23, it again increased to 23.73 *per cent* in 2023-24 indicating lesser availability of resources for meeting other productive purposes during the year.

2.8.1.3 Maturity and repayment of Public debt

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Maturity profile captures redemption pressure on the States' debt; higher maturity means lower redemption pressure in future. Maturity profile of public debt shows that ₹99,082.42 crore (36.97 *per cent*) of total public debt (principal alone) is repayable within next five years and ₹ 58,139.04 crore (21.69 *per cent*) has to be repaid within five to 10 years. It signifies that the State has to repay ₹1,57,221.46 crore (58.66 *per cent*) of public debt in the next 10 years.

2.8.1.4 Net Borrowings available

Higher the percentage of debt repayment to debt receipts, the greater the proportion of debt utilised for debt servicing rather than for development activities. Ratio of debt repayment including interest to gross borrowings ranged from 90 *per cent* to 98 *per cent* during 2019-20 to 2023-24 and it was 98.49 *per cent* during 2023-24. This indicates that net borrowings available to the State for development activities during 2023-24 after debt servicing including payment of interest was only 1.51 *per cent* of the gross borrowings.

2.8.1.5 Liquidity position of the State

The number of occasions State resorted to Ways and Means Advances (WMA), Special Drawing Facility (SDF) and Overdraft (OD) facility to manage short-term funding gaps reflects the liquidity position of the State. Sustainable use of WMA and OD facility in large amounts indicates poor liquidity management, poor fiscal management and hinders short term debt sustainability. Analysis of WMA, SDF and OD facility availed by the State during 2019-20 to 2023-24 revealed that though the number of occasions and the amount availed by the State using these facilities had decreased from ₹ 35,745.17 crore (291 days) in 2019-20 to ₹15,745.01 crore (55 days) in 2022-23, it increased considerably to ₹ 53,306.52 crore (192 days) in 2023-24 indicating deterioration in liquidity position during 2023-24.

(B) Domar's approach towards debt stability

Fiscal liabilities are considered sustainable if the Government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. The Domar model is one of the models for analysis of public debts, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt.

It can be seen from **Table 2.36**, that during pre-Covid year of 2019-20, the real growth rate of GSDP was 0.90 *per cent* and Domar gap (Real growth-real rate of interest, expressed as g-r) was negative. In 2020-21, economy of the State was adversely affected due to Covid induced lockdown leading to a decline of (-) 8.49 *per cent in real growth rate* compared to growth of 0.90 *per cent* in 2019-20. This resulted in sharp decline in ‘Domar Gap’ and the continuance of its negative value in 2020-21. However, Domar gap turned positive during the period 2021-22 to 2023-24 due to increase in real growth compared to the real effective rate of interest. This, along with primary deficit reflects that Overall Debt as a percentage of GSDP tends towards stable value and is therefore sustainable. Depending on the stock of debt, it will either increase or decrease in time to reach a stable level greater than zero.

The sustainability of Overall Debt will depend on whether the State economy maintains the real growth rate in the long run keeping the real interest rate under control.

(C) Details of achievement vis-a-vis targets set in Kerala Fiscal Responsibility Act are shown in **Table 2.37**.

Table 2.37: Achievement vis-à-vis targets set in KFR Act

Fiscal Parameters		Achievements vis-à-vis targets set in KFR Act.				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit(-)/Surplus (+) (as <i>per cent</i> of GSDP)	T	Revenue Surplus		0.5	0.8	1.2
	A	(-)1.78	(-)3.35	(-)3.20	(-)0.90	(-)1.58
Fiscal deficit (as <i>per cent</i> of GSDP)	T	3	5	4	4	3.5*
	A	2.93	5.31	4.98	2.50	2.99
Ratio of total outstanding liability including OBB to GSDP	T	29.67	29.67	34.70	34.50	33.70
	A	32.64	39.21	37.09	36.20	34.96
	A**	34.38	41.35	39.72	39.08	37.84

Source: KFR Act and Finance Accounts

T-Target; A-Actual

* Includes additional borrowing of 0.50 *per cent* of GSDP allowed for reforms undertaken in Power Sector of which consent for additional borrowing of 0.45 *per cent* of GSDP alone was received from GoI during 2023-24.

** including off-budget borrowings

It can be seen that none of the targets in the KFR Act could be achieved over the years except for fiscal deficit targets of 2019-20, 2022-23 and 2023-24. Although fiscal deficit/GSDP ratio remained within targets, Government failed to meet targets for Revenue Surplus and outstanding liability/GSDP ratio. These trends highlight the need for Government to address fiscal imbalances and works towards sustainable financial management.

Going by the analysis, and results discussed above, finances of State of Kerala is marked by increasing trend of liabilities (debt, off-budget borrowings *etc.*) which pose risk to the target of debt stabilisation and debt sustainability.

2.8.2 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current

consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.38** depicts the utilisation of borrowed funds during 2019-24.

Table 2.38: Utilisation of borrowed funds

(₹ in crore)

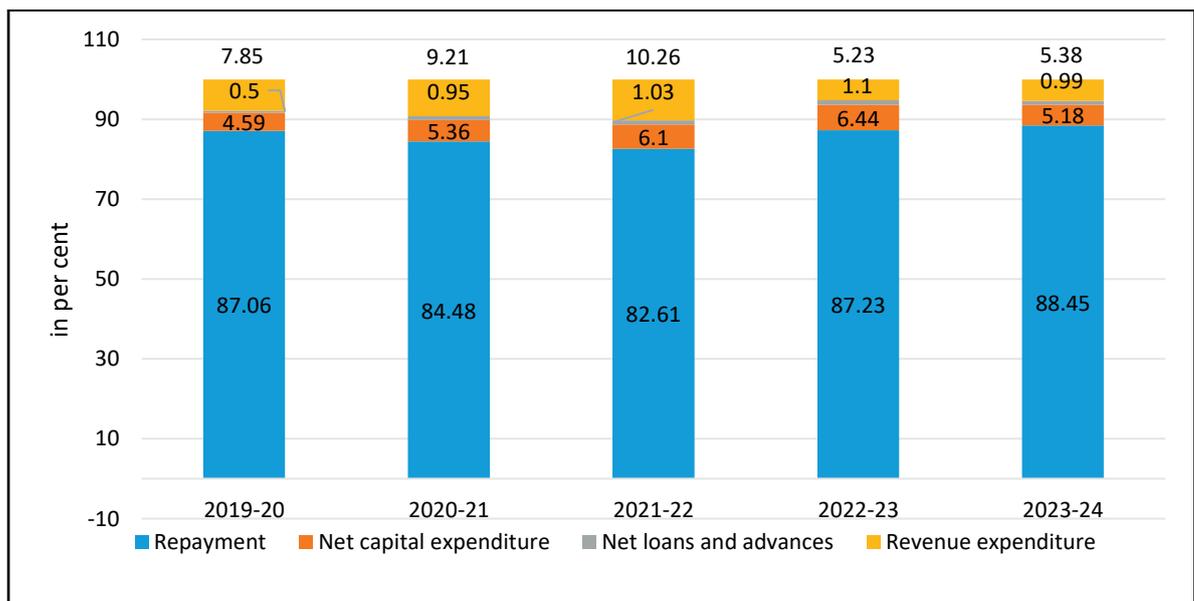
Sl. No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total borrowings*	1,83,509.21	2,40,014.87	2,31,582.08	2,16,432.89	2,61,358.70
2	Repayment of earlier borrowings (Principal) (percentage)	1,59,761.36 (87.06)	2,02,757.22 (84.48)	1,91,314.63 (82.61)	1,88,795.28 (87.23)	2,31,167.92 (88.45)
3	Net capital expenditure (percentage)	8,427.32 (4.59)	12,855.50 (5.36)	14,131.46 (6.10)	13,946.62 (6.44)	13,536.94 (5.18)
4	Net loans and advances (percentage)	914.90 (0.50)	2,284.69 (0.95)	2,375.05 (1.03)	2,381.64 (1.10)	2,580.92 (0.99)
5	Portion of revenue expenditure met out of net available borrowings (percentage) (1-2-3-4)	14,405.63 (7.85)	22,117.46 (9.21)	23,760.94 (10.26)	11,309.35 (5.23)	14,072.92 (5.38)

Source: Finance Accounts

*Includes borrowings under Public Debt and Public Accounts. Borrowings under Public Debt excludes ₹5,766 crore and ₹8,739.31 crore received as back-to-back loans from GoI during 2020-21 and 2021-22 respectively, in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources.

Trends of utilisation of borrowed funds during the period 2019-24 are depicted in **Chart 2.22**.

Chart 2.22 : Trends of utilisation of borrowed funds



Source: Finance Accounts

During the period 2019-20 to 2023-24, State Government utilised 83 to 88 *per cent* of its current borrowings for repayment of earlier borrowings. Revenue expenditure met out of borrowings ranged between five to nine *per cent* of total borrowings. Net Capital expenditure met from borrowings ranged from five to six *per cent* of total borrowings only during the period. It can be seen that borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation/development activities.

As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2023-24, which is the third year of the Finance Commission period, the State continued to be in revenue deficit and has borrowed to meet its revenue deficit.

2.8.3 Status of Guarantees-Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended.

The Government provides guarantees for repayment of loans, *etc.* raised by Statutory Corporations, Government Companies, Co-operative Banks, and Societies *etc.* In terms of the Section 3 of Government Guarantees Act, 2003, amended vide 'Kerala Finance (No.2) Act, 2022', the total outstanding Government Guarantees as on the first day of April of any year shall be 100 *per cent* of the total revenue receipts as per the annual financial statement of the State in the preceding year or at 10 *per cent* of the Gross State Domestic Product (GSDP), whichever is lower. During the year 2023-24, the amount guaranteed by the State Government was ₹ 13,088.62 crore. The outstanding guarantees of ₹ 62,868.15 crore as on 31 March 2024 works out to 5.49 *per cent* of the GSDP of the year 2023-24 (₹11,46,108.67 crore) which was within the limit of ten *per cent* of the GSDP for the year.

As per Government Guarantees Act, 0.75 *per cent* of outstanding guarantee at the beginning of the year have to be collected as guarantee commission every year. While ₹ 311.93 crore was received as guarantee commission during the year, ₹ 395.94 crore of guarantee commission was pending collection from various institutions as on 31 March 2024. Major defaulters are shown in **Appendix 2.1**.

2.8.4 Management of Cash Balance

As per agreement with the Reserve Bank of India, State Government has to maintain a minimum daily cash balance of ₹1.66 crore with the Bank. The amount over and above the minimum cash balance on a day is invested in short term treasury bills by RBI. The interest earned from such investments are credited as receipts under the head '0049-Interest Receipts'. During the year 2023-24, interest of ₹ 4.96 crore was earned against short term investments with a closing balance of ₹ 4,051.26 crore in 14 days treasury bills.

If the daily cash balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Drawing Facility (SDF)/Overdrafts (OD) from time to time.

The limit for ordinary WMA to the State Government during the year 2023-24 was ₹1,683.00 crore.

- During the year the State Government resorted to WMA/SDF/OD amounting to ₹ 53,306.52 crore and paid an interest of ₹ 55.91 crore. The State Government was able to maintain a minimum cash balance of ₹1.66 crore for 174 days during 2023-24 without taking any advance. However, the State Government had to resort to Ways and Means Advance (₹ 30,774.40 crore) for 107 days, Special Drawing Facility (₹ 5,012.61 crore) for 18 days to maintain minimum cash balance.
- Overdraft (₹ 17,499.59 crore) was taken on 67 days. The State Government repaid the amount of ₹ 53,306.52 crore obtained under Special Drawing Facility, Ways and Means Advances *etc.* leaving no amount to be repaid. The cash balance and Investments of cash balances made by the State Government during the year are shown in **Table 2.39**.

Table 2.39: Cash balances and Investment of cash balance

(₹ in crore)

SI No.	Particulars	Opening balance on 01 April 2023	Closing Balance on 31 March 2024
A. General Cash Balance			
1	Cash in treasuries	35.99	35.99
2	Deposits with Reserve Bank of India	146.16	238.68 ²²
3	Deposits with other Banks ²³		
4	Remittance in transit-Local	0.54	0.69
	Total	182.69	275.36
	Investment held in Cash Balance investment account (14 days Treasury bills)	7,092.74	4,051.26
	Total (A)	7,275.43	4,326.62
B. Other Cash Balances and Investments			
1	Cash with departmental officers viz., Public Works, Forest Officers	(-)7.63	(-)7.63
2	Permanent advances for contingent expenditure with department officers	1.15	1.18
3	Investment in earmarked funds	2,722.73	3,047.21
	Total (B)	2,716.25	3,040.76
	Total (A+B)	9,991.68	7,367.38
	Interest realised	15.85	4.96

Source: Statement 2 of Finance Accounts

²² There was a difference of ₹239.93 crore (credit) between the figures reflected in accounts (₹238.68 crore debit) and that communicated by Reserve Bank of India (debit item ₹1.25 crore) as on 31 March 2024. Out of the difference, an amount of ₹152.01 crore (net debit) has been cleared in 2024-25. The balance difference of ₹391.94 crore (net credit) is under reconciliation

²³ Represents cash held with State Bank of India (amount negligible)

No investments were made in Long term GoI Securities by the State Government for the past several years being a revenue deficit State. Details of cash balance investment account during the last five years are depicted in **Table 2.40**.

Table 2.40: Cash Balance Investment Account (major Head 8673)

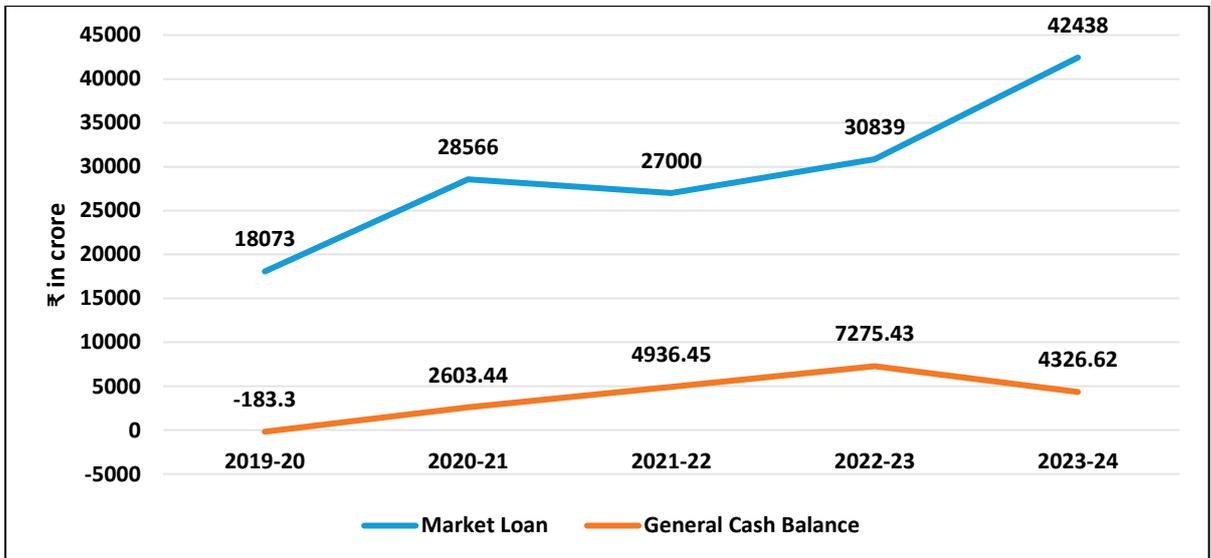
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
2019-20	189.53	1.67	(-)187.86	7.85
2020-21	1.67	2,809.86	2,809.19	4.05
2021-22	2,809.86	5,230.30	2,420.44	14.80
2022-23	5,230.30	7,092.74	1,862.44	15.85
2023-24	7,092.74	4,051.26	(-)3,041.48	4.96

Source: Finance Accounts

Details of market loans raised vis-à-vis General Cash Balances during the last five years are shown in **Chart 2.23**.

Chart 2.23: Details of market loans raised vis-à-vis General Cash Balances during the last five years



Source: Finance Accounts

At the end of March 2024, general cash balance was ₹4,326.62 crore. The State Government raised market loan amount to ₹42,438 crore during 2023-24.

2.9 Conclusions

1. Revenue resources

Revenue receipts of the State increased from ₹ 90,224.67 crore in 2019-20 to ₹1,24,486.15 crore in 2023-24, recording a growth of 37.97 per cent during the last five years. However, Revenue receipts decreased by ₹ 8,238.50 crore (6.21 per cent) in 2023-24 (₹ 1,24,486.15 crore) when compared to the previous year (₹ 1,32,724.65 crore). The State's own tax revenue, being the main source of revenue in revenue receipts increased by 47.70 per cent during the period 2019-24 and as compared to previous year, it grew by 3.28 per cent (₹ 2,360.85 crore). Non-tax revenue grew by 8.12 per cent (₹1,228.01 crore) in 2023-24 over the

previous year. There was huge arrears of revenue amounting to ₹24,462.50 crore as on 31 March 2024 pending collection of which ₹6,880.85 crore was outstanding for more than five years.

2. Revenue Expenditure

Revenue Expenditure of the State increased from ₹1,04,719.92 crore in 2019-20 to ₹1,42,626.34 crore in 2023-24 recording a growth of 36.20 *per cent* during the five-year period. During 2023-24, Revenue expenditure increased by ₹675.41 crore (0.48 *per cent*) over 2022-23. Revenue expenditure as a percentage of total expenditure ranged between 89 and 92 *per cent* during 2019-20 to 2023-24, showing predominance of revenue expenditure in total expenditure. Share of committed expenditure in revenue expenditure was 65.01 *per cent* during 2023-24.

3. Quality of Expenditure

Capital expenditure during the current year showed a negative growth of 2.94 *per cent* (₹412.11 crore) over the previous year. Share of capital expenditure in total expenditure ranged between seven to nine *per cent* during 2019-20 to 2023-24 indicating lesser priority assigned to Capital expenditure. Though the State Government invested ₹10,920.97 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives, average return on these investments was only 2.22 *per cent* during the year while the Government paid an average interest rate of 6.74 *per cent* on its borrowings during 2023-24.

4. Borrowed Funds

During 2023-24, 98.49 *per cent* of the gross borrowings were utilised for repayment of Overall Liabilities including interest. The maturity profile of Public Debt of the State indicates that the Government will have to repay 37 *per cent* of its debt within the next five years.

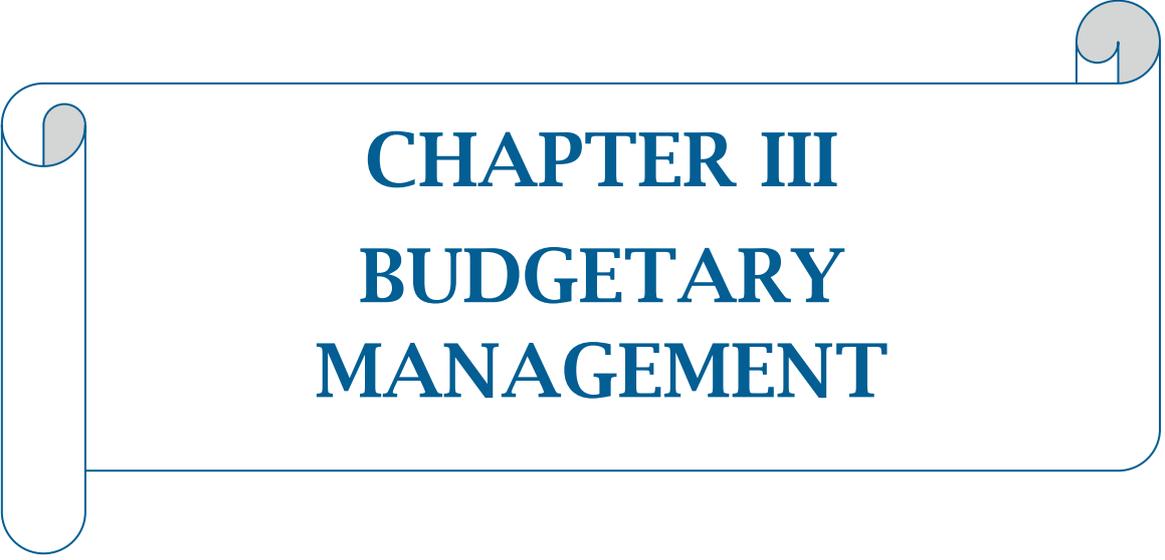
5. Compliance with Kerala Fiscal Responsibility (KFR) Act

The targets fixed in KFR Act was to eliminate revenue deficit completely and to achieve revenue surplus during 2019-20 to 2023-24. However, the State continued to be in revenue deficit during the period. The ratio of total outstanding liability including OBB to GSDP during 2023-24 (37.84 *per cent*) also remained beyond the target fixed in the KFR Act for the year (33.70 *per cent*). However, the State was able to contain fiscal deficit to GSDP ratio (2.99 *per cent*) within the target of 3.5 *per cent* fixed for the year.

2.10 Recommendations

1. *The Government should adopt a fiscal consolidation path so that the targets fixed in the Kerala Fiscal Responsibility Act could be achieved.*
2. *The Government should make all efforts to ensure that the revenue that are falling in arrears are realised.*

3. *The Government should take measures to improve its capital expenditure to augment its growth and development.*
4. *The State Government needs to mobilise additional revenue resources to fund its various socio-economic developmental schemes to avoid financing of revenue expenditure through debt.*



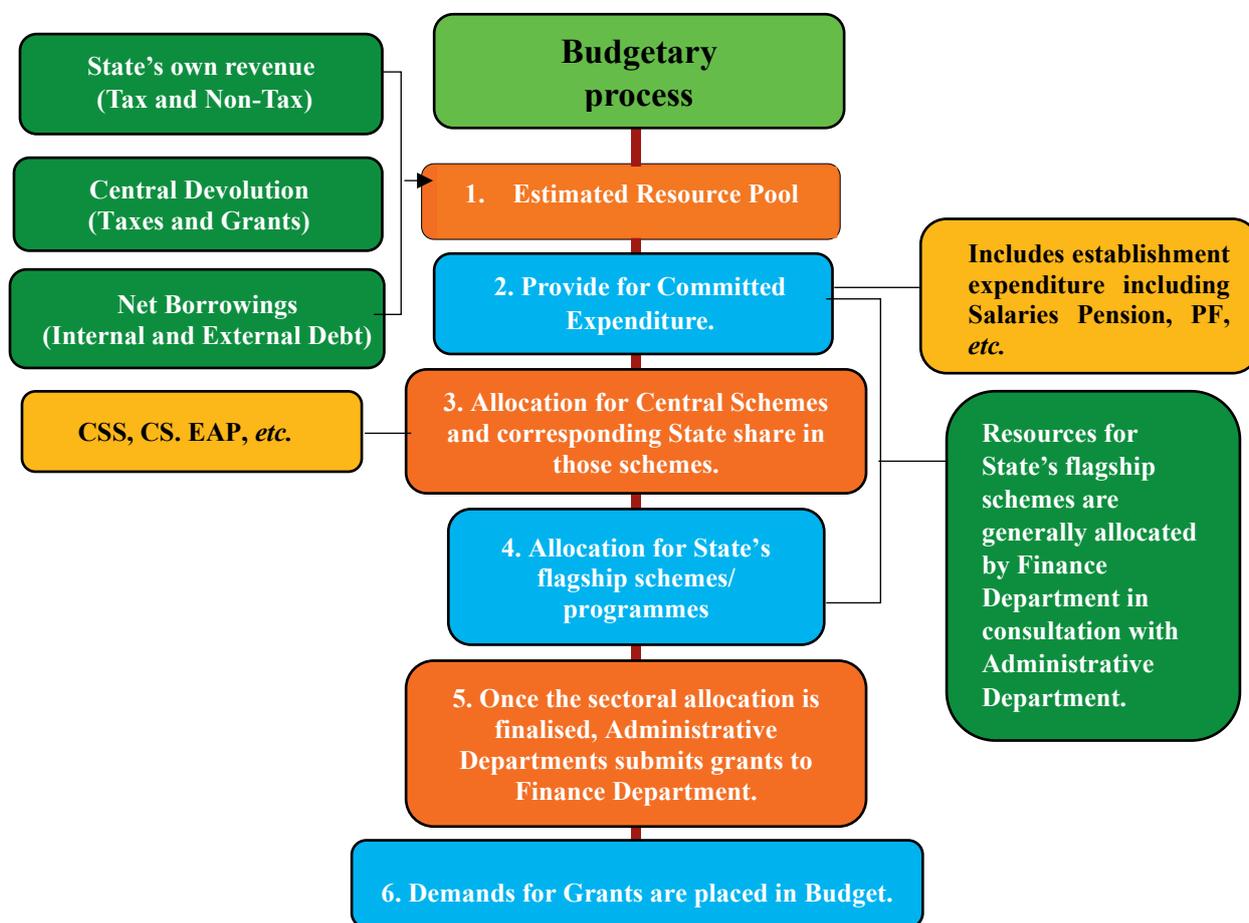
CHAPTER III
BUDGETARY
MANAGEMENT

CHAPTER III

BUDGETARY MANAGEMENT

3.1 Budget Process

As per Article 202 of the Constitution of India, a statement of the estimated receipts and expenditure of the State for a financial year has to be laid before the Legislature. This statement is known as the 'Annual Financial Statement' and is commonly referred to as 'Budget'. A typical budget preparation process is given in the flow chart below:



CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAP: Externally Aided Projects

The rules regarding the preparation, examination and consolidation of the budget estimates and their passage through the Legislature are contained in Kerala Budget Manual.

The preparation of budget for the year 2023-24 started with the issuance of circular (July 2022) by the Budget Wing of the Finance Department as prescribed in paragraph 3(1) of KBM. All the Heads of Departments and other Estimating Officers were directed to take immediate steps for the formulation of Budget Estimates as prescribed in paragraph 31 of KBM.

The proposals for the Budget Estimates have to be furnished through a web base application namely ‘Budget Monitoring System’(BMS) to Finance Department and Administrative Department on the dates prescribed by the Finance Department.

The Administrative Department scrutinise (paragraph 3(2) of KBM) the proposal for Estimates and forward their comments to the Finance Department within ten days of the receipt of the Estimates.

As soon as the Departmental Estimates are received, they are scrutinised (paragraph 3(3) of KBM) by the Finance Department minutely, in the light of the comments of the Administrative Departments, the figures of actual expenditure made available by the Accountant General, and the information available with the Finance Department and modified, wherever necessary.

The procedure for obtaining supplementary appropriations are also contained in paragraph 89 of KBM. Paragraph 62 of KBM prescribes about the distribution of appropriations among controlling and disbursing officers.

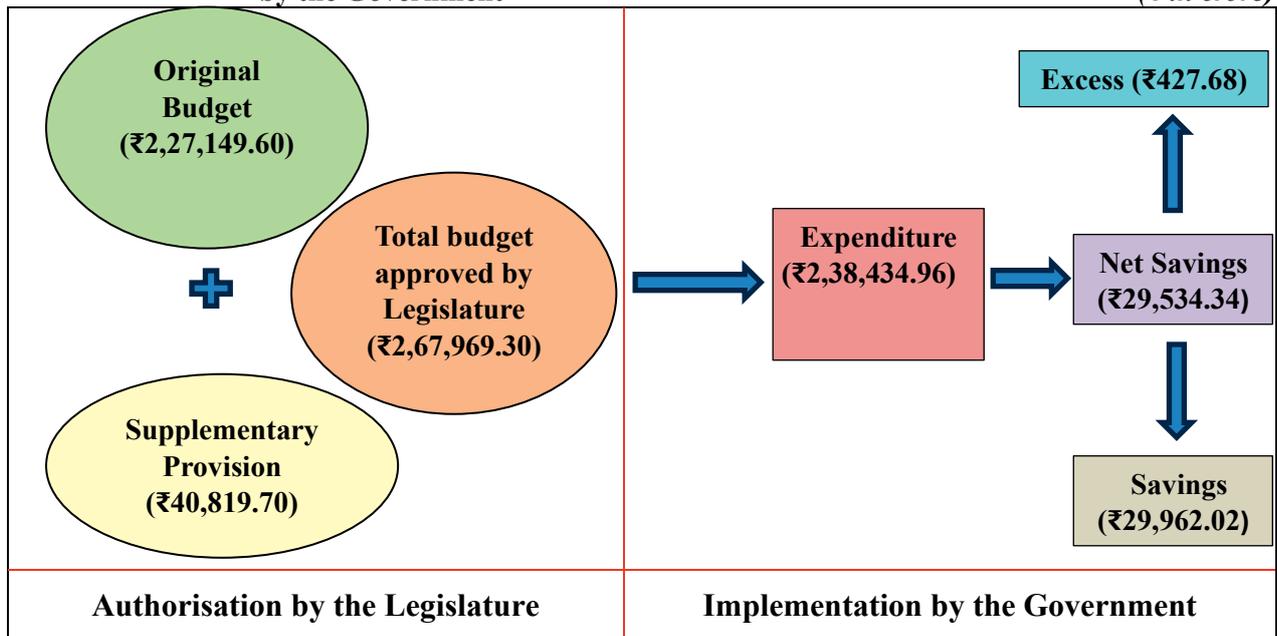
As per the provisions contained in paragraph 69 of the KBM, the control of expenditure is exercised by the Administrative Departments through the hierarchy consisting of the Chief Controlling Officer, the Subordinate Controlling Officer and the Disbursing Officer.

Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a Grant in accordance with the procedure mentioned in paragraph 86(3) of KBM.

The Annual Budget is tabled in the State Legislature by the Finance Minister each year. On 3rd February 2023, Kerala’s Finance Minister presented the State Budget in the State Legislature for the financial year 2023-24.

The various components of expenditure authorised by the Legislature and implemented by the Government are depicted in **Chart 3.1**.

Chart 3.1: Expenditure authorised by the Legislature and actual implementation by the Government (₹ in crore)



Source: Compilation from VLC data

The Appropriation Accounts depicted an overall savings of ₹29,962.02 crore offset by excess of ₹427.68 crore during the year 2023-24 resulting in net savings of ₹29,534.34 crore. The Budget and the actual expenditure are shown in **Table 3.1** below:

Table 3.1: Budget vs Actuals*(₹ in crore)*

Sl No.	Budget		Actual Expenditure	Savings
	Original	Supplementary		
1	2,27,149.60	40,819.70	2,38,434.96	29,534.34

Source: Appropriation Accounts for the financial year 2023-24

The overall savings seen from above works out to ₹29,534.34 crore. It is also pertinent to mention here that the actual receipt in the Consolidated Fund was ₹2,29,603.32 crore and the actual expenditure (as per Finance Accounts 2023-24) was ₹2,33,872.35 crore during the year. This had led to deficit of ₹4,269.03 crore in the Consolidated Fund, which was met from the surplus in Public Account (₹4,361.70 crore). Thus, the savings as worked out here (₹29,534.34 crore) is actually a notional savings, which had happened due to overestimation of budget, indicating poor budgetary management.

3.2 Gender Budgeting in Kerala

Gender Budget of the State discloses the expenditure proposed to be incurred within the overall budget on schemes, which are designed to benefit women fully or partly. In Kerala, the Annual Gender Budget statements have been presented with general Budget documents every year since 2017-18. Gender Budget 2023-24 is the seventh in this sequence and is prepared by Kerala State Planning Board.

Gender Budget has two Parts: Part A includes 90 to 100 *per cent* women specific schemes and Part B includes less than 90 *per cent* women specific schemes. The total allocation earmarked for women across different departments for the period from 2019-20 to 2023-24 under Part A and Part B schemes along with their percentage to total budget allocation and State Plan outlay is shown in **Table 3.2**.

Table 3.2: Comparison of category wise Gender Budget allocation against Total State Plan outlay excluding allocation to Local Bodies from 2019-20 to 2023-24*(₹ in crore)*

Description	2019-20	2020-21	2021-22	2022-23	2023-24
Total Budget allocation (original)	1,60,613.01	1,70,431.18	2,15,813.79	2,30,278.70	2,27,149.60
Total Plan outlay*	23,110.00	20,707.00	20,607.00	22,322.00	22,112.00
Percentage of Plan outlay to Original Budget Provision	14.39	12.15	9.55	9.69	9.73
Total Part 'A' scheme allocation**	No. of Schemes	90	88	96	89
	Amount	1,420.15	1,509.33	1,346.91	1,619.82

Description		2019-20	2020-21	2021-22	2022-23	2023-24
Total Part 'B' scheme allocation	No. of Schemes	149	160	202	203	211
	Amount	2,461.48	2,300.54	2,678.49	3,045.38	3,190.69
Percentage of Part 'A' scheme to Total Plan outlay		6.15	7.29	6.54	7.26	6.69
Percentage of Part 'B' scheme to Total Plan outlay		10.65	11.11	13.00	13.64	14.43

Source: Gender and Child Budget document 2023-24

* Excludes allocation to Local Bodies

**Includes allocation for Transgenders: ₹6.4 crore in 2023-24, ₹5.8 crore in 2022-23 and ₹ five crore in 2019-20 to 2021-22

Gender Budget 2023-24 has an allocation of ₹4,670.22 crore within a total plan outlay of ₹22,112 crore. This constitutes 21.12 per cent of the total Plan outlay. Within this, the Part A (that covers 90 to 100 per cent women specific schemes) has an allocation of ₹1,479.53 crore (6.69 per cent) and the Part B (includes all the schemes in which the allocation of budgetary resources is less than 90 per cent) has an allocation of ₹3,190.69 crore (14.43 per cent). The percentage of Part A schemes to total plan outlay showed a fluctuating trend over the years with a decrease from 7.26 per cent in 2022-23 to 6.69 per cent in 2023-24. However, part B schemes showed an increased trend both in budgetary allocation and no. of schemes over the five-year period.

During 2023-24, an amount of ₹1,479.53 crore was allocated in Part A category for 89 schemes under 13 grants. Scrutiny of the performance of Part A schemes included in Gender Budget (2023-24) furnished by State Planning Board (October 2024) revealed that there were aggregate savings above 78.44 per cent of the total budget provision in 18 schemes under seven grants as shown in **Appendix 3.1**.

In seven women specific Part A schemes as shown in **Table 3.3**, the entire budget provision remained unutilised during 2023-24.

Table 3.3: Women specific Part A schemes in which entire budget provision remained unutilised

(₹ in crore)

Sl No.	Scheme	Budget Allocation	Objective of the Scheme
1	2204-00-104-97-V-P- Assistance to Kerala State sports Council (Women football academy)	0.20	To set up an academy to raise the standard of women's football in Kerala at the national level.
2	2204-00-104-97-V-P- Assistance to Kerala State sports Council (Women volleyball academy)	0.40	For the development and growth of women volleyball at the grassroot level.
3	4216-80-201-93-V-P-PG Hostel for Women	1.00	The scheme is for providing better, safe and secure accommodation facilities to the working women/ those pursuing higher studies at affordable rates.

Sl No.	Scheme	Budget Allocation	Objective of the Scheme
4	4250-00-201-91-V-P-Studio Apartment for working Women in urban Area	0.50	For providing single apartment unit which includes bed space, living space, kitchenette etc. for single and married women workers.
5	2225-01-102-91-V-P-Valsalyanidhi	10.00	The scheme is to provide an insurance linked social security scheme for SC girl child. The entire insurance premium is paid by State Government. The insurance schemes which attain maturity when the child attains 18 years of age can be used for higher education and for settling in life.
6	2225-02-102-76-V-P-Tribal Girl Child Endowment Scheme (Gothra Valsalyanidhi)	1.00	The scheme is to provide social and economic security to tribal girl child during various phases of her life. The insurance schemes which attain maturity when the child attains 18 years of age can be used for higher education and for settling in life.
7	5055-00-800-73 (02)-V-P-Vehicle Tracking platform for safety and enforcement under Nirbhaya framework (VLTPS Nirbhaya Scheme)	4.00	The scheme envisages enhancing the safety of the women and the girl children by equipping all the public passenger transport vehicles with Vehicle location Tracking device and emergency buttons for real time 24X7 monitoring and tracking of vehicles in case of emergency.

Source: Reply furnished by State Planning Board and Appropriation Accounts 2023-24

Table 3.3 indicates that the targeted beneficiaries were deprived of the intended benefits of the above women-specific schemes during 2023–2024 due to the lack of progress in their implementation during the year.

The Government should proactively look into schemes where the intended benefits could not be extended to the targeted women beneficiaries. Unless the provisions and allocations for gender budgeting are translated into effective implementation of the schemes followed by robust monitoring mechanism, the entire objective of gender budgeting would remain defeated.

3.3 Child Budget

The projects for the development and welfare of children (as per UN Convention-human beings below the age of 18 years) are compiled and included in the Gender Budget as Child Budget Statement. In order to achieve the same, focus is given to the four pillars (i) the right to survival, (ii) the right to protection, (iii) the right to development and (iv) the right to participation. The total allocation earmarked for child centric schemes across different departments for the period 2019-20 to 2023-24 are shown in the **Table 3.4**.

Table 3.4: Budget allocation for child centric schemes from 2019-20 to 2023-24
(₹ in crore)

Description		2019-20	2020-21	2021-22	2022-23	2023-24
Total Plan outlay*		23,110.00	20,707.00	20,607.00	22,322.00	22,112.00
Child Budget Schemes	No. of Schemes	83	88	89	99	90
	Amount	1,781.52	1,847.33	1,896.35	2,063.88	1,647.53
As a Percentage to Total Plan outlay		7.71	8.92	9.20	9.25	7.45

Source: Gender and Child Budget document 2023-24

* Excludes allocation to Local Bodies

The Child Budget 2023-24 has an allocation of ₹1,647.53 crore, which constitutes 7.45 per cent of the total allocation (excluding allocations under Local Self Government Institutions) and is spread across 90 schemes.

The percentage of allocation of child centric schemes to total plan outlay, which was on an increasing trend since 2019-20, decreased sharply in 2023-24 to 7.45 per cent of the total plan outlay. The number of child centric schemes also dropped to 90²⁴ in 2023-24 as compared to 99 schemes in 2022-23.

During 2023-24, an amount of ₹1,647.53 crore was allocated in child centric schemes for 90 schemes under nine grants. Scrutiny of the performance of child centric schemes included in Gender Budget (2023-24) furnished by State Planning Board (October 2024) revealed that there were aggregate savings above 53.80 per cent of the total budget provision in 18 schemes as shown in **Table 3.5** below. The details of Schemes are given in **Appendix 3.2**

Table 3.5: Savings under child centric schemes

(₹ in crore)

Sl No.	Grant	No. of Schemes	Budget Provision	Expenditure incurred	Savings	Percentage of savings
1	17-Education, Sports, Art and culture	9	76.54	37.37	39.17	51.18
2	18-Medical and Public Health	1	1.00	0.23	0.77	77.00
3	25-Welfare of Scheduled castes, scheduled tribes, other Backward classes and Minorities	4	23.00	4.34	18.66	81.13
4	46-Social Security and Welfare	4	85.50	44.01	41.49	48.53
Total		18	186.04	85.95	100.09	53.80

Source: Reply furnished by State Planning Board and data from Appropriation Accounts 2023-24

²⁴ The major schemes which were removed during 2023-24 are Additional state assistance to post matric students; Other Eligible Communities (OEC) post matric assistance; Skill training; Reimbursement of fees to minority students in various training programmes; Post matric hostels for ST students; Post – Matric scholarships for students from economically weaker sections of Forward Communities.

The Child centric schemes having high percentage of savings are Jawahar Bala Bhavan (82 *per cent*), State Nutritional and Diet Related Intervention Programme (77 *per cent*), Special Projects (73 *per cent*), Assistance to Directorate of General Education (Department)(73 *per cent*) and Construction of Anganwadi buildings with LSGD (65 *per cent*).

3.4 Performance Budgeting

As per paragraph 53 of Kerala Budget Manual, Performance budgeting is essentially a technique of presenting the operations of Government in both financial and physical terms, thus enabling evaluation of the performance of each department. It provides a meaningful classification of the activities of Government, that serves to establish a proper relationship between inputs and outputs.

The Public Accounts Committee (PAC), in its 140th report for the period 2008-11, has recommended to introduce the Performance Budgeting in all the departments dealing with development activities in a time bound basis. Subsequently, the State Government as per orders of January 2014 decided to introduce the performance budgeting in six departments as an initial step and this was also included in the Statement of Action Taken on the recommendation of the PAC. However, it is seen that performance budget of only three departments, namely Agriculture Development & Farmers Welfare department, Forest & Wildlife department and Water Resources department is prepared and presented along with the budget papers as against the recommendation of 140th report of PAC.

The Finance Department replied (October 2024) that the recommendation in the 140th report of the PAC for the period 2008-11 to introduce performance budgeting in more departments that deal with developmental activities is under examination by the Government. State Government also replied (December 2024) that Performance Budgeting was limited to three departments as considerable volume of human resources was required to implement the performance budgeting in more departments. Finance Department is however preparing real time field evaluation report of important Government schemes in selected departments every year (Concurrent Evaluation and Monitoring of Schemes - CEMS) and placing it before the Legislative Assembly.

The reply is not tenable as even after a lapse of 14 years since the recommendations of the PAC, the State Government implemented the Performance Budgeting documents along with the Budget only for three Departments. There is a need to bring the budgets of more departments in line with performance budgets.

3.5 Summary of Appropriation Accounts 2023-24

At the end of the financial year, the office of the Accountant General (A&E) prepares Appropriation Accounts along with Finance Accounts. Appropriation Accounts are accounts of expenditure during a financial year compared with the sums specified in the schedules to Appropriation Act passed under Article 204 and 205 of the Constitution. Appropriation Accounts thus facilitate the understanding of utilization of funds, the management of finances and

monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

This chapter is based on the audit of Appropriation Accounts of the State which compares the allocative priorities in the various schedules of the Appropriation Act with actual expenditure.

3.5.1 Reconciliation between Finance Accounts and Appropriation Accounts

As the grants and appropriation in Appropriation Accounts are for gross amounts required for expenditure, the expenditure figures shown against them do not include recoveries of overpayments (ROP) pertaining to previous years adjusted in the accounts in reduction of expenditure. However, ROPs are deducted from the Gross expenditure and only the net expenditure figures are shown in the Finance Accounts.

As per Para 3.10 and 4.3 of General Directions contained in List of Major and Minor Heads (LMMH) of Controller General of Accounts, Recoveries of Overpayments pertaining to previous year(s) under Revenue Expenditure are to be recorded under the distinct minor head 'Deduct Recoveries of Overpayments (code 911)', below the concerned Major/ Sub Major head and in the case of Capital Expenditure 'Deduct-Receipts and Recoveries on Capital Account' are to be opened, wherever necessary below the relevant minor head under various Capital Major/Sub Major heads where the expenditure was initially incurred.

The reconciliation between the total expenditure as per Appropriation accounts for the year 2023-24 and that shown in the Finance accounts for that year is given in Table 3.6 below:

Table 3.6: Comparison of figures in Appropriation accounts and Finance Accounts

(₹ in crore)

Particulars	Revenue Voted	Capital Voted	Revenue Charged	Capital Charged	Total
Figures as per Appropriation Accounts	1,19,482.70	16,948.02	27,535.85	74,468.39	2,38,434.96
Deduct recoveries	4,388.03	169.23	4.18	1.17	4,562.61
Figures as per Finance Accounts	1,15,094.67	16,778.79	27,531.67	74,467.22	2,33,872.35

Source: Appropriation Account 2023-24

3.5.2 Summary of total budget provision, actual disbursements and savings/ excess during the financial year

The State was authorised to incur expenditure through 45 Grants and two Appropriations during 2023-24. Grants include either revenue or capital heads of expenditure or both. While 14 out of 45 Grants contain only voted items of expenditure, 31 Grants contained both voted and charged items of expenditure. Of the two charged appropriations, debt charges are revenue in nature whereas Public debt repayment are capital in nature. A summarised position of total budget provision and disbursement with its further bifurcation into voted/ charged during the year 2023-24 is given below in Table 3.7.

Table 3.7: Number of Grants/ Appropriations operated by the State in 2023-24
(₹ in crore)

Sl No.	Description	Total No. of Grants/ Appropriations	Items of Expenditure	Budget Provision			Disbursements		
				Voted/ Charged	Revenue	Capital	Total	Revenue	Capital
A	Grants	45	Voted/ Charged	1,41,769.73	20,977.58	1,62,747.31	1,19,912.24	17,050.57	1,36,962.81
B	Appropriations	2	Charged	27,045.65	78,176.33	1,05,221.98	27,106.31	74,365.84	1,01,472.15
Total (A+B)		47		1,68,815.38	99,153.91	2,67,969.29	1,47,018.55	91,416.41	2,38,434.96

Source: Appropriation Accounts

There were variations of 11.02 per cent between the total budget provision under grants/appropriations and expenditure incurred, leading to a net savings of ₹29,534.34 crore as shown in Table 3.8 below.

Table 3.8: Grants and Appropriations with excesses and savings

(₹ in crore)

Sl No.	Description	Total No. of Grants/ Appropriations	Savings			Excess			Net savings
			Revenue	Capital	Total	Revenue	Capital	Total	
1	2	3	5	6	7	8	9	10	11
A	Grants	45	21,869.92	4,281.60	26,151.52	12.42	354.60	367.02	(-) 25,784.50
B	Appropriations	2	0	3,810.50	3,810.50	60.66	0	60.66	(-)3,749.84
Total (A+B)		47	21,869.92	8,092.10	29,962.02	73.08	354.60	427.68	(-)29,534.34

Source: Summary of Appropriation Accounts

3.5.3 Charged and Voted Disbursements

The summarised position of voted and charged disbursements for the period from 2019-20 to 2023-24 is shown in Table 3.9.

Table 3.9: Charged and Voted disbursements during the five-year period 2019-2024

(₹ in crore)

Sl No.	Year	Provisions		Disbursements		Savings(-)/ excess(+) (as a percentage of provision)	
		Voted	Charged	Voted	Charged	Voted	Charged
1	2019-20	1,31,064.55	63,398.06	1,00,174.27	63,641.53	(-) 30,890.28(24)	(+) 243.47(0.4)
2	2020-21	1,43,219.41	65,727.38	1,24,436.83	60,440.56	(-) 18,782.58(13)	(-) 5,286.82(8)
3	2021-22	1,60,240.49	76,775.63	1,45,510.41	59,940.99	(-) 14,730.08(9)	(-)16,834.64(22)
4	2022-23	1,65,469.06	82,159.71	1,40,942.23	61,929.70	(-) 24,526.83(15)	(-) 20,230.01(25)
5	2023-24	1,62,084.38	1,05,884.92	1,36,430.73	1,02,004.23	(-) 25,653.65(16)	(-) 3,880.69(4)

Source: Appropriation Accounts for the respective years

The percentage of unspent provision under voted section reduced sharply from 24 per cent in 2019-20 to nine per cent in 2021-22 and thereafter increased to 15 and 16 per cent during 2022-23 and 2023-24 respectively. The percentage of unspent provision in charged section, which was on an increasing trend from eight per cent in 2020-21 to 25 per cent in 2022-23, decreased to four per cent in 2023-24, indicating improved budget estimation in the charged expenditure.

3.5.4 Budget marksmanship

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

3.5.4.1 Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/ actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved. During 2023-24, out of 45 Grants and two appropriations, the provision under revenue section was made in 44 grants and one appropriation and provision under Capital section was made in 29 grants and one appropriation. Summarised position of original provision and its deviation from the actual outturn during the year 2023-24 is shown in **Table 3.10**.

Table 3.10: Extent to which the actual expenditure reflects the original approved Budget

(₹ in crore)				
Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*	Percentage of deviation in Actual Outturn with BE
Revenue	1,60,870.77	1,47,018.55	(-) 13,852.22	(-) 8.61
Capital	66,278.83	91,416.41	25,137.58	37.93
Total	2,27,149.60	2,38,434.96	11,285.36	4.97

Source: Appropriation Accounts

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

In the Revenue section, deviation in outturn compared with BE was 8.61 per cent. This was due to deviation between 0 and ± 25 per cent in 31 grants and one appropriation, between ± 25 to ± 50 per cent in nine grants, between ± 50 per cent and ± 75 per cent in one grant, between ± 75 per cent and ± 100 in one grant and more than 100 per cent in two grants.

In Capital section, deviation in outturn compared with BE was 37.93 per cent. This was due to deviation between 0 and ± 25 per cent in five grants, between ± 25 and ± 50 per cent in 12 grants, between ± 50 per cent and ± 75 per cent in nine grants and one appropriation, between ± 75 per cent and ± 100 in one grant and more than 100 per cent in two grants.

3.5.4.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

Summarised position of original provision and actual outturn and their deviation from the revised estimate is shown in **Table 3.11**.

Table 3.11 Extent to which the re-allocation (Revised Estimate) between the budget categories contributed to variance in Actual expenditure

(₹ in crore)

Description	Original Approved Budget (BE)	Revised Estimate (RE)	Actual	Difference between BE & RE	Difference between Actual and RE*	Percentage of deviation in Actual Outturn with RE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue	1,60,870.77	1,52,451.43	1,47,018.55	(-) 8,419.34	(-) 5,432.88	(-) 3.56
Capital	66,278.83	95,176.13	91,416.41	28,897.30	(-) 3,759.72	(-) 3.95
Total	2,27,149.60	2,47,627.56	2,38,434.96	20,477.96	(-) 9,192.60	(-) 3.71

Source: Appropriation Accounts

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

In Revenue section, deviation in outturn compared with RE was (-) 3.56 per cent. This was due to deviation between 0 and ± 25 per cent in 39 grants and one appropriation, and between ± 25 per cent and ± 50 per cent in five grants.

In Capital section, deviation in outturn compared with RE was (-) 3.95 per cent. This was due to deviation between 0 and ± 25 per cent in 11 grants and one appropriation, between ± 25 per cent and ± 50 per cent in 11 grants, between ± 50 per cent and ± 75 per cent in three grants, between ± 75 per cent and ± 100 per cent in three grants and more than 100 per cent in one grant. No provision in capital section, was made in respect of 16 grants²⁵ and one appropriation.

3.6 Appropriation Accounts 2023-24

Audit of Appropriations by the CAG of India seeks to ascertain

- Whether the expenditure actually incurred under various Grants is in accordance with the authorisation given in the Appropriation Act.
- Whether the expenditure required to be charged under the provisions of the Constitution is so charged.
- Whether the expenditure incurred is in confirmation with laws, relevant rules, regulations and instructions.

The results of audit scrutiny of Appropriation Accounts are detailed in the subsequent paragraphs.

²⁵ Grant no. 1 to 11, 13,16,19,26 & 43 and Appropriation 'Debt Charges'

3.7 Comments on integrity of Budgetary and Accounting process

3.7.1 Non-regularisation of expenditure incurred by way of additional authorisation

Paragraph 95(3) of the KBM provides for additional authorization of funds by the Administrative Department with the concurrence of the Finance Department in cases not involving ‘new service’ and where the requirement of funds is urgent and expenditure cannot be postponed till the supplementary grants of next batch are voted. But all such cases are required to be regularised before the close of the financial year by providing additional funds to cover the expenditure either through re-appropriation or by obtaining supplementary grant. Further, Article 205 of the Constitution also necessitate regularisation of the excess expenditure.

A scrutiny of Appropriation Accounts for the year 2023-24 has revealed that in seven schemes an expenditure of ₹303.84 crore was incurred in excess of the net budget which was not regularised either by Supplementary demands or by issuing re-appropriation orders as shown in **Table 3.12** below:

Table: 3.12: Expenditure incurred by way of additional authorisation pending regularisation

(₹ in crore)

Sl No	Grant name	Scheme	Original Grant	Supplementary Grant	Total Grant	Reappropriation Net	Net budget	Expend - iture	Final excess
1	09-Taxes On Vehicles	2041-00-001-96-V-NP-FAST (Fully Automated Services of Transport Department)	16.00	0.00	16.00	2.51	18.51	24.01	5.50
2	12-Police	4055-00-211-96-V-P-Housing for Police Personnel above or as part of Police Stations in Urban Areas	0.00	0.00	0.00	10.76	10.76	48.00	37.24
3	15-Public Works	3054-80-001-97-C-NP-Execution	0.01	0.00	0.01	0.09	0.10	0.15	0.05
4	25-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2225-02-277-29-V-P-Post metric Scholarship for Scheduled Tribe Students (75 % CSS)	35.00	0.00	35.00	8.28	43.28	50.12	6.84

Sl No	Grant name	Scheme	Original Grant	Supplementary Grant	Total Grant	Reappropriation Net	Net budget	Expenditure	Final excess
5	38-Irrigation	4711-02-103-93-C-P-Coastal Zone Management Works under Twelfth Finance Commission Award	0.00	0.00	0.00	1.59	1.59	1.93	0.34
6	40-Ports	5051-01-001-99-V-P-Development of Vizhinjam Deep Water International Transshipment Terminal	0.01	114.03	114.04	61.03	175.07	259.10	84.03
7	41-Transport	7055-00-190-99-V-P-Loans to Kerala State Road Transport Corporation	0	484.87	484.87	1410.85	1895.72	2065.57	169.84
Total			51.02	598.9	649.92	1,495.11	2,145.03	2,448.88	303.84

Source: Appropriation Accounts

The expenditure of ₹303.84 crore incurred against the strength of additional authorisation was not regularised during 2023-24 in above schemes leading to an excess expenditure of ₹303.84 crore.

State Government replied (December 2024) that as the expenditure was unavoidable, the Government had to incur expenditure through additional authorisation. As there were no savings under the grant, and the final Supplementary Demand for Grant for obtaining approval of Legislature was finalised prior to the incurrance of the expenditure, the excess expenditure could not be regularised.

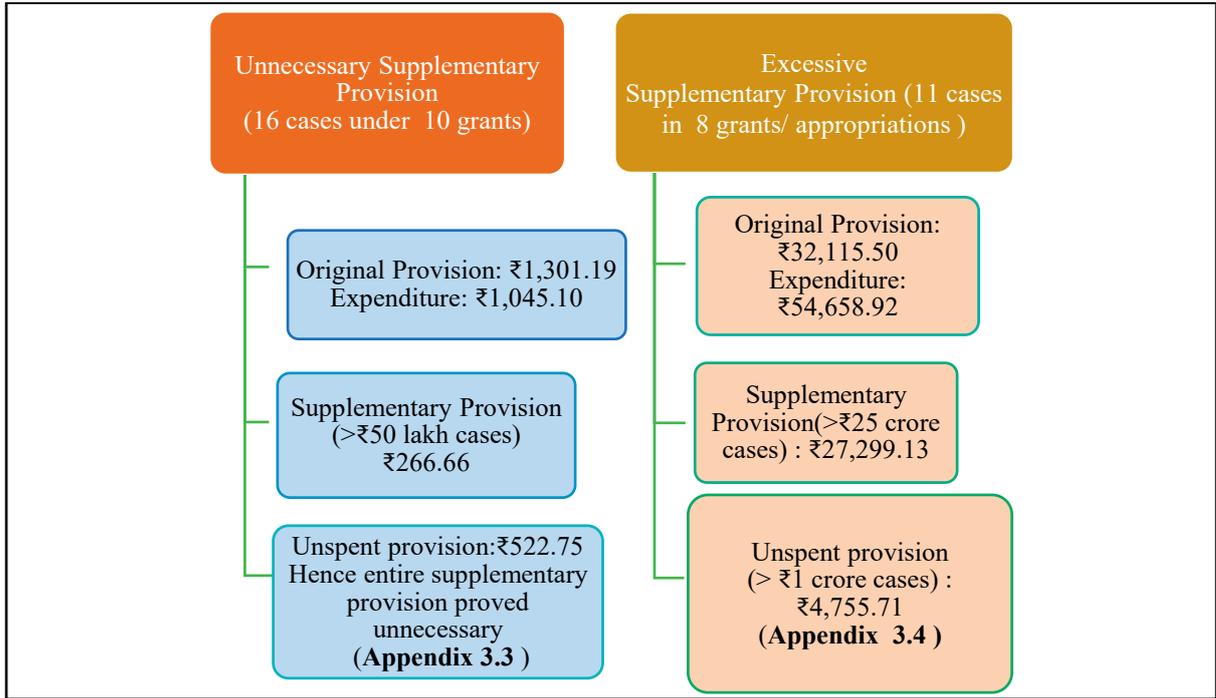
The reply is not tenable as incurring of expenditure by the department on the strength of additional authorisation without regularising it either through re-appropriation or by obtaining supplementary grant is in violation of the provision of paragraph 95(3) of the KBM. Also, the excess expenditure incurred above the grants approved by the State Legislature is in violation of the Article 205 of the Constitution of India.

3.7.2 Unnecessary /Excessive supplementary grants

Test checked cases of supplementary provisions showed instances of unnecessary and excessive provisions (**Appendix 3.3** and **Appendix 3.4**) as detailed in **Chart 3.2**.

Chart 3.2: Unnecessary/Excessive Supplementary provision

(₹ in crore)



Source: Compilation from VLC data

From the above, it was noticed that there were instances where supplementary provision provided were wholly unnecessary as the expenditure did not come up even to the level of original provision. There were also instances of excessive supplementary provision as the expenditure did not come up to the level of total budget (original provision plus supplementary provision) leading to net savings under the schemes.

Finance department replied (October 2024) that instances of unnecessary Supplementary Grants point to the lapses on the part of the Controlling Officers, who are primarily responsible for furnishing proposal for Supplementary Grants/ appropriations that has to be prepared with utmost care and caution. The State Government stated that the borrowing consent for an amount of ₹13,608 crore was received in the mid of March 2024, which was expected during January 2024. This resulted in lack of sufficient liquidity leading to curtailment of expenditure by the State Government and was the main reason for the savings in Supplementary provision.

The reply is not tenable as the Supplementary grant of ₹40,775.61 crore (99.89 per cent of the total supplementary grant for 2023-24) obtained through final Supplementary Demand for Grant was passed only on 24 February 2024 leaving only a limited period for utilisation of the funds.

The State Government should ensure that supplementary estimates are made based on realistic requirements and obtained in time.

3.7.3 Unnecessary/ Excessive/ insufficient re-appropriation of Funds

As per Paragraph 83 of KBM, re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. However, considerable re-appropriation from one sub-head to another must always be avoided and the process of re-appropriation should not be merely used to rectify omissions and lack of foresight.

Audit scrutiny of re-appropriations of above ₹one crore in schemes having final savings of above ₹25 crore disclosed unnecessary and excessive re-appropriations. There were cases of insufficient re-appropriations of above ₹one crore which resulted in final excess expenditure of above ₹one crore indicating inaccurate and unrealistic budgeting. The results of audit scrutiny are discussed below.

- In 16 schemes under seven grants, additional funds (cases above ₹one crore) of ₹638.68 crore provided by way of re-appropriations proved unnecessary (**Appendix 3.5**), as the expenditure did not come up to the level of original provision which resulted in savings (cases above ₹25 crore) of ₹1,440.69 crore.
- In six cases under six grants, additional funds (cases above ₹one crore) of ₹729.61 crore provided through re-appropriations were excessive (**Appendix 3.6**) resulting in unspent provision (cases above ₹25 crore) of ₹506.07 crore.
- In 15 cases under eight grants and two appropriations, additional funds of ₹1,614.29 crore provided through re-appropriation (cases above ₹one crore) were insufficient (**Appendix 3.7**) and resulted in excess expenditure of ₹535.19 crore.

3.7.4 Unspent provisions against budget allocation and large savings/ surrenders

As per para 14 of KBM, the estimates should always receive the careful personal attention of the officers who submit them, who should ensure that they are neither inflated nor underpitched, but as accurate as practicable. This is possible only if the Estimating Officers keep themselves thoroughly acquainted with the flow of revenue and expenditure. While provision should be made for all items that can be foreseen, it is essential that it is restricted to the amount required for actual expenditure during the year. The general tendency to underestimate expenditure should be avoided, and a realistic picture of the finances of the department presented.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation / weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds which they could have utilised.

3.7.4.1 Grants having large savings (savings above ₹100 crore and above) during 2023-24

There were 27 cases of unspent provisions, each exceeding ₹100 crore and above under 21 grants and one appropriation, which aggregated ₹28,355.55 crore. Large unspent provisions, i.e., more than ₹2,000 crore were noticed in Revenue Voted under ‘Grant No. 43-Compensation and Assignments’(₹5,099.16 crore), ‘Grant No. 46-Social Security and Welfare’ (₹4,209.75 crore), ‘Grant No. 36-Rural Development’(₹3,408.16 crore) , Grant No. 17-Education, Sports, Art and Culture’(₹2,236.59 crore) and Capital Charged under Public Debt Repayment (₹3,810.49 crore) as indicated in **Appendix 3.8**.

Details of grants grouped by the percentage of utilisation along with total savings during 2023-24 are shown in **Table 3.13**.

Table 3.13: Grants/appropriations grouped by the percentage of utilisation

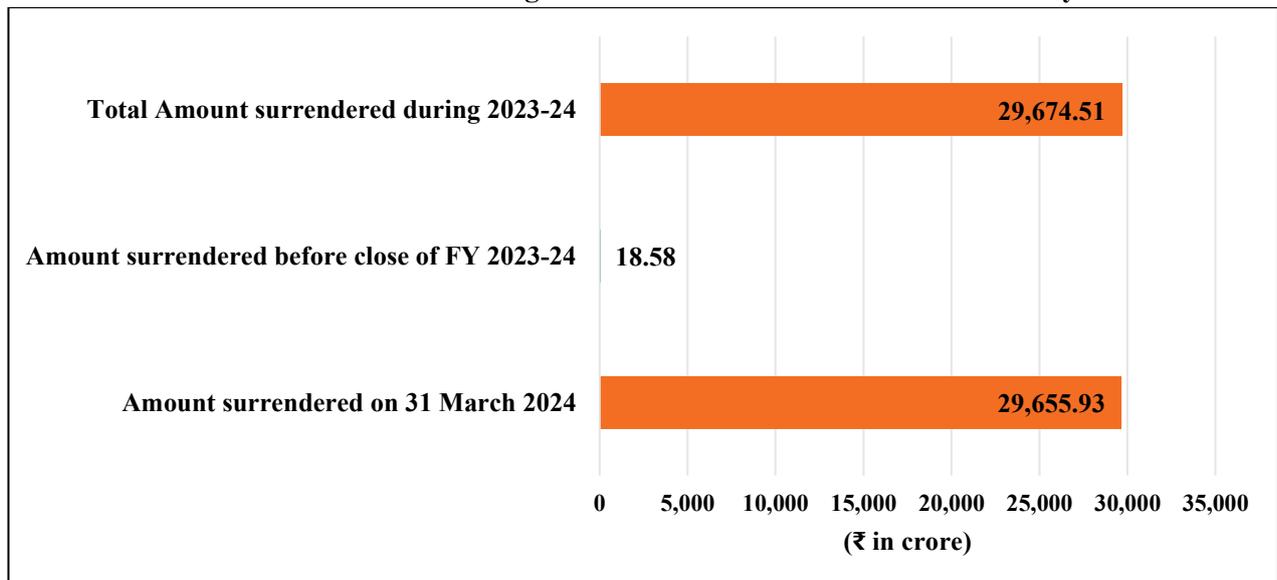
(₹ in crore)

Sl No.	Category (Budget Utilisation in percentage)	No. of Grant/ Appropriation	Provision	Expenditure	Savings(-) / Excess(+)
1	30-50	1	6,006.27	1,918.90	(-) 4,087.37
2	50-70	10	36,680.99	23,414.52	(-) 13,266.47
3	70-90	12	19,148.35	15,540.24	(-) 3,608.11
4	90-100	20	1,75,788.46	1,66,924.41	(-) 8,864.05
5	Above 100	4	30,345.23	30,636.89	291.66
	Total	47	2,67,969.30	2,38,434.96	(-) 29,534.34

Source: Compilation from VLC data

As per para 91 of KBM, all anticipated savings should be surrendered to the Finance Department, through the Administrative Department, explaining the reason thereof, immediately as they are foreseen, without waiting till the end of the year, unless they are required to meet excesses under other units, which are definitely foreseen at the time. In contravention to the above provision of KBM an amount of ₹18.58 crore only was surrendered before 31 March 2024 and a huge amount of ₹29,655.93 crore was surrendered on 31 March 2024 as shown in **Chart 3.3**.

Chart 3.3: Savings and surrenders before close of financial year 2023-24



Source: Appropriation accounts 2023-24

3.7.5 Excess expenditure and its regularisation

Article 204(3) of the Constitution provides that subject to the provisions of Articles 205 and 206, no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over Grants/ Appropriations regularised by the State Legislature for the financial year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature over utilisation of public money by the Executive.

3.7.5.1 Excess expenditure relating to financial year 2023-24

As per para 97(1) of KBM, it is always the responsibility of the department administering a grant to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature. If expenditure over and above this amount becomes unavoidable, it is open to the department to obtain a supplementary grant before the close of the financial year. As such, excess expenditure which comes to notice after the expiry of the financial year is always looked upon as an irregularity.

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of poor planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

A summary of excess disbursements over Grants/ Appropriations during 2023-24 are furnished in **Table 3.14**.

Table: 3.14: Summary of excess disbursements over Grants/ Appropriations during the year 2023-24 (₹ in crore)

Sl No.	Name of Department/Grant	Voted		Charged	
		Revenue	Capital	Revenue	Capital
1	9- Taxes on Vehicles	5.49			
2	12- Police		37.48		
3	15-Public Works			0.05	
4	25-- Welfare of Scheduled castes, scheduled tribes, other backward classes and minorities	6.89			
5	38-Irrigation				0.34
6	40-Ports		84.03		
7	41-Transport		232.74		
8	Debt Charges			60.66	
	Total Excess	12.38	354.25	60.71	0.34
	Grand Total	427.68			

Source: Summary of Appropriation Accounts

Excess expenditure incurred in seven grants and one appropriation amounting to a total of ₹427.68 crore requires regularisation.

Incurring expenditure in excess of Grants approved by the State Legislature is in violation of the Article 205 of the Constitution of India.

3.7.5.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining without regularisation for extended periods dilutes legislative control over the executive.

Year-wise details of excess expenditure to be regularised up to the year ending 31 March 2023 are shown in **Table 3.15**.

Table 3.15: Abstract of pendency of regularisation

(₹ in crore)

SI No.	Year	Number of Grants/ Appropriations	Excess expenditure to be regularised
1	2016-17	3	45.54
2	2017-18	3	53.38
3	2018-19	3	40.97
4	2019-20	2	328.73
5	2020-21	14	1,462.79
6	2021-22	9	268.47
7	2022-23	3	2.23
Total		37	2,202.11

Source: Details collected from Public Accounts Committee (PAC) section

Excess expenditure of previous financial years amounting to ₹2,202.11 crore from the year 2016-17 to 2022-23 as detailed in **Appendix 3.9** are yet to be regularised. This is in violation of the Article 205 of the Constitution of India.

3.8 Comments on transparency of Budgetary and Accounting process

3.8.1 Unnecessary token provision in Original Grant

It was observed that from 2019-20 to 2023-24, token provisions were made in 30 subheads(schemes) persistently under various grants which remained token provisions without augmentation of the provisions through re-appropriations or Supplementary grant. The list of 30 schemes is detailed in **Appendix 3.10** and grant wise details are shown in **Table 3.16** below.

Table 3.16: Grants with the number of schemes where token provision was made repeatedly from 2019-20 to 2023-24 with no expenditure

Sl No.	Grant	No. of Subheads (Schemes)
1	17-Education, Sports, Art and Culture	4
2	15-Public Works	3
3	16-Pensions and Miscellaneous	3
4	25-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	3
5	37-Industries	3
6	12-Police	2
7	18-Medical and Public Health	2
8	28-Miscellaneous Economic Services	2
9	38-Irrigation	2
10	19- Family Welfare	1
11	24-Labour, Labour Welfare and Welfare of Non-Residents	1
12	29-Agriculture	1
13	41-Transport	1
14	46-Social Security and Welfare	1
15	Debt Charges	1
	Total	30

Source: Compilation from VLC data

The schemes were kept alive during the last five years without the budgetary implications being worked out or any expenditure being incurred over the years.

The State Government should review the schemes where repeated token provisions are made in the Budget estimates over the years.

State Government replied (December 2024) that maximum effort has been taken to avoid unnecessary token provision during preparation of Budget 2024-25.

3.9 Comments on effectiveness of Budgetary and Accounting process

3.9.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for the achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised. The total provision for expenditure in 2023-24 was ₹2,67,969.30 crore. The actual gross expenditure during the year was ₹2,38,434.96 crore. This resulted in total savings of ₹29,962.02 crore in 2023-24. An amount of ₹29,655.93 crore (99.94 per cent) was surrendered on 31 March 2024 and ₹18.58 crore (0.06 per cent) was surrendered before the close of the financial year.

Summarised position of Actual Expenditure *vis-a-vis* Budget (Original/ Supplementary) provisions during the financial year 2023-24 is given below in **Table 3.17**.

Table 3.17: Summarised position of Actual expenditure and Budget

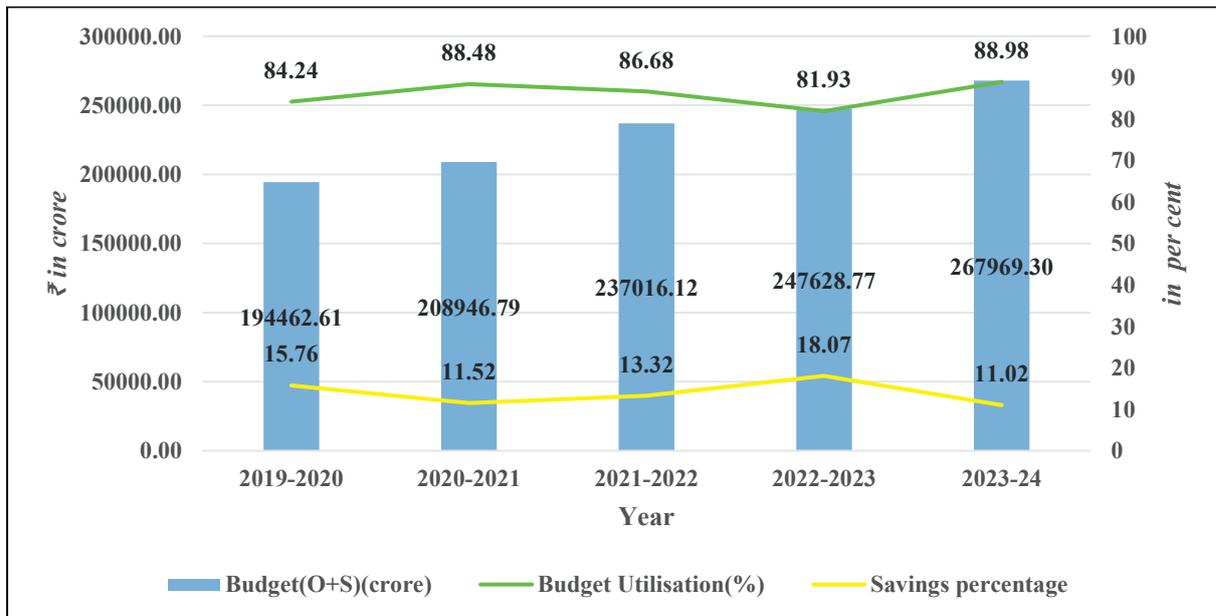
(₹ in crore)

Nature of expenditure		Original Grant/ Appropriation	Supple- mentary Grant/Appro- priation	Total	Actual expenditure	Savings (-)/ Excess (+)	percentage of expendi- ture to Provision
Voted	I. Revenue	1,33,992.46	7,250.32	1,41,242.78	1,19,482.70	(-)21,760.08	84.59
	II. Loans and Advances	2,122.51	630.68	2,753.19	3,295.70	542.51	119.70
	III. Capital	14,569.28	3,519.14	18,088.42	13,652.32	(-)4,436.10	75.48
Total		1,50,684.25	11,400.14	1,62,084.39	1,36,430.72	(-) 25,653.67	84.17
Charged	IV. Revenue	26,878.31	694.3	27,572.61	27,535.85	(-)36.76	99.87
	V. Public Debt	49,550.79	28,625.54	78,176.33	74,365.84	(-)3,810.49	95.13
	VI. Loans and Advances	0	7.57	7.57	0.02	(-)7.55	0.26
	VII. Capital	36.25	92.15	128.40	102.53	(-)25.87	79.85
Total		76,465.35	29,419.56	1,05,884.91	1,02,004.24	(-) 3,880.67	96.34
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil	Nil
Grand Total		2,27,149.60	40,819.70	2,67,969.30	2,38,434.96	(-) 29,534.34	88.98

Source: Appropriation Accounts

The **Chart 3.4** displays the budget utilisation, the utilisation percentage in relation to budget allocation, and the percentage of savings for the period 2019–20 to 2023-24.

Chart 3.4: Budget Utilisation during 2019-20 to 2023-24



Source: Compilation from VLC data

From the **Chart 3.4** above, it is evident that the utilisation of budget provision ranged from 81.93 per cent to 88.98 per cent during the five-year period with the lowest recorded in 2022-23 and highest in 2023-24.

Trends in the original budget, revised estimate, and actual expenditure for the period 2019-20 to 2023-24 are given in **Table 3.18**.

Table 3.18: Trends in overall savings against overall provision

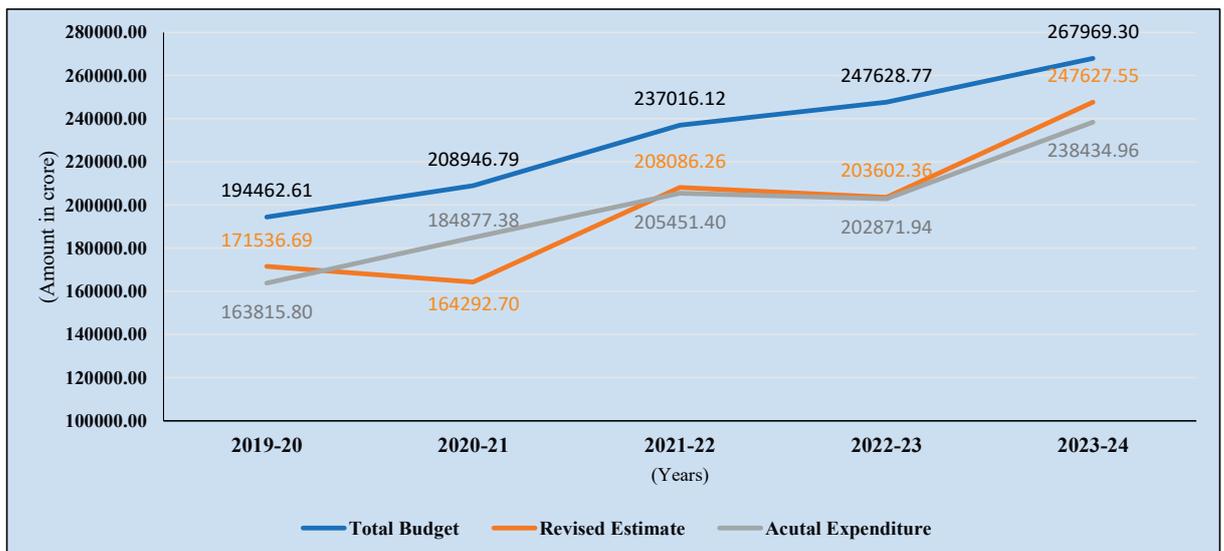
	(₹ in crore)				
	2019-2020	2020-2021	2021-2022	2022-2023	2023-24
Original Budget	1,60,613.01	1,70,431.18	2,15,813.79	2,30,278.70	2,27,149.60
Supplementary Budget	33,849.60	38,515.61	21,202.33	17,350.07	40,819.70
Total Budget (TB)	1,94,462.61	2,08,946.79	2,37,016.12	2,47,628.77	2,67,969.30
Revised Estimate (RE)	1,71,536.69	1,64,292.70	2,08,086.26	2,03,612.36	2,47,627.56
Actual Expenditure (AE)	1,63,815.80	1,84,877.38	2,05,451.40	2,02,871.93	2,38,434.96
Savings	30,646.81	24,069.41	31,564.72	44,756.84	29,534.34
Percentage of Supplementary to the original provision	21.08	22.60	9.82	7.53	17.97
Percentage of overall Savings/excess to the overall provision	15.76	11.52	13.32	18.07	11.02
TB-RE	22,925.92	44,654.09	28,929.86	44,016.41	20,341.74
RE-AE	7,720.89	(-)20,584.68	2,634.86	740.43	9,192.60
(TB-RE) as per cent of TB	11.79	21.37	12.21	17.78	7.59
(RE-AE) as per cent of TB	3.97	(-)9.85	1.11	0.30	3.43

Source: Appropriation Accounts, VLC data and demands for grants

Table 3.18 shows that supplementary provision of ₹40,819.70 crore during 2023-24 constituted 17.97 per cent of the original provision as against 7.53 per cent in the previous year.

The trends of Total budget, Revised Estimate and Actuals during 2019-20 to 2023-24 are shown in **Chart 3.5**.

Chart 3.5: Trends of Total Budget, Revised Estimate and Actuals during 2019-20 to 2023-24



Source: Appropriation Accounts, VLC data and demands for grants

From the above **Chart 3.5**, it can be seen that during the period from 2019-20 to 2023-24 the Revised Estimate (RE) remained lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed a fluctuating trend during the five year period with a maximum gap of 21 *per cent* in 2020-21 and a minimum gap of eight *per cent* in 2023-24.

The RE was more than the Actual Expenditure (AE) in all the years except in 2020-21. The gap between RE and AE showed a fluctuating trend during the five-year period with a highest gap of (-)₹20,584.68 crore in 2020-21 and the lowest gap of ₹740.43 crore in 2022-23.

3.9.2 Missing/ incomplete explanation for variation from the budget

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

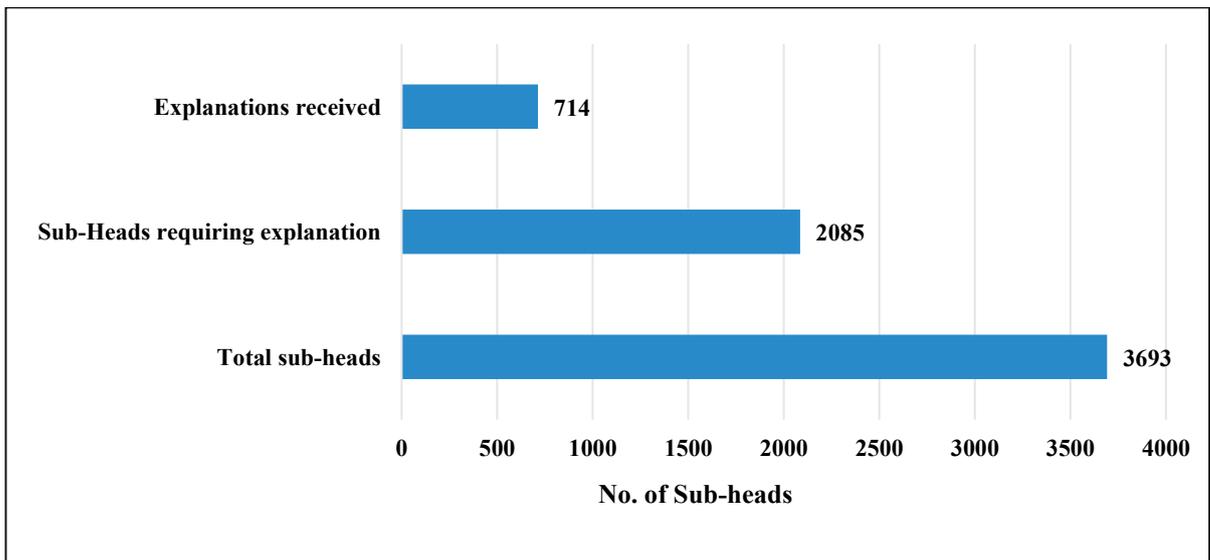
The threshold levels for inclusion of detailed comments in the Appropriation Accounts are as per the limits approved by the PAC. The norms for selection of sub-heads for comments and for detailed comments are given in the introductory portion of the Appropriation Account of the respective years.

In audit of Appropriation Accounts of 2023-24, it was noticed that the Controlling Officers have not provided explanation/specific reasons for the variations in the expenditure *vis-à-vis* budgeted allocation in about 66 *per cent* of the cases.

Out of the total 3,693 Sub-heads, explanation for variation were required in 2,085 Sub-heads. However, appropriate reasons for variations in 714 Sub-heads were only received, leaving 1,371 subheads for which the Controlling Officers of various State Government departments did not furnish any specific reasons.

The total number of Sub-heads in the accounts, those requiring explanation for variation, and the Sub-heads where explanation was received for variations from allocations, are given in **Chart 3.6**.

Chart 3.6: Summary of Explanation for Variation in Appropriation Accounts



Source: Appropriation Accounts

Absence of explanation for variation between the budgeted allocation and its utilisation, limits legislative control over budget as a means of ensuring financial accountability of the Government.

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

Every year, budget is placed before the Kerala Legislative Assembly. The Budget Speech by the State Finance Minister provides the broad framework of expenditure for the current financial year in different sectors and explains the priorities of the Government by way of pronouncement of new projects/schemes for the social and economic welfare of the people of the State.

As per information furnished by the Finance Department (August 2024), the State Government announced 26 new schemes in the State Budget for 2023–24. In majority of the schemes *i.e.*, 16 out of 26 schemes (above 60 *per cent* cases) no Head of Account was opened as no project proposals were submitted by the Administrative Department concerned. In three schemes, it was observed that though token provision were provided, neither the provision was further augmented nor any expenditure was incurred under the scheme. The details of the schemes are given in **Appendix 3.11**.

Failure to implement the new schemes announced in the Budget has resulted in the non-achievement of intended benefits of the scheme.

The State Government should back the schemes announced with timely submission of project proposals and adequate funds for its implementation, and also to ensure that the provisions and allocations are translated into effective implementation of the schemes followed by robust monitoring mechanism.

3.9.4 Rush of Expenditure

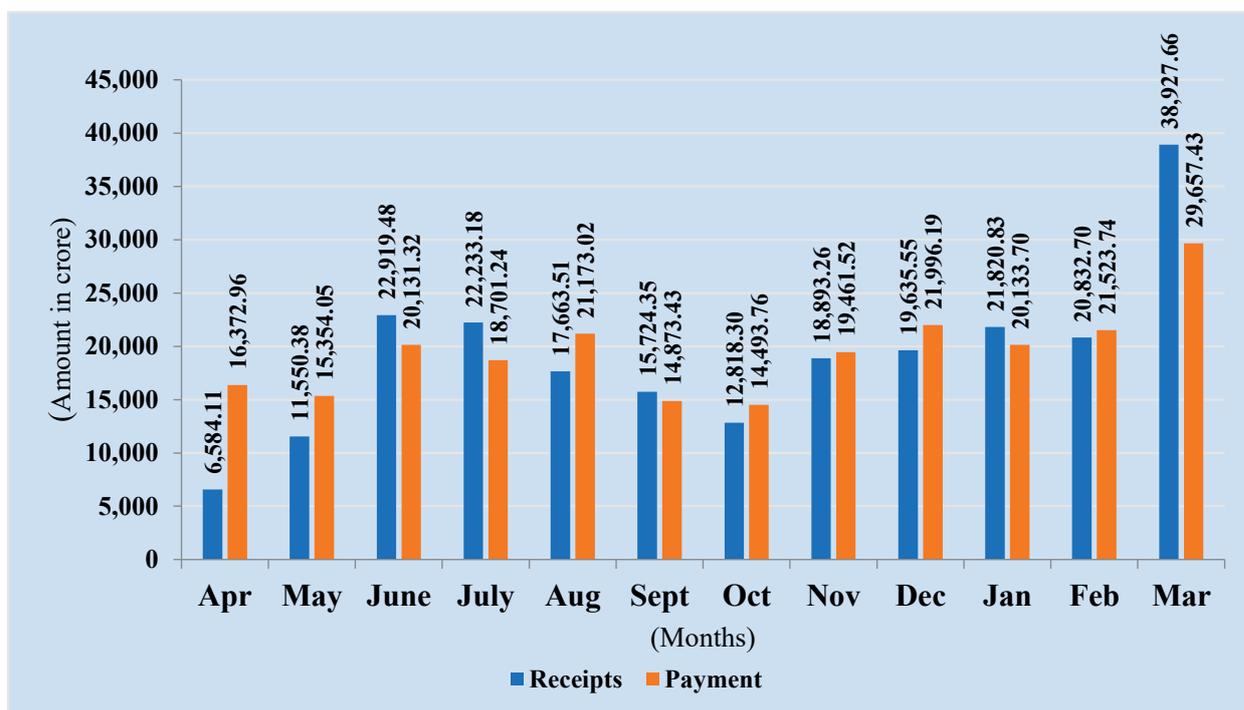
Government Funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

As per paragraph 91(2) of the KBM, the flow of expenditure should be so regulated throughout the year that there is no rush of expenditure, particularly during the closing months of the financial year.

The monthly receipts and expenditure of the State during 2023-24 are given in **Chart 3.7** shown below:

Chart 3.7: Monthly receipts and expenditure of the State during 2023-24

(₹ in crore)



Source: Monthly Civil Accounts 2023-24

Chart 3.7 shows that for 2023-24, the monthly spread of receipts and expenditure of the State were not generally even across all the months. It was further observed that in the fourth quarter of 2023-24, 48 per cent of the receipts were made in March itself and 42 per cent of the expenditure during the same month.

Major cases where more than 50 per cent of the total expenditure was incurred in March 2024 alone are detailed in **Table 3.19**.

Table 3.19: Quantum of Expenditure in March 2024

(₹ in crore)

Sl No.	Grant	Major Head/ Description	Expenditure				Total Expenditure	March Expenditure	Percentage of March Expenditure to Total
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr			
1	39	6810-Loans For New and Renewable Energy	0	0	0	15.74	15.74	100.00	
2	28	5465-Investments in General Financial and Trading Institutions	0	0	0	19.59	19.59	100.00	
3	37	6853-Loans For Non-Ferrous Mining and Metallurgical Industries	0	0	0	18.93	18.93	100.00	
4	39	2801-Power	0	6.30	1.90	810.93	819.13	792.72	
5	37	4885-Other Capital Outlay on Industries and Minerals	7.09	9.20	7.34	311.42	335.05	305.34	
6	30	6408-Loans For Food, Storage and Warehousing	0	0.42	0.81	5.93	7.16	5.24	
7	12	4055-Capital Outlay on Police	4.23	6.52	3.85	84.03	98.63	72.22	
8	37	4851-Capital Outlay on Village and Small Industries	1.59	15.55	7.85	62.45	87.44	59.53	

Sl No.	Grant	Major Head/ Description	Expenditure				Total Expenditure	March Expenditure	Percentage of March Expenditure to Total
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr			
9	39	4810-Capital Outlay on New and Renewable Energy	0.00	0.11	0.40	1.10	1.61	1.00	62.11
10	22	4217-Capital Outlay on Urban Development	20.96	9.11	7.21	109.05	146.33	80.28	54.86
11	Debt Charges	2048-Appropriation For Reduction or Avoidance of Debt	0	60.00	0	60.00	120.00	60.00	50.00

Source: Monthly Civil Accounts

Further, the scheme wise analysis of expenditure of rupee one crore or more, as mentioned in **Appendix 3.12**, has revealed that the entire expenditure was incurred in March during the year 2023-24 in 38 schemes, the incurrence of expenditure in March was very high in three schemes *i.e.* schemes in Grant No. 39 - Power (₹767.72 crore), Grant No. 37 - Industries (₹199.54 crore) and Grant No. 22- Urban Development (₹119.05 crore).

The State Government authorised additional expenditure of ₹48 crore under the head of Account '4055-00-211-96-Housing for Police Personnel above or as part of Police Stations in Urban Areas' on 25 March 2024 to transfer credit the 1st instalment to the bank account of the Nodal Agency of the scheme 'special Assistance for Capital investment' for the year 2023-24 for increasing the housing facility for the Police personnel and their families in Urban Areas. The amount was subsequently transferred to the Single Nodal Account of the Implementing Agency on 30.03.2024 and was lying unutilised as on 31 March 2024.

Incurring substantial quantum of expenditure at the fag end of the financial year indicates inadequate control over expenditure which leads to unnecessary parking of funds.

3.10 Review of selected Grants

A review of budgetary procedure and control over expenditure in respect to two selected grants *i.e.* Grant No 29- Agriculture and 36- Rural Development was conducted wherein the magnitude of variations in original grants, supplementary demands and actual expenditure were analysed. The two grants were selected based on the highest percentage of savings in both revenue and capital heads over a three year period from 2021-22 to 2023-24, which had not been reviewed in previous five years. Audit findings are detailed in the subsequent paragraphs.

3.10.1 Grant No. 29- Agriculture

3.10.1.1 Introduction

The Agriculture Development and Farmers Welfare Department is responsible for the effective implementation of various programs and schemes under this grant. The department manages the agriculture development through promoting scientific methods of cultivation to increase the production of food crops and cash crops in the State. It also undertakes welfare of farmers of the State of Kerala through various policies and programmes.

The budget provisions under Grant No. 29 are disbursed among twenty Controlling Officers (CO's) under the following functional Major heads,

- 2401 - Crop Husbandry
- 2402 - Soil and Water Conservation
- 2415 - Agricultural Research and Education
- 2435 - Other Agricultural Programme
- 2551 - Hills Areas
- 2575 - Other Special Area Programmes
- 2702 - Minor Irrigation
- 4401 - Capital Outlay on Crop Husbandry
- 4402 - Capital Outlay on Soil and Water Conservation
- 4435 - Capital Outlay on Other Agricultural Programmes
- 4551 - Capital Outlay on Hills Areas
- 4702 - Capital Outlay on Minor Irrigation
- 6401 - Loans For Crop Husbandry

3.10.1.2 Budget provision, Expenditure and Savings from 2021-22 to 2023-24

Budget allocation and expenditure under revenue and capital sections under the grant during 2021-22 to 2023-24 are given in **Table 3.20**.

Table 3.20: Budget and Expenditure during 2021-22 to 2023-24

(₹ in crore)

Year	Section	Budget Provision	Expenditure	Unutilised provision	Percentage of Savings
2021-22	Revenue	3,518.83	2,771.69	(-)747.14	21.23
	Capital	301.22	248.62	(-)52.6	17.46
	Total	3,820.05	3,020.31	(-)799.74	20.94
2022-23	Revenue	3,272.20	2301.60	(-)970.6	29.66
	Capital	343.47	243.52	(-)99.95	29.10
	Total	3,615.67	2545.12	(-) 1,070.55	29.61
2023-24	Revenue	3,081.25	2,162.30	(-)918.95	29.82
	Capital	309.03	211.94	(-)97.09	31.42
	Total	3,390.28	2,374.24	(-) 1,016.04	29.97

Source: Appropriation Accounts of respective years

During 2021-22 to 2023-24, the unutilised provision ranged between 21 per cent to 30 per cent and 17 per cent to 31 per cent under revenue section and capital section respectively.

The high percentage of savings indicates over-estimation of actual requirements and poor control over expenditure during the respective years.

3.10.1.3 Management of Budget and Expenditure

(a) Lapses in preparation of Budget Estimates

As per paragraph 48 of KBM, during the preparation of Budget, the Finance department has to scrutiny the departmental estimates with the actuals of the previous financial year and first five months of the current year and also

examine the estimates in the light of the remarks of estimating officers and the Administrative Department.

Scrutiny of the Appropriation accounts during 2021-22 to 2023-24 revealed that in three schemes, expenditure was incurred without any original/supplementary budget provision, as shown in **Table 3.21** below.

Table 3.21 : Schemes implemented without Budget provision

(₹ in crore)

SI No	Scheme	Year	Expenditure incurred
1	4702-00-101-87-Renovation of Ponds	2022-23	3.11
		2023-24	2.69
2	4702-00-101-64-Renovation of Tanks and Ponds - Revival, Conservation and Upgradation of Local Water Resources	2022-23	1.2
		2023-24	0.87
3	4702-00-101-79-Check Dams and Regulators	2021-22	1.18
		2022-23	0.05

Source: Appropriation Accounts of respective years

The funds for expenditure for the above schemes were brought through re-appropriation orders without original budget provision, which could have been foreseen while proposing budget estimates.

(b) Schemes in which entire Budget provision remained unutilised

It was observed that the entire budget provision remained unutilized under eight schemes during the period from 2021-22 to 2023-24, indicating non-implementation of schemes during the years as shown in the **Table 3.22**.

Table 3.22: Schemes where entire Budget provision remained unutilised

(₹ in crore)

SI No	Head of Account and Schemes	Year	Budget Provision
1	2575-60-800-91-Wayanad Development Package	2022-23	75.00
		2023-24	75.00
2	2575-60-800-92-Idukki Development Package	2022-23	75.00
		2023-24	75.00
3	4702-00-101-61-Micro irrigation Scheme - NABARD RIDF Assistance	2021-22	1.51
		2022-23	2.00
		2023-24	2.00
4	4702-00-101-68-Pradhan Manthri Krishi Sinchayee Yojana (60% CSS)	2021-22	25.00
		2022-23	10.00
		2023-24	5.00
5	2401-00-789-86Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS)	2022-23	5.00
		2023-24	5.00

SI No	Head of Account and Schemes	Year	Budget Provision
6	4402-00-800-71-Infrastructural Works of Illumury Thekkethollayiram Padashekharam in Ramankary, Edathuva, Chambakkulam and Kochial North Padasekharam in Neelamperoor and Infrastructural Works of various Padasekharams	2022-23	20.00
		2023-24	5.00
7	2401-00-800-80-Scheme for attracting Youths for Commercial Agriculture	2023-24	4.85
8	4402-00-203-91-KLDC Project assisted under RIDF	2023-24	1.50

Source: Appropriation Accounts of respective years

The Planning and Economic Affairs (A) department (October 2024) replied that the schemes Wayanad development package (SI No. 1) and Idukki development package (SI No. 2) could not be implemented during 2022-23 and 2023-24 due to delay in issuing guidelines for the implementation of the scheme and delay in appointing District Collectors as CCOs.

Idukki and Wayanad development packages were introduced in 2022-23 with the objective of comprehensive development of Idukki and Wayanad Districts to enhance agricultural income through production enhancement and value-added processing industries and tourism development with an aim to eradicate poverty and to restore ecological balance.

Non-implementation of Idukki and Wayand development packages during 2022-23 and 2023-24 had resulted in non-achievement of the intended benefits of the schemes.

The non-implementation of infrastructural works of *padashekharams* (SI No. 6) were attributed to non- receipt of Administrative sanction from the State Government.

(c) Persistent savings in schemes

It was observed that a substantial portion of the Budget Provision remained unutilized under 11 schemes where savings exceeded ₹ two crore during 2021-22 to 2023-24 persistently. The details are given in **Table 3.23** shown below:

Table 3.23: Persistent Savings (exceeding ₹ two crore)

(₹ in crore)

SI No	Head Of Account and Scheme	2021-22	2022-23	2023-24
1	2401-00-103-87-Coconut Development	10.15 (13.44)	26.04 (35.24)	29.21 (42.36)
2	2401-00-115-99-Free supply of Electricity to Small and Marginal Paddy Growers	6.75 (19)	13.26 (35.92)	13.63 (36.92)
3	2401-00-119-78-Development of Agriculture Sector in Kuttanad	2.92(21.63)	8.78 (51.65)	9.49 (55.82)

SI No	Head Of Account and Scheme	2021-22	2022-23	2023-24
4	2401-00-119-79-Development of Fruits, Flowers and Medicinal Plants	3.13 (12.45)	4.06 (21.46)	7.12 (37.63)
5	2401-00-198-50-Block Grants for Revenue Expenditure	5.96 (45.02)	4.45 (33.61)	5.30 (40)
6	2402-00-001-94-Kerala State Remote Sensing and Environment Centre (Grant-in-aid) Plan	2.16 (86.4)	2.08 (69.49)	7.00 (100)
7	2402-00-102-77-Development of Micro Watersheds	2.52 (84.1)	2.05 (68.39)	3.03 (75.71)
8	2435-01-101-80-Rubber production incentive scheme	450.00 (90)	460.00 (92)	320.00 (64)
9	2551-60-101-97-Kasaragod Package	13.51 (17.25)	24.77 (33.03)	3.49 (4.65)
10	4702-00-101-66-Minor Irrigation Class I - Schemes under Haritha Keralam	11.64 (58.20)	15.64 (78.2)	15.66 (78.30)
11	4702-00-101-93-Minor Irrigation Class I Works-NABARD Assisted Scheme	12.35 (33.37)	24.94 (62.34)	26.35 (65.88)

Source: Appropriation Accounts of respective years

*Figures in parenthesis indicate percentage of savings to budget provision

The cases of persistent savings indicate that the budget allocations were made without considering the previous year's expenditure as required under Paragraph 48 of KBM resulting in persistent savings under the schemes.

(d) Unnecessary/ Excessive Reappropriation of funds

As per paragraph 84 of KBM, Finance department can re-appropriate between minor heads within a grant and the Administrative department/ Chief Controlling Officers can re-appropriate between heads subordinate to a minor head within a grant (Paragraph 84 of KBM). Paragraph 86(3) of KBM specifies that the sanctioning authority should explain clearly the reasons for the variations(excess/savings) in the re-appropriation statements. Thus, augmentation of provision through re-appropriation should be resorted by the sanctioning authority only if the funds provided under a unit of appropriation is found insufficient and savings are available under another unit of appropriation within a grant. However, scrutiny of Appropriation Accounts for the period from 2021-22 to 2023-24 revealed that in three schemes (re-appropriation above ₹10 crore and final savings above ₹25 crore) the re-appropriation was wholly unnecessary as the expenditure did not come up even to the level of original provision. In two schemes (re-appropriation above ₹10 crore and final savings above ₹10 crore), though reappropriation were made to meet the expenditure, the reappropriated amount was not fully utilized resulting in excess re-appropriation in the schemes. Details of unnecessary and excessive re-appropriation are shown in **Table 3.24** below:

Table 3.24: Unnecessary/ excessive re-appropriation

(₹ in crore)

Sl No.	Financial Year	scheme	Total Grant	Reappro - priation Net	Net Budget	Expend- iture	final savings
Unnecessary reappropriation (above ₹10 crore and final savings above ₹25 crore)							
1.	2021-22	2401-00-109-65-V-P-Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS)	87.25	20.25	107.50	59.66	47.84
2.	2021-22	2702-01-001-99-V-NP-Establishment	143.54	14.80	158.34	131.66	26.69
3.	2022-23	2401-00-001-96-V-NP-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	388.34	13.19	401.53	376.08	25.45
Excessive reappropriation (above ₹10 crore and final savings above ₹10 crore)							
1	2021-22	2401-00-001-96-V-NP-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	415.61	46.69	462.30	436.01	26.28
2	2021-22	2702-02-005-99-V-NP-Ground Water Investigation and Development	48.41	13.13	61.54	49.02	12.52

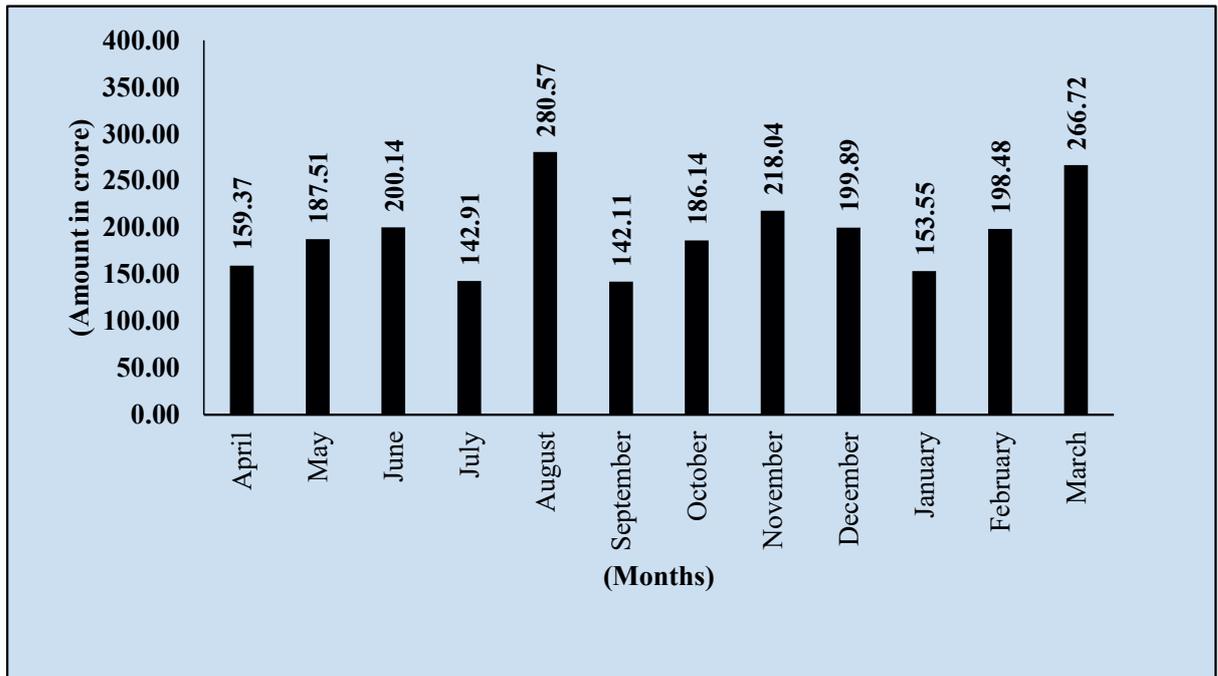
Source: Appropriation Accounts of respective years

(d) Rush of expenditure

As per paragraph 91 (2) of KBM, the flow of expenditure should be so regulated throughout year that there is no rush of expenditure, particularly during the closing month of the financial year. The month wise expenditure incurred under the Grant No. 29 shows a fluctuating trend as depicted in **Chart 3.8**.

Chart 3.8 Month wise expenditure under Grant 29 during 2023-24

(₹ in crore)



Source: Monthly Civil Accounts 2023-24

Chart 3.8 shows that for 2023-24, the monthly spread of expenditure was not generally even across all the months with the highest percentage of expenditure in the months of August and March.

The quarter wise expenditure and the expenditure incurred during the month of March in various schemes under the Grant is depicted in **Table 3.25**.

Table 3.25: Quarter wise expenditure and expenditure incurred during the month of March 2024

(₹ in crore)

Sl No.	Scheme	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Expenditure in March	Total Expenditure	Percentage of March Expenditure to Total expenditure
1	2401-00-109-56-Scheme on Development of Production Organisations and Technolgy Support	0	0.12	1.05	2.34	1.98	3.51	56
2	2402-00-102-87-Stabilisation of Land Slide Areas	0.03	0.31	0.38	1.13	0.87	1.85	47
3	2402-00-102-76-NABARD Infrastructure Development Assistance (NIDA) - Participatory and Sustainable Micro Watershed Projects in Thaliparamba Constituency	0	0.61	0.05	1.01	1.00	1.67	60
4	4401-00-113-98-Setting up of Agro Service Centres	-	0	0.08	1.22	0.97	1.28	76
5	4402-00-800-70-Renovation/Maintenance Works	0	0	0	0.99	0.99	0.99	100
6	2702-02-103-99-Ground Water based Drinking Water Scheme	0.08	0	0.02	0.60	0.57	0.70	81
7	2401-00-102-76-Per Drop More Crop (PDMC) Component of Pradhan Manthri Krishi Sinchayee Yojana (PMKSY)	0	0	0	0.30	0.30	0.30	100
8	2402-00-101-83-Soil Museum	0.03	0.02	0.02	0.12	0.12	0.19	63
9	2402-00-101-82-Creation of Data Bank for classification of land	0	0	0	0.04	0.04	0.04	100
10	2702-02-005-92-Scheme for Training Personnel	0	0	0	0.03	0.01	0.03	33
11	2551-01-104-99-Integrated Development of Western Ghats-Eco-Preservation and Restoration of Biodiversity and Natural Resources Management	0	0	0	0.01	0.01	0.01	100

Source: Monthly Civil Accounts 2023-24

The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety and poor public financial management.

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial

management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

3.10.2 Grant No. 36 - Rural Development

3.10.2.1 Introduction

The Rural Development Department is a major allied department under Local Self Government Department responsible for the effective implementation primarily concerned with addressing the needs of the rural people in matters of sustainable economic activity, shelter & hygiene concerns, rural infrastructure & connectivity. The Rural Development Programmes undertaken by the department focuses mainly on eradication of poverty, providing wage employment opportunity to the rural poor during the agricultural off season, creation of rural infrastructure by constructing roads, houses, public buildings, sanitary toilets and creating awareness among rural poor on the importance of sanitation and to maintain real hygiene by providing sanitation facilities.

The budget provisions under Grant No. 36 are disbursed among five Controlling Officers (CO's) under the following functional Major heads,

2501 - Special Programmes for Rural Development

2505 - Rural Employment

2515 - Other Rural Development Programmes

4515 - Capital Outlay on Other Rural Development Programmes

3.10.2.2 Budget provision, Expenditure and Savings from 2021-22 to 2023-24

Budget allocation and expenditure under revenue and capital sections under the grant during 2021-22 to 2023-24 are given in **Table 3.26**.

Table 3.26: Budget and Expenditure during 2021-22 to 2023-24

(₹ in crore)

Year	Category	Budget Provision	Expenditure	Unutilised provision	Percentage of Savings
2021-22	Revenue	4,252.69	1,068.60	(-)3,184.09	74.87
	Capital	1,387.81	760.14	(-)627.67	45.23
	Total	5,640.50	1,828.74	(-)3,811.76	67.58
2022-23	Revenue	4326.01	1242.81	(-)3083.20	71.27
	Capital	1442.40	1072.94	(-)369.46	25.61
	Total	5,768.41	2,315.75	(-)3,452.66	59.85
2023-24	Revenue	4523.87	1115.71	(-)3408.16	75.34
	Capital	1482.40	803.19	(-)679.21	45.82
	Total	6,006.27	1,918.90	(-)4,087.37	68.05

Source: Appropriation Accounts

Table 3.26 shows that the savings under Revenue Section ranged between 71 per cent to 75 per cent and Capital Section ranged between 26 per cent to 46 per cent during 2021-22 to 2023-24. The high percentage of savings indicates

over-estimation of actual requirements and poor control over expenditure during the respective years. It also shows that more than 60 per cent of the budget allocation remained unutilised during the last three years.

3.10.2.3 Management of Budget and Expenditure

(a) Schemes in which Entire Budget provision remained unutilized

It was observed that the entire budget provision remained unutilized under eight schemes during the period from 2021-22 to 2023-24, indicating non-implementation of schemes during the years as shown in Table 3.27.

Table 3.27: Schemes in which the entire budget provision remained unutilised

(₹ in crore)			
Sl. No.	Head of Account and Schemes	Year	Budget Provision
1	2501-01-196-48 Block Grants for CSS	2022-23	10.00
2	2501-06-197-48 Block Grants for CSS	2023-24	25.00
3	2501-06-789-98 (Special Component Plan for SC) Pradhan Mantri Awas Yojana (PMAY-GRAMIN)(60%)	2021-22	12.50
		2023-24	12.50
4	2501-06-789-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana Deendayal Upadhyaya Grameen Kaushalya Yojana SVEP and MKSP (60%CSS)	2022-23	82.50
		2023-24	62.50
5	2501-06-796-98 (Tribal Area Sub Plan) Pradhan Mantri Awas Yojana (PMAY-GRAMIN)(60%)	2021-22	5.00
		2023-24	5.00
6	2501-06-796-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana Deendayal Upadhyaya Grameen Kaushalya Yojana SVEP and MKSP (60%CSS)	2022-23	27.08
		2023-24	27.08
7	2515-00-102-28 State Support For Integrated Scheme For Development Of Silk Industry(Silk Samagra)	2022-23	1.50
8	2515-00-102-31 Incentivising District Plans-(Rural)	2021-22	20.00
		2022-23	15.00
		2023-24	15.00

Source: Appropriation Accounts

- The entire provision under the umbrella scheme ‘2501-06-789-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana, Deendayal Upadhyaya Grameen Kaushalya Yojana, SVEP and MKSP (60%CSS)’ was withdrawn by way of reappropriation to reallocate funds to distinct heads of accounts opened for the various components of the umbrella scheme in accordance with the change in implementing tier of Local Self Government from Block Panchayat to Grama Panchayat with effect from financial year 2023-24.
- Under two schemes viz. 2501-06-789-98-Special Component Plan for SC-PMAY and 2501-06-796-98-Tribal Area Sub Plan-PMAY, even though Budget Allocation was provided, Central share was not received during 2021-22 and 2023-24. Hence the corresponding State share was also not released resulting in non-utilisation of entire budget provision.

(b) Persistent Savings in schemes

Scrutiny revealed that there were persistent savings under 11 schemes during 2021-22 to 2023-24 as detailed in **Table 3.28**.

Table 3.28 : Persistent savings

(₹ in crore)

Sl No.	Head of Account	Savings*		
		2021-22	2022-23	2023-24
1	2501-01-196-48 Block Grants for CSS	6.16 (49.27)	10.00 (100)	4.70 (47)
2	2501-06-789-98 Pradhan Mantri Awas Yojana (PMAY - Gramin) (60% CSS)	12.50 (100)	5.10(40.78)	12.50 (100)
3	2501-06-789-99 National Rural Livelihoods Mission (NRLM) - Deendayal Antyodaya Yojana, Deen Dayal Upadhyaya Grameen Kaushalya Yojana, SVEP and MKSP (60% CSS)	26.49(32.60)	82.50 (100)	62.50 (100)
4	2505-02-101-99 Mahatma Gandhi National Rural Employment Guarantee Programme (90% CSS)	3,026.18 (96.36)	2,942.89 (93.71)	3,119.59 (93.06)
5	2515-00-001-44 Modernisation and Strengthening of E-Governance initiatives in Rural Development Department	0.16 (31.38)	0.81 (58.16)	0.89 (52.21)
6	2515-00-102-29 Kudumbashree - Ongoing Programmes	1.12 (0.56)	93.92 (36.12)	72.10 (32.77)
7	2515-00-102-31 Incentivising District Plans - Rural	20.00 (100)	15.00 (100)	15.00 (100)
8	2515-00-102-37 Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) - Water Shed Component (60% CSS)	6.58 (29.56)	10.00 (44.94)	13.48 (60.60)
9	2515-00-102-62 Information Centres in Blocks	0.04 (19)	0.23 (45.40)	0.77 (76.55)
10	2515-00-197-36 Construction of Building of newly formed Blocks	0.73 (24.28)	1.66 (82.96)	0.68 (67.61)
11	4515-00-102-49 Total Housing Scheme - Rural (LIFE - Parppida Mission)	364.16 (88.73)	468.96(89.33)	238.04(45.34)

Source: Appropriation Accounts

*Figures in parenthesis indicate percentage of savings to budget provision

It can be seen that savings as a percentage of budget provision ranged between 0.56 per cent to 100 per cent during 2021-22 to 2023-24. Persistent huge savings is indicative of incorrect assessment of actual needs and requires critical review of the budget preparation exercise of the department.

(c) Unnecessary/ Excessive Reappropriation of funds

Augmentation of provision through re-appropriation is resorted by the sanctioning authority, if the funds provided under a unit of appropriation is found insufficient and savings are available under another unit of appropriation within a grant.

However, scrutiny of Appropriation Accounts for the period from 2021-22 to 2023-24 revealed that in four schemes (re-appropriation above ₹10 crore and final savings above ₹25 crore) the re-appropriation was wholly unnecessary as the expenditure did not come up even to the level of original provision. In four schemes (re-appropriation above ₹ one crore and final savings above ₹25 crore), though reappropriation were made to meet the expenditure, the reappropriated amount was not fully utilized resulting in excess re-appropriation in the schemes. Details of unnecessary and excessive re-appropriation are shown in **Table 3.29** below:

Table 3.29: Unnecessary/ excessive re-appropriation*(₹ in crore)*

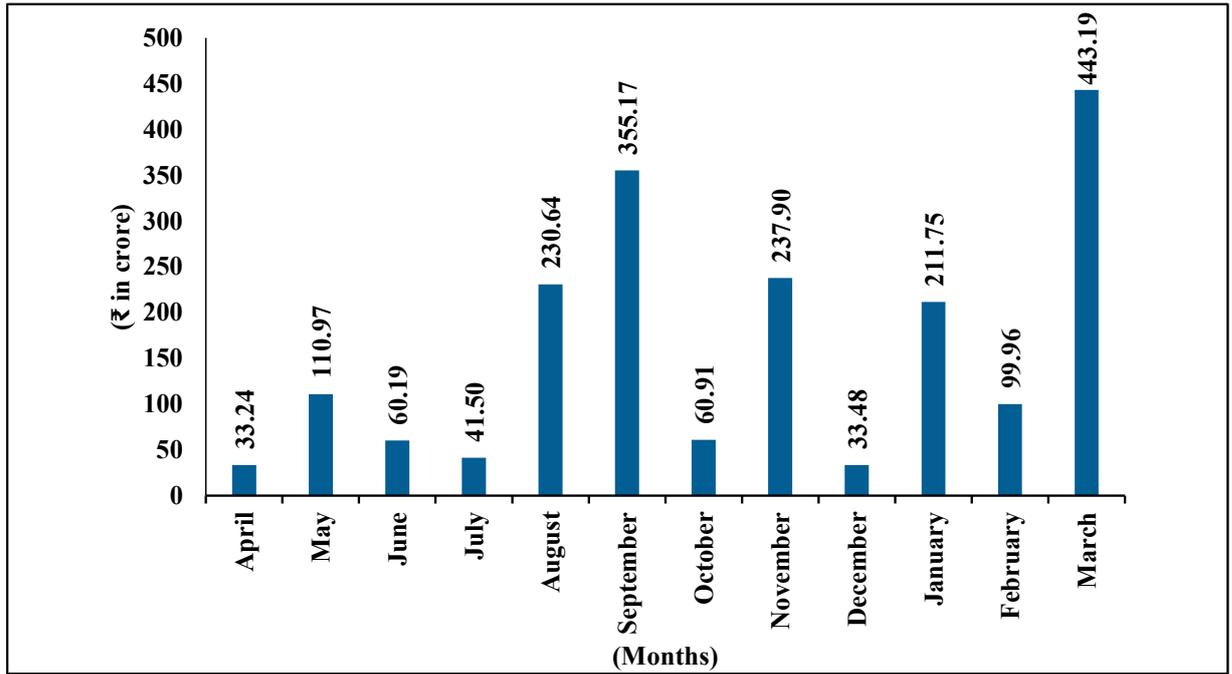
Sl No.	Financial Year	Scheme	Total Grant	Re-appropriation Net	Net Budget	Expenditure	Final savings
Unnecessary reappropriation (above ₹ one crore and final savings above ₹ one crore)							
1	2021-22	2515-00-001-48-V-NP-Strengthening of Block Administration	20.99	1.69	22.69	20.50	2.18
2	2021-22	2515-00-102-35-V-P-National Rurban Mission (NRuM) (60% CSS)	50.00	11.28	61.28	31.63	29.65
3	2022-23	2515-00-001-49-V-NP-Recurring expenditure on personnel retained on N.E.S. pattern	248.44	1.23	249.67	229.23	20.44
Excessive reappropriation (above ₹10 crore and final savings above ₹25 crore)							
4	2021-22	2515-00-001-49-V-NP-Recurring expenditure on personnel retained on N.E.S. pattern	266.65	26.97	293.62	270.44	23.18
5	2022-23	2501-06-197-48-V-P-Block Grants for CSS	187.50	169.09	356.59	270.94	85.65
6	2023-24	2501-06-198-48-V-P-Block Grants for Centrally Sponsored Schemes	162.50	97.11	259.61	201.14	58.47

Source: Appropriation Accounts

(d) Rush of expenditure

As per paragraph 91 (2) of KBM, the flow of expenditure should be so regulated throughout year that there is no rush of expenditure, particularly during the closing month of the financial year. The month wise expenditure incurred under Grant No. 36 shows a fluctuating trend as depicted in the **Chart 3.9**.

Chart 3.9: Month wise expenditure incurred under Grant 36



Source: Monthly Civil Accounts 2023-24

Chart 3.9 shows that for 2023-24, the monthly spread of expenditure was not generally even across all the months with the highest percentage of expenditure in March

Audit scrutiny revealed that in six schemes the entire expenditure was incurred in March during 2023-24 as shown in **Table 3.30**.

Table 3.30: Schemes where entire expenditure incurred in March 2024

		(₹ in crore)
Sl No.	Scheme	100 per cent expenditure incurred in March 2024
1	2515-00-102-62-Information Centres in Blocks	0.23
2	2515-00-102-28-State Support for Integrated Scheme for Development of Silk Industry (Silk Samagra)	0.48
3	2501-06-796-95-Housing Scheme under Pradhan Manthri Janjati Adivasi Nyaya Maha Abhiyan (PM-JANMAN)- Particularly Vulnerable Tribal Groups (60% CSS)	3.52
4	4515-00-102-47-Revolving Fund for Neighbourhood Groups of Kudumbasree	20.00
5	2515-00-102-26-One Time State Support for National Rurban Mission	0.19
6	2515-00-102-25-Eradication of Extreme Poverty	16.43

Source: Appropriation Accounts

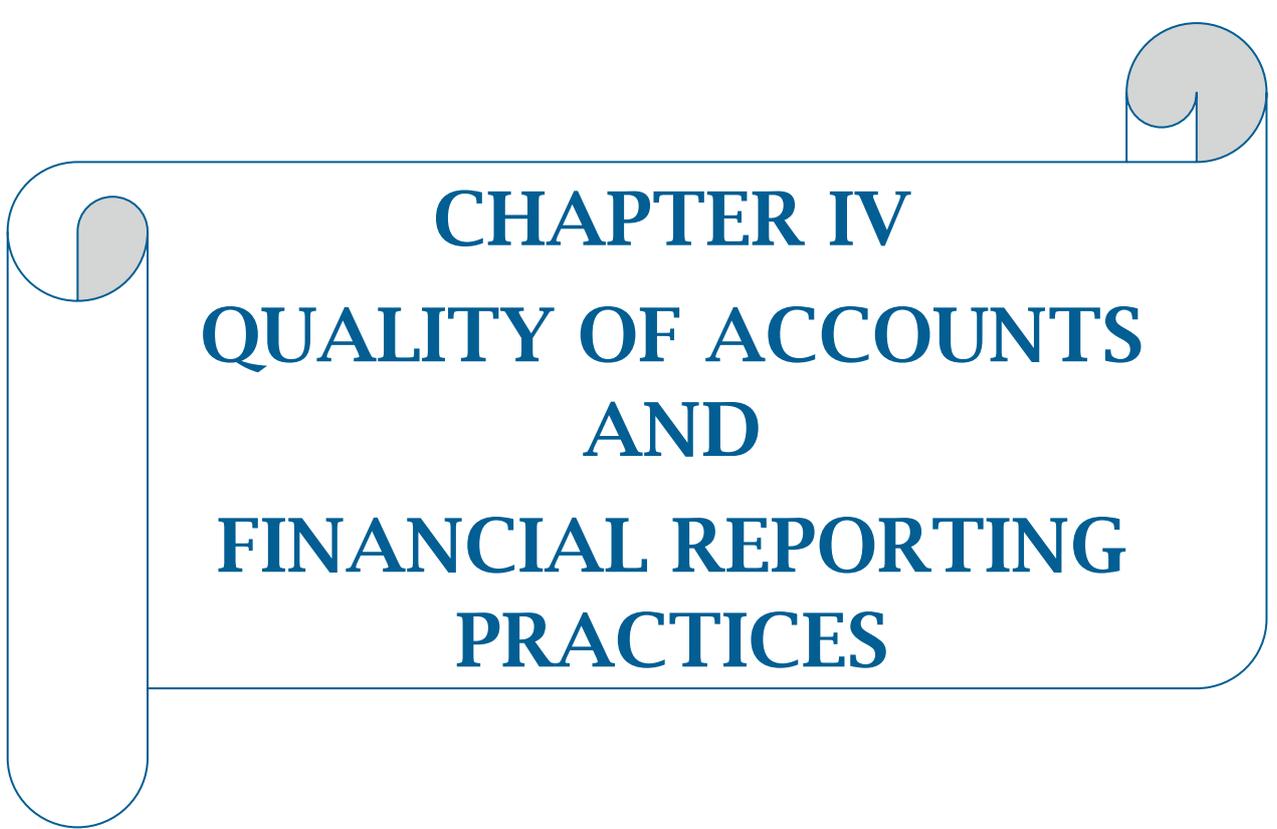
Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

3.11 Conclusions

1. Variations between the total Grants/Appropriation and expenditure incurred led to savings which indicates improper scrutiny of budget estimates at various levels of Government and poor budget management. These savings may also be seen in the context that the actual receipt in the Consolidated Fund was ₹2,29,603.32 crore and the actual expenditure (as per Finance Accounts 2023-24) was ₹2,33,872.35 crore during the year. This had led to an excess expenditure of ₹4,269.03 crore, which was met from the surplus in Public Account (₹4,361.70 crore). Thus, the savings as worked out here (₹29,543.34 crore) are actually a notional savings, which had happened due to overestimation of budget, indicating poor budgetary management.
2. The supplementary demands for grants obtained in cases where the final expenditure either did not come up to the level of original grants or no expenditure was incurred even after obtaining supplementary demands for grants shows laxity on the part of departmental officers in assessing actual requirement of funds.
3. Excess, unnecessary or insufficient re-appropriation indicated that departmental officers failed in assessing actual requirement of funds in heads of accounts under their control.
4. Excess expenditure requiring regularisation indicates inadequate expenditure control.

3.12 Recommendations

1. *State Government should assess and formulate to the extent possible a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.*
2. *An appropriate budget monitoring and control mechanism needs to be instituted to ensure that anticipated savings are identified and surrendered within the specified time and demands for supplementary grants made as per actual requirements depending on the remaining budgetary positions of the departments.*
3. *Expenditure exceeding the limits approved by the Legislature is in contravention to Article 205 of the Constitution and need to be regularised at the earliest.*
4. *The State Government should review the schemes where repeated token provisions are made in the Budget estimates over the years.*

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CHAPTER IV
QUALITY OF ACCOUNTS
AND
FINANCIAL REPORTING
PRACTICES

CHAPTER IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance are, thus, the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

A. Issues related to Completeness of Accounts

Completeness of Accounts means that the accounts have incorporated every item/transaction that should be included for a financial year. Thus, completeness ensures that there are no omissions of significance.

4.1 Non- discharge of liability in respect of interest towards interest bearing deposits

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits (Major Heads of Accounts 8336 to 8342).

However, audit scrutiny has revealed that no provision has been made in the year 2023-24 in the Budget for the discharge of the interest liability on interest bearing deposits as shown in **Table 4.1**.

Table 4.1 Non-discharge of liability in respect of interest towards interest bearing Deposits

<i>(₹ in crore)</i>						
Sl. No.	Name of the Interest bearing deposit/ fund	Opening Balance as on 01.04.2023	Interest Rate (percentage)	Interest due	Interest paid	Interest short paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Compensatory Afforestation Fund	46.42	3.35	1.59	Nil	1.59
Total				1.59	Nil	1.59

Source: Finance Accounts for the year 2023-24

Non-payment of interest has resulted in understatement of revenue and fiscal deficit by ₹ 1.59 crore.

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

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies for implementation of various Schemes and Programmes. The details of funds transferred by Government of India directly to State Implementing Agencies as per the Public Financial Management System (PFMS) portal of the Controller General of Accounts (CGA) is listed in Appendix VI of Volume-II of the Finance Accounts. During the year 2023-24, as per the PFMS portal of the CGA, an amount of ₹8,947.24 crore was directly received by the implementing agencies including ₹6.70 crore received by the intermediaries (Societies, NGOs, Trusts etc.) in the State. The details of Direct transfer of Central Scheme Funds to Implementing Agencies in the State during 2023-24 are given in **Appendix 4.1**.

4.3 Non Transfer of Compounding Fee to Kerala Road Safety Fund

As per section 11(3) of Kerala Road Safety Authority Act, 2007, State Government shall contribute to Kerala Road Safety fund every year, an amount equal to 50 *per cent* of the compounding fee collected in the previous year. Out of total collection of compounding fee of ₹116.49 crore during 2022-23, ₹58.25 crore have to be transferred to the Kerala Road Safety Fund during the year 2023-24. However, this was not done resulting in understatement of revenue and fiscal deficits by ₹58.25 crore.

B. Issues related to transparency

Transparency ensures that everything should be properly disclosed and easily understandable.

4.4 Unadjusted Abstract Contingent (AC)/Temporary Advance Bills

The Government of Kerala discontinued the system of drawal of Abstract Contingent (AC) bills followed by submission of Detailed Contingency (DC) bills to the Office of the Accountant General (A&E). Instead, the Drawing and Disbursing Officers (DDOs) have been empowered to draw Temporary Advances (TAs) under Article 99 of Kerala Financial Code (KFC) Volume I.

Out of 3,187 temporary advance bills amounting to ₹61.56 crore drawn during 2023-24, 382 bills amounting to ₹9.28 crore were drawn in March 2024. Adjustment bills in respect of 854 Temporary Advance Bills drawn during 2023-24 amounting to ₹31.52 crore due for submission up to 31 March 2024 were not received.

Details of Temporary Advance bills pending as on 31 March 2024 are shown in **Table 4.2**.

Table 4.2: Details of Temporary Advance bills pending as on 31.03.2024

Year	No. of pending Temporary Advances	Amount (₹ in crore)
Upto 2022-23	2,018	89.36
2023-24	854	31.52
Total	2872	120.88

Source: Finance Accounts

4.5 Delay in Submission of Utilisation Certificates

In terms of Article 210(1) Chapter VIII of Kerala Financial Code 1963 as amended, Utilization Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within two years (maximum time limit of one year as period of utilisation, nine months for submission of audited accounts to the signing or countersigning authority from the expiry of the period fixed for the utilisation of the grant and three months for submission of Utilisation Certificates from the date of receipt of audited accounts) from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries.

During the year 2023-24, ₹88.43 crore pertaining to 119 outstanding conditional UCs for the period up to 2022-23 was cleared as against the balance of 126 UCs valuing ₹89.44 crore as at 31st March 2023. The position of outstanding conditional UCs as on 31 March 2024 is shown in **Table 4.3**:

Table 4.3 Details of Pending Utilisation Certificates

Year*	Number of UCs Outstanding	Amount (₹ in crore)
2022-23	7	1.01
2023-24	15	10.06
Total	22	11.07

Source: Finance Accounts

* The year mentioned above relates to "Due year" i.e., after 24 months/2 years of actual drawal.

4.6 Treasury Savings Bank Accounts

4.6.1 Introduction

The Government of Kerala does not follow the system of operating PD Accounts for implementation of schemes by transferring funds from the Consolidated Fund. This purpose is served through Treasury Savings Bank Accounts maintained in the State Treasuries as per Rule 37 of Kerala Treasury Code.

The objective of the Government in establishing Treasury Savings Bank Scheme was to provide a ready means for the deposit of savings and to encourage thrift. Subsequently, funds released for various purposes from the Consolidated Fund such as grants-in-aid, loans and investments to State PSUs & Statutory Corporations were also credited to the Special Treasury Savings Bank Account (STSB) temporarily for keeping the unspent balance for a specified period on the basis of various Government Orders. Government also permits Public Sector Undertakings/Autonomous Bodies/ Institutions and Welfare Fund Boards to deposit their own funds in the Treasury Savings Bank accounts. The amounts credited to TSB Accounts are booked under sub head '99' below minor head '102 Savings Bank Deposits' below Major Head '8031-Other Savings Deposits'. Deposits under Term Fixed Deposits are booked under '8031-00-102-98-Fixed & Time Deposits'.

The TSB account by any person in treasury of the State is being regulated by the instructions contained in Appendix 3 to the Kerala Treasury Code. As on 31 March 2024, the amount lying in TSB Accounts under the head 8031-00-102-99 was ₹1,578.76 crore. An amount of ₹71,050.89 crore was also outstanding under Term Fixed Deposit accounts in Treasuries as on 31 March 2024 under the head of account '8031-00-102-98'

4.6.2 Resumption of Funds from Treasury Savings Bank Accounts

State Government vide Government Order²⁶ dated 26 March 2024 issued orders to resume funds lying in the STSB accounts of Government departments, State owned Public Sector Undertakings/Autonomous Bodies etc into the Consolidated Fund of the State. Accordingly an amount of ₹3,609.41 crore kept in various STSB accounts of Government departments, Public Sector Undertakings/Autonomous Bodies were resumed to the Consolidated Fund of the State through District Treasury Officers.

Out of ₹3,609.41 crore resumed, an amount of ₹3,179.19 crore was resumed to a common head of account '2075-00-911-94 Deduct Recoveries-Refund of amounts resumed from the idling STSB accounts' during the year.

As per para 3.10 of General Directions contained in List of Major and Minor Heads of Accounts, recoveries of overpayments pertaining to previous year/years under revenue expenditure are to be recorded under distinct Minor Head (Deduct Recoveries of Overpayments) below the concerned major/sub major head from where the expenditure was initially incurred. Recovery of over payment during the same financial year in which such over payments are made shall be recorded as reduction of expenditure under the concerned expenditure head of account.

As per para 4.3 of the General Directions, in the case of Capital Expenditure, distinct subheads (Deduct Receipts and Recoveries on Capital Account) are to be opened below the relevant minor heads under the various Capital major/sub major heads where the capital expenditure was initially incurred.

²⁶ GO(P) No.24 dated 26.3.2024 of Finance (Streamlining) Department

Credit back of amounts originally debited under various Revenue and Capital heads of accounts to the common head of account '2075-00-911' is in violation of the General Directions contained in paragraphs 3.10 and 4.3 of the List of Major and Minor Heads (LMMH) published by the Controller General of Accounts and will distort all key indicators of fiscal position of Government.

State Government replied (December 2024) that an automated resumption from STSB accounts is being planned with NIC based on which a provision to identify the source head of transfers to STSB could be provided.

4.6.3 Resumption of Non-Government funds to the Consolidated Fund

Scrutiny revealed that non-Government funds amounting to ₹40.02 crore maintained in the STSB account of Roads and Bridges Development Corporation of Kerala Limited was resumed to the Consolidated Fund of the State under the Head of Account '2075-00-911-94-Deduct Recoveries- Refund of amounts resumed from the idling STSB accounts' on 26 March 2024. The funds were provided by KIIFB to Roads and Bridges Development Corporation of Kerala for land acquisition of KIIFB funded projects. Resumption of non-Government money parked in the STSB account into the Consolidated Fund of the State is irregular and has resulted in understatement of revenue deficit and fiscal deficit by ₹40.02 crore.

State Government replied (December 2024) that on specific receipt of request from account holders, the non-Government funds resumed would be transferred to TSB (Institution) accounts of institutions concerned which have been exempted from resumption.

4.6.4 Resumption of funds originally debited under Capital and Loan Heads of Account to a Common Head of Account '2075-00-911-94'

Scrutiny also revealed that funds amounting to ₹35.02 crore maintained in the STSB accounts of three institutions given under Capital heads of Account (₹14.72 crore) and Loan Head of Account (₹20.30 crore) were resumed to the common Head of Account '2075-00-911-94-Deduct Recoveries- Refund of amounts resumed from the idling STSB accounts' on 26 March 2024 as shown in **Table 4.4** below. This has resulted in understatement of revenue deficit by ₹35.02 crore. Consequently, the capital expenditure has been overstated by ₹14.72 crore and disbursement of loans has been overstated by ₹20.30 crore.

Table: 4.4 Resumption of funds given under Loan/ Capital Heads of Account to the common Head of Account ‘ 2075-00-911-94’

(₹ in crore)

Sl No.	Name of the Institution	Amount resumed	Head of Account under which originally debited	Head of Account to which resumed	Remarks
1	Kerala State Road Transport Corporation	20.30	7055-00-190-99	2075-00-911-94	Understatement of revenue deficit and overstatement of Loan head by ₹20.30 crore
		2.74	5055-00-190-99	2075-00-911-94	Understatement of revenue deficit and overstatement of Capital Expenditure by ₹2.74 crore
2	Kerala Water Authority	11.16	4215-01-800-93	2075-00-911-94	Understatement of revenue deficit and overstatement of Capital Expenditure by ₹11.63 crore
		0.47	4215-02-190-99	2075-00-911-94	
3	Roads and Bridges Development Corporation of Kerala Limited	0.35	5054-80-107-97	2075-00-911-94	Understatement of revenue deficit and overstatement of Capital Expenditure by ₹0.35 crore
Total		35.02			

Source: Details collected from various institutions

State Government replied (December 2024) that Director of Treasuries have been given instructions to file alteration memorandum to AG for re-classifying the resumed funds to correct Recovery of Overpayment (ROP) Head of Accounts during reallocation of resumed funds

4.7 Clubbing of unrelated expenditure in common heads

4.7.1 Indiscriminate operation of Minor Head 800 – Other receipts and other expenditure

Minor Head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque.

➤ Minor Head 800-Other Expenditure

During the year 2023-24, ₹10,047.22 crore under 69 Major Head of accounts, constituting 6.43 per cent of the total Revenue and Capital expenditure (₹1,56,210.79 crore) was classified under the Minor Head 800-Other Expenditure in the accounts. During the previous year 2022-23, expenditure aggregating to ₹7,248.36 crore, constituting 4.65 per cent of the total Revenue and Capital expenditure (₹1,55,947.49 crore), was classified under Minor Head 800-Other Expenditure in respect of 67 Major Heads of account involving both Revenue and Capital sections. Compared to previous year expenditure under Minor Head-800 increased by 38.61 per cent during 2023-24.

It was observed that in nine Major Heads, expenditure exceeding ₹100 Crore were classified under Minor Head 800 during 2023-24 as given in **Table 4.5**

Table 4.5: Expenditure of more than ₹100 crore under the Minor Head 800

(₹ in crore)

Sl.No	Major Head	Expenditure booked under Minor Head 800	Total Expenditure under Major Head	Percentage of amount booked under Minor Head 800
1	2075 – Miscellaneous General Services	6,521.24	14,741.69	44.24
2	2210 – Medical and Public Health	806.66	8,657.54	9.32
3	5075 – Capital Outlay on Other Transport Services	510.73	510.73	100.00
4	4515 – Capital Outlay on Other Rural Development Programme	386.98	1,190.17	32.51
5	4885 – Other Capital Outlay on Industries and Minerals	200.38	335.05	59.81
6	2217 – Urban Development	190.65	1,059.72	17.99
7	4217 – Capital Outlay on Urban Development	131.62	146.33	89.95
8	3054 – Roads and Bridges	123.65	989.23	12.50
9	2014 – Administration of Justice	100.46	1,226.82	8.19

Source: Finance Accounts

A scrutiny of selected cases of booking under Minor Head 800 revealed that in some instances, a valid Minor Head, other than 800 was available in the List of Major and Minor Head (LMMH) for booking these transactions which is summarised in **Table 4.6**.

Table 4.6 : Booking under Minor Head 800 instead of Valid Minor Head

(₹ in crore)

Sl No.	Heads of Account as per State budget	Amount	Suitable Minor head as per LMMHA
1	3055-00-800-94 - Implementation of e-Governance in MVD-Training and Capacity Building	0.34	3055-00-003 Training
2	2435-01-800-99- Market Development	5.80	2435-01-101 Marketing Facilities
3	3435-60-800-99 Strengthening of Department of Environment	0.61	3435-03-102-89 Department of Environment and Climate change
4	6250-60-800-94-Loan to Rehabilitation Plantation Limited	8.40	6250-60-190-Loans to Public Sector and other Undertakings
5	2203-00-800-91-C-apt Kerala State Centre for advanced printing and training	3.73	2203-00-188-Assistance to Autonomous Bodies

Source: Finance Accounts

➤ Minor Head 800-Other Receipts

During 2023-24, ₹1,420.31 crore under 47 Major Heads of Account, constituting 1.14 per cent of the total Revenue Receipts (₹1,24,486.15 crore) was classified under 800-Other Receipts in the accounts. During the

previous year 2022-23, receipts aggregating to ₹1,459.48 crore under 48 Major Heads of account constituting 1.10 per cent of the total revenue receipts (₹1,32,724.65 crore) were classified under the Minor Head 800-‘Other Receipts’ in the Accounts. Compared to the previous year, booking of receipts under Minor Head-800 decreased by 2.68 per cent during 2023-24.

It was observed that in respect of three Major Heads, receipts aggregating more than ₹100 crore were classified under the Minor Head 800 during 2023-24 as shown in **Table 4.7**

Table 4.7: Receipts of more than ₹100 crore under the Minor Head 800

(₹ in crore)

Sl No.	Major Head	Receipts booked under Minor Head 800	Total Receipts under Major Head	Percentage of amount booked under Minor Head 800
1	0070 – Other Administrative Services	524.69	691.06	75.93
2	0029 – Land Revenue	428.81	711.71	60.25
3	0030 – Stamps and Registration Fees	149.32	5,694.88	2.62

Source: Finance Accounts

4.8 Opening of New Sub Heads/ Detailed Heads of Accounts without advice

According to Article 150 of the Constitution of India, the accounts of the State are to be kept in the form as advised by the Comptroller and Auditor General of India. During 2023-24, the State Government opened 14 new Sub Heads (nine under the Revenue Section and five under the Capital section) in the budget, without seeking the advice of the Comptroller and Auditor General as required under the Constitution. The State Government provided budget provisions under these heads and incurred expenditure of ₹0.23 crore under the Revenue Section and ₹1.05 crore under the Capital Section in these heads during 2023-24. Opening of new Sub Heads of accounts without seeking advice from Comptroller and Auditor General of India is in violation of the Constitutional provisions.

State Government replied (December 2024) that new subheads / detailed heads were opened without AG’s advice as new schemes could not be revealed before the presentation of the Budget and Supplementary Demands for Grants (SDG) to the Legislative Assembly in order to maintain secrecy. The reply is not acceptable as opening of new sub heads of account without seeking advice from Comptroller and Auditor General of India is in violation of the Constitutional Provisions.

C. Issues related to Measurement

4.9 Outstanding balance under Major Suspense and DDR heads

Certain intermediary/ adjusting heads of accounts known as ‘Suspense Heads’ are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/ PAOs, non-receipt of clearance memos from RBI, non-receipt of vouchers *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain unclear, the balance under the suspense heads would accumulate and does not reflect the Government’s receipts and expenditures accurately.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The net balances under Suspense and Remittance Heads can be obtained from Finance Accounts. The outstanding balances under these heads worked out by aggregating the outstanding debit and credit balances separately under the Heads 8658, 8782 and 8793 as on 31 March 2024 was ₹158.32 crore (debit).

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Public Works and Forest Divisions, etc. The details of outstanding balances under a few major suspense and remittance heads from 2021-22 to 2023-24 are given in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2021-22		2022-23		2023-24		Earliest period to which balances are outstanding
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
Major Head 8658 - Suspense							
101 - PAO suspense	392.72	0.82	440.62	0.20	407.05	0.52	1980-81
Net	391.90		440.42		406.53		
102 - Suspense Account-Civil	951.21	14.78	25.04	11.22	21.69	189.08	1973-74
Net	936.43		13.82		(-) 167.39		
107 - Cash Settlement Suspense Account	-	-	-		-		
Net	-		-		-		
109 - Reserve Bank Suspense - Headquarters	2.69		2.50		6.10		1981-82
Net	2.69		2.50		6.10		
110 - Reserve Bank Suspense - CAO	7.84		(-) 423.28		263.74		2004-05
Net	7.84		(-)423.28		263.74		

Minor Head	2021-22		2022-23		2023-24		Earliest period to which balances are outstanding
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
Major Head 8658 - Suspense							
112 - Tax Deducted at Source (TDS) Suspense		1099.52		176.29		268.79	2019-20
Net		1099.52		176.29		268.79	
123 - A.I.S Officers' Group Insurance Scheme		0.19		0.25		0.23	
Net		0.19		0.25		0.23	
Major Head 8782-Cash Remittances							
102 - P.W. Remittances	1015.06		484.12		(-) 1400.21		1975-76
Net	1015.06		484.12		(-)1400.21		

Source: Finance Accounts of respective years

Non clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

4.10 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

However, a scrutiny of Finance Accounts for the year 2023-24 has revealed that the cash balance of the State of Kerala for the year ending March 2024 as per the books of Accountant General (A&E) was ₹238.68 crore (Debit) whereas the Cash balance reported by Reserve Bank of India was ₹1.25 crore (Debit). Thus, there was a difference of ₹239.93 crore (Credit) as on 31 March 2024. Out of the difference, an amount of ₹152.01 crore (net debit) has been cleared in 2024-25. The balance difference of ₹391.94 crore²⁷ (net credit) is under reconciliation.

4.11 Adverse balance under DDR Heads

Adverse balance is a situation, when a head of account closing to balances at the end of the financial year reflects minus balance, debit/(-) credit balance representing liability heads or heads where it should normally have credit balance, and credit/(-) debit balance representing Asset heads or heads where it

²⁷ Difference between Cash balance of State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India. (₹ in crore)

	Debit	Credit
Cash balance as per AG's Books	238.68	
Cash balance reported by RBI	1.25	
Difference		239.93
Reconciled during 2024-25	152.01	
Balance under reconciliation		391.94

should normally have debit balance. Adverse balances as on 31 March 2024 are detailed in **Table 4.9**.

Table 4.9: Adverse balances appearing in the accounts during the year 2023-24

		(₹ in crore)
Head of Accounts (Till Minor Head)	Description	Amount
6885-60-800	Other Loans	(-)14.71
7052-60-800	Loans for Shipping-Other Loans	(-)0.06
7610-00-202	Advances for the purchase of Motor conveyances	(-)0.61
7610-00-203	Advances for the purchase of other conveyances	(-)0.28
7610-00-204	Advances for the purchase for computers	(-)0.38
8443-00-106	Personal Deposits	(-)28.65
8448-00-102	Municipal Funds	(-)19.11
8448-00-105	State Transport Corporation Funds	(-)57.91
8448-00-109	Panchayat Bodies Funds	(-)150.79
8671-00-101	Departmental Balances-Civil	(-)7.63
8782-00-102	Public Works Remittances	(-)1400.21
8793-00-124	Inter State Suspense Accounts – Andaman Nicobar Islands	(-)1.06

Source: Finance Accounts

Adverse balance in a Head of Account arises due to misclassification, more disbursement than the availability of funds, more disbursement than the contribution received, non-carrying forward of balances from one accounting unit to another, administrative reorganisation leading to creation of States/more accounting units etc. Necessary action for clearing the adverse balances is required to be taken.

4.12 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Kerala in 2023-24 and deficiencies therein are detailed in **Table 4.10**.

Table 4.10: Compliance to Accounting Standards

Sl. No.	Essence of IGAS	Compliance by State Government	Impact of deficiency
1	IGAS-1 : Guarantees given by the Government – Disclosure requirements		
	IGAS-1 requires that sector-wise and class-wise disclosures on guarantees given by State Government should be incorporated in Finance Accounts	Complied (Statement 9 & 20 of Finance Accounts)	The Statements 9 & 20 are prepared in accordance with the provisions of IGAS-1 based on the information provided by the State Government.
2	IGAS-2 : Accounting and Classification of Grants-in- Aid		
	As per IGAS-2, expenditure relating to Grants-in-aid should be classified as revenue expenditure even if it involves creation of assets, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor General of India.	Complied (Statement 10 of Finance Accounts).	Accounting and classification of Grants-in-aid given by the State Government have been depicted in Statement 10 and Appendix III which are prepared as per the requirements of IGAS-2.
3	IGAS-3: Loans and Advances made by Government		
	IGAS – 3 requires disclosures on Loans and Advances made by the Union and the State Governments.	<u>Partly</u> complied (Statement No. 7 & 18 of Finance Accounts).	The details of loans and advances reported in Statement No.7 & 18 of the Finance Accounts are based on information received through the accounts rendered to the Accountant General (Accounts & Entitlement) and detailed accounts maintained by the Accountant General (Accounts & Entitlement) in respect of loans and advances made to Government servants. The closing balances depicted in Statements 7 & 18 as on 31 March 2024 have not been reconciled with the Loanee Entities/State Government. The State Government has also not furnished the figures in respect of certain loans and advances for which they maintain detailed accounts
4	IGAS – 4: Prior Period Adjustment		
	IGAS – 4 requires Prior Period Adjustments including errors once identified shall be presented in the current period (the financial year) under the cash basis of accounting.	Complied	The state Government carries out adjustment as per the existing procedure and discloses such information, which pertain to the prior period errors and covers entries requiring prior period adjustments arising out of changes in Government decisions. Such adjustments are given as footnotes in the respective statements in the Finance Accounts.

Source: Finance Accounts

D Issues related to Disclosure

Disclosure in the accounts means that the recorded transactions have been properly classified and disclosed wherever appropriate. This implies that the Receipts and Expenditures are booked to the proper account head and the

disclosures in the notes and footnotes in the accounts are appropriate and adequate.

4.13 Off Budget borrowings

The borrowings of the State Government are governed by Article 293(1) of the Constitution of India, under which the State Governments can borrow money within the territory of India upon security of the Consolidated Fund of the State. The limits on such borrowings are regulated under Article 293(3) of the Constitution of India under which the State must obtain prior consent of the Government of India (GoI) to raise any loan. The State Government is, therefore, required to furnish to GoI, the financial statements showing the estimates of receipts and repayments of all sources of borrowings including open market borrowings, other liabilities arising out of Public Account transfers, etc. based on which the Government of India gives the consent for raising loans and fixes the borrowing ceiling for the State Government. Government of India had fixed Net Borrowing of the State for 2023-24 in line with the recommendations of Finance Commission at three *per cent* of the estimated GSDP.

The details of the off-budget borrowings are given in Paragraph 2.7.1 of this Report, wherein it has been stated that the State Government has an outstanding liability of ₹ 32,942.14 crore as at the end of March 2024, towards servicing the off-budget borrowings. The off-budget borrowings of the State Government during 2023-24 increased by ₹2,573.55 crore and the total cumulative outstanding liability of the State Government on account of off-budget borrowings at the end of March 2024 had increased by ₹3,466.17 crore (11.76 *per cent*).

Though the Government had undertaken to service these borrowings through its own revenue resources, the details of these borrowings have not been disclosed in the State Budget.

Non-disclosure of off-budget borrowings in the State budget has the impact of diluting public financial management and oversight role of the Legislature.

4.14 Reconciliation of Receipts and Expenditure between CCOs and Accountant General (A&E)

All Controlling Officers are required as per provisions contained in Para 74 of Kerala Budget Manual to reconcile receipts and expenditure of the Government with the figures accounted for by the Accountant General (A&E), Kerala. During the year 2023-24, revenue receipts amounting to ₹77,337.29 crore (62.13 *per cent* of total revenue receipts) and revenue expenditure amounting to ₹1,17,805.57 crore (82.60 *per cent* of total revenue expenditure) and capital expenditure amounting to ₹12,759.74 crore (93.93 *per cent* of total capital expenditure) were reconciled by the State Government. Loans and Advances given by the State Government amounting to ₹2,556.76 crore (77.58 *per cent* of total loans and advances given by the State Government) was reconciled.

In comparison, revenue receipts amounting to ₹90,680.28 crore (68.32 *per cent* of total revenue receipts of ₹1,32,724.65 crore) and revenue expenditure amounting to ₹1,41,950.94 crore (100 *per cent* of total revenue expenditure of ₹1,41,950.94 crore) were reconciled by the State Government during 2022-23. Loans and Advances given by the State Government amounting to ₹2,134.34 crore (76.47 *per cent* of total loans and advances given by the State Government) were reconciled during the year 2022-23.

Non-reconciliation of receipts and expenditure of Government with the figures accounted by the Accountant General (A&E) would lead to probable misclassification of receipts and expenditure in the accounts of the State Government.

4.15 Submission of Accounts /Separate Audit Reports of Autonomous Bodies

As per Section 19(2) of the CAG's DPC Act, the duties and powers of Comptroller and Auditor General in relation to the audit of accounts of Corporations established by or under law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective legislations. As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a Corporation established by law made by the Legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such Corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such Corporation.

Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority under Section 20(1) of CAG's DPC Act.

On completion of financial audit, audit certificate is issued in case of above stated Autonomous Bodies and Authorities, provided CAG is the sole auditor. Apart from audit certificate, the audit office also issues separate audit report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State Legislature.

The audit of accounts of 26 Autonomous Bodies in the State was entrusted to the Comptroller and Auditor General of India under Sections 19(2), 19(3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature are indicated in **Appendix 4.2**.

The Autonomous Bodies coming under the audit purview as per Section 19 or 20 of CAG's DPC Act are required to submit annual accounts to audit before 30 June every year. In respect of 25 Autonomous bodies which were to render

annual accounts to C&AG, 61 accounts were in arrears ranging from one to 10 years as shown in **Table 4.11**. The institution wise details are shown in **Appendix 4.3**.

Table 4.11: Arrears in accounts of Autonomous Bodies

Years from which accounts pending	No. of Autonomous bodies	Years of pendency	No. of Accounts pending
2014-15	01	10	10
2017-18	01	7	7
2019-20	03	5	15
2020-21	01	4	4
2021-22	01	3	3
2022-23	04	2	8
2023-24	14	1	14
Total	25		61

Source: Information collected from various Autonomous Bodies

The State Government should issue specific directions to all the Administrative departments to instruct the autonomous bodies under them to clear the arrears in accounts and to fix responsibility on the heads of autonomous bodies which defaulted in clearing the accounts.

4.16 Departmental Commercial Undertakings

The departmental undertakings of certain Government Departments performing activities of commercial and quasi-commercial nature are required to prepare Proforma Accounts in the prescribed format annually, showing the working results of financial operations, so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business.

In the absence of timely finalisation of accounts, the results of the investment of the Government remain outside the purview of State Legislatures and escape the scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay renders the system vulnerable to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame.

The department-wise position of arrears in preparation of *pro forma* accounts and investments made by the Government in respect of three such undertakings, are given in **Table 4.12**.

Table 4.12: Statement of finalisation of *pro forma* accounts and Government investment in Departmentally managed commercial and quasi-commercial undertakings

(₹ in crore)

Sl. No.	Name of the undertaking	Accounts finalized up to	Government investment as per the last accounts finalized	Profit/loss as per the last accounts	Government investment for the last four years (2020-21 to 2023-24)		Remarks
					2020-21	2021-22	
1	State Water Transport Department	2021-22	868.21	(-)89.35	0.71	0.89	
					2022-23*		
					2023-24*		
2	Kerala State Insurance Department	2017-18	Nil	843.15			Accounts finalised upto 2017-18 only
3	Rubber Plantations at Open Prison & Correctional Home, Nettukalthery	2020-21	Not available from the last submitted accounts	0.15		Not traceable from the submitted accounts	

Source: Information collected from various Institutions

* Information yet to be received from the institution

4.17 Misappropriations, Losses and Defalcations

Article 297 of the Kerala Financial Code provides that cases of defalcation or loss of public money, stamps, stores or other property should be reported to the Accountant General (Audit I)/ Accountant General (Audit II), Kerala as well as to the Heads of Departments.

The final action on 84²⁸ cases of misappropriation, defalcation, involving Government money amounting to ₹2,192.15 lakh was pending with the State Government. Details are given in **Table 4.13**.

Table 4.13: Profile of misappropriations, losses and defalcations

A. Age-profile of the pending cases			B. Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
Less than 5 years	19	1,781.96	Theft	5	1.23
5 – 10	10	83.93			
10 – 15	14	88.43	Misappropriation/ loss of material	79	2,190.92
15 – 20	5	17.34			
20 – 25	15	144.00			
25 and above	21	76.49			
Total	84	2,192.15	Total pending cases	84	2,192.15

Source: Cases reported by various Departments of the State Government

The reasons for delay in finalisation of outstanding cases were analysed by Audit and are summarised in **Table 4.14**. Department-wise details are shown in **Appendix 4.4**.

²⁸ This includes cases detected by Audit during local audit as well as cases reported by Government departments as per codal provisions.

Table 4.14: Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Sl.No.	Reasons for the delay/ outstanding pending cases	Number of cases	Amount (₹ in lakh)
1.	Awaiting departmental and criminal investigation	13	1,061.42
2.	Departmental action initiated but not finalised	14	462.82
3.	Awaiting orders for recovery or write off	37	142.15
4.	Pending in the courts of law	20	525.76
Total		84	2,192.15

Source: Information received from various Departments of the State Government

Timely action needs to be taken to settle the misappropriation cases in order to bring defaulters to book and to have a deterrent effect on others.

4.18 Follow up Action on State Finances Audit Report

In Kerala State the Public Accounts Committee (PAC)/ Finance Department requires the line Departments to provide a *suo motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within two months of placing the Reports in the Legislature. The line Departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within two months of tabling the Reports.

At the instance of the PAC, the Finance Department issues instructions to all the Departments to initiate *suo moto* action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not.

The receipt of ATNs from the line departments in respect of the State Finances Audit Report from the year 2018-19 to 2021-22 are pending. The details are shown in **Table 4.15**.

Table 4.15: Number of Audit Paras for which ATN due from Government

Sl. No.	Year of Audit Report	Total Number of ATNs
1	2018-19	03
2	2019-20	10
3	2020-21	08
4	2021-22	31
Total		52

Source: Information collected from PAC

The discussion of paras in the State Finance Audit Report up to the year 2017-18 was completed on 07 August 2024.

4.19 Conclusions

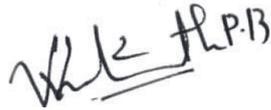
- The arrears in submission of accounts by Autonomous Bodies ranged from one to 10 years.
- There were delays in initiating departmental action, fixing liability, issuing orders of recovery, etc, in respect of cases of misappropriation/loss of public money.

- As compared to previous year, the expenditure booked under Minor head 800- other expenditure increased by 38.61 *per cent* and receipts booked under Minor Head 800- other receipts declined by 2.68 *per cent*.

4.20 Recommendations

1. *The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft etc and strengthening the internal control system to prevent recurrence of such cases.*
2. *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.*

**Thiruvananthapuram,
The 14 MAY 2025**


**(VISHNUKANTH P. B)
Accountant General (Audit II), Kerala**

Countersigned

**New Delhi,
The 27 MAY 2025**


**(K. SANJAY MURTHY)
Comptroller and Auditor General of India**



APPENDICES

Appendix 1.1
State Profile
(Reference: Paragraph 1.1; Page No. 1)
A. General Data

Sl. No.	Particulars	Figures
1.	Area	38,863 sq.km
2.	Population	
	a. In 2011	3.34 crore
	b. In 2024	3.59 crore
3.	Density of Population (All India Density = 426.09 persons per sq, km)	924.53
4.	Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)	7.05 per cent
5.	Literacy (All India Average = 73.00 per cent)	94 per cent
6.	Infant mortality (per 1000 live births) (All India Average= 28 per 1000 live births)	6
7.	Life Expectancy at birth (All India Average = 70)	75
8	Gross State Domestic Product (GSDP) 2023-24 at current prices(₹ in crore)	₹ 11,46,108.67
9.	Per capita GSDP Compounded Annual Growth Rate (2014-15 to 2023-24)	Kerala 8.63
10.	GSDP Compounded Annual Growth Rate (2014-15 to 2023-24)	Kerala 9.35
11.	Population Growth (2014 to 2024)	Kerala 5.31
12.	Per Capita GDP (in ₹)	Kerala 3,17,723
		All India 2,11,725

Source:

Area: Economic Review 2023, Volume-I of Kerala,

Population-National Commission on Population,

Poverty BPL-MoSPI,

Literacy rate-Census 2011,

IMR-SRS Bulletin (2020),

Life Expectancy-SRS Based Abridged Life Tables (2016-20),

GSDP-Directorate of Economics and Statistics, Government of Kerala

Appendix 1.2

**Time series data on the State Government Finances
(Reference: Paragraph 1.3.1; Page No.8 and Paragraph 1.4; Page No. 14)**

(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Part A: Receipts						
1.	Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.65	1,24,486.15
(i)	Tax Revenue	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01
	Taxes on Sales, Trade, etc.	19,649.64	17,689.17	22,487.42	26,875.78	27,690.43
	State Excise	2,255.28	2,329.22	2,032.23	2,875.95	2,944.02
	Taxes on Vehicles	3,721.14	3,386.28	4,037.10	5,386.81	6,340.46
	Stamps and Registration fees	3,615.01	3,489.59	4,857.33	6,216.71	5,694.88
	Land Revenue	332.42	493.35	470.84	718.90	711.71
	Other Taxes	263.39	196.12	229.75	312.84	321.78
	State Goods and Services Tax	20,446.95	20,028.31	24,169.81	29,513.28	30,563.60
	Other taxes and Duties on commodities and Services	39.31	48.80	56.04	67.89	62.13
(ii)	Non-Tax Revenue	12,265.22	73,27.31	10,462.51	15,117.95	16,345.96
(iii)	State's share in Union taxes and duties	16,401.05	11,560.40	17,820.09	18,260.68	21,742.92
(iv)	Grants in aid from Government of India	11,235.26	31,068.28	30,017.12	27,377.86	12,068.26
2.	Miscellaneous Capital Receipts	27.48	34.15	60.27	49.94	47.51
3.	Recovery of Loans and Advances	295.32	263.82	479.24	409.29	714.80
4.	Total revenue and Non debt capital receipts (1+2+3)	90,547.47	97,914.80	1,17,179.75	1,33,183.88	1,25,248.46
5.	Public Debt Receipts	60,407.05	69,735.36	64,932.14	54,007.17	1,04,354.86
	Internal Debt (excluding Ways & Means Advances and Overdraft)	2,2511.19	33,493.87	32,592.64	35,737.73	50,147.42
	Transactions under Ways and Means Advances	35,745.17	29,222.75	22,874.48	15,745.01	53,306.52
	Loans and advances from Government of India	2,150.69	7,018.74	9,465.02	2,524.43	900.92
6.	Total receipts in the Consolidated Fund (4+5)	1,50,954.52	1,67,650.16	1,82,111.89	1,87,191.05	2,29,603.32
7.	Contingency Fund Receipts
8.	Public Account receipts	2,86,408.80	3,83,936.45	4,28,497.81	4,26,124.58	3,85,201.12
9.	Total receipts of State (6+7+8)	4,37,363.32	5,51,586.61	6,10,609.70	6,13,315.63	6,14,804.44

Appendix 1.2 - Contd

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24					
Part B: Expenditure/Disbursement										
10. Revenue Expenditure	1,04,719.92	(92)	1,23,446.33	(89)	1,46,179.51	(90)	1,41,950.93	(89)	1,42,626.34	(89)
Plan	12,036	(11)	17,939.54	(15)	18,433.01	(13)	17,358.53	(12)	18,620.61	(13)
Non-Plan	9,2684	(88)	1,05,506.79	(85)	1,27,746.49	(87)	1,24,592.40	(88)	1,24,005.73	(87)
General Services (incl. Interest payment)	55,504.03	(53)	50,360.72	(41)	70,110.00	(48)	69,831.68	(49)	78,185.16	(55)
Social Services	34,044.77	(33)	44,832.44	(36)	50,695.61	(35)	50,275.91	(35)	44,005.28	(31)
Economic Services	9,107.25	(9)	18,760.72	(15)	15,713.81	(11)	122,80.82	(9)	11,414.83	(8)
Grants-in-aid and Contributions	6,063.87	(6)	9,492.45	(8)	9,660.09	(7)	9,562.52	(7)	9,021.07	(6)
11. Capital Expenditure	8,454.80	(7)	12,889.65	(9)	14,191.73	(9)	13,996.56	(9)	13,584.45	(9)
Plan	7953	(94)	11,935.76	(93)	13,207.69	(93)	13,260.46	(95)	13,056.42	(96)
Non-Plan	502	(6)	953.89	(7)	984.04	(7)	736.10	(5)	528.03	(4)
General Services	157.42	(2)	259.84	(2)	268.26	(2)	306.89	(2)	247.26	(2)
Social Services	1,090.64	(13)	2,277.90	(18)	3,342.63	(24)	3,030.08	(22)	2,945.57	(22)
Economic Services	7,206.74	(85)	10,351.91	(80)	10,580.84	(74)	10,659.59	(76)	10,391.62	(76)
12. Disbursement of Loans and Advances	1,210.22	(1)	2,548.51	(2)	2,854.29	(2)	2,790.93	(2)	3,295.72	(2)
13. Total (10+11+12)	1,14,384.94		1,38,884.49		1,63,225.53		1,58,738.42		1,59,506.51	
14. Repayment of Public Debt	44,001.28		38,927.85		35,900.00		35,980.76		74,365.84	
Internal Debt (excluding Ways and Means Advances and Overdrafts)	8,072.02		8,449.99		12,275.14		19,392.26		20,126.57	
Transactions under Ways and Means Advances	35,215.35		29,752.57		22,874.48		15,745.01		53,306.52	
Loans and Advances from Government of India	713.91		725.29		750.38		843.49		932.75	
15. Appropriation to Contingency Fund					
16. Total disbursement out of Consolidated Fund (13+14+15)	1,58,386.22		1,77,812.33		1,99,125.53		1,94,719.18		2,33,872.35	
17. Contingency Fund disbursements	75		0		0		0		0	
18. Public Account disbursements	2,79,069.26		3,73,870.74		4,11,571.60		4,18,119.90		3,80,839.42	
19. Total disbursement by the State (16+17+18)	4,37,530.48		5,51,683.07		6,10,697.13		6,12,839.08		6,14,711.77	
Part C: Deficits										
20. Revenue Deficit (1-10)	14,495.25		25,829.50		29,539.27		9,226.28		18,140.19	
21. Fiscal Deficit (4-13)	23,837.47		40,969.69		46,045.78		25,554.54		34,258.05	
22. Primary Deficit (21-23)	4,622.77		19,994.33		22,742.96		378.18		7,271.83	

Appendix 1.2 - Contd

(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Part D: Other Data						
23.	Interest Payments (included in revenue expenditure)	19,214.70	20,975.36	23,302.82	25,176.36	26,986.22
24.	Financial Assistance to local bodies, etc.	12,132.04	20,504.85	16,258.55	15,843.71	13,817.96
25.	Ways and Means Advances availed /special drawing facility (days)	234	195	110	54	125
26.	Overdraft availed (days)	57	35	14	1	67
27.	Interest on WMA/Overdraft	28.21	26.95	13.90	5.66	55.91
28.	Gross State Domestic Product (GSDP) at current prices	8,12,934.63	7,71,723.89	9,24,465.42	10,23,602.46	11,46,108.67
29.	Outstanding Fiscal Liabilities* (year-end)	2,79,504.56	3,19,089.06	3,67,160.12	4,00,001.04	4,33,657.98
30.	Outstanding guarantees (year-end)	27,757.01	31,714.27	44,369.85	50,374.49	62,868.15
31.	Maximum amount guaranteed (during the year)	43,433.30	49,076.88	60,604.04	75,895.65	84,211.45
32.	Number of incomplete projects/works	295	354	274	233	258
33.	Capital blocked in incomplete projects/works	1,302	1,362.35	1,199.78	85.45	1096.27
Part E: Fiscal Health Indicators						
I	Resource Mobilization					
	Own Tax revenue/GSDP	6.19	6.18	6.31	7.03	6.49
	Own non-tax revenue/GSDP	1.51	0.95	1.13	1.48	1.43
	Central Transfers/GSDP	3.40	5.52	5.17	4.46	2.95
II	Expenditure Management					
	Total Expenditure/GSDP	14.07	18.00	17.66	15.51	13.92
	Total Expenditure/Revenue Receipts	126.78	142.28	139.94	119.6	128.13
	Revenue Expenditure/Total Expenditure	91.55	88.88	89.56	89.42	89.42
	Revenue Expenditure on Social Services/Total Expenditure	29.76	32.28	31.06	31.67	27.59
	Revenue Expenditure on Economic Services/Total Expenditure	7.96	13.51	9.63	7.74	7.16
	Capital Expenditure/Total Expenditure	7.39	9.28	8.69	8.82	8.52
	Capital Expenditure on Social and Economic Services/Total Expenditure	7.25	9.09	8.53	8.62	8.36
III	Management of Fiscal Imbalances					
	Revenue deficit/GSDP	(-)1.78	(-)3.35	(-)3.20	(-)0.90	(-)1.58
	Fiscal deficit/GSDP	(-)2.93	(-)5.31	(-)4.98	(-)2.50	(-)2.99
	Primary Deficit /GSDP	(-)0.57	(-)2.59	(-)2.46	(-)0.04	(-)0.63
	Revenue Deficit/Fiscal Deficit	60.81	63.05	64.15	36.10	(-)52.95

Appendix 1.2 - Concl'd

(*₹ in crore*)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Part E: Fiscal Health Indicators						
IV	Management of Fiscal Liabilities*					
	Fiscal Liabilities/GSDP	34.38	41.35	39.72	39.08	37.84
	Fiscal Liabilities/Revenue Receipts	309.79	326.88	314.78	301.38	348.36
V	Other Fiscal Health Indicators					
	Return on Investment (<i>per cent</i>)	1.14	1.18	2.33	0.46	2.22
	Financial Assets/Liabilities	0.4	0.4	0.4	0.41	0.41

* Including OBB and excluding back to back loans by GoI in lieu of GST compensation

Figures in brackets represent percentages (rounded) to total of each sub-heading.

Appendix 1.3
Summarized financial position of the Government of Kerala
as on 31 March 2024
(Reference: Paragraph 1.3.2; Page No. 10)

(₹ in crore)

As on 31 March 2023	Liabilities		As on 31 March 2024
227137.07	Internal Debt		2,57,157.92
1,99,142.00	Market Loans bearing interest	2,25,780.00	
0.04	Market Loans not bearing interest	0.04	
267.03	Loans from Life Insurance Corporation of India	146.55	
100.98	Loans from General Insurance Corporation of India	86.24	
2,797.58	Loans from National Bank for Agriculture and Rural Development	2,754.82	
696.58	Loans from National Co-operative Development Corporation	560.35	
532.00	Loans from other institutions	411.82	
23,599.99	Special securities issued to National Small Savings Fund of the Central Government	27,418.00	
0.87	Compensation and other bonds	0.10	
0	Ways and Means Advances from Reserve Bank of India excluding Overdrafts	0	
0	Overdrafts from Reserve Bank of India	0	
25,369.21	Loans and Advances from Central Government		25,337.38
1.16	Pre 1984-85 Loans	1.16	
7.07	Non-Plan Loans	5.32	
5,186.23	Loans for State Plan Schemes	4,341.31	
(*)	Loans for Central Plan Schemes	(*)	
20,174.75	Other loans	20,989.59	
100	Contingency Fund (Net)		100
1,24,190.92	Small Savings, Provident Funds, etc.		1,23,944.24
7,603.72	Deposits		7,672.17
3,452.19	Reserve Funds		4,156.65
229.25	Suspense and Miscellaneous		143.98
--	Remittance Balances		81.91
3,88,082.36	Total		4,18,594.25

(*) ₹ 7,000 only.

Appendix 1.3 Concl'd.

(₹ in crore)

As on 31 March 2023	Assets		As on 31 March 2024
1,21,784.75	Gross Capital Outlay on Fixed Assets -		1,35,321.69
11,453.32	Investments in shares of Companies, Corporations, etc.	11,759.92	
1,10,331.43	Other Capital Outlay	1,23,561.77	
24,357.02	Loans and Advances		26,937.94
2,851.24	Loans for Power Projects	2,879.02	
20,499.51	Other Development Loans	22,994.09	
1,006.27	Loans to Government servants and Miscellaneous loans	1,064.83	
0	Contingency fund (unrecouped)		
59.64	Advances		59.43
0	Suspense and Miscellaneous Balances		
1,125.12	Remittance Balances		
442.14	Adjustment on account of retirement/disinvestment		489.65
9,991.68	Cash		7,367.38
36.53	Cash in Treasuries and Local Remittances	36.68	
146.16	Deposits with Reserve Bank	238.68	
(-)7.63	Departmental Cash Balance	(-) 7.63	
1.15	Permanent Advances	1.18	
7,092.74	Cash Balance Investments	4,051.26	
2,722.73	Reserve Fund Investments	3,047.21	
2,30,322.01	Deficit on Government Account -		2,48,418.16
2,21,145.53	Accumulated deficit at the beginning of the year	2,30,322.01	
9,226.28	Add: (i) Revenue Deficit of the current year	18,140.19	
0.14	(ii) Miscellaneous Government account	3.47	
49.94	Less: Miscellaneous Capital Receipts	47.51	
3,88,082.36	Total		4,18,594.25

Appendix 1.4
Medium Term Fiscal Plan 2023-24
(Reference: Paragraph 1.4; Page No.13)

(₹ in crore)

Item	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Accounts	Accounts	Accounts	RE	BE	Forward Estimates	
Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,29,268.15	1,35,418.67	1,48,526.74	1,69,930.83
State's own tax revenue	50,323.14	47,660.84	58,340.52	70,188.50	81,038.77	92,384.20	1,05,317.99
Non Tax Revenue	12,265.22	7,327.31	10,462.51	15,354.99	17,088.62	19,139.25	21,435.96
Resources from Centre	27,636.31	42,628.68	47,837.21	43,724.66	37,291.28	37,003.29	43,176.88
Revenue Expenditure	1,04,719.92	1,23,446.33	1,46,179.51	1,49,183.68	1,59,360.91	1,76,071.77	1,95,621.41
Non-Interest Revenue Expenditure	85,505.22	1,02,470.97	1,22,876.69	1,24,223.32	1,33,113.92	1,47,267.03	1,63,767.79
Interest	19,214.70	20,975.36	23,302.82	24,960.36	26,246.99	28,804.74	31,853.61
Salaries	31,774.87	27,810.86	44,494.16	38,383.47	40,051.13	42,854.71	46,283.09
Pensions	19,064.29	18,942.85	26,898.69	26,688.59	28,239.72	30,216.50	3,2633.82
Non SPI Revenue Expenditure	34,666.06	55,717.26	51,483.84	59,151.26	64,823.07	74,195.82	84,850.89
Subsidies	1,378.19	6,300.41	3,892.87	2,378.23	2,189.95	2,300.00	2,400.00
Devolution to LSGs	6,861.97	11,399.78	11,185.02	11,640.07	14,149.29	16,139.42	18,331.02
Other Revenue Expenditure	26,425.90	38,017.07	36,405.95	45,132.96	48,483.83	55,756.40	64,119.87
Revenue Surplus/Deficit	(-) 14,495.25	(-) 20,063.50	(-) 20,799.96	(-) 19,915.53	(-) 23,942.24	(-) 27,545.03	(-) 25,690.57
Capital Expenditure	9,665.02	15,438.16	17,046.02	17,535.49	16,728.04	17,564.44	18,442.66
Capital Outlay	8,454.80	12,889.65	14,191.73	14,893.62	14,605.53	15,335.81	16,102.60
Loan disbursements	1,210.22	2,548.51	2,854.29	2,641.87	2,122.51	2,228.64	2,340.07
Non Debt Capital Receipts	322.80	297.97	539.51	687.06	1,008.05	1,058.45	1,111.38
Fiscal Deficit/Surplus	(-) 23,837.47	(-) 35,203.68	(-) 37,306.47	(-) 36,763.96	(-) 39,662.22	(-) 44,051.02	(-) 43,021.86
Primary Fiscal Deficit/Surplus	(-)4622.77	(-)14228.32	(-)14003.65	(-)11803.60	(-)13415.24	(-)15246.28	(-)11168.25
End of the period Debt	2,47,971.44	2,78,606.11	3,16,271.00	3,33,621.59	3,89,253.23	4,30,454.20	4,74,238.26

Appendix 1.4 Concl'd

(*₹ in crore*)

Item	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Debt Service	19,214.70	20,975.36	23,302.82	24,960.36	26,246.99	28,804.74	31,853.61
Salary+Pension+Interest	70,053.86	67,729.07	94,695.67	90,032.42	94,537.84	1,01,875.95	1,10,770.52
Debt Stock	2,60,311.37	2,96,900.85	3,35,641.15	3,70,342.32	4,08,164.13	4,52,744.27	4,95,732.26
Government Guarantees	27,757.01	3,1714.27	44,361.39				
Interest/Revenue Receipts (%)	21.30	21.49	19.98	19.31	19.38	19.39	18.75
Debt/Revenue (%)	288.51	304.15	287.76	286.49	301.41	304.82	291.73
(Salary+Pen+Interest)/ Revenue(%)	77.64	69.38	81.19	69.65	69.81	68.59	65.19
(Salary+Pen+Interest)/ GSDP(%)	8.62	8.78	10.44	8.85	8.35	8.00	7.73
(Salary+Pen)/GSDP (%)	6.25	6.06	7.87	6.39	6.03	5.74	5.51
Rev Deficit/Rev Receipt (%)	16.07	20.55	17.83	15.41	17.68	18.55	15.12
RD/GSDP (%)	1.78	2.60	2.29	1.96	2.11	2.16	1.79
FD/GSDP (%)	2.93	4.57	4.11	3.61	3.50	3.46	3.00
Debt Stock/GSDP (%)	32.02	38.51	37.01	36.38	36.05	35.55	34.60
GSDP	8,12,935	7,71,009	9,06,921	10,17,873	11,32,194	12,73,718	14,32,933
Nominal GSDP Growth Rate (%)	3.13	-5.16	17.63	12.23	11.23	12.50	12.50
Average Interest Rate (%)	7.75	7.53	7.37	7.07	6.74	6.69	6.72

Appendix 2.1
Major defaulters in contributing Guarantee Commission
(Reference: Paragraph 2.8.3; Page No.72)

(₹ in crore)

Sl. No.	Name of the Institution	Amount
1	Kerala State Road Transport Corporation	154.53
2	Kerala Water Authority	28.04
2	Kerala Urban and Rural Development Finance Corporation Limited	87.83
3	KELTRON	17.09
4	Cashew Development Corporation	11.83
5	Travancore Rayons Limited	20.68
6	Kerala State Co-Operative Hospital Complex and Centre for Advanced Medical Service Limited	13.49

Appendix 3.1

Savings under Gender Budget Part A women specific schemes with allocation of 90-100 per cent during 2023-24

(Reference: Paragraph 3.2 Page No. 80)

(*₹ in crore*)

SI No	Grant	Schemes included under Part A of Gender Budget	Budget Provision	Expenditure incurred	Savings	Percent age of savings
1	17- Education, Sports, Art and Culture	2205-00-800-29-V-P-Samam Cultural Initiative for Gender Equality	1.25	0.27	0.98	78.40
2		2205-00-102-97-V-P-Kerala Chalachithra Academy--Employment Training for women in technical field of cinema with Kudumbashree	0.5	0.04	0.46	92.00
3		2204-00-104-97-V-P-Assistance to Kerala State sports Council (Women football academy)	0.20	0	0.20	100.00
4		2204-00-104-97-V-P- Assistance to Kerala State sports Council (Women volleyball academy)	0.40	0	0.40	100.00
5	21- Housing	4216-80-201-93-V-P-PG Hostel for Women	1.00	0	1.00	100.00
6	24- Labour, Labour welfare and Welfare of Non-Residents	2230-03-101-72-V-P-Upgradation of Women ITI	0.10	0.02	0.08	80.00
7		4250-00-203-97-V-P--Upgradation of Women ITI	2.00	0.94	1.06	53.00
8		4250-00-201-91-V-P-Studio Apartment for working Women in urban Area	0.50	0	0.50	100.00
9	25-Welfare OF Scheduled Castes, Scheduled Tribes, Scheduled Tribes, Other Backward classes/ minorities	4225-01-283-85-V-P-Working women hostels in all districts	1.00	0.12	0.88	88.00
10		2225-01-102-91-V-P-Valsalyanidhi	10.00	0	10.00	100.00
11		2225-02-102-76-V-P-Tribal Girl Child Endowment Scheme (Gothra Valsayanidhi)	1.00	0	1.00	100.00
12		2225-03-277-87-V-P-Renaissance scholarship -Special Scholarship for Girl Students of OBC who have lost a parent or both.	0.50	0.15	0.35	70.00

Appendix 3.1 Concl'd

(₹ in crore)

Sl No	Grant	Schemes included under Part A of Gender Budget	Budget Provision	Expenditure incurred	Savings	Percentage of savings
13	37- Industries	4860-60-190-94-V-P-Modernisation and partial mechanisation of cashew factories of KSCDC	2.25	0.45	1.80	80.00
14		4851-00-195-99-V-P-Modernisation and partial mechanisation of cashew factories of CAPEX	3.50	0.76	2.74	78.29
15		2852-07-202-77-V-P-Kerala University of Digital Sciences, Innovation and Technology - Women Incubation, Startups and Entrepreneurship Scheme	1.00	0.20	0.80	80.00
16	41- Transport	5055-00-800-73 (02)-V-P-Vehicle Tracking platform for safety and enforcement under Nirbhaya framework (VLTPS Nirbhaya Scheme)	4.00	0	4.00	100.00
17	46- Social security and welfare	2235-60-200-72 (02)-V-P-Aswasakiranam- assistance to care givers , largely women of physically/ intellectually challenged persons	54.00	14.99	39.01	72.24
18		2235-02-103-51-V-P-Skill Development Training and Employment for Women	0.01	0	0.01	100.00
Total			83.21	17.94	65.27	78.44

Appendix 3.2

Savings under child centric schemes during 2023-24
(Reference: Paragraph 3.3; Page No. 82)(*₹ in crore*)

Sl. No	Grant	Schemes	Budget Provision	Expenditure incurred	Savings	Percentage of savings
1	17- Education, Sports, Art and culture	4202-01-201-92-Autism parks	0.4	0	0.4	100.00
2		2202-00-102-75-Kerala Bharath Scouts and guides	2	0.99	1.01	50.50
3		2204-00-104-59-Special projects	6.5	1.78	4.72	72.62
4		2204-00-104-17-Setting up of additional sports division (as Kannur Sports Division)	3.6	1.92	1.68	46.67
5		2202-02-109-66-G V Raja Sports School, Thiruvananthapuram and sports division, Kannur	20	11.48	8.52	42.60
6		2204-00-104-97-Assistance to Kerala State Sports Council (Department)	35.9	18.85	17.05	47.49
7		2202-02-109-61-Assistance to Directorate of General Education (Department)	4.54	1.23	3.31	72.91
8		2202-05-102-97-State Institute of Children's Literature	1.4	0.73	0.67	47.86
9		2205-00-101-96-Jawahar Bala Bhavan	2.2	0.39	1.81	82.27
10	18- Medical and Public Health	2210-06-200-97-State Nutritional and Diet Related Intervention Programme	1	0.23	0.77	77.00
11	25- Welfare of Scheduled castes, scheduled tribes, other Backward classes	2225-01-102-91-Valsalyanidhi	10	0	10	100.00
12		2225-02-102-76-Tribal girl endowment scheme(Gothra Valsalyanidhi)	1	0	1	100.00
13		4225-02-277-42-Construction of building for MRS/Ashram schools/Eklavya MRS/pre and post matric schools	4	2.10	1.90	47.50
14		2225-03-277-85(02)-Pre-Matric Scholarships for OBCs (40% State Share)	8	2.24	5.76	72.00

Appendix 3.2 Concl'd

Sl. No	Grant	Schemes	Budget Provision	Expenditure incurred	Savings	Percentage of savings
15	46-Social Security and Welfare	2235-02-102-93-C.H Mohammed Koya Memmorial State Institute for Mentally Challenged, Pangappara	10	5.54	4.46	44.60
16		4235-02-102-87-Construction of Anganwadi buildings with LSGD	11	3.83	7.17	65.18
17		2235-02-102-22-Inclusion of Egg and Milk in Anganwadi menu	63.50	34.20	29.30	46.14
18		2235-02-102-21-Assistance to children orphaned by Covid-19 pandemic	1	0.44	0.56	56.00
Total			186.04	85.95	100.09	53.80

Appendix 3.3

**Details of cases where supplementary provision (greater than ₹50 lakh) proved unnecessary
(Reference: Paragraph 3.7.2, Page No. 89)**

(₹ in crore)

Sl No.	Grant	Scheme	Original Grant	Supplementary Grant	Total Budget	Expenditure	Savings
1.	15-Public Works	3054-05-797-99-V-Transfer to the Deposit Head 'Subvention from Central Road & Infrastructure Funds'	0	144.61	144.61	0.00	144.61
2.	17-Education, Sports, Art and Culture	4202-04-800-78-V-Works included in Work Appendix Vol II executed through Archaeology Department	0	0.54	0.54	0.00	0.54
3.	28-Miscellaneous Economic Services	3475-00-800-95-V-Corpus fund to start academic exchanges, co-operative research & courses in association with various technical institutions of countries like Finland, Norway, UK and Wales	0	0.55	0.55	0.00	0.55
4.	42-Tourism	5452-01-101-99-C-Upgradation, Creation of Infrastructure and Amenities	0	0.54	0.54	0.00	0.54
5.	01-State Legislature	2011-02-103-99-V-Legislative Secretariat	94.91	1.75	96.66	94.50	2.16
6.	03-Administration Of Justice	2014-00-102-99-C-High Court	179.87	6.87	186.74	176.48	10.25
7.	03-Administration Of Justice	2014-00-103-94-V-Setting up of Special Courts/Benches under the Protection of Civil Rights SC/ST (Prevention of Atrocities) Act (50%CSS)	5.30	6.83	12.13	3.75	8.38
8.	03-Administration Of Justice	2014-00-114-99-V-Law Officers	68.64	0.54	69.18	66.95	2.23
9.	03-Administration Of Justice	2014-00-800-81-V-Technical Modernization of Judicial System	3.30	0.93	4.23	2.69	1.54
10.	10-Treasury And Accounts	2054-00-095-99-V-Directorate of Treasuries	18.52	7.40	25.92	18.14	7.79
11.	13-Jails	2056-00-001-89-V-Implementation of Tetra Communication System in Central Prisons	0.05	1.29	1.34	0.04	1.29
12.	13-Jails	2056-00-101-97-V-Jail Officers Training School in the Southern Zone Contributions	0.30	2.00	2.30	0.29	2.01

Appendix 3.3 - Concl.

SI No.	Grant	Scheme	Original Grant	Supplementary Grant	Total Budget	Expenditure	Savings
13.	18-Medical And Public Health	4210-03-105-78-V-Dental College, Kozhikode - Land Acquisition and Buildings	2.50	1.26	3.76	2.47	1.29
14.	18-Medical And Public Health	2210-05-105-58-V- Upgradation of RCC as State Cancer Institute	13.80	12.93	26.73	12.93	13.80
15.	18-Medical And Public Health	2210-06-101-19-V- National Health Mission (CSS 60:40)	913.00	75.00	988.00	666.86	321.14
16.	39-Power	4801-80-101-98-V-Total Electrification Project by utilizing the funds under LAC ADS	1.00	3.62	4.62	0	4.62
Total			1,301.19	266.66	1,567.85	1,045.10	522.75

Appendix 3.4

Details of cases where supplementary provision (₹25 crore or more in each case) proved excessive

(Reference: Paragraph 3.7.2; Page No. 89)

in crore)

Sl No.	Grant	Schemes	Original Grant	Supplementary Grant	Total Budget	Expenditure	Savings
1	04-Elections	2015-00-103-99-V-Assembly and Parliament	15.50	34.29	49.79	42.89	6.90
2		2015-00-105-99-V-Lok Sabha	0.00	35.95	35.95	19.82	16.13
3	17-Education, Sports, Art and Culture	4202-01-201-89-V-Samagra Shiksha Abhiyaan	0.00	54.90	54.90	29.00	25.90
4	20-Water Supply and Sanitation	4215-01-102-92-V-Jal Jeevan Mission (NRDWP) - 50% CSS	500.00	1362.68	1862.68	1207.15	655.52
5	39-Power	6810-00-188-99-V-Solarisation of 5955 Agriculture Pump Sets under Component 'C' of PM-KUSUM Scheme under RIDF Tranche XXVIII (2022-23) implementing through ANERT	0.00	43.00	43.00	15.74	27.26
6	41-Transport	5053-02-190-93-V-Land acquisition for the Development of Kozhikode Airport.	0.00	71.15	71.15	67.47	3.68
7	46-Social Security and Welfare	2235-02-102-39-V-Supplementary Nutrition Programme for Children (50% CSS)	150.00	183.40	333.40	293.71	39.69
8		2235-03-101-99-V-National Old Age Pension	0.00	131.53	131.53	89.73	41.80
9	Debt Charges	2049-03-115-98-C-Fixed Time Deposits	4450.00	189.00	4639.00	4619.42	19.58
10	Public Debt Repayment	6003-00-110-96-C-Overdrafts	7000.00	12652.12	19652.12	17499.59	2152.53
11		6003-00-110-99-C-Ways and Means Advances	20000.00	12541.11	32541.11	30774.40	1766.71
		Total	32,115.50	27,299.13	59,414.63	54,658.92	4,755.71

Appendix 3.5

**Schemes with unnecessary re-appropriation of Funds
(Re-appropriation above ₹one crore and final savings above ₹25 crore)
(Reference: Paragraph 3.7.3; Page No. 91)**

(₹ in crore)

Sl No.	Grant	Scheme	Total Grant	Reappropriation Net	Net Budget	Expenditure	Final savings
1	12-Police	2055-00-104-99-V-NP-Armed Police	547.18	7.96	555.14	472.41	82.73
2		2055-00-115-98-V-P-Modernisation of Police Department	91.57	1.94	93.51	52.21	41.30
3	16-Pensions And Miscellaneous	2075-00-103-99-V-NP-Sale of Lottery Tickets	223.77	5.05	228.82	169.99	58.83
4	17-Education, Sports, Art And Culture	2202-01-101-98-V-NP-Upper Primary Schools	1,288.68	22.88	1,311.56	1,255.29	56.27
5		2202-01-101-99-V-NP-Lower Primary Schools	1,493.30	33.19	1,526.49	1,487.05	39.44
6		2202-01-107-90-V-P-District Institute of Education and Training (DIET) 60% C.S.S	30.00	21.56	51.56	21.61	29.95
7		2202-02-110-94-V-NP-Aided Higher Secondary Schools - Teaching Grant	1,919.97	11.66	1,931.63	1,834.37	97.26
8		2202-02-110-95-V-NP-Aided Vocational Higher Secondary Schools - Teaching Grant	246.27	5.32	251.59	220.99	30.60
9		2202-02-110-99-V-NP-Teaching Grant	3,063.80	13.70	3,077.50	2,808.10	269.40
10		2202-03-103-99-V-NP-Arts and Science Colleges	510.96	8.70	519.66	482.05	37.61
11	18-Medical And Public Health	2210-01-110-99-V-NP-Hospitals and Dispensaries	1,222.24	6.52	1,228.76	1,155.89	72.87
12	22-Urban Development	2217-05-191-48-V-P-Block Grants for Centrally Sponsored Schemes	655.78	90.07	745.85	631.16	114.69
13	29-Agriculture	2401-00-109-65-V-P-Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS)	44.50	9.00	53.50	26.81	26.69
14	46-Social Security And Welfare	2235-02-102-18-V-P-Integrated Child Development Service(60% CSS)	485.80	351.86	837.66	464.18	373.48
15		2235-02-103-56-V-P-Pradhan Manthri Mathru Vandana Yojna (60% CSS)	30.00	6.90	36.90	11.50	25.40
16		2235-03-101-99-V-P-National Old Age Pension	131.53	42.37	173.90	89.73	84.17
		Total	11,985.36	638.68	12,624.04	11,183.35	1,440.69

Appendix 3.6

Schemes with excessive re-appropriation of Funds
(Re-appropriation above ₹one crore and final savings above ₹25 crore)
(Reference: Paragraph 3.7.3; Page No. 91)

(₹ in crore)

Sl No.	Grant	Scheme	Total Grant	Reappropriati on Net	Net Budget	Expenditure	Final savings
1	15-Public Works	3054-80-800-92-V-P-Kerala Road Fund	0.00	161.72	161.72	58.94	102.78
2	17-Education, Sports, Art And Culture	2202-01-111-95-V-P-Strengthening Teaching - Learning And Results For States (Stars) (Implementing Through Samagra Shiksha Kerala) - (60%CSS)	0.00	284.59	284.59	61.02	223.57
3	18-Medical And Public Health	2210-05-105-80-V-Np-Government Medical College, Kannur	112.86	48.37	161.23	112.97	48.26
4	36-Rural Development	2501-06-198-48-V-P-Block Grants For Centrally Sponsored Schemes	162.50	97.11	259.61	201.14	58.47
5	37-Industries	4859-02-004-88-V-P-Kozhikode Land Development, Acquisition And Lar Settlement	5.00	34.46	39.46	12.29	27.17
6	46-Social Security And Welfare	2235-60-102-88-V-P-National Widow Pension	0.00	103.36	103.36	57.54	45.82
		Total	280.36	729.61	1,009.97	503.90	506.07

Appendix 3.7

**Schemes with insufficient re-appropriation of Funds (Re-appropriation above ₹one crore)
(Reference: Paragraph 3.7.3; Page No. 91)**

(₹ in crore)

Sl No.	Grant	Scheme	Total Grant	Reappropriation Net	Net Budget	Expenditure	Excess
1	09-Taxes On Vehicles	2041-00-001-96-V-NP-Fast (Fully Automated Services of Transport Department)-	16.00	2.51	18.51	24.01	5.50
2	12-Police	4055-00-211-96-V-P-Housing for Police personnel above or as part of police stations in urban areas	0.00	10.76	10.76	48.00	37.24
3	15-Public Works	4059-80-001-99-V-P-Establishment charges transferred on percentage basis from '2059-Public Works'-	9.10	8.91	18.00	19.26	1.26
4	25-Welfare Of Scheduled Castes, Scheduled Tribes, Other Backward Classes And Minorities	2225-02-277-29-V-P-Post metric scholarship for Scheduled Tribe students (75 % CSS)-	35.00	8.28	43.28	50.12	6.84
5		4225-02-277-48-V-P-Construction of Girls' Hostel (100% CSS)-	0.00	4.82	4.82	5.85	1.03
6		4711-01-103-98-V-P-Prevention of flooding in Thiruvananthapuram city	4.32	1.29	5.61	6.81	1.20
7	38-Irrigation	4711-01-103-99-V-P-Civil Works	10.90	5.69	16.59	20.14	3.55
8	40-Ports	5051-01-001-99-V-P-Development of Vizhinjam Deep Water International Transshipment Terminal	114.04	61.03	175.07	259.10	84.03
9		5075-60-800-94-V-P-Inland Navigation (State Sector) Direction and Administration	76.55	21.55	98.10	102.71	4.61
10		7055-00-190-99-V-P-Loans to Kerala State Road Transport Corporation-	484.87	1,410.85	1,895.72	2,065.57	169.84
11	41-Transport	7056-00-190-98-V-P-Loans to Kochi Metro Rail Limited (KMRL) Towards The Implementation of Integrated Water Transport System in Kochi (EAP)-	0.00	34.79	34.79	93.08	58.29

Appendix 3.7- Concl'd

Sl No .	Grant	Scheme	Total Grant	Reappropriation Net	Net Budget	Expenditure	Excess
12		2235-02-789-90-V-P- Anganwadi Services (ICDS)- SCP (60%CSS)-	0.00	6.38	6.38	21.71	15.33
13	46-Social Security and Welfare	2235-02-796-90-V-P- Anganwadi Services (ICDS)- TSP (60% CSS)-	0.00	1.05	1.05	3.58	2.53
14	Debt Charges	2049-04-101-99-C-NP-Block Loans for State Plan Schemes-	136.39	9.37	145.76	241.13	95.36
15	Public Debt Repayment	6004-02-101-95-C-NP- Central Assistance- Externally Aided Projects	525.00	27.01	552.01	600.58	48.57
		Total	1,412.17	1,614.29	3,026.46	3,561.65	535.19

Appendix - 3.8

**List of grants having large savings (savings above ₹100 crore) during the year
(Reference: Paragraph 3.7.4.1 Page No: 92)**

(₹ in crore)

Sl No.	Grant	Category	Original Grant	Supplementary Grant	Total Grant	Expenditure	Savings
1	43-Compensation And Assignments	Revenue Voted	14,149.30	0.00	14,149.30	9,050.14	5,099.16
2	46-Social Security And Welfare	Revenue Voted	12,055.20	332.22	12,387.42	8,177.67	4,209.75
3	Public Debt Repayment	Capital Charged	49,550.79	28,625.54	78,176.33	74,365.84	3,810.49
4	36-Rural Development	Revenue Voted	4,523.87	0.00	4,523.87	1,115.71	3,408.16
5	17-Education, Sports, Art And Culture	Revenue Voted	24,096.24	0.00	24,096.24	21,859.65	2,236.59
6	16-Pensions And Miscellaneous	Revenue Voted	39,361.60	5,200.02	44,561.62	43,574.31	987.31
7	29-Agriculture	Revenue Voted	3,081.19	0.00	3,081.19	2,162.29	918.90
8	20-Water Supply And Sanitation	Capital Voted	866.86	1,362.68	2,229.54	1,350.78	878.76
9	18-Medical And Public Health	Revenue Voted	9,155.03	288.88	9,443.91	8,666.28	777.63
10	36-Rural Development	Capital Voted	1,482.40	0.00	1,482.40	803.19	679.21
11	15-Public Works	Capital Voted	2,525.06	450.34	2,975.40	2,380.79	594.61
12	26-Relief On Account Of Natural Calamities	Revenue Voted	1,284.66	0.00	1,284.66	709.36	575.30
13	22-Urban Development	Revenue Voted	1,663.86	0.00	1,663.86	1,120.72	543.14
14	24-Labour, Labour Welfare And Welfare Of Non-Residents	Revenue Voted	1,180.80	0.00	1,180.80	645.64	535.16
15	37-Industries	Capital Voted	1,244.45	0.00	1,244.45	839.68	404.77
16	25-Welfare Of Scheduled Castes, Scheduled Tribes, Other Backward Classes And Minorities	Capital Voted	686.42	0.00	686.42	300.54	385.88
17	15-Public Works	Revenue Voted	1,819.20	196.84	2,016.04	1,662.21	353.83
18	20-Water Supply And Sanitation	Revenue Voted	442.88	0.00	442.88	118.98	323.90
19	12-Police	Revenue Voted	4,750.12	0.00	4,750.12	4,437.20	312.92
20	37-Industries	Revenue Voted	702.78	5.00	707.78	492.45	215.33

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(₹ in crore)

Sl No.	Grant	Category	Original Grant	Supplementary Grant	Total Grant	Expenditure	Savings
21	28-Miscellaneous Economic Services	Capital Voted	4,232.25	671.25	4,903.50	4,690.18	213.32
22	30-Food	Revenue Voted	2,062.38	0.00	2,062.38	1,866.02	196.36
23	38-Irrigation	Capital Voted	346.59	32.28	378.87	214.99	163.88
24	35-Panchayat	Revenue Voted	625.13	0.00	625.13	477.74	147.39
25	35-Panchayat	Capital Voted	520.00	11.21	531.21	388.31	142.90
26	31-Animal Husbandry	Revenue Voted	952.52	0.00	952.52	820.21	132.31
27	27-Co-Operation	Revenue Voted	445.37	0.00	445.37	336.78	108.59
		Total	1,83,806.95	37,176.26	2,20,983.21	1,92,627.66	28,355.55

Appendix - 3.9

**Excess expenditure relating to previous years requiring regularisation
(Reference: Paragraph 3.7.5.2; Page No. 94)**

(₹ in lakh)

Sl. No.	Year	Grant	Amount of excess expenditure	Status of Regularisation	Year wise Total
1.	2016-17	3 – Administration of Justice -R(V)	67.20	Vetted by Audit on 23.01.24 and final Notes awaited	4,554.19
2.	2016-17	7- Stamps and Registration -R(V)	282.63	PAC discussed on 04.09.24	
3.	2016-17	20- Water Supply and Sanitation -R(V)	4,204.36	PAC discussed on 04.09.24	
4.	2017-18	34- Forest -R(C)	1.74	PAC discussed on 04.09.24	5,338.31
5.	2017-18	14- Stationery and Printing and other Administrative services -C(V)	9.18	Initial note not received	
6.	2017-18	17- Education, Sports, Art and Culture -C(V)	5,327.39	Initial note not received	
7.	2018-19	19-Family Welfare -R(V)	3,981.04	PAC discussed on 04.09.24	4,096.48
8.	2018-19	34- Forest -R(C)	12.77	PAC discussed on 04.09.24	
9.	2018-19	17- Education, Sports, Art and Culture -C(C)	102.66	Initial note not received	
10.	2019-20	Debt Charges -R(C)	21,963.72	Initial note not received	32,873.45
11.	2019-20	26- Relief on account of natural calamities -R(V)	10,909.73	Initial note not received	
12.	2020-21	4- Elections -R(V)	5,473.69	PAC discussed on 04.09.24	1,46,279.35
13.	2020-21	15- Public Works -R(V)	26,809.77	PAC discussed on 04.09.24	
14.	2020-21	20-Water supply and sanitation-R(V)	447.00	Initial notes not received	
15.	2020-21	41– Transport-R (V)	74.27	Initial notes not received	
16.	2020-21	42 – Tourism-R (V)	617.89	Initial notes not received	
17.	2020-21	Debt charges-R(C)	79,761.16	Initial notes not received	
18.	2020-21	15- Public Works-C(V)	14,114.32	PAC discussed on 04.09.24	
19.	2020-21	18 – Medical and Public Health-C(V)	2,658.67	Initial notes not received	
20.	2020-21	20 – Water Supply and Sanitation-C(V)	10,841.13	Initial notes not received	
21.	2020-21	27– Co-operation-C(V)	1,930.15	PAC discussed on 04.09.24	
22.	2020-21	33– Fisheries-C(V)	2,312.25	PAC discussed on 04.09.24	
23.	2020-21	34-Forest-C(V)	40.09	PAC discussed on 04.09.24	
24.	2020-21	42 – Tourism-C(V)	1,193.30	Initial notes not received	

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(₹ in lakh)

Sl. No.	Year	Grant	Amount of excess expenditure	Status of Regularisation	Year wise Total
25.	2020-21	18 – Medical and Public Health-C(C)	5.66	Initial notes not received	
26.	2021-22	7 - Stamps and Registration-R (V)	410.25	Initial notes not received	26,847.16
27.	2021-22	13- Jails-R(V)	1,768.50	PAC discussed on 04.09.24	
28.	2021-22	16 – Pensions and Miscellaneous-R (V)	19,028.07	PAC discussed on 04.09.24	
29.	2021-22	28 – Miscellaneous Economic Services-R (V)	83.29	Initial notes not received	
30.	2021-22	31 – Animal Husbandry-R (V)	2,434.13	Initial notes not received	
31.	2021-22	40 – Ports-R (V)	44.73	Unvetted	
32.	2021-22	12 – Police-C (C)	1,480.94	Unvetted	
33.	2021-22	17 – Education, Sports, Art and Culture-C (V)	1,577.52	Initial notes not received	
34.	2021-22	34-Forest-C(V)	19.75	PAC discussed on 04.09.24	
35.	2022-23	4- Election-R(C)	209.54	Initial notes not received	
36.	2022-23	12- Police-C(C)	7.99	Initial notes not received	
37.	2022-23	25- Welfare of SC,ST, OBC and Minorities-R(C)	5.07	Initial notes not received	
		Grant Total	2,20,211.53		2,20,211.53

Appendix 3.10

**Schemes where token provision were made repeatedly from 2019-20 to 2023-24
(Reference: Paragraph 3.8.1 Page No. 94)**

Sl No.	Grant	Scheme
1	12-Police	2055-00-113-99-V-NP-Welfare Grant
2	12-Police	4055-00-207-96-V-NP-New Police Stations
3	15-Public Works	2059-80-799-97-V-NP-Miscellaneous Works Advance
4	15-Public Works	2059-80-799-99-V-NP-Stock
5	15-Public Works	2059-80-800-97-V-NP-Machinery Hired out at Subsidised or Concessional Rates
6	16-Pensions and Miscellaneous	2075-00-795-90-V-NP-Personel computer advance-write off
7	16-Pensions and Miscellaneous	2075-00-800-33-V-NP-Repayment of unclaimed balance under Jenmikaram Payment (Abolition) Bonds
8	16-Pensions and Miscellaneous	2075-00-800-35-V-NP-Payment of educational expenses upto degree level in respect of the daughters of late B.Raveendra Prasad, Dy.SP of Police, Alappuzha
9	17-Education, sports, art and culture	2202-02-053-96-V-NP-Asset Maintenance Fund in Vocational Education-Expenditure met out of Asset Maintenance Fund
10	17-Education, sports, art and culture	2202-03-104-96-V-NP-Maintenance Grant
11	17-Education, sports, art and culture	2202-03-800-63-V-NP-Chair for Gandhian Studies in Calicut University
12	17-Education, sports, art and culture	2205-00-103-97-V-NP-Filming of Monuments
13	18-Medical and public health	2210-05-101-53-V-NP-Ayurveda Advisory Committee
14	18-Medical and public health	4210-03-105-57-V-P-Establishment of new Medical College at Wayanad
15	19-Family Welfare	2211-00-800-95-V-NP-Compensation/Damages to Victims of FP Operation
16	24-Labour, Labour Welfare and Welfare of Non-Residents	2230-01-103-41-V-NP-Financial assistance to bring the corpse of NRI's from Abroad
17	25-Welfare of scheduled castes, scheduled Tribes, Other Backward Classes and Minorities	2225-01-277-54-V-NP-Administrative Expense of Medical College, Palakkad
18	25-Welfare of scheduled castes, scheduled Tribes, Other Backward Classes and Minorities	2225-02-800-92-V-NP-Members of Tribal Boards Travel Expenses
19	25-Welfare of scheduled castes, scheduled Tribes, Other Backward Classes and Minorities	2225-02-800-94-V-NP-Vocational training to Most Backward Tribals

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Sl No.	Grant	Scheme
20	28-Miscellaneous Economic Services	3475-00-800-96-V-NP-Technical Assistance Fund
21	28-Miscellaneous Economic Services	5465-01-190-97-V-NP-Kerala State Financial Enterprises Limited Investment
22	29-Agriculture	4402-00-203-98-V-NP-Upgradation of Thrissur Kole Land
23	37-Industries	2851-00-190-90-V-NP-Assistance to Kerala Financial Corporation for Disbursement of Subsidy to Young Entrepreneurs towards Interest Subvention
24	37-Industries	2852-05-190-97-V-NP-Assistance to KSDP for producing medicine at lower cost to person who have undergone organ transplantation surgery
25	37-Industries	2853-02-102-94-V-NP-Committee for submitting Report for Establishing Industrial Complex for Value Added Products of Mineral Sand
26	38-Irrigation	2701-12-101-99-V-NP-Work Charged Establishment
27	38-Irrigation	2701-15-101-99-V-NP-Work Charged Establishment
28	41-Transport	3055-00-190-96-V-NP-Social Security Cess on KSRTC bus tickets
29	46-Social Security and Welfare	2235-01-200-99-V-NP-Educational Concession To The Children and Dependents of Defence Service Personnel who have been killed or disabled In action on the front
30	Debt Charges	2049-03-108-93-C-NP-Advocate-Clerks Welfare Fund Scheme

Appendix 3.11
New schemes announced in Budget speech 2023-24 and its implementation
(Reference: Paragraph 3.9.3 Page No. 99)

(₹ in crore)

Sl. No	Para No.	Scheme	Amount announced in Budget speech	Remarks
1	33	Construction of IT Park at Kannur	0	No Head of Account was opened since project proposal was not received from Administrative Department (AD)
2	54	NORKA ROOTS - A corpus fund will be set up to rationalize the cost of charter flights and thereby keep ticket prices within the affordable range of passengers.	15	
3	55	Development of tourism corridors	50	
4	62	Nerkazcha Project	50	
5	289	A museum reflecting the historical significance of Kappad will be established.	10	
6	290	A museum explaining the trade and commerce history of Kollam along with an oceanarium will be set up in Kollam Thankassery.	10	
7	336	Kallumala Square will be constructed at Peeranki Maidanam, Kollam	5	
8	355	Infrastructure and treatment facilities at Kasargod Tata Hospital will be enhanced	0	
9	356	Activities will be developed to transform the state into a health hub by providing better services in all sectors like health care and health tourism.	30	
10	357	Indigenous Oral vaccine will be developed through a joint effort between the Institute of Advanced Virology, Thiruvananthapuram and various institutes under the Kerala Veterinary and Animal Science University.	5	
11	371	Assistance to start a new nursing colleges in Centre for Professional and Advanced Studies (CPAS) functioning in association with M.G University	3	
12	471	Awareness and campaign will be organized at the government level in schools, colleges and workplaces to promote the use of menstrual cups.	10	
13	474	day-care centers/creche will be started in collaboration with local bodies and people's committees.	10	
14	495	Co-ordinated anti narcotic activities	15	
15	504	Jeevan Raksha scheme	0	
16	505	Anganam – Life Insurance & Accident Insurance for Anganavadi Staff	0	
17	37	Make in Kerala	100	Token provision was provided, but neither provision was augmented nor expenditure was incurred.
18	51	The Work from Holiday Home scheme will be set up in Tourist Destinations	10	
19	52	Nursing colleges will be started in 25 hospitals under the aegis of cooperative institutions and institutions like CEPAS and SIEMAT.	20	

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Sl. No	Para No.	Scheme	Amount announced in Budget speech	Remarks
20	318	Inter-university academic festival to promote academic excellence in universities.	0	Budget and expenditure details awaited from AD [#]
21	320	Remuneration of guest lecturers at university and college levels will be enhanced.	0	Budget and expenditure details awaited from AD [#]
22	49	A trade fair of national and international standards in Thiruvananthapuram.	15	It is a component of the scheme '2851-00-004-99-V-P-Development of Commerce'. Budget amount of ₹6.50 crore was provided. Expenditure details awaited from AD [#]
23	352	Thalassery General Hospital will be relocated	10	It is a component of the scheme 4210-01-110-74-V-P-Construction of Works under DHS for which ₹10 crore was provided in the Budget. Expenditure details awaited from AD [#]
24	444	Pre-matric Scholarship Scheme for OBC students from class I to class VIII	25	Against a budget amount of ₹25 crore an expenditure of ₹17.28 crore was incurred under the HoA '2225-03-277-86-12-V-P-Prematric scholarship for OBCs from Ist to VIIIth Std
25	480	Smart PDS scheme in order to address the deficiencies in technology-based service delivery of public distribution system	2.8	Non-execution of mandatory signing of MoU with GoI led to non-implementation of the project during 2023-24.
26	502	Software and technology development for the new administration set up in State GST Department.	10	SGST Department replied that though a proposal of ₹2 crore for the project was submitted to the Government in June 2023, September 2024 and January 2024 for Administrative Sanction, the same was not received during 2023-24

#AD - Administrative Department

Appendix - 3.12

**Sub-Head (Schemes), where entire expenditure of ₹ one crore or more incurred in March 2024 (Descending amount of expenditure)
(Reference: Paragraph 3.9.4 ; page No. 101)**

(₹ in crore)

Sl No.	Grant	Scheme	Expenditure (March 2024)
1	39	2801-80-190-97-Assistance to KSEBL as taking over of loss of the Power Distribution Company on account of the Power Sector Reforms	767.72
2	37	4885-60-800-86-KINFRA - Kochi Palakkad Hi-tech Industrial Corridor	199.54
3	22	4217-60-800-89-Scheme for Special Assistance to States for Capital Investment for 2023-24	119.05
4	37	4885-01-190-98-The Kerala Financial Corporation - Investments	100.00
5	37	4851-00-102-86-Scheme for Special Assistance as loan from GoI for Capital Expenditure	60.00
6	12	4055-00-211-96-Housing for Police Personnel above or as part of Police Stations in Urban Areas	48.00
7	Debt Charges	2049-01-101-99-Interest on Loans bearing interest (Loans floated on or before 31.03.2011)	33.67
8	39	2801-80-101-85-Transgrid 2.0 (New Generation Transmission Infrastructure)	25.00
9	36	4515-00-102-47-Revolving Fund for Neighbourhood Groups of Kudumbasree	20.00
10	28	5465-01-190-96-Participation in the issue of shares in the regional Rural Banks	19.59
11	37	6853-60-190-97-Travancore Titanium Products Limited	18.93
12	36	2515-00-102-25-Eradication of Extreme Poverty	16.43
13	39	6810-00-188-99-Solarisation of 5955 Agriculture Pump Sets under Component 'C' of PM-KUSUM Scheme under RIDF Tranche XXVIII (2022-23) implementing through ANERT	15.74
14	18	2210-06-104-94-Strengthening of Drug Regulatory system(60%CSS)	14.91
15	45	7610-00-201-98-State Service Officers	9.35
16	25	4225-01-190-99-Share Capital Contribution to Kerala State Development Corporation for SCs/STs (51% State Share)	5.75

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(` in crore)

SI No.	Grant	Scheme	Expenditure (March 2024)
17	27	6425-00-108-19-Assistance to PACS, Primary Societies, Wholesale Stores and Federations (NCDC Assisted)	3.80
18	36	2501-06-796-95-Housing Scheme under Pradhan Manthri Janjati Adivasi Nyaya Maha Abhiyan (PM-JANMAN)- Particularly Vulnerable Tribal Groups (60% CSS)	3.52
19	03	2014-00-800-85-Implementation of e-Court	2.91
20	17	2202-02-109-69-School Education - Infrastructure	2.70
21	31	2403-00-101-63-Livestock Health and Disease Control - Payment of Compensation (50% CSS)	2.66
22	25	2225-02-277-26-Pre-Matric Scholarship for Scheduled Tribes Students (75% CSS)	2.54
23	15	5054-80-800-81-Railway Safety Works	2.39
24	27	2425-00-800-93-Member Relief Fund	2.00
25	38	4711-02-103-93-Coastal Zone Management Works under Twelfth Finance Commission Award	1.93
26	18	2210-05-105-63-Centrally Assisted Schemes under DME (CSS 60:40)	1.90
27	15	5054-04-101-84-Scheme for Special Loan Assistance from GoI for Capital Investment- Bridges	1.79
28	12	2055-00-117-97-Special Infrastructure Scheme for Left wing Extremism affected States (CSS)	1.77
29	33	2405-00-796-99-PMMSY-Integrated Development and Management of Fisheries (60%CSS)	1.70
30	18	2210-05-105-28-State Support to Centrally Assisted Schemes under DME (CSS 60:40)	1.57
31	16	2075-00-800-80-Land acquisition for establishment of Naval Academy at Ezhimala	1.53
32	24	2230-01-103-59-Kerala Shops and Commercial Establishment Workers Welfare Fund	1.50
33	27	2425-00-107-72-Stimulus Interest Subsidy on Prompt Repayment of Agricultural Loans Taken from Co-operative Institutions	1.29
34	24	2230-01-103-79-Grant for payment of employees contribution to Kerala Toddy Workers Welfare Fund Board	1.20
35	35	4515-00-800-94-Completion of construction and land acquisition activities of Convention Centre at Pinarayi Grama Panchayat	1.15
36	34	2406-01-101-90-Transfer to the Fund for Teak under the Kerala Forest Revolving Fund for Teak and Pulpwood Rules,1999	1.07
37	37	6859-02-190-92-Fostering Technologies in Rural Area (FOSTeRA)	1.05
38	46	2235-60-200-71-Release of Net Proceeds of X-mas New Year Bumper for Jawan Lottery to the Flag Day Fund Account	1.00

Appendix 4.1

**Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Schemes with total release of ₹ five crore and above during 2023-24)
(Reference: Paragraph 4.2; Page No. 116)**

(₹ in crore)

Sl.No	Government of India Scheme	Government of India releases during 2023-24
1	National Hydrology Project	5.62
2	Trade Infrastructure for Export Schemes (TIES)	10.00
3	Rashtriya Gokul Mission	65.46
4	Sugar Subsidy Payable under PDS	9.20
5	Other Miscellaneous Expenditure	6.00
6	Pradhan Mantri Kisan Samman Nidhi	1,907.50
7	Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY)	155.49
8	e-Courts Phase III	15.63
9	Blood Transfusion Services	8.13
10	Agriculture Economics and Statistics	44.06
11	Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	671.64
12	National Rural Livelihood Mission (CS)	9.72
13	Mahatma Gandhi National Rural Employment Guarantee Scheme	2,973.85
14	National Service Scheme	13.09
15	National AIDS and STD control Programme	40.18
16	Food Subsidy for Decentralised Procurement of Foodgrains under NFSA	1,151.85
17	Agriculture Census (OCE)	5.43
18	Skill India Programme	6.05
19	National Programme for Dairy Development	12.55
20	Other Schemes (below ₹5 crore)	1835.79
	Total	8,947.24

Appendix 4.2

Statement showing performance of Autonomous Bodies
(Reference: Paragraph 4.15; Page No. 128)

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
1	Kerala Institute of Labour & Employment, Thiruvananthapuram	2017-18, 2021-22 & 2022-23 to 2026-27	2021-22	2018-19	11.06.2024	18.09.2023	1y 2m 18d
2	Kerala State Commission for Backward classes, Thiruvananthapuram	From 2022-23 to 2026-27	2022-23	2021-22	11.06.2024	06.02.2024	7m 6d
3	Kerala State Commission for Scheduled Castes and Scheduled Tribes	From 2009 onwards	2022-23	2021-22	11.06.2024	13.10.2023	3m 13d
4	Kerala Building & Other Construction Workers Welfare Board, Thiruvananthapuram	1998-99 onwards Act by Parliament	2021-22	2020-21	31.01.2024	6.10.2023	1y 4m 6d
5	Kerala State Human Rights Commission	1998-99 onwards Act by Parliament	2021-22	2018-19	20.07.2022	12.09.2023	1y 2m 12d
6	Kerala State Legal Services Authority, Ernakulam.	1998-99 onwards Act by Parliament	2022-23	2017-18	05.10.2021	14.03.2024	8m 14d

Appendix 4.2 Contd.

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
7	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards Act by Parliament	2018-19			21.06.2022	2y 11m 21d
8	District Legal Services Authority, Kollam	1998-99 onwards Act by Parliament	2019-20			12.05.2022	1y 10m 12d
9	District Legal Services Authority, Pathanamthitta	1998-99 onwards Act by Parliament	2022-23	2021-22	11.06.2024	12.09.2023	2m 12d
10	District Legal Services Authority, Idukki	1998-99 onwards Act by Parliament	2022-23	2020-21	11.06.2024	10.05.2024	10m 10d
11	District Legal Services Authority, Ernakulam	1998-99 onwards Act by Parliament	2021-22	2015-16	30.01.2024	01.03.2024	1y 8m 1d
12	District Legal Services Authority, Thrissur	1998-99 onwards Act by Parliament	2022-23	2020-21	31.01.2024	16.04.2024	9m 16d
13	District Legal Services Authority, Palakkad	1998-99 onwards Act by Parliament	2022-23	2021-22	09.08.2023	12.09.2023	2m 12d

Appendix 4.2 Contd.

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
14	District Legal Services Authority, Malappuram	1998-99 onwards Act by Parliament	2022-23	2015-16	30.11.2018	13.11.2023	4m 13d
15	District Legal Services Authority, Kozhikode	1998-99 onwards Act by Parliament	2020-21	2013-14	16.12.2015	01.12.2023	2y 5m 1d
16	District Legal Services Authority, Wayanad	1998-99 onwards Act by Parliament	2022-23	2012-13	30.01.2018	22.11.2023	4m 22d
17	District Legal Services Authority, Kannur.	1998-99 onwards Act by Parliament	2018-19	2014-15	31.01.2024	21.10.2022	3y 3m 21d
18	District Legal Services Authority, Kasaragod	1998-99 onwards Act by Parliament	2022-23	2013-14	30.01.2024	19.03.2024	8m 19d
19	District Legal Services Authority, Kottayam	1998-99 onwards Act by Parliament	2022-23	2021-22	11.06.2024	20.09.2023	2m 20d
20	District Legal Services Authority, Alappuzha	1998-99 onwards Act by Parliament	2022-23	2015-16	30.01.2018	17.01.2024	6m 17d

Appendix 4.2 Concl'd

Sl. No.	Name of Autonomous body	Period of entrustment	Year up to which accounts were rendered	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
				Year of Latest SAR	Date of Placement		
21	Kerala Real Estate Regulatory Authority		2022-23	2021-22	15.02.2024	15.11.2023	4m 15d
22	Kerala State Commission for Economically Backward Classes among Forward Communities	By the State Government from 2017-18	Not yet submitted	SAR not issued yet			
23	National and State Commissions for Protection of Child Rights (CPCR)	1998-99 onwards Act by Parliament	2013-14	SAR submitted to Headquarters for approval		04.03.2024	9y 8m 4d
24	Kerala Khadi and Village Industries Board	2018-19 to 2022-23	2018-19	2018-19	Yet to be placed	24.04.2023	3y 9m 24d
25	Kerala State Electricity Regulatory Commission	Audit undertaken as per Sec.19(2) of DPC Act	2022-23	2022-23	11.06.2024	03.07.2023	3d
26	Kerala Water Authority	2020-21 to 2024-25	2022-23	2019-20	30.01.2024	05.01.2024	6m 4d

Appendix 4.3
Arrears of accounts of Autonomous Bodies due up to financial year 2023-24
(Reference: Paragraph 4.15; Page No.129)

Sl. No.	Name of Autonomous body	Accounts pending since	No. of accounts pending up to FY 2023-24
1	Kerala Institute of Labour & Employment, Thiruvananthapuram	2022-23	2
2	Kerala State Human Rights Commission, Thiruvananthapuram	2022-23	2
3	Kerala State Legal Services Authority, Kochi.	2023-24	1
4	District Legal Services Authority, Palakkad	2023-24	1
5	District Legal Services Authority, Wayanad	2023-24	1
6	District Legal Services Authority, Pathanamthitta	2023-24	1
7	District Legal Services Authority, Ernakulam	2022-23	2
8	District Legal Services Authority, Thrissur	2023-24	1
9	District Legal Services Authority, Malappuram	2023-24	1
10	District Legal Services Authority, Kozhikode	2021-22	3
11	District Legal Services Authority, Kannur.	2019-20	5
12	District Legal Services Authority, Kottayam	2023-24	1
13	District Legal Services Authority, Alappuzha	2023-24	1
14	District Legal Services Authority, Idukki	2023-24	1
15	District Legal Services Authority, Kasaragode	2023-24	1
16	District Legal Services Authority, Thiruvananthapuram	2019-20	5
17	District Legal Services Authority, Kollam	2020-21	4
18	National and State Commission for Protection of Child Rights (CPCR)	2014-15	10
19	Kerala State Commission for SC and ST	2023-24	1
20	Kerala State Commission for Backward Classes, Thiruvananthapuram	2023-24	1
21	Kerala State Commission for Economically Backward Classes among Forward Communities	2017-18	7
22	Kerala Building & Other Construction Workers Welfare Board, Thiruvananthapuram	2022-23	2
23	Kerala Real Estate Regulatory Authority	2023-24	1
24	Kerala Khadi and Village Industries Board	2019-20	5
25	Kerala Water Authority	2023-24	1
	Total		61

Appendix 4.4
Department wise break-up of cases of misappropriation, defalcation etc.
(Reference: Paragraph 4.17; Page No. 130)

(₹ in lakh)

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.							
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending		Cases pending in the Court of law	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Agriculture	9	45.85	1	1.28	-	-	5	32.62	3	11.95
Animal Husbandry	1	0.35	0	0	0	0	1	0.35	0	0
Archives Department	1	2.20	0	0	0	0	1	2.20	0	0
Co-operative Department	1	293.47	0	0	0	0	0	0	1	293.47
Diary Development Department	1	1.20	0	0	1	1.20	0	0	0	0
Directorate of Health Services	4	5.79	1	0.09	0	0	2	1.67	1	4.03
Directorate of Medical Education	6	11.07	2	3.09	0	0	4	7.98	0	0
Fisheries	3	1.36	2	0.83	0	0	0	0	1	0.53
Forest and Wild life	3	28.19	0	0	0	0	3	28.19	0	0
General Education	7	11.60	0	0	1	1.68	5	9.01	1	0.91
Higher Education	2	3.92	0	0	0	0	1	3.19	1	0.73
Industries	1	0.31	0	0	1	0.31	0	0	0	0

Appendix 4.4 – Concl.d.

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.							
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending		Cases pending in the Court of law	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Indian System of Medicine	1	1.84	0	0	0	0	1	1.84	0	0
Information and Public relations	1	3.12	0	0	0	0	0	0	1	3.12
Insurance Medical Services Department	1	38.36	0	0	0	0	0	0	1	38.36
Kerala State Book Marketing	1	26.57	1	26.57	0	0	0	0	0	0
Local Self Government	13	1130.34	4	1027.28	2	85.48	5	13.84	2	3.74
Mining and Geology	4	94.45	0	0	4	94.45	0	0	0	0
Public Works – NH Wing	1	2.37	0	0	0	0	1	2.37	0	0
Public Works Roads and Bridges	1	1.88	0	0	0	0	1	1.88	0	0
Schedule Caste and Schedule Tribe	4	2.94	2	2.27	0	0	1	0.5	1	0.17
Lottery Department	2	59.96	0	0	0	0	0	0	2	59.96
Treasury	14	409.77	0	0	3	264.45	6	36.52	5	108.80
Water Resources	2	15.24	0	0	2	15.24	0	0	0	0
Total	84	2192.15	13	1061.42	14	462.82	37	142.15	20	525.76

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