



GOVERNMENT OF KARNATAKA

ACCOUNTS AT A GLANCE

2005-06

ACCOUNTANT GENERAL

(ACCOUNTS & ENTITLEMENT)

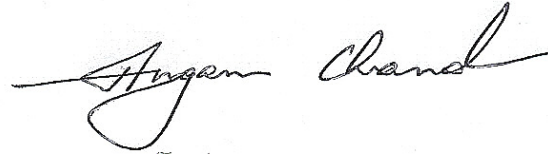
KARNATAKA, BANGALORE.

Preface

The Annual Accounts of the State Government are prepared and examined under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for being laid before the Legislature of the State. The Annual Accounts consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise expenditures against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided. The Accountant General (Accounts and Entitlement) prepares the State Finance Accounts and Appropriation Accounts.

“Accounts at a Glance” provides a broad overview of Governmental activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

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



(L. Angam Chand Singh)
Accountant General (A&E)
Karnataka

Place: Bangalore
Date: 25 July 2007

CHAPTER I

OVERVIEW

The monthly accounts of the State Government are compiled and consolidated from the accounts submitted by the District Treasuries, Public Works and Forest Divisions etc., to the Accountant General (Accounts and Entitlement). Besides, the Finance Accounts and the Appropriation Accounts are prepared annually by the Accountant General under the directions of the Comptroller and Auditor General of India in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The accounts of Government are kept in the following three parts:

- Part I Consolidated Fund
- Part II Contingency Fund
- Part III Public Account

There are two main divisions under the Consolidated Fund.

The Revenue division (Revenue Account) deals with the proceeds of taxation and other receipts classed as revenue and the expenditure met therefrom, the net result of which represents the revenue surplus or deficit for the year.

In the Capital division, the section 'Receipt Heads (Capital Account)' deals with receipts of capital nature that cannot be applied as a set off to capital expenditure. The section 'Expenditure Heads (Capital Account)' deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent character. It also includes receipts of a capital nature that are applied as a set off to capital expenditure. The section 'Public Debt, Loans and Advances, etc.' comprises loans raised and their repayments by Government such as 'Internal Debt' and 'Loans and Advances' made (and their recoveries) by Government.

In the Contingency Fund, the transactions connected with Contingency Fund established under Article 267 of the Constitution of India are recorded.

In the Public Account, the transactions relating to 'Debt' (other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' are recorded.

Annual Accounts of the Government of Karnataka for the year 2005-06 have recently been presented to the State Legislature. Audit Reports of the Comptroller and Auditor General of India for the year 2005-06 are being presented separately.

Finance Accounts

Finance Accounts present the accounts of receipts and outgoings of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debts and the liabilities and assets as worked out from the balances recorded in the accounts.

During 2005-06 total receipts* amounted to Rs.13,19,39.34 crore comprising Rs.3,03,52.05 crore revenue receipts (Rs.2,28,44.97 crore Tax revenue, Rs.38,74.71 crore Non-Tax revenue and Rs.36,32.37 crore Grants-in-aid and Contributions), Rs.57,87.10 crore capital receipts (Rs.56,63.55 crore receipts under 'Public Debt' and Rs.1,23.55 crore recovery of 'Loans and Advances'), Rs.38.91 crore under Contingency Fund and Rs.9,57,61.28 crore under 'Public Account'.

Disbursements* during the year were Rs.13,19,09.75 crore – Rs.2,80,40.89 crore on revenue account and Rs.69,32.39 crore on capital account (Rs.58,21.93 crore on Capital Outlay, Rs.8,10.86 crore under 'Public Debt' and Rs.2,99.60 crore under 'Loans and Advances'), and Rs.9,69,36.47 crore under 'Public Account'. During the year the cash balance increased by Rs.29.59 crore.

Appropriation Accounts

Appropriation Accounts bring out the expenditure of the State Government against amounts voted and charged by the State Legislature and supplement the Finance Accounts. These comprise accounts of one charged Appropriation and twenty eight voted Grants.

Appropriation Acts, 2005 and 2006 had projected a gross expenditure of Rs.4,15,28.17 crore, including the Supplementary Grants totalling Rs.43,64.79 crore, voted by State Legislature during the year. An amount of Rs.9,54.36 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2005-06 show disbursements aggregating Rs.3,62,08.66 crore (revenue expenditure Rs.2,88,13.36 crore plus capital expenditure Rs.73,95.30 crore) against the aggregate budget provision of Rs.4,15,28.17 crore, resulting in saving of Rs.53,19.51 crore against Grants and Appropriations. Of this, Rs.33,40.35 crore was under the Grant/Appropriation controlled by Finance Department, Rs.4,65.58 crore under Housing and Urban Development Department, Rs.4,28.75 crore under Agriculture and Horticulture Department, Rs.3,83.47 crore under Public Works Department, Rs.3,00.71 crore under Water Resources Department, Rs.2,76.39 crore under Health and Family Welfare Department, Rs.2,60.17 crore under Rural Development and Panchayati Raj Department, Rs.1,20.67 crore under Social Welfare Department, Rs.1,05.79 crore under Education Department, Rs.88.82 crore under Planning, Statistics, Science and Technology Department, Rs.52.85 crore under Forest Ecology and Environment Department partly offset by excess of Rs.3,94.55 crore under Revenue Department and Rs.3,28.96 crore under Commerce and Industries Department

Recoveries in reduction of expenditure amounted to Rs.12,35.38 crore, reflecting an increase of Rs.2,81.02 crore vis-à-vis budget estimates.

* Graphic representation of receipts and disbursements with components of revenue receipts and revenue expenditure are shown at pages 5 and 7 respectively.

CHAPTER II**HIGHLIGHTS OF ACCOUNTS**

Sl. No.	Particulars	B.E 2005-06	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to SGDP *
		(Rupees in crore)			
01.	Tax Revenue	2,24,40.56	2,28,44.97	101.80	13.65
02.	Non-Tax Revenue	40,90.30	38,74.71	94.73	2.31
03.	Grants-in-aid & Contributions	26,87.61	36,32.37	135.15	2.17
04.	Revenue Receipts (1+2+3)	2,92,18.47	3,03,52.05	103.88	18.13
05.	Recovery of Loans & Advances	29.91	1,23.55	413.07	0.08
06.	Other Receipts		
07.	Borrowings and Other Liabilities	47,14.47 (#)	36,86.82 (\$)	78.20	2.20
08.	Capital Receipts (5+6+7)	47,44.38	38,10.37	80.31	2.28
09.	Total Receipts (4+8)	3,39,62.85	3,41,62.42	100.59	20.41
10.	Non-Plan Expenditure (NPE) (11+13)	2,26,72.74	2,30,31.41	101.58	13.76
11.	NPE on Revenue Account	2,25,78.61	2,29,72.22	101.74	13.72
12.	NPE on Interest Payments out of 11	40,28.95	37,64.82	93.44	2.25
13.	NPE on Capital Account	94.13	59.19	62.88	0.04
14.	Plan Expenditure (PE) (15+16)	1,12,90.11	1,11,31.01	98.59	6.65
15.	PE on Revenue Account	57,85.40	50,68.67	87.61	3.03
16.	PE on Capital Account	55,04.71	60,62.34	110.13	3.62
17.	Total Expenditure {(10+14) = (18+19)}	3,39,62.85	3,41,62.42	100.59	20.41
18.	Revenue Expenditure (11+15)	2,83,64.01	2,80,40.89	98.86	16.75
19.	Capital Expenditure (13+16)	55,98.84 (a)	61,21.53 (b)	109.34	3.66
20.	Revenue Surplus (4-18)	8,54.46	23,11.16	270.48	1.38
21.	Fiscal Deficit {(17) - (4+5+6) = 7}	47,14.47	36,86.82	78.20	2.20

(*) SGDP for 2005-06: Rs.16,73,99 crore (Source: Overview of Budget 2006-07).

(#) Comprises net contribution from (i) 'E Public Debt' (Rs.38,22.82 crore); (ii) 'Public Account' (Rs.8,68.56 crore) and (iii) 'Cash Balance' (Rs.23.09 crore).

(\$) Comprises net contribution from (i) 'E Public Debt' (Rs.48,52.69 crore); (ii) 'Contingency Fund' (Rs.38.91 crore); (iii) 'Public Account' (- Rs.11,75.19 crore) and (iv) 'Cash Balance' (- Rs.29.59 crore).

(a) Includes provision on 'Capital Outlay' (Rs.53,64.54 crore) and 'F Loans and Advances' (Rs.2,34.30 crore).

(b) Includes expenditure incurred on 'Capital Outlay' (Rs.58,21.93 crore) and 'F Loans and Advances' (Rs.2,99.60 crore).

RECEIPTS AND DISBURSEMENTS

The following table summarises the Accounts for 2005-06.

(Rupees in crore)			
Total Receipts	3,41,62.42	Total Disbursements	3,41,62.42
Revenue Receipts	3,03,52.05 (88.85)	Revenue Disbursements	2,80,40.89 (82.08)
Capital Receipts @	38,10.37 (11.15)	Capital Disbursements &	61,21.53 (17.92)

Note - Figures in parentheses indicate percentage to total receipts / total disbursements

@ Capital Receipts comprise net receipts under E - Public Debt (Rs. 48,52.69 crore), receipts under F - Loans and Advances (Rs.1,23.55 crore), net Contingency Fund (Rs.38.91 crore), net Public Account (-Rs.11,75.19 crore) and increase in Cash Balance (-Rs.29.59 crore).

& Capital Disbursements comprise expenditure on Capital Outlay (Rs.58,21.93 crore) and loans and advances given by the State Government (F- Loans Rs.2,99.60 crore).

RECEIPTS

Revenue Receipts

Total Tax Revenue of Rs.2,28,44.97 crore and Non-Tax Revenue of Rs.38,74.71 crore formed 13.65 per cent and 2.31 per cent respectively of the SGDP.

Major contributors to revenue were:

Head of Account	Rupees in crore	
Taxes on Sales, Trade etc.	98,69.54	(5.90)
State Excise	33,96.79	(2.03)
Stamps and Registration Fees	22,12.20	(1.32)
Miscellaneous General Services	17,92.76	(1.07)
Corporation Tax	11,63.33	(0.69)
Taxes on Vehicles	11,05.45	(0.66)
Union Excise Duties	10,96.19	(0.65)
Taxes on Goods and Passengers	10,41.45	(0.62)
Customs	8,21.42	(0.49)
Taxes on Income Other than Corporation Tax	8,20.06	(0.49)
Other Rural Development Programmes	4,26.76	(0.25)

(Amount of revenue as a per cent of SGDP is indicated in parentheses. SGDP for 2005-06: Rs.16,73,99 crore)

Net tax receipts during the year was more than the budget estimates by Rs.4,04.41 crore, mainly on account of more collection of revenue under State Excise (Rs.3,99.07 crore), Service Tax (1,05.72 crore) Stamps and Registration Fees (Rs.32.20 crore) and in the share of allocable taxes received from Union Government under Taxes on Income other than Corporation Tax (Rs.2,44.06 crore) and Customs (Rs.1,35.10 crore). This was partly offset by less receipt compared to the budget estimates mainly under Taxes on Sales, Trade etc (Rs.6,26.76 crore) and in the share of allocable taxes received from Union Government under Corporation Tax (Rs.36.67 crore).

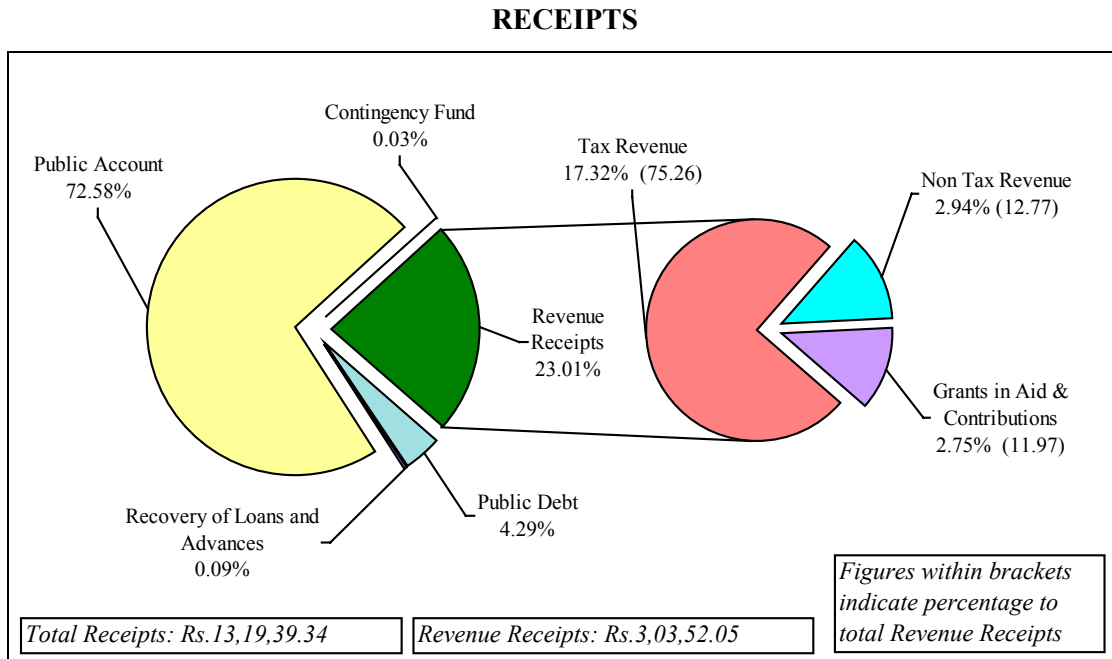
Share of various tax revenue, non-tax revenue and grants-in-aid and contributions to total revenue receipts is given below:

Components	Actuals (Rupees in crore)	Percentage to total Revenue Receipts
A. Tax Revenue*	2,28,44.97	75.26
Taxes on Income and Expenditure	23,15.02	7.63
Taxes on Property and Capital Transactions	23,30.99	7.68
Taxes on Commodities and Services	1,81,98.96	59.95
B. Non-Tax Revenue	38,74.71	12.77
Fiscal Services
Interest Receipts, Dividends and Profits	2,99.88	0.99
General Services	20,30.21	6.69
Social Services	1,29.13	0.43
Economic Services	14,15.49	4.66
C. Grants-in-aid and Contributions	36,32.37	11.97
TOTAL-REVENUE RECEIPTS	3,03,52.05	100.00

(* Includes Rs.42,13.42 crore being the State's share of allocable taxes received from Union Government).

Capital Receipts

Capital Receipts during the year was less than the budget estimates by Rs.9,34.01 crore, Rs.10,27.65 crore less under Borrowings and Other Liabilities and Rs.93.64 crore more in respect of recovery of Loans and Advances.



DISBURSEMENTS

Revenue Disbursements

Revenue Disbursement of Rs.2,80,40.89 crore (net) was 16.75 per cent of SGDP. It was less than budget estimates by Rs.3,23.12 crore due to less disbursement under Plan (Rs.7,16.73 crore) and more under Non-Plan (Rs.3,93.61 crore).

Capital Disbursements

Capital Disbursements of Rs.61,21.53 crore were 3.66 per cent of the SGDP. It was more than budget estimates by Rs.5,22.69 crore, Rs.5,57.63 crore more under Plan and Rs.34.94 crore less under Non-Plan.

Plan Disbursements

Plan disbursements during 2005-06 were Rs.1,11,31.01 crore consisting of Rs.50,68.67 crore under Revenue and Rs.60,62.34 crore under Capital. During the year 2005-06, Plan Disbursements were Rs.1,01,91.09 crore under State Plans and Rs.9,39.92 crore under Central Plan Schemes. State's share and Centre's share of Centrally Sponsored Plan Schemes are included under State Plan and Central Plan schemes respectively.

Non-Plan Disbursements

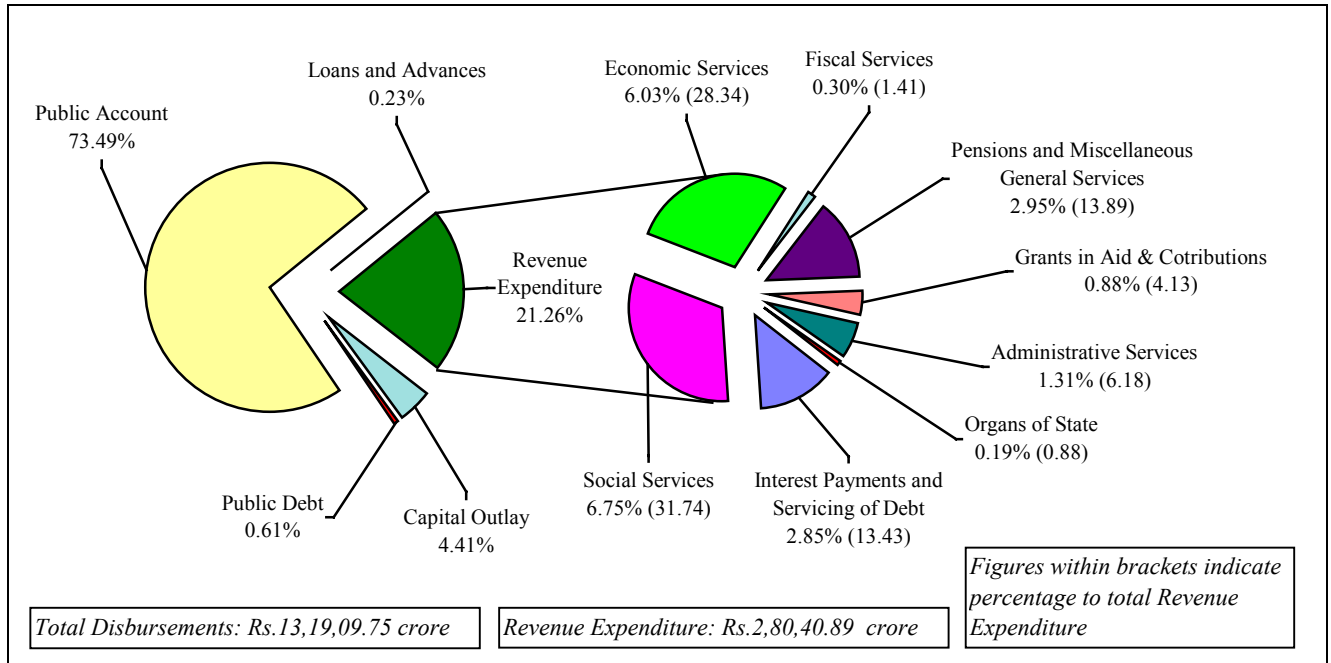
Non-plan disbursements during 2005-06 were Rs.2,30,31.41 crore, consisting of Rs.2,29,72.22 crore under Revenue and Rs.59.19 crore under Capital.

Sectoral distribution of expenditure and its percentage to total revenue expenditure is given below.

SECTORAL DISTRIBUTION OF EXPENDITURE AND ITS PERCENTAGE TO TOTAL REVENUE EXPENDITURE

Components	Amount (Rupees in crore)	Percentage to Total Revenue Expenditure
A. Fiscal Services	3,96.21	1.41
Collection of Taxes on Income and Expenditure	2.82	0.01
Collection of Taxes on Property and Capital transactions	1,76.95	0.63
Collection of Taxes on Commodities and Services	1,77.03	0.63
Other Fiscal Services	39.41	0.14
B. Organs of State	2,47.63	0.88
C. Interest Payments and Servicing of debt	37,64.82	13.43
D. Administrative Services	17,32.40	6.18
E. Pensions and Miscellaneous General Services	38,94.76	13.89
F. Social Services	88,98.79	31.74
G. Economic Services	79,47.32	28.34
H. Grants-in-aid and Contributions	11,58.96	4.13
TOTAL EXPENDITURE (REVENUE ACCOUNT)	2,80,40.89	100.00

DISBURSEMENTS



TREND OF EXPENDITURE

Trend of expenditure in some important sectors between 2001-02 and 2005-06 is brought out below:

STATEMENT OF EXPENDITURE IN SELECTED SECTORS

Sector	2001-02		2002-03		2003-04		2004-05		2005-06	
	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.
<i>(Rupees in crore)</i>										
A. Social Services										
Education, Sports, Art and Culture	35,01.41	97.28 <i>101.59</i>	35,64.01	92.32 <i>96.57</i>	37,66.02	94.44 <i>98.29</i>	43,57.91	99.30 <i>96.81</i>	48,37.40	100.02 <i>98.69</i>
Health & Family Welfare	9,86.32	85.09 <i>91.27</i>	9,53.65	85.09 <i>88.29</i>	9,58.93	89.93 <i>93.67</i>	10,35.61	97.29 <i>97.16</i>	11,38.50	93.79 <i>97.91</i>
B. Economic Services										
Agriculture and Allied Activities	10,88.11	85.06 <i>96.01</i>	10,77.10	77.95 <i>92.50</i>	13,48.92	99.78 <i>87.49</i>	20,64.91	111.48 <i>96.96</i>	28,66.65	114.37 <i>112.25</i>
Rural Development	4,78.71	81.63 <i>108.05</i>	5,22.55	103.12 <i>106.00</i>	4,55.07	75.32 <i>64.59</i>	6,96.86	101.23 <i>95.16</i>	7,76.00	87.13 <i>87.22</i>
Irrigation & Flood Control	1,90.76	92.96 <i>111.25</i>	2,06.73	92.61 <i>107.13</i>	1,79.06	92.40 <i>99.24</i>	2,13.91	98.55 <i>99.20</i>	2,15.82	107.00 <i>106.07</i>
Energy	23,36.69	99.00 <i>99.00</i>	19,06.92	77.08 <i>71.97</i>	17,33.05	80.38 <i>91.70</i>	18,96.71 ^	118.30 ^ <i>119.05 ^</i>	18,36.93	102.79 <i>101.88</i>
Transport	5,13.62	100.30 <i>112.59</i>	3,95.79	65.33 <i>73.12</i>	3,11.43	59.75 <i>69.78</i>	6,17.60	136.91 <i>107.58</i>	7,56.10	125.33 <i>88.04</i>
General Economic Services	3,52.19	123.35 <i>93.78</i>	3,23.71	84.89 <i>86.14</i>	3,61.78	97.26 <i>100.06</i>	6,49.68	201.41 <i>201.24</i>	9,50.91	216.64 <i>201.07</i>

Note: Figures in italics indicate percentage to Revised Estimates.

(^) Differs from those shown in the Accounts at a Glance for 2004-05 due to proforma corrections of book adjustments relating to Power subsidy for 2004-05.

DEBTS AND LIABILITIES

Outstanding Public Debt at the end of 2005-06 was Rs.4,00,48.93 crore, comprising internal debt of Rs.3,07,66.71 crore and loans and advances from Central Government of Rs.92,82.22 crore. Other liabilities* accounted under Public Account was Rs.1,21,87.13 crore.

The State also acts as a banker and trustee in respect of deposits like small savings collections, provident funds and deposits. There was an overall increase of Rs.4,43.40 crore in respect of such liabilities* of State Government during 2005-06.

Interest payments on debt and other liabilities/obligations totalling Rs.37,64.82 crore constituted 13.43 percent of revenue expenditure of Rs.2,80,40.89 crore. Interest payments on public debt were Rs.32,32.62 crore (Internal debt Rs.25,17.46 crore and Loans and advances from Central Government Rs.7,15.16 crore) and Rs.5,32.20 crore on Other Liabilities*. Expenditure on account of interest payments decreased by Rs.29.23 crore during 2005-06.

Internal debt of Rs.49,94.89 crore was raised during the year 2005-06. The discharge of internal debt (Rs.3,93.36 crore) and interest paid on internal debt (Rs.25,17.46 crore) during the year was 58.28 *per cent* of the internal debt raised during the year.

INVESTMENTS AND RETURNS

Total investments in Statutory Corporations, Government Companies, Joint Stock Companies, Cooperative Banks and Societies etc., stood at Rs.1,40,52.53 crore at the end of 2005-06. Dividend/ interest received during the year was Rs.16.95 crore (i.e., 0.12 *per cent* on investment). During 2005-06, investments increased by Rs.33,11.13 crore. The dividend/ interest income increased by Rs.0.22 crore.

LOANS AND ADVANCES BY THE STATE GOVERNMENT

Total loans and advances made by the State Government at the end of 2005-06 were Rs.59,43.57 crore. Recovery[#] of principal amount aggregating Rs.7,63.33 crore and interest on loan amounting to Rs.9,83.66 crore was in arrears at the end of March 2006.

Total loans and advances to Government Corporations / Companies, non-Government Institutes, Local Bodies etc., at the end of 2005-06 were Rs.52,30.82 crore^{\$}.

Financial assistance to local bodies and others

Assistance to Local Bodies etc., during 2005-06 was Rs.1,11,82.96 crore. It increased from Rs.74,28.83 crore in 2001-02 to Rs.1,11,82.96 crore in 2005-06, which denoted a 50.53 *per cent* increase in the last five years. Zilla Panchayat institutions consumed the major portion (66.62 *per cent*) of the total grant during the five years from 2001-02 to 2005-06.

(*) Includes Small savings, Provident Funds, Insurance and Pension Funds, Reserve Funds and Deposits.

(#) Does not include recoveries in arrears of loans detailed accounts of which are maintained by the Departmental Officers.

(\$) Total loans excluding loans and advances given to Co-operatives and Individuals.

APPROPRIATION ACCOUNTS

The Appropriation Accounts of the Government of Karnataka for the year 2005-06 present the accounts of sums expended in the year ended 31 March 2006, compared with the sums specified in the Schedules appended to the Appropriation Acts passed by the State legislature under Articles 204 and 205 of the Constitution of India.

The Appropriation Accounts show that in the year 2005-06, there was actual expenditure of Rs.3,62,08.66 crore, comprising Rs.2,88,13.36 crore Revenue Expenditure, Rs.61,92.64 crore Capital Expenditure, Rs.8,10.86 crore repayment of Debt and Rs.3,91.80 crore Loans and Advances by the State Government. There were savings/excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

(Rupees in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings (-) Excess (+)	Reappropriation #
1	Revenue Voted	2,47,52.44	26,85.74	2,74,38.18	2,49,87.23	(-) 24,50.95	(-) 2,47.32
	Charged	41,10.35	6.42	41,16.77	38,26.13	(-) 2,90.64	(-) 23.20
2	Capital Voted	57,10.54	12,94.39	70,04.93	61,92.64	(-) 8,12.29	(-) 5,19.63
	Charged	0.25	...	0.25		(-) 0.25	...
3	Public Debt Charged	22,46.17	56.54	23,02.71	8,10.86	(-) 14,91.85	...
4	Loans and Advances Voted	3,43.63	3,21.70	6,65.33	3,91.80	(-) 2,73.53	(-) 10.07
	Total Voted	3,08,06.61	43,01.83	3,51,08.44	3,15,71.67	(-) 35,36.77	(-) 7,77.02
	Charged	63,56.77	62.96	64,19.73	46,36.99	(-) 17,82.74	(-) 23.20

Net of reappropriation and surrender.

Details of persistent savings on a few selected grants/ appropriations are given below:

Year	Grant No. and Name *	Total allocation (Rupees in crore)	Percentage of Savings to total grant
REVENUE - VOTED			
2001-02	01 & 02 01 Agriculture & Horticulture	4,72.95	16.70
2002-03		5,91.99	24.89
2003-04		7,50.39	20.49
2004-05		8,96.15	12.19
2005-06		10,63.96	38.54
2001-02	14, 15, 16, 17, 18, 19 & 26 03 Finance	21,87.77	11.63
2002-03		27,25.10	19.87
2003-04		44,55.72	20.00
2004-05		55,17.31	24.30
2005-06		56,20.61	26.55
2001-02	22, 23 & 24 04 Department of Personnel and Administrative Reforms	1,29.85	10.02
2002-03		1,62.23	10.52
2003-04		1,59.84	19.16
2004-05		1,97.45	17.05
2005-06		1,57.85	14.74

Year	Grant No. and Name *	Total allocation (Rupees in crore)	Percentage of Savings to total grant
------	----------------------	------------------------------------	--------------------------------------

REVENUE - VOTED

2001-02	46 Rural Development and Panchayat Raj	11,81.64	15.53
2002-03		12,98.13	20.81
2003-04	07 Rural Development and Panchayat Raj	9,91.13	46.64
2004-05		12,12.96	9.20
2005-06		11,12.59	14.17

2001-02	30 Forest, Ecology and Environment	3,45.50	14.47
2002-03		3,10.10	22.76
2003-04	08 Forest, Ecology and Environment	3,51.66	28.70
2004-05		3,16.83	23.55
2005-06		3,10.62	15.33

2001-02	35 & 45	1,14.65	6.46
2002-03		92.40	20.04
2003-04	09 Co-operation	2,95.81	57.71
2004-05		2,96.21	18.16
2005-06		10,47.74	1.61

2001-02	48 Social Welfare	6,09.22	10.39
2002-03		5,49.44	10.63
2003-04	10 Social Welfare	5,58.36	27.00
2004-05		6,01.85	11.12
2005-06		7,33.48	7.90

2001-02	21 & 37	9,81.97	30.16
2002-03	37 & 62	8,97.49	26.94
2003-04	19 Urban Development	14,08.47	20.13
2004-05		10,73.76	11.61
2005-06		16,03.69	16.13

2001-02	50 & 51	11,29.78	16.65
2002-03		10,97.85	17.19
2003-04	22 Health and Family Welfare	10,57.38	12.94
2004-05		10,98.17	9.70
2005-06		12,95.36	15.52

2001-02	13 Kannada and Culture	27.95	21.12
2002-03		31.21	15.49
2003-04	25 Kannada and Culture	44.33	11.59
2004-05		34.05	24.09
2005-06		46.53	12.42

CAPITAL - VOTED

2001-02	14, 15, 16, 17, 18, 19 & 26	14.04	53.32
2002-03		13.14	72.10
2003-04	03 Finance	30.19	85.00
2004-05		15.82	57.32
2005-06		96.07	97.61

Year	Grant No. and Name*	Total allocation (Rupees in crore)	Percentage of Savings to total grant
CAPITAL - VOTED			
2001-02	46 Rural Development and Panchayat Raj	1,11.60	52.77
2002-03		75.71	50.32
2003-04	07 Rural Development and Panchayat Raj	2,43.26	51.26
2004-05		3,10.83	27.84
2005-06		7,86.88	13.03
2001-02	30 Forest, Ecology and Environment	10.70	30.61
2002-03		10.35	66.33
2003-04	08 Forest, Ecology and Environment	8.10	73.36
2004-05		8.80	58.98
2005-06		1.40	43.23
2001-02	35 & 45	26.44	24.04
2002-03		37.02	24.15
2003-04	09 Co-operation	10.90	79.54
2004-05		16.25	17.96
2005-06		18.14	11.97
2001-02	48 Social Welfare	59.44	18.61
2002-03		66.54	17.19
2003-04	10 Social Welfare	1,04.93	15.80
2004-05		87.34	36.70
2005-06		1,29.10	48.59
2001-02	5, 6, 7, 8, & 53	3,34.60	46.61
2002-03		4,84.27	24.62
2003-04	18 Commerce and Industries	1,69.63	30.27
2004-05		2,14.80	23.77
2005-06		1,66.45	31.14
2001-02	21 & 37	4,34.19	34.69
2002-03	37 & 62	2,22.15	12.85
2003-04	19 Urban Development	3,22.81	21.49
2004-05		3,77.94	26.47
2005-06		3,61.42	32.62
2001-02	50 & 51	1,27.98	21.57
2002-03		56.32	10.38
2003-04	22 Health and Family Welfare	45.25	18.49
2004-05		43.61	80.40
2005-06		88.01	85.61

* Government of Karnataka has rationalised the demands (Grants) to align them with the departments. Therefore, cases where more than one grant has been merged, name of the Grant for the year 2003-04, 2004-05 and 2005-06 only has been indicated and for the earlier years only the grant numbers in respect of the grants that correspond closest to those of 2003-04 that have been referred for comparison, have been indicated.

RECONCILIATION OF ACCOUNTS

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the departmental figures with the accounts figures.

Consequent on online computerisation of treasuries and rendering compiled accounts by the treasuries a revised procedure for reconciliation has been prescribed by the State Government. According to the new procedure for reconciliation, the Drawing and Disbursing Officers shall reconcile the figures of expenditure with those booked in the treasuries and forward the statement of expenditure to their controlling officers. The District Controlling Officers shall consolidate the data furnished by the Drawing and Disbursing Officers and forward the district wise figures to the Chief Controlling Officers. The Chief Controlling Officers shall compile the figures in the statements forwarded by District Controlling Officers and reconcile the compiled figures with those furnished by Accountant General (A&E) in the monthly statement of Receipts and Expenditure. The Chief Controlling Officers are responsible for final reconciliation and forwarding certificates of reconciliation to the Accountant General (A&E).

As the prescribed procedure for reconciliation was not followed by the Chief Controlling Officers during 2005-06, State Government issued orders for carrying out reconciliation as a one time measure to rectify major misclassification excluding the misclassification under salary head of account and misclassification of less than Rs.1 lakh in a single bill. However, out of 303 Chief Controlling Officers (expenditure 224, receipts 79), 214 Officers (expenditure 177, receipts 37) fully reconciled 1 Officer (expenditure) partly reconciled and 88 Officers (expenditure 46, receipts 42) did not reconcile the figures.

Some of the Officers who did not reconcile the figures were Secretary to Government of Karnataka - Finance Department; Housing and Urban Development Department; Information Technology Department; Director of Printing and Stationery, Commissioner for Watershed Development, Commissioner for Information Bangalore, Deputy Director (ACP) Rural Development and Panchayati Raj and Director Animal Husbandry and Veterinary Science.

SUBMISSION OF ACCOUNTS BY TREASURIES

There are 30 District treasuries in the State. During the year 2005-06, Treasury accounts received and accounted were 360. Delay in rendering of monthly accounts by the treasuries ranging from over 15 days to over one month were noticed on 41 occasions as detailed below. Delay in rendering of accounts by the treasuries leads to delay in submission of monthly accounts by the Accountant General to the State Government.

Accounts for the month of	Total number of accounts received from the treasuries	Number of monthly accounts received late	Delay over 15 days	Delay over 1 month
April 2005	30	09	06	03
May 2005	30	14	12	02
June 2005	30	03	03	...
July 2005	30	03	03	...
August 2005	30	03	03	...
September 2005	30	03	03	...
October 2005	30	01	01	...
November 2005	30	01	...	01
December 2005	30	01	01	...
January 2006	30	01	01	...
February 2006	30	01	01	...
March 2006	30	01	01	...
Total	360	41	35	06

Treasury-wise details of delay in the receipt of accounts is detailed below:

Name of the treasury/ treasuries	Number of monthly accounts		Delay over 15 days	Delay over 1 month
	Total	received late		
Bangalore (Urban)	12	11	09	02
Chickamagalur	12	05	04	01
State Huzur Treasury	12	04	04	...
Gulburga and Hassan	12	02	01	01
Bangalore (Rural), Belgaum, Gadag, Mysore and North Kanara	12	02	02	...
Shimoga	12	01	...	01
Coorg, Bellary, Raichur, South Kanara, Kolar, Bidar and Dharwar	12	01	01	...

CHAPTER-III

TRENDS IN GOVERNMENT REVENUE AND EXPENDITURE

Trends in Government Revenue Receipts and Revenue Expenditure from 2001-02 to 2005-06 are given below:

Revenue Receipts

(Rupees in crore)

Year	Tax Revenue	Non-Tax Revenue	Grants-in-aid and Contributions	Total Revenue Receipts	* SGDP	Percentage of Total Revenue Receipts to SGDP
2001-02	1,24,76.65	10,93.42	17,51.18	1,53,21.25	10,84,61	14.13
2002-03	1,32,25.91	12,77.67	16,65.18	1,61,68.76	11,86,04	13.63
2003-04	1,58,14.94	29,58.37	19,86.57	2,07,59.88	13,01,27	15.95
2004-05	1,99,50.76 ^	44,72.34 ^	21,46.56	2,65,69.66 ^	14,85,21	17.89
2005-06	2,28,44.97	38,74.71	36,32.37	3,03,52.05	16,73,99	18.13

Revenue Expenditure

(Rupees in crore)

Year	Revenue Expenditure (Actuals)	Total Expenditure #	SGDP *	Percentage increase over previous year			Percentage of Government's Total Expenditure to SGDP
				Revenue Expenditure	Total Expenditure	SGDP	
2001-02	1,86,05.70	2,26,73.49	10,84,61	11.51	15.31	3.75	20.90
2002-03	1,88,14.50	2,81,67.31	11,86,04	1.12	24.23	9.35	23.75
2003-04	2,12,84.71	3,46,48.37	13,01,27	13.13	23.01	9.72	26.63
2004-05	2,49,31.85 ^	3,57,09.15 ^	14,85,21	17.13	3.06	14.14	24.04
2005-06	2,80,40.89	3,49,73.28	16,73,99	12.47	(-) 2.06	12.71	20.89

* State Gross Domestic Product (SGDP) – Source - Karnataka Directorate of Economics and Statistics, Bangalore for 2001-02 to 2004-05 and for 2005-06 'Over view of Budget' for 2006-07

Total expenditure accounted under Part I – Consolidated Fund (Government's Total Expenditure).

^ Differs from those shown in the Accounts at a Glance for 2004-05 due to proforma corrections of book adjustments relating to Power subsidy for 2004-05.

The overall increase in Government's total expenditure during 2005-06 compared to 2001-02 has been Rs.1,22,99.79 crore.

Trend in major areas of Revenue Expenditure is shown in the following table:

(Rupees in crore)

Areas of expenditure	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage increase (+)/ decrease (-) in 2005-06 over previous year
Interest Payments and Servicing of Debt	26,82.89	32,91.89	37,10.00	37,94.05	37,64.82	(-) 0.77
Pensions and Miscellaneous General Services	16,81.26	19,14.58	33,15.75	38,94.66	38,94.76	
Administrative Services	12,93.24	13,11.67	14,07.01	15,47.91	17,32.40	(+) 11.92
Agriculture and Allied Activities	10,88.11	10,77.10	13,48.92	20,64.91	28,66.65	(+) 38.83
Rural Development	4,78.71	5,22.55	4,55.07	6,96.86	7,76.00	(+) 11.36
Energy	23,36.69	19,06.92	17,33.05	18,96.71 ^	18,36.93	(-) 3.15
Science, Technology and Environment	3.07	7.80	12.31	8.86	15.78	(+) 78.10

GOVERNMENT ACCOUNT

The total expenditure (Revenue and Capital) for the year is netted against total receipts (Revenue and non-debt Capital receipts) of the year and the surplus / deficit thereof is transferred to a separate ledger called 'Government Account'. In addition, net effect of Prior Period Adjustments, Miscellaneous Government Accounts etc., is also transferred to the ledger 'Government Account'. Thus, the ledger 'Government Account' represents the cumulative surplus / deficit of the operations of the Government. The details of the ledger 'Government Account' for the past five years are given below.

(Rupees in crore)

Year	Revenue Heads			Capital Heads			Other heads (#)	Deficit for the year	Cumulative deficit (-) / surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) surplus (+)		
2001-02	1,53,21.25	1,86,05.70	(-) 32,84.45	...	21,05.67	(-) 21,05.67	(+) 70.47	53,19.65	(-) 2,81,95.99
2002-03	1,61,68.76	1,88,14.50	(-) 26,45.74	...	29,36.00	(-) 29,36.00	(+) 75.40	55,06.34	(-) 3,37,02.33
2003-04	2,07,59.88	2,12,84.71	(-) 5,24.83	...	30,29.39	(-) 30,29.39	(+) 92.03	34,62.19	(-) 3,71,64.52
2004-05	2,65,69.66 ^	2,49,31.85 ^	(+) 16,37.81 ^	...	46,73.68	(-) 46,73.68	(+) 74.18	29,61.69 ^	(-) 4,01,26.21 ^
2005-06	3,03,52.05	2,80,40.89	(+) 23,11.16		58,21.93	(-) 58,21.93	(+) 73.97	34,36.80	(-) 4,35,63.01

(#) Miscellaneous Government Account.

(^) Differs from those shown in the Accounts at a Glance for 2004-05 due to proforma corrections of book adjustments relating to Power subsidy for 2004-05.

LIABILITIES

Liabilities of the State Government increased by Rs.1,96,70.50 crore from Rs.3,25,65.56 crore in 2001-02 to Rs.5,22,36.06 crore during 2005-06. Public debt, comprising internal debt of the State Government and loans and advances from the Central Government increased by Rs.1,76,16.41 crore from Rs.2,24,32.52 crore in 2001-02 to Rs.4,00,48.93 crore at the end of the current year. Article 293(1) of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be fixed by the State Legislature from time to time.

Details of the Public Debt and total liabilities of the State Government are as under:

(Rupees in crore)

Year	Internal Debt	Loans & Advances from Central Government	Total Public Debt	Small Savings #	Provident Funds	Other Obligations *	Total Liabilities @	SGDP	Percent of total liability to SGDP
2001-02	1,04,80.64	1,19,51.88	2,24,32.52	23,07.93	23,90.60	54,34.51	3,25,65.56	10,84,61	30.03
2002-03	1,40,82.40	1,20,86.91	2,61,69.31	26,28.17	26,97.10	57,39.05	3,72,33.63	11,86,04	31.39
2003-04	1,98,33.31	1,08,82.90	3,07,16.21	29,09.96	29,74.34	53,66.17	4,19,66.68	13,01,27	32.25
2004-05	2,61,65.18	90,31.06	3,51,96.24	31,91.24	32,78.44	52,74.05	4,69,39.97	14,85,21	31.60
2005-06	3,07,66.71	92,82.22	4,00,48.93	35,00.28	36,25.27	50,61.58	5,22,36.06	16,73,99	31.20

(#) Includes Savings Deposits/ Certificates, Trusts & Endowments and Insurance & Pension Funds.

(*) Includes Reserve Funds and Deposits.

(@) Comprises Public Debt, Small savings, Provident Funds and Other Obligations.

STATE PROVIDENT FUND

The details of transactions from the State Provident Fund are shown in the following table:

(Rupees in crore)

Year	Opening Balance	Receipts &	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2001-02	21,07.33	6,76.97	3,93.70	2,83.27	23,90.60	2,02.85
2002-03	23,90.60	7,45.50	4,39.00	3,06.50	26,97.10	2,17.06
2003-04	26,97.10	7,43.64	4,66.40	2,77.24	29,74.34	2,17.62
2004-05	29,74.34	8,10.36	5,06.26	3,04.10	32,78.44	2,39.29
2005-06	32,78.44	8,53.62	5,06.79	3,46.83	36,25.27	2,62.75

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

GUARANTEES

The position of guarantees by the State Government for the payment of loans and capital and interest thereon raised by Statutory Corporations, Government Companies, Corporations, Cooperative Societies etc., is given below.

(Rupees in crore)

At the end of the year	Amount Guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
2001-02	2,08,23.48	1,18,44.98	4,34.19
2002-03	2,09,72.85	1,27,99.61	5,14.07
2003-04	2,12,24.69	1,39,13.93	2,65.29
2004-05	1,99,09.51	1,12,93.11	2,80.89
2005-06	2,01,07.33	88,75.89	1,08.04

WAYS AND MEANS ADVANCE

The State Government, in order to maintain and sustain its liquidity position, takes Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon overdraft whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The State Government is required to maintain the minimum cash balance of Rs.2.63 crore with Reserve Bank of India. The larger the amount and greater the number of times such ways and means advances are taken or drawals made, the more it reflects on the adverse position of the cash balance of the State Government. Following table shows the number of days Ways and Means Advances and Overdraft was obtained during last 5 years.

	2001-02	2002-03	2003-04	2004-05	2005-06
i) Number of days on which minimum balance was maintained					
a. Without obtaining any advance	325	195	170	304	365
b. By obtaining Ways and Means Advance	40	169	163	61	---
ii) Number of days on which overdraft was taken	---	1	33	---	---

GENERAL CASH BALANCES

The closing cash balance according to the Reserve Bank of India was Rs.27.35 crore (Credit) against the general cash balance of Rs.50.90 crore (Debit) reflected in State Government accounts. The difference was Rs.23.55 crore (Credit).

Investments held in the Cash Balance Investment Account* as on 31st March 2006 were Rs.42,03.51 crore.

Other cash balances and investments comprising cash with departmental officers (Rs.3.60 crore), permanent advances with departmental officers (Rs.1.56 crore) and investments of earmarked funds (Rs.3,44.98 crore) as on 31st March 2006 were Rs.3,50.14 crore.

* This account is intended for the record of transactions relating to temporary investment of cash balance in short term loans or other Government securities.

The Cash Balance with Reserve Bank of India increased from Rs.(+) 22.57 crore at the beginning of the year 2005-06 to Rs.(+) 52.16 crore at its end, the details of sources and application of funds being as follows:

SOURCES			APPLICATION		
Sl. No.	Items	Amount (Rs in crore)	Sl. No.	Items	Amount (Rs in crore)
1.	Opening Cash balance	+ 22.57	1.	Revenue expenditure Non plan 2,29,72.22 Plan 50,68.67	2,80,40.89
2.	State's share of Union Taxes	42,13.42	2.	Capital expenditure Non plan 15.53 Plan 58,06.40	58,21.93
3.	State's own revenue collection	2,25,06.26	3.	Loans and advances repaid- To Central Government 4,17.50 To others 3,93.36	8,10.86
4.	Central grants/assistance - other than loans	36,32.37			
5.	Miscellaneous receipts	...	4.	Loans and advances given	2,99.60
6.	Receipts from public debt, small savings, deposits and advances (other than central loans)	52,82.36			
7.	Receipts from Central loans	6,68.66			
8.	Recoveries from borrowers	1,23.55			
9.	Net contribution from Contingency Fund	38.91			
10.	Net effect of adjustment of suspense and remittance balances and increase / decrease of reserve funds	(-) 14,62.66	5.	Closing Cash balance	+ 52.16

CONTINGENCY FUND

Contingency Fund of the State is designed to meet contingencies. The following details indicate the extent of use of this Fund during the year.

	2001-02	2002-03	2003-04	2004-05	2005-06
Number of withdrawals from Contingency Fund	38	29	19	20	20
Total withdrawals from Contingency Fund (Rupees in crore)	90.51	73.84	59.89	1,57.37	54.56
Withdrawals from the Contingency Fund as a percentage to Total Budget provision	0.33	0.23	0.16	0.43	0.13

