



सत्यमेव जयते

FINANCE ACCOUNTS VOLUME – I

2013 - 14



GOVERNMENT OF KARNATAKA

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Certificate of the Comptroller and Auditor General of India

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

The Finance Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and have been compiled from the initial and subsidiary accounts rendered by the treasuries, offices, and departments responsible for the keeping of such accounts functioning under the control of the Government of Karnataka and the statements received from the Reserve Bank of India. Statements (No. 7 (ii), 9, 14, and Annexure to Statement No.15) and Appendices (IX and X) in this compilation have been prepared directly from the information received from the Government of Karnataka/ Corporations/ Companies/ Societies who are responsible to ensure the correctness of such information.

The treasuries, offices and/or departments functioning under the control of the Government of Karnataka are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for preparation and submission of Annual Accounts to the State Legislature. My responsibility for the preparation of accounts is discharged through the office of the Principal Accountant General (Accounts & Entitlement). The audit of these accounts is independently conducted through the office of the Principal Accountant General (General & Social Sector Audit) in accordance with the requirements of Articles 149 and 151 of the

Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, for expressing an opinion on these Accounts based on the results of such audit. These offices are independent organizations with distinct cadres, separate reporting lines and management structure.

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

On the basis of the information and explanations that my officers required and have obtained and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Finance Accounts read with the explanatory 'Notes to Accounts' give a true and fair view of the financial position and the receipts and disbursements of the Government of Karnataka for the year 2013-14.

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



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Date:
Place: New Delhi

**GUIDE TO THE FINANCE
ACCOUNTS**

A. Broad overview of the structure of Government accounts

1. The Finance Accounts of the State of Karnataka 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 Debt and the liabilities and assets of the State Government as worked out from the balances recorded in the accounts.

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

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

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

Guide to the Finance Accounts - contd.

Part II: The Contingency Fund: This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. The Contingency Fund of the Government of Karnataka for 2013-14 is ₹80.00 crore.

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

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

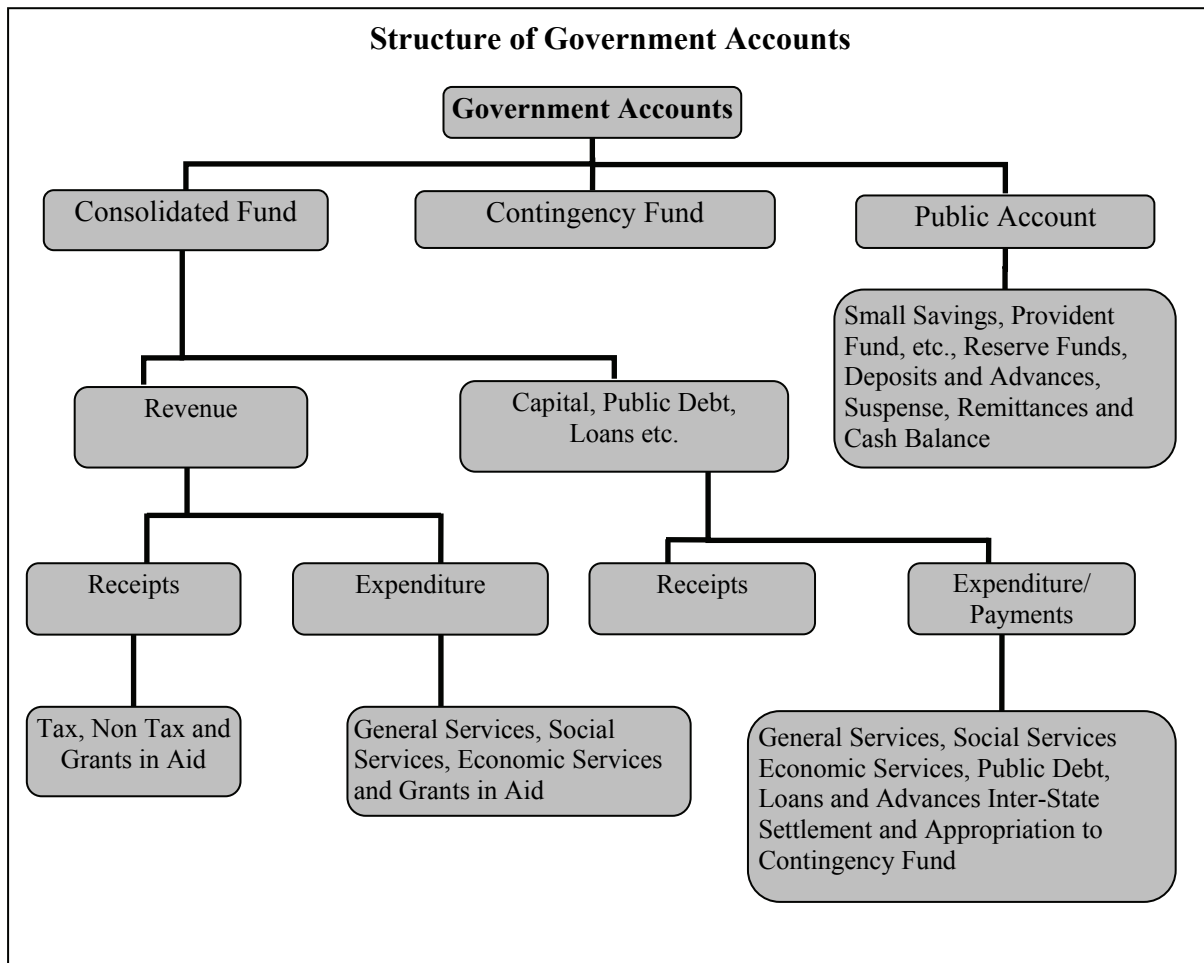
4. The main unit of classification in accounts is the Major Head which contains the following coding pattern (according to the List of Major and Minor Heads corrected upto 31 March 2014)

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

Guide to the Finance Accounts - contd.

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

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



B. What the Finance Accounts contain

The Finance Accounts are presented in two volumes.

Volume I contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, four statements which give summarised information on the financial position and transactions of the State Government for the current financial year,

Guide to the Finance Accounts - contd.

Notes to Accounts and an appendix to the Notes to accounts. Details of the **four** statements in **Volume I** are given below:

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

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

Part I of Volume II

5. **Statement of Progressive Capital Expenditure.** This statement corresponds to the detailed statement 13 in Part II.
6. **Statement of Borrowings and Other Liabilities:** Borrowings of the Government comprise market loans raised by it (Internal Debt) and Loans and Advances received from the Government of India. 'Other Liabilities' comprise 'Small Savings, Provident Funds etc.', 'Reserve Funds' and 'Deposits'. The statement also contains a note on service of debt, and corresponds to the detailed Statement 15 in Part II.

7. **Statement of Loans and Advances given by the Government:** This statement depicts all loans and advances given by the State Government to various categories of loanees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and recipient individuals (including Government servants). This statement corresponds to the detailed statement 16 in Part II
8. **Statement of Grants in Aid given by the Government:** This statement depicts all Grants in Aid given by the State Government to various categories of grantees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/ Authorities and individuals. Appendix IV provides details of the recipient institutions.
9. **Statement of Guarantees given by the Government:** This statement summarises the guarantees given by the State Government on repayment of principal and interest on loans raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions.
10. **Statement of Voted and Charged Expenditure:** This statement assists in the agreement of the net figures appearing in the Finance Accounts with the gross figures appearing in the Appropriation Accounts.

Part II of Volume II

11. **Detailed Statement of Revenue and Capital Receipts by Minor Heads:** This statement corresponds to the summary statement 3 in Volume I of the Finance Accounts.
12. **Detailed Statement of Revenue Expenditure by Minor Heads:** This statement, which corresponds to the summary statement 4 in Volume I, depicts the revenue expenditure of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly.
13. **Detailed Statement of Capital Expenditure by Minor Heads and Subheads:** This statement, which corresponds to the summary statement 5 in Part-I of this volume, depicts the capital expenditure (during the year and cumulatively) of the State Government under Plan (State Plan, Centrally Sponsored Schemes and Central Plan

Schemes) and Non Plan. Charged and Voted expenditure are exhibited distinctly. In addition to representing details of capital expenditure at Minor Head level, in respect of significant schemes, this statement depicts details at Subhead levels also.

- 14. Detailed Statement of Investments of the Government:** This statement depicts investments of the State Government in the equity capital of Statutory Corporations, Government Companies, other Joint Stock Companies, Cooperative institutions and Local Bodies.
- 15. Detailed Statement of Borrowings and Other Liabilities:** This statement, which corresponds to the summary statement 6 in Part I of this volume, contains details of all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), and Ways and Means advances extended by the Reserve Bank of India. This statement presents the information on loans under three categories: (a) details of individual loans; (b) maturity profile, i.e., amounts payable in respect of each category of loans in different years; and (c) interest rate profile of outstanding loans.
- 16. Detailed Statement on Loans and Advances given by the Government:** This statement corresponds to the summary statement 7 in Part I of this volume.
- 17. Statement on Sources and Application of Funds for Expenditure other than on Revenue Account:** This statement is based on the principle that revenue expenditure is expected to be defrayed from revenue receipts, while capital expenditure of the year is met from revenue surplus, net credit balances in the public account, cash balance at the beginning of the year, and borrowings.
- 18. Detailed Statement on Contingency Fund and Other Public Account transactions:** This statement depicts at Minor Head level the details of un-recouped amounts under Contingency Fund, consolidated position of Public Accounts transactions during the year, and outstanding balances at the end of the year.
- 19. Detailed Statement on Investment of Earmarked Balances:** This statement depicts details of investments from the Reserve Funds and Deposits (Public Account).

Guide to the Finance Accounts - contd.

Part III of Volume II

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

B. Ready Reckoner

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

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

C. Periodical adjustments and Book adjustments:

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

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

Examples of periodical adjustments and book adjustments are given below:

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

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

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

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



STATEMENTS

STATEMENT NO.1 - STATEMENT OF FINANCIAL POSITION

<i>ASSETS</i> ¹	<i>Reference (Sl. No.)</i>		<i>As at 31st March</i>	<i>As at 31st March</i>
	<i>Notes to</i>	<i>Statement/</i>	<i>2014</i>	<i>2013</i>
(1)	(2)	(3)	<i>(In crores of rupees)</i>	
(1)	(2)	(3)	(4)	(5)
Cash		Annexure to Stt. 2	1,46,30.21	1,05,11.24
(i) Cash in Treasuries and Local Remittances		Annexure to Stt. 2	0.01	0.01
(ii) Departmental Balances		18, Annexure to Stt. 2	2.09	2.11
(iii) Permanent Cash Imprest		18, Annexure to Stt. 2	1.66	1.65
(iv) Cash Balance Investments account		18, Annexure to Stt. 2	1,09,73.07	68,72.36
(v) Deposits with Reserve Bank	Para 2 (III)	Annexure to Stt. 2	86.21	67.94
(vi) Investment from Earmarked Funds	(ii)	19, Annexure to Stt. 2	35,67.17	35,67.17
Capital Expenditure		5, 13	13,64,19.15	11,95,13.23
(i) Investments in shares of Companies, Corporations etc.		14	5,50,48.00	4,94,63.80
(ii) Other Capital expenditure		13	8,13,71.15	7,00,49.43
F. Loans and Advances	Para 2 (I)	7, 16	1,27,29.05	1,21,42.90
	(vii)			
Contingency Fund (un recouped)		18	...	...
K. (c) Advances		18	7.36	7.60
L. Suspense and Miscellaneous Balances	Para 2 (III)	(iv)	...	...
M. Remittances	Para 2 (III)	18	4,88.30	4,76.44
	(iv)			
Cumulative excess of expenditure over receipts ⁽²⁾		
Total			16,42,74.07	14,26,51.41

- The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) of 'Notes to Accounts'.
- The cumulative excess of 'Receipts over Expenditure' or 'Expenditure over Receipts' is different from and not the Fiscal/ Revenue Deficit for the current year. This represents the cumulative excess of Receipts over Expenditure or Expenditure over Receipts under the heads of accounts closed to Government Accounts excluding the expenditure on Capital Outlay.

STATEMENT NO.1 - STATEMENT OF FINANCIAL POSITION - conclud.

<i>LIABILITIES</i> ¹	<i>Reference (Sl. No.)</i>		<i>As at 31st March 2014</i>	<i>As at 31st March 2013</i>
	<i>Notes to Accounts</i>	<i>Statement/Appendix</i>	<i>(In crores of rupees)</i>	
(1)	(2)	(3)	(4)	(5)
Borrowings (Public Debt)		6, 15	8,85,22.45	7,50,52.48
(i) Internal Debt of the State Government		6, 15	7,64,28.08	6,34,18.40
(ii) Loans and Advances from the Central Government		6, 15	1,20,94.37	1,16,34.08
Pre 1984-85 Loans		6, 15	0.07	0.07
Non-Plan Loans		6, 15	67.95	74.00
Loans for State Plan Schemes		6, 15	1,20,50.01	1,15,86.15 (&)
Loans for Central Plan Schemes ⁽²⁾		6, 15	(-) 5.41	(-) 1.27 (&)
Loans for Centrally Sponsored Plan Schemes ⁽²⁾		6, 15	(-) 18.25	(-) 24.87
Other Loans		6, 15	...	...
Contingency Fund		18	80.00	80.00
Liabilities in Public Account			5,98,55.82	5,21,03.09
(i) I. Small Savings, Provident Funds, etc.		15, 18	1,80,20.87	1,59,13.80
(ii) J. Reserve Funds ⁽³⁾	Para 2 (III) (iii)	18	1,58,85.30	1,57,50.87
(iii) K. Deposits ⁽⁴⁾		18	1,64,56.87	1,36,16.75
(iv) L. Suspense and Miscellaneous Balances ⁽⁵⁾	Para 2 (III) (iv)	18	94,92.78	68,21.67
(v) M. Remittances			...	...
Cumulative excess of receipts over expenditure⁽⁶⁾			1,58,15.80	1,54,15.84
Total			16,42,74.07	14,26,51.41

1 The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) of 'Notes to Accounts'. Government of Karnataka has enacted the Karnataka Fiscal Responsibility (Amendment) Act, 2014 dated 28 February 2014 to enlarge the scope of "Total Liabilities" to include borrowings by the Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments where the principal and/ or interest are to be serviced out of the budget of the Government of Karnataka. The information of such borrowings has not been provided by the Government of Karnataka for the year 2013-14.

2 Adverse balance due to adjustment of Write-off of CSS/CP Loans by the various Ministries of Central Government in pursuant to the recommendations of the 13th Finance Commission- balances under reconciliation

3 Gross balances under J.Reserve Funds are shown here. The investment out of J. Reserve Funds is included in the Assets side under 'Investment from Earmarked Funds'.

4 Gross balance under K (a) - Deposits bearing Interest and K (b) - Deposits not bearing Interest are shown here. The investment out of K. Deposits is included in the Assets side under 'Investment from Earmarked Funds'.

5 In this statement the line item 'Suspense and Miscellaneous Balances' does not include Cash Balance Investment Account, Department Balances and Permanent Cash Imprest which is included separately above (Assets side), though the latter forms part of this sector elsewhere in these Accounts. Correspondingly, the total amount shown against Public Account differs from that shown elsewhere in these Accounts.

6 The Cumulative excess of receipts over expenditure is arrived as under:

Cumulative excess of expenditure over receipts in Government account as in Appendix 8	12,06,03.35
Less: Cumulative expenditure on Capital Outlay as indicated under Assets above	13,64,19.15
	(-) 1,58,15.80 (*)

(*) Minus Sign indicates that the receipts are in excess of expenditure.

(&) Differs from the figures shown in previous year by 0.01 due to rounding.



STATEMENT NO.2 - STATEMENT OF RECEIPTS AND DISBURSEMENTS

<i>Receipts</i>			<i>Disbursements</i>		
	<i>2013-14</i>	<i>2012-13</i>		<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>			<i>(In crores of rupees)</i>	
(1)	(2)	(3)	(4)	(5)	(6)
Part-I Consolidated Fund					
Section-A: Revenue					
Revenue Receipts	8,95,42.53	7,81,76.22	Revenue Expenditure	8,91,89.57	7,62,93.26
<i>Tax Revenue (raised by the State)</i>	6,26,03.53	5,37,53.55	Salaries ¹	80,64.70	71,82.84
<i>Non-Tax Revenue</i>	40,31.90	39,66.11	Subsidies	1,33,22.59	1,07,08.61
Interest receipts	6,93.17	7,78.55	Grants-in-aid ²	2,75,92.08	2,32,65.46
Others ³	33,38.73	31,87.56	General services	1,90,88.45	1,58,30.90
<i>States Share of Union Taxes/Duties</i>	1,38,08.28	1,26,47.14	Interest Payment and service of debt [@]	78,37.32	68,33.43
			Pension and other retirement benefits	91,51.82	72,27.44
			Others	20,99.31	17,70.03
			Social services	92,04.64	94,43.07
			Economic services	68,98.11	58,53.25
<i>Grant-in-aid and contributions from Central Government</i>	90,98.82	78,09.42	Compensation and assignment to Local Bodies and PRIs*	50,19.00	40,09.13
Revenue Deficit	...	...	Revenue Surplus	3,52.96	18,82.96
Section-B: Capital					
Capital Receipts	87.94	33.04	Capital Expenditure	1,69,46.86	1,54,78.47
Miscellaneous Capital Receipts	87.94	33.04	Salaries ⁴	...	...
			General Services	5,00.74	5,89.47
			Social Services	30,52.68	29,15.99
			Economic Services ⁴	1,33,93.44	1,19,73.01
Recoveries of Loans and Advances	1,09.28	1,57.61	Loans and Advances disbursed	6,95.43	11,02.37
General Services	...	...	General Services	...	...
Social Services	4.09	22.55	Social Services	4,28.19	8,15.28
Economic Services	44.78	89.95	Economic Services	2,39.42	2,69.27
Loans to Government Servants	4.05	3.76	Loans to Government Servants	18.00	1.91
Miscellaneous loans	56.36	41.35	Miscellaneous loans	9.82	15.91
Fiscal Deficit	1,70,92.11	1,45,07.23	Fiscal Surplus	...	...
Public debt receipts	1,72,86.81	1,34,64.66	Repayment of Public Debt	38,16.84	37,27.06
Internal Debt (Market loans etc.) ⁵	1,61,32.25	1,21,15.68	Internal Debt (Market loans etc.) ⁵	31,22.57	30,30.53
Loans from GOI	11,54.56	13.48.98	Loans from GOI	6,94.27	6,96.53
Net of Inter –State- Settlement	...	...	Net of Inter –State- Settlement	...	...
Total Receipts Consolidated Fund	10,70,26.56	9,18,31.53	Total Expenditure Consolidated Fund	11,06,48.70	9,66,01.16
Deficit in Consolidated Fund	36,22.14	47,69.63	Surplus in Consolidated Fund	...	...

For footnotes please see page 5.

STATEMENT NO. 2 - STATEMENT OF RECEIPTS AND DISBURSEMENTS-concl.

<i>Receipts</i>			<i>Disbursements</i>		
	<i>2013-14</i>	<i>2012-13</i>		<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>			<i>(In crores of rupees)</i>	
(1)	(2)	(3)	(4)	(5)	(6)
Part II Contingency Fund					
Contingency Fund ⁶	...	0.51	Contingency Fund ⁶	...	...
Part III Public Account ⁷					
Small savings, Provident Fund, etc.	45,08.12	38,94.49	Small savings, Provident Fund, etc.	24,01.06	21,62.40
Reserve Funds	20,32.39	36,59.16	Reserve Funds	18,97.96	39,02.67
Deposits	3,43,02.74	3,11,40.65	Deposits	3,14,62.62	2,86,30.26
Advances	0.24	0.21	Advances	...	...
Suspense and Miscellaneous	21,71,95.02	20,05,69.78	Suspense and Miscellaneous ⁸	21,86,24.60	19,97,03.37
Remittances	27.16	37.66	Remittances	39.02	69.19
Total Receipts Public Account	25,80,65.67	23,93,01.95	Total Disbursements Public Account	25,44,25.26	23,44,67.89
Deficit in Public Account	...	...	Surplus in Public Account	36,40.41	48,34.06
Opening Cash Balance	67.95	3.01	Closing Cash Balance ⁹	86.22	67.95
Increase in Cash Balance	18.27	64.94	Decrease in Cash Balance	...	...

1 Salary, Subsidy and Grants-in-Aid figures have been summed up across all sectors to present a consolidated figure. The expenditure in this statement under the sectors 'General', 'Social', 'Economic Services' and 'Grants-in-Aid' does not include expenditure on salaries, subsidies and grants-in-aid (explained in footnote 2).

Salaries include expenditure booked in the accounts under the object heads 'Pay-Officers, Pay-Staff, Interim Relief, Dearness Allowances, Other Allowance, Medical Allowance and Reimbursement of Medical Expenses' only.

2 Grants-in-Aid are given to Statutory Corporations, Companies, Autonomous Bodies, Local Bodies etc., by the Government, which is included as a line item above. These grants are distinct from Compensation and Assignment of Taxes, Duties to the Local Bodies, which is depicted as a separate line item 'Compensation and Assignment to Local Bodies and Panchayat Raj Institutes'.

3 Includes Dividends and Profits of ₹55.49 crore (Major Head 0050) during the year 2013-14. The details of Non-Tax Revenue are given in Statement 3.

4 The expenditure on Salaries is included under Economic Services (₹20.40 crore for 2013-14 and ₹19.29 crore for 2012-13)

5 Includes loan from National Small Savings Fund ₹6,49.07 crore and repayment of ₹9,93.19 crore during 2013-14.

Expenditure debited to Contingency Fund during the current year and not recouped	Nil
Expenditure debited to Contingency Fund during the previous year and recouped during the current year:	Nil

7 For details please refer to Statement No.18 in Volume II.

8 Suspense and Miscellaneous includes 'Other Accounts' such as Cash Balance Investment Account (Major Head 8673) etc. The figures may appear huge on account of these other accounts. Details of which are given in Statement No.18 in Volume II.

9 The closing cash balance comprises Deposits with the Reserve Bank ₹86.21 crore and Remittances in Transit - Local ₹0.01 crore. For details please see Annexure at page 6.

* Does not include Salary of ₹1.44 crore released below Major Head 3604 - Compensation and assignment to Local Bodies and PRIs. This is included under 'Salaries'.

@ Payment of interest on 'Off - Budget borrowings' is not included under 'Interest Payment and service of debt'.



ANNEXURE TO STATEMENT NO. 2
CASH BALANCES AND INVESTMENTS OF CASH BALANCES

Particulars		As on 31 st March 2014	As on 31 st March 2013
		<i>(In crores of rupees)</i>	
(a)	General Cash Balance:		
	1. Cash in Treasuries	...	...
	2. Deposits with the Reserve Bank ¹	86.21 (A)	67.94
	3. Remittances in Transit - Local	0.01	0.01
	Total (1 to 3)	86.22	67.95
	4. Investments held in the Cash Balance Investment Account ²	1,09,73.07	68,72.36
	Total (a)	1,10,59.29	69,40.31
(b)	Other Cash Balances and Investments:		
	1. Cash with Departmental Officers	2.09	2.11
	2. Permanent Advances for Contingent expenditure with Departmental Officers	1.66	1.65
	3. Investments of Earmarked Funds ³	35,67.17	35,67.17
	Total (b)	35,70.92	35,70.93
	Total (a) and (b)	1,46,30.21	1,05,11.24

Explanatory Notes

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

-
- (1) The balance under the head 'Deposits with the Reserve Bank' is arrived at after taking into account the Inter Government Monetary settlements pertaining to transactions of the financial year 2013-14 advised to the Reserve Bank upto 16 April 2014.
- (2) For details see page 8.
- (3) Fund-wise break-up of the investment from out of the earmarked balances is given in Statement No.19
- (A) There was a difference of ₹32.97 crore (Cr) between the figures reflected in the accounts {₹86.21 crore (Dr.)} and that intimated by the Reserve Bank of India {₹53.24 crore (Cr.)}. The difference to the extent of ₹0.18 crore (Dr.) has since been reconciled and adjusted. The remaining difference of ₹33.15 crore (Cr.) is under reconciliation (June 2014).

ANNEXURE TO STATEMENT NO. 2 - contd.

CASH BALANCES AND INVESTMENTS OF CASH BALANCES - contd.

b) Daily Cash and Cash Equivalents: Under an agreement with the Reserve Bank of India, the State Government has to maintain a minimum cash balance of ₹2.63 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking special and ordinary ways and means advances/overdrafts from time to time.

For arriving at the daily cash balance for the purpose of grant of Ways and Means advances/ Overdraft, the RBI evaluates the holdings of the 14 days and 91 days Treasury Bills along with the transactions reported (at RBI counters, Inter-Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived, the maturity of 14 days Treasury Bills if any, is added and excess balance, if any, after maintaining the minimum cash balance is reinvested in Treasury Bills. **If the net cash balance arrived at results in less than the minimum cash balance** or a credit balance and if there are no 14 day Treasury Bills maturing on that day, RBI rediscounts the holdings of the 14 days Treasury Bills and makes good the shortfall. If there is no holding of 14 days Treasury Bills on that day Special Ways and Means Advances/Over Draft are granted to the State Government.

During 2013-14, Government of Karnataka have not availed any Ways and Means advances and Overdrafts with the Reserve Bank of India.

(c) Ways and Means Advances: The limit for Normal ways and means advances to the State Government was ₹6,25.00 crore with effect from 01.04.2006 upto 10.11.2013. From 11.11.2013 the limit for Normal ways and means advances has been raised to ₹9,37.50 crore. The Bank has also agreed to give special ways and means advances against the pledge of Government Securities. The limit of special ways and means advances are revised by the Bank from time to time.

ANNEXURE TO STATEMENT NO. 2 - contd.

CASH BALANCES AND INVESTMENTS OF CASH BALANCES - contd.

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

(i)	Number of days on which the minimum balance was maintained without taking any advance	365
(ii)	Number of days on which the minimum balance was maintained by taking ordinary ways and means advance	...
(iii)	Number of days on which the minimum balance was maintained by taking special ways and means advances	...
(iv)	Number of days on which there was shortfall in minimum balance even after taking the above advances, but no overdraft was taken	...
(v)	Number of days on which overdrafts were taken	...

Ways and Means Advances (Ordinary and Special) are granted by the Bank upto a limit, mutually agreed upon between the Bank and the Government. The operative limit for normal Ways and Means Advance and limits of Special Ways and Means Advances are fixed by the Reserve Bank of India from time to time. If, even after the maximum advance is given, the balance is below the minimum, the deficit is left uncovered. Overdrafts are given by the Bank if the State has a minus balance after availing of the maximum advance.

The details of investments held in Cash Balance Investment Account are given below. Interest realised during the year was ₹4,58.63 crore.

<i>(In crores of rupees)</i>		
(i)	Government of India Treasury Bills	1,09,72.74
(ii)	Government of India Securities	0.32
(iii)	Other Investments	0.01
	Total	1,09,73.07

ANNEXURE TO STATEMENT NO. 2 - conclud.

CASH BALANCES AND INVESTMENTS OF CASH BALANCES - conclud.

The Government of Karnataka had invested in 14 days Treasury Bills and 91 days Treasury Bills. The operative limits of Normal and Special ways and means advances for 2013-14 is given below:

<i>Limits of Normal Ways and Means Advances</i>		<i>Limits of Special Ways and Means Advances</i>	
<i>Effective date</i>	<i>Amount in crores of rupees</i>	<i>Effective date</i>	<i>Amount in crores of rupees</i>
01-04-2013	6,25.00	01-04-2013	6,25.00
11-11-2013	9,37.50	04-07-2013	15,57.52
		25-07-2013	20,20.03
		08-08-2013	29,45.04
		29-09-2013	43,36.56
		03-10-2013	34,04.04
		24-10-2013	29,41.53
		31-10-2013	48,01.63
		07-11-2013	38,76.61
		11-11-2013	41,47.09
		10-12-2013	41,55.40
		11-12-2013	41,70.76
		12-12-2013	60,30.10
		26-12-2013	74,28.45
		01-01-2014	74,28.50
		02-01-2014	74,32.66
		09-01-2014	74,41.98
		16-01-2014	74,46.25
		30-01-2014	55,86.15
		13-03-2014	37,26.81
		21-03-2014	37,27.22
		22-03-2014	27,96.04
		24-03-2014	27,98.15
		27-03-2014	8,28.00



STATEMENT NO. 3 - STATEMENT OF RECEIPTS (CONSOLIDATED FUND):

I TAX AND NON-TAX REVENUE

<i>Description</i>	<i>Actuals</i>	
	<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>	
(1)	(2)	(3)
A. Tax Revenue		
A.1 Own Tax Revenue	6,26,03.53	5,37,53.55
Taxes on Agricultural Income	21.32	22.26
Other Taxes on Income and Expenditure	7,92.98	6,92.89
Land Revenue	1,99.49	2,04.92
Stamps and Registration Fees	61,88.76	52,25.02
State Excise	1,28,28.36	1,10,69.73
Taxes on Sales, Trade etc.	3,37,19.35	2,84,14.44
Taxes on Vehicles	39,11.50	38,29.52
Taxes on Goods and Passengers	26,25.66	21,80.71
Taxes and Duties on Electricity	8,96.58	9,28.80
Other Taxes and Duties on Commodities and Services	14,19.53	11,85.26
A.2 Share of net proceeds of Union Taxes and Duties	1,38,08.28	1,26,47.14
Corporation Tax	46,43.76	45,42.84
Taxes on Income other than Corporation Tax	30,57.77	27,19.73
Taxes on Wealth	12.75	7.66
Customs	22,52.90	21,01.59
Union Excise Duties	15,91.16	14,28.25
Service Tax	22,49.93	18,47.07
Other Taxes and Duties on Commodities and Services	0.01	...
Total A	7,64,11.81	6,64,00.69
B. Non-Tax Revenue		
Non-Ferrous Mining and Metallurgical Industries	14,74.49	14,96.49
Interest Receipts	6,93.17	7,78.55
Medical and Public Health	2,07.54	1,00.70
Other Administrative Services	1,81.66	1,23.37
Forestry and Wild Life	1,61.14	1,71.54
Police	1,50.71	1,10.84
Miscellaneous General Services	1,50.01	1,45.89
Roads and Bridges	1,20.14	1,19.49
Education, Sports, Art and Culture	1,20.09	1,48.73
Village and Small Industries	95.08	80.46
Contributions and Recoveries towards Pension and Other Retirement Benefits	85.31	62.46
Other General Economic Services	84.72	77.02
Dividends and Profits	55.49	56.29
Housing	54.91	42.91
Social Security and Welfare	54.75	41.33

**STATEMENT NO. 3 - STATEMENT OF RECEIPTS: (CONSOLIDATED FUND) -
contd.**

I TAX AND NON-TAX REVENUE - conclud.

<i>Description</i>	<i>Actuals</i>	
	<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>	
(1)	(2)	(3)
B. Non-Tax Revenue - conclud.		
Crop Husbandry	53.41	17.12
Co-operation	50.45	76.33
Labour and Employment	42.99	41.56
Power	39.54	90.65
Medium Irrigation	36.64	21.06
Public Works	20.43	37.56
Stationery and Printing	19.24	13.25
Food Storage and Warehousing	14.43	17.54
Animal Husbandry	11.86	4.22
Industries	8.49	8.15
Other Social Services	8.23	4.66
Fisheries	6.70	6.40
Minor Irrigation	5.62	53.95
Other Rural Development Programmes	5.30	9.80
Shipping	4.78	5.78
Ports and Light Houses	2.98	3.13
Jails	2.54	1.35
Public Service Commission	1.76	9.26
Civil Aviation	1.68	(-) 19.84 (&)
Urban Development	1.39	1.69
Information and Publicity	1.20	1.22
Major Irrigation	1.02	2.72
Inland Water Transport	0.53	0.46
Tourism	0.44	0.89
Civil Supplies	0.40	0.35
Water supply and Sanitation	0.28	0.23
Land Reforms	0.19	0.15
Family Welfare	0.11	0.16
Other Agricultural Programmes	0.05	0.24
Hill Areas	0.01	...
Total B	40,31.90	39,66.11

(&) Include ₹20.00 crore due to reversal of lease rent received from Bangalore International Air Port Limited (BIAL) by Karnataka State Industrial Infrastructure Development Corporation Limited (KSIIDC) converted as Equity in KSIIDC during 2011-12

**STATEMENT NO. 3 - STATEMENT OF RECEIPTS (CONSOLIDATED FUND) -
contd.**

II GRANTS-IN-AID AND CONTRIBUTIONS FROM GOVERNMENT OF INDIA

<i>Description</i>	<i>Actuals</i>	
	<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>	
(1)	(2)	(3)
C. Grants-In-Aid and Contributions		
Grants-In-Aid from Central Government		
Non-Plan Grants	31,39.79	24,55.43
Grants under the proviso to Article 275 (1) of the Constitution	39.09 ^(b)	16,18.49
Grants towards contribution to State Disaster Response Fund	1,43.75 ^(b)	1,37.10
Grants from National Disaster Response Fund	2,45.68	6,79.54
Other Grants	27,11.27 ^(b)	20.30
Grants for State/Union Territory Plan Schemes	33,41.15	29,08.74
Block Grants	21,74.97	15,59.89
Externally Aided Projects out of Block Grants	23.65	1,40.81
Grants under the proviso to Article 275 (1) of the Constitution	72.71 ^(c)	3,90.89
Grant from Central Road Fund	1,38.06	1,38.29
Other Grants	9,31.76 ^(b)	6,78.86
Grants for Central Plan Schemes	1,91.70	1,24.59
Grants for Centrally Sponsored Plan Schemes	24,26.18	23,20.66
Grants for Special Plan Schemes	...	...
Total C	90,98.82	78,09.42
Total Revenue Receipts (A+B+C)	8,95,42.53	7,81,76.22

- (b) Includes grants released under Proviso to Article 275(1) of the Constitution of India as per the recommendations of the Thirteenth Finance Commission towards/ for - Incentive for reduction in Infant Mortality Rate (IMR) (₹70.37 crore), Improvement of Justice Delivery (₹11.73 crore), Performance grant to PRIs (₹8,64.81 crore), Basic grant for PRIs (₹6,88.96 crore), Performance grant to ULBs (₹1,94.53 crore), Basic grant for ULBs (₹3,04.68 crore), Governance - Improvement of Statistical System (₹5.80 crore), Maintenance of Roads and Bridges (₹4,18.00 crore), Maintenance of Forests (₹55.88 crore), Elementary Education (₹1,52.00 crore), State Specific Needs (SSN) - Police Training (₹90.64 crore), SSN - Drinking Water (₹75.00 crore), SSN - Heritage Conservation (₹25.00 crore), SSN - Scheme of addressing water quality problems in localities with Fluoride affected and Arsenic contaminated water supply (₹14.09 crore), SSN - Restoration of tanks and traditional water bodies (₹87.50 crore), Grant towards State Disaster Response Fund Includes (₹1,39.75 crore), and SDRF - Capacity Building ₹4.00 crore.
- (c) Represents grants released by Ministry of Tribal Affairs, Government of India for Tribal Sub Plan (TSP 1 & TSP 2).

**STATEMENT NO. 3 - STATEMENT OF RECEIPTS (CONSOLIDATED FUND) -
concl.**

III CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS

<i>Description</i>	<i>Actuals</i>	
	<i>2013-14</i>	<i>2012-13</i>
	<i>(In crores of rupees)</i>	
(1)	(2)	(3)
D. Miscellaneous Capital Receipts		
Disinvestments proceeds	...	...
Others	87.94	33.04
Total D	87.94	33.04
E. Public Debt receipts		
Internal Debt	1,61,32.25	1,21,15.68
Market Loans	1,49,97.30	1,07,60.06
Ways and Means Advances from the RBI	...	...
Bonds	...	...
Loans from Financial Institutions	4,85.88	8,99.33
Special Securities issued to National Small Savings Fund	6,49.07	4,56.29
Loans and Advances from Central Government	11,54.56	13,48.98
Non-Plan Loans		0.04
Loans for State Plan Schemes	11,58.70	13,48.94
Loans for Central Plan Schemes	(-) 4.14	...
Loans for Centrally Sponsored Plan Schemes	...	...
Other Loans	...	...
Total E	1,72,86.81	1,34,64.66
F. Loans and Advances by State Government (Recoveries)	1,09.28	1,57.61
Total Receipts in Consolidated Fund (A+B+C+D+E+F)	10,70,26.56	9,18,31.53

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## STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)

### A. EXPENDITURE BY FUNCTION

| <i>Description</i>                                                        | <i>Revenue</i>    | <i>Capital</i> | <i>Loans and<br/>Advances</i> | <i>Total</i>      |
|---------------------------------------------------------------------------|-------------------|----------------|-------------------------------|-------------------|
| (1)                                                                       | (2)               | (3)            | (4)                           | (5)               |
| <i>(In crores of rupees)</i>                                              |                   |                |                               |                   |
| <b>A. General Services</b>                                                |                   |                |                               |                   |
| <b>A. 1 Organs of State</b>                                               |                   |                |                               |                   |
| Parliament/State/Union Territory Legislatures                             | 1,33.17           | ...            | ...                           | 1,33.17           |
| President, Vice-President/Governor/<br>Administrator of Union Territories | 7.78              | ...            | ...                           | 7.78              |
| Council of Ministers                                                      | 13.80             | ...            | ...                           | 13.80             |
| Administration of Justice                                                 | 6,10.41           | ...            | ...                           | 6,10.41           |
| Elections                                                                 | 2,45.24           | ...            | ...                           | 2,45.24           |
| <b>TOTAL A.1</b>                                                          | <b>10,10.40</b>   | <b>...</b>     | <b>...</b>                    | <b>10,10.40</b>   |
| <b>A. 2 Fiscal Services</b>                                               |                   |                |                               |                   |
| Collection of Taxes on Income and Expenditure                             | 5.34              | ...            | ...                           | 5.34              |
| Land Revenue                                                              | 2,89.31           | ...            | ...                           | 2,89.31           |
| Stamps and Registration                                                   | 86.92             | ...            | ...                           | 86.92             |
| State Excise                                                              | 1,10.57           | ...            | ...                           | 1,10.57           |
| Taxes on Sales, Trade etc.                                                | 12,38.94          | ...            | ...                           | 12,38.94          |
| Taxes on Vehicles                                                         | 1,03.94           | ...            | ...                           | 1,03.94           |
| Other Taxes and Duties on Commodities and<br>Services                     | 16.43             | ...            | ...                           | 16.43             |
| Other Fiscal Services                                                     | 8.19              | 0.08           | ...                           | 8.27              |
| Interest Payments                                                         | 78,37.32          | ...            | ...                           | 78,37.32          |
| <b>TOTAL A.2</b>                                                          | <b>96,96.96</b>   | <b>0.08</b>    | <b>...</b>                    | <b>96,97.04</b>   |
| <b>A. 3 Administrative Services</b>                                       |                   |                |                               |                   |
| Public Service Commission                                                 | 17.55             | ...            | ...                           | 17.55             |
| Secretariat - General Services                                            | 1,38.18           | ...            | ...                           | 1,38.18           |
| District Administration                                                   | 4,02.25           | ...            | ...                           | 4,02.25           |
| Treasury and Accounts Administration                                      | 1,10.57           | ...            | ...                           | 1,10.57           |
| Police                                                                    | 30,17.95          | 93.67          | ...                           | 31,11.62          |
| Jails                                                                     | 1,07.58           | ...            | ...                           | 1,07.58           |
| Stationery and Printing                                                   | 1,78.24           | ...            | ...                           | 1,78.24           |
| Public Works                                                              | 7,55.22           | 4,04.29        | ...                           | 11,59.51          |
| Other Administrative Services                                             | 3,02.91           | 2.70           | ...                           | 3,05.61           |
| <b>TOTAL A.3</b>                                                          | <b>50,30.45</b>   | <b>5,00.66</b> | <b>...</b>                    | <b>55,31.11</b>   |
| <b>A. 4 Pensions and Miscellaneous General Services</b>                   |                   |                |                               |                   |
| Pensions and Other Retirement Benefits                                    | 91,51.82          | ...            | ...                           | 91,51.82          |
| Miscellaneous General Services                                            | 64.78             | ...            | ...                           | 64.78             |
| <b>TOTAL A.4</b>                                                          | <b>92,16.60</b>   | <b>...</b>     | <b>...</b>                    | <b>92,16.60</b>   |
| <b>TOTAL A. General Services</b>                                          | <b>2,49,54.41</b> | <b>5,00.74</b> | <b>...</b>                    | <b>2,54,55.15</b> |



**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- contd.

**A. EXPENDITURE BY FUNCTION – contd.**

| Description                                                                                      | Revenue               | Capital         | Loans and Advances | Total             |
|--------------------------------------------------------------------------------------------------|-----------------------|-----------------|--------------------|-------------------|
|                                                                                                  | (In crores of rupees) |                 |                    |                   |
| (1)                                                                                              | (2)                   | (3)             | (4)                | (5)               |
| <b>B. Social Services</b>                                                                        |                       |                 |                    |                   |
| <b>B. 1 Education, Sports, Art and Culture</b>                                                   |                       |                 |                    |                   |
| General Education *                                                                              | 1,50,53.91            | 3,88.10         | ...                | 1,54,42.01        |
| Technical Education                                                                              | 6,81.04               | ...             | ...                | 6,81.04           |
| Sports and Youth Services                                                                        | 1,26.03               | ...             | ...                | 1,26.03           |
| Art and Culture                                                                                  | 3,04.57               | ...             | ...                | 3,04.57           |
| <b>TOTAL B.1</b>                                                                                 | <b>1,61,65.55</b>     | <b>3,88.10</b>  | <b>...</b>         | <b>1,65,53.65</b> |
| <b>B. 2 Health and Family Welfare</b>                                                            |                       |                 |                    |                   |
| Medical and Public Health                                                                        | 35,89.21              | 4,40.41         | ...                | 40,29.62          |
| Family Welfare                                                                                   | 5,03.85               | ...             | ...                | 5,03.85           |
| <b>TOTAL B.2</b>                                                                                 | <b>40,93.06</b>       | <b>4,40.41</b>  | <b>...</b>         | <b>45,33.47</b>   |
| <b>B. 3 Water Supply, Sanitation, Housing and Urban Development</b>                              |                       |                 |                    |                   |
| Water Supply and Sanitation                                                                      | 5,25.08               | 9,44.32         | 2,25.30            | 16,94.70          |
| Housing                                                                                          | 14,04.21              | 81.40           | ...                | 14,85.61          |
| Urban Development                                                                                | 7,40.88               | 1,61.85         | 1,92.63            | 10,95.36          |
| <b>TOTAL B.3</b>                                                                                 | <b>26,70.17</b>       | <b>11,87.57</b> | <b>4,17.93</b>     | <b>42,75.67</b>   |
| <b>B. 4 Information and Broadcasting</b>                                                         |                       |                 |                    |                   |
| Information and Publicity                                                                        | 73.23                 | 4.00            | ...                | 77.23             |
| <b>TOTAL B.4</b>                                                                                 | <b>73.23</b>          | <b>4.00</b>     | <b>...</b>         | <b>77.23</b>      |
| <b>B. 5 Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities</b> |                       |                 |                    |                   |
| Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities             | 37,20.16              | 8,96.45         | 8.76               | 46,25.37          |
| <b>TOTAL B.5</b>                                                                                 | <b>37,20.16</b>       | <b>8,96.45</b>  | <b>8.76</b>        | <b>46,25.37</b>   |
| <b>B. 6 Labour and Labour Welfare</b>                                                            |                       |                 |                    |                   |
| Labour and Employment                                                                            | 2,88.68               | ...             | ...                | 2,88.68           |
| <b>TOTAL B.6</b>                                                                                 | <b>2,88.68</b>        | <b>...</b>      | <b>...</b>         | <b>2,88.68</b>    |
| <b>B. 7 Social Welfare and Nutrition</b>                                                         |                       |                 |                    |                   |
| Social Security and Welfare                                                                      | 39,95.21              | 1,10.05         | 1.50               | 41,06.76          |
| Nutrition                                                                                        | 8,50.25               | ...             | ...                | 8,50.25           |
| Relief on Account of Natural Calamities                                                          | 5,42.05               | ...             | ...                | 5,42.05           |
| <b>TOTAL B.7</b>                                                                                 | <b>53,87.51</b>       | <b>1,10.05</b>  | <b>1.50</b>        | <b>54,99.06</b>   |
| <b>B. 8 Others</b>                                                                               |                       |                 |                    |                   |
| Other Social Services                                                                            | 1,95.28               | 26.10           | ...                | 2,21.38           |
| Secretariat-Social Services                                                                      | 28.25                 | ...             | ...                | 28.25             |
| <b>TOTAL B.8</b>                                                                                 | <b>2,23.53</b>        | <b>26.10</b>    | <b>...</b>         | <b>2,49.63</b>    |
| <b>TOTAL B. Social Services</b>                                                                  | <b>3,26,21.89</b>     | <b>30,52.68</b> | <b>4,28.19</b>     | <b>3,61,02.76</b> |

(\*) The amount shown under capital section includes Capital Outlay on General Education ₹2,68.02 crore, Technical Education ₹88.30 crore, Sports and Youth Services ₹26.80 crore and Art and Culture ₹4.98 crore.

**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- contd.

**A. EXPENDITURE BY FUNCTION – contd.**

| <i>Description</i>                              | <i>Revenue</i>               | <i>Capital</i>  | <i>Loans and Advances</i> | <i>Total</i>      |
|-------------------------------------------------|------------------------------|-----------------|---------------------------|-------------------|
|                                                 | <i>(In crores of rupees)</i> |                 |                           |                   |
| <b>(1)</b>                                      | <b>(2)</b>                   | <b>(3)</b>      | <b>(4)</b>                | <b>(5)</b>        |
| <b>C. Economic Services</b>                     |                              |                 |                           |                   |
| <b>C. 1 Agriculture and Allied Activities</b>   |                              |                 |                           |                   |
| Crop Husbandry                                  | 23,87.23                     | 72.25           | ...                       | 24,59.48          |
| Soil and Water Conservation                     | 2,34.99                      | ...             | ...                       | 2,34.99           |
| Animal Husbandry                                | 6,92.74                      | 94.88           | ...                       | 7,87.62           |
| Dairy Development                               | 8,49.63                      | 4.00            | ...                       | 8,53.63           |
| Fisheries                                       | 96.70                        | 77.13           | ...                       | 1,73.83           |
| Forestry and Wild Life                          | 15,61.61                     | 12.19           | ...                       | 15,73.80          |
| Food, Storage and Warehousing                   | 31,06.65                     | ...             | 36.41                     | 31,43.06          |
| Agricultural Research and Education             | 4,92.61                      | ...             | ...                       | 4,92.61           |
| Agricultural Financial Institutions             | ...                          | ...             | 4.00                      | 4.00              |
| Co-operation                                    | 31,67.66                     | 0.90            | ...                       | 31,68.56          |
| <b>TOTAL C.1</b>                                | <b>1,25,89.82</b>            | <b>2,61.35</b>  | <b>40.41</b>              | <b>1,28,91.58</b> |
| <b>C. 2 Rural Development</b>                   |                              |                 |                           |                   |
| Special Programmes for Rural Development        | 1,02.19                      | ...             | ...                       | 1,02.19           |
| Rural Employment                                | 2,69.02                      | ...             | ...                       | 2,69.02           |
| Land Reforms                                    | 18.82                        | ...             | ...                       | 18.82             |
| Other Rural Development Programmes              | 18,92.81                     | 58.32           | ...                       | 19,51.13          |
| <b>TOTAL C.2</b>                                | <b>22,82.84</b>              | <b>58.32</b>    | <b>...</b>                | <b>23,41.16</b>   |
| <b>C. 3 Special Areas Programmes</b>            |                              |                 |                           |                   |
| Hill Areas                                      | 32.46                        | ...             | ...                       | 32.46             |
| Other Special Area Programmes                   | 1,19.93                      | 6,13.44         | ...                       | 7,33.37           |
| <b>TOTAL C.3</b>                                | <b>1,52.39</b>               | <b>6,13.44</b>  | <b>...</b>                | <b>7,65.83</b>    |
| <b>C. 4 Irrigation and Flood Control</b>        |                              |                 |                           |                   |
| Major Irrigation                                | 1,58.16                      | 24.18           | ...                       | 1,82.34           |
| Medium Irrigation                               | 1,84.60                      | 52,47.21        | ...                       | 54,31.81          |
| Minor Irrigation                                | 2,17.61                      | 9,83.52         | ...                       | 12,01.13          |
| Command Area Development                        | 1,71.42                      | 76.23           | ...                       | 2,47.65           |
| Flood Control and Drainage                      | 0.53                         | 52.68           | ...                       | 53.21             |
| <b>TOTAL C.4</b>                                | <b>7,32.32</b>               | <b>63,83.82</b> | <b>...</b>                | <b>71,16.14</b>   |
| <b>C. 5 Energy</b>                              |                              |                 |                           |                   |
| Power                                           | 59,82.98                     | 3,04.88         | 81.74                     | 63,69.60          |
| New and Renewable Energy                        | 12.73                        | ...             | ...                       | 12.73             |
| <b>TOTAL C.5</b>                                | <b>59,95.71</b>              | <b>3,04.88</b>  | <b>81.74</b>              | <b>63,82.33</b>   |
| <b>C. 6 Industry and Minerals</b>               |                              |                 |                           |                   |
| Village and Small Industries                    | 6,33.96                      | 50.55           | 2.99                      | 6,87.50           |
| Industries <sup>(^)</sup>                       | 2,23.37                      | 38.65           | 19.11                     | 2,81.13           |
| Iron and Steel Industries                       | ...                          | ...             | ...                       | ...               |
| Non-Ferrous Mining and Metallurgical Industries | 24.72                        | ...             | ...                       | 24.72             |

(^) The amount shown under Revenue Section includes Revenue Expenditure on Engineering Industries ₹0.19 crore and Consumer Industries ₹99.63 crore.

**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- contd.

**A. EXPENDITURE BY FUNCTION – conclud.**

| <i>Description</i>                                                           | <i>Revenue</i>               | <i>Capital</i>    | <i>Loans and Advances</i> | <i>Total</i>       |
|------------------------------------------------------------------------------|------------------------------|-------------------|---------------------------|--------------------|
|                                                                              | <i>(In crores of rupees)</i> |                   |                           |                    |
| <b>(1)</b>                                                                   | <b>(2)</b>                   | <b>(3)</b>        | <b>(4)</b>                | <b>(5)</b>         |
| <b>C. Economic Services - conclud.</b>                                       |                              |                   |                           |                    |
| <b>C. 6 Industry and Minerals - conclud.</b>                                 |                              |                   |                           |                    |
| Engineering Industries                                                       | ...                          | ...               | 3.80                      | 3.80               |
| Consumer Industries                                                          | ...                          | 36.16             | 90.37                     | 1,26.53            |
| Other Outlays on Industries and Minerals                                     | ...                          | 51.93             | ...                       | 51.93              |
| <b>TOTAL C.6</b>                                                             | <b>8,82.05</b>               | <b>1,77.29</b>    | <b>1,16.27</b>            | <b>11,75.61</b>    |
| <b>C. 7 Transport</b>                                                        |                              |                   |                           |                    |
| Ports and Light Houses                                                       | 13.43                        | 20.21             | ...                       | 33.64              |
| Civil Aviation                                                               | 4.19                         | ...               | ...                       | 4.19               |
| Roads and Bridges                                                            | 18,48.38                     | 52,13.38          | ...                       | 70,61.76           |
| Road Transport                                                               | 6,91.10                      | 64.88             | ...                       | 7,55.98            |
| Inland Water Transport                                                       | 2.99                         | ...               | ...                       | 2.99               |
| <b>TOTAL C.7</b>                                                             | <b>25,60.09</b>              | <b>52,98.47</b>   | <b>...</b>                | <b>78,58.56</b>    |
| <b>C. 8 Science, Technology and Environment</b>                              |                              |                   |                           |                    |
| Other Scientific Research                                                    | 52.18                        | ...               | ...                       | 52.18              |
| Ecology and Environment                                                      | 8.67                         | ...               | ...                       | 8.67               |
| <b>TOTAL C.8</b>                                                             | <b>60.85</b>                 | <b>...</b>        | <b>...</b>                | <b>60.85</b>       |
| <b>C. 9 General Economic Services</b>                                        |                              |                   |                           |                    |
| Secretariat-Economic Services                                                | 1,74.72                      | ...               | ...                       | 1,74.72            |
| Tourism                                                                      | 1,09.25                      | 1,94.22           | ...                       | 3,03.47            |
| Census, Surveys and Statistics                                               | 64.18                        | ...               | ...                       | 64.18              |
| Meteorology                                                                  | 8.00                         | ...               | ...                       | 8.00               |
| Civil Supplies                                                               | 27.55                        | ...               | ...                       | 27.55              |
| General Financial and Trading Institutions                                   | ...                          | 85.51             | 1.00                      | 86.51              |
| Other General Economic Services                                              | 9,53.06                      | 16.14             | ...                       | 9,69.20            |
| <b>TOTAL C.9</b>                                                             | <b>13,36.76</b>              | <b>2,95.87</b>    | <b>1.00</b>               | <b>16,33.63</b>    |
| <b>TOTAL C. Economic Services</b>                                            | <b>2,65,92.83</b>            | <b>1,33,93.44</b> | <b>2,39.42</b>            | <b>4,02,25.69</b>  |
| <b>D. Grants-in-Aid and Contributions</b>                                    |                              |                   |                           |                    |
| Compensation and Assignments to Local Bodies and Panchayati Raj Institutions | 50,20.44                     | ...               | ...                       | 50,20.44           |
| <b>TOTAL D. Grants-in-Aid and Contributions</b>                              | <b>50,20.44</b>              | <b>...</b>        | <b>...</b>                | <b>50,20.44</b>    |
| <b>F Loans and Advances</b>                                                  |                              |                   |                           |                    |
| Loans to Government Servants etc.                                            | ...                          | ...               | 18.00                     | 18.00              |
| Miscellaneous Loans                                                          | ...                          | ...               | 9.82                      | 9.82               |
| <b>TOTAL F. Loans and Advances</b>                                           | <b>...</b>                   | <b>...</b>        | <b>27.82</b>              | <b>27.82</b>       |
| <b>E Public Debt</b>                                                         |                              |                   |                           |                    |
| Internal Debt of the State Government                                        | ...                          | 31,22.57          | ...                       | 31,22.57           |
| Loans and Advances from Central Government                                   | ...                          | 6,94.27           | ...                       | 6,94.27            |
| <b>TOTAL E. Public Debt</b>                                                  | <b>...</b>                   | <b>38,16.84</b>   | <b>...</b>                | <b>38,16.84</b>    |
| <b>Total Expenditure in Consolidated Fund<sup>1</sup> (A+B+C+D+E+F)</b>      | <b>8,91,89.57</b>            | <b>2,07,63.70</b> | <b>6,95.43</b>            | <b>11,06,48.70</b> |
|                                                                              |                              |                   | <b>(&amp;)</b>            |                    |

(1) Details are given in Statements No.12, 13, 15 and 16 in Volume II.

(&) Includes expenditure on Capital Outlay (₹1,69,46.86 crore).

**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- contd.

**B. EXPENDITURE BY NATURE**

| Object of Expenditure                                   | 2013-14    |          |            | 2012-13    |          |            | 2011-12  |          |            |
|---------------------------------------------------------|------------|----------|------------|------------|----------|------------|----------|----------|------------|
|                                                         | Revenue    | Capital  | Total      | Revenue    | Capital  | Total      | Revenue  | Capital  | Total      |
| (In crores of rupees)                                   |            |          |            |            |          |            |          |          |            |
| (1)                                                     | (2)        | (3)      | (4)        | (5)        | (6)      | (7)        | (8)      | (9)      | (10)       |
| Subsidies <sup>(A)(S)</sup>                             | 1,41,00.21 | ...      | 1,41,00.21 | 1,07,08.61 | ...      | 1,07,08.61 | 73,89.72 | ...      | 73,89.72   |
| Debt Servicing <sup>(A)</sup>                           | 83,92.89   | 41,68.96 | 1,25,61.85 | 84,90.96   | 41,07.46 | 1,25,98.42 | 66,01.12 | 39,22.77 | 1,05,23.89 |
| Pension and Other Retirement Benefits <sup>(A)(*)</sup> | 1,02,26.10 | ...      | 1,02,26.10 | 81,81.33   | ...      | 81,81.33   | 65,26.20 | ...      | 65,26.20   |
| Other Expenses <sup>(A)</sup>                           | 65,96.61   | 10,32.28 | 76,28.89   | 47,21.69   | 8,54.38  | 55,76.07   | 51,93.31 | 6,79.07  | 58,72.38   |
| Capital Expenses                                        | 58.08      | 48,53.59 | 49,11.67   | 35.23      | 41,22.01 | 41,57.24   | 35.49    | 49,83.87 | 50,19.36   |
| Grants-In-Aid                                           | 45,80.70   | ...      | 45,80.70   | 42,97.34   | ...      | 42,97.34   | 41,31.52 | ...      | 41,31.52   |
| Salaries                                                |            |          |            |            |          |            |          |          |            |
| Pay-Staff <sup>@</sup>                                  | 44,92.16   | 13.91    | 45,06.07   | 43,37.87   | 13.38    | 43,51.25   | 24,33.67 | 8.74     | 24,42.41   |
| Lump sum - Zilla Parishads                              | 30,43.83   | ...      | 30,43.83   | 31,19.79   | ...      | 31,19.79   | 19,26.69 | ...      | 19,26.69   |
| Special Component Plan                                  | 16,93.16   | 12,72.74 | 29,65.90   | 10,82.10   | 12,92.72 | 23,74.82   | 18,44.73 | 11,52.20 | 29,96.93   |
| Grants for creation of Capital Asset <sup>(A)</sup>     | 26,98.93   | ...      | 26,98.93   | 17,79.20   | ...      | 17,79.20   | 24,97.86 | ...      | 24,97.86   |
| Special Development Plan                                | 9,67.17    | 14,37.69 | 24,04.86   | 5,54.62    | 16,10.01 | 21,64.63   | 5,26.69  | 15,90.43 | 21,17.12   |
| Improvements                                            | ...        | 23,49.84 | 23,49.84   | ...        | 18,44.88 | 18,44.88   | ...      | ...      | ...        |
| Maintenance Expenditure                                 | 21,91.52   | 7.13     | 21,98.65   | 18,31.45   | 3.80     | 18,35.25   | 12,32.78 | 4.02     | 12,36.80   |
| Major Works                                             | 5,16.45    | 14,74.14 | 19,90.59   | 4,53.66    | 14,81.98 | 19,35.64   | 3,45.39  | 16,12.42 | 19,57.81   |
| Belgaum *                                               | 16,36.95   | ...      | 16,36.95   | 14,08.92   | ...      | 14,08.92   | 11,63.63 | ...      | 11,63.63   |
| Pay-Officers <sup>@</sup>                               | 14,17.87   | 2.29     | 14,20.16   | 10,25.31   | 2.03     | 10,27.34   | 7,98.09  | 1.19     | 7,99.28    |
| Financial Assistance / Relief                           | 13,91.60   | 0.40     | 13,92.00   | 22,61.75   | 1.08     | 22,62.83   | 11,77.36 | 0.60     | 11,77.96   |
| Tribal Sub-Plan                                         | 7,33.60    | 4,92.96  | 12,26.56   | 4,70.73    | 4,94.01  | 9,64.74    | 7,54.08  | 4,79.95  | 12,34.03   |
| Grants -in-Aid- General                                 | 12,10.37   | ...      | 12,10.37   | 69.23      | ...      | 69.23      | ...      | ...      | ...        |
| Investment                                              | ...        | 12,09.08 | 12,09.08   | ...        | 13,92.23 | 13,92.23   | ...      | 16,00.50 | 16,00.50   |
| Dearness Allowance <sup>@</sup>                         | 10,86.29   | 2.32     | 10,88.61   | 8,49.81    | 1.98     | 8,51.79    | 21,10.45 | 6.69     | 21,17.14   |
| Deduct- SCP Pooled Upfront                              | 5,75.15    | 4,74.85  | 10,50.00   | 9,25.00    | ...      | 9,25.00    | ...      | ...      | ...        |
| Construction                                            | 4.11       | 10,03.38 | 10,07.49   | 3.22       | 10,68.92 | 10,72.14   | 3.41     | 9,21.44  | 9,24.85    |
| Roads                                                   | 2,14.71    | 7,78.38  | 9,93.09    | 3,32.16    | 6,65.25  | 9,97.41    | 1,66.90  | 17,51.66 | 19,18.56   |
| Tumkur *                                                | 9,66.68    | ...      | 9,66.68    | 8,51.60    | ...      | 8,51.60    | 7,29.89  | ...      | 7,29.89    |
| Other Allowance <sup>@</sup>                            | 9,35.01    | 1.66     | 9,36.67    | 7,77.83    | 1.44     | 7,79.27    | 4,99.20  | 0.97     | 5,00.17    |
| NABARD Works                                            | 64.56      | 8,36.67  | 9,01.23    | 37.39      | 3,24.68  | 3,62.07    | 47.20    | 7,00.65  | 7,47.85    |
| Bangalore(Urban)*                                       | 8,27.58    | ...      | 8,27.58    | 7,03.26    | ...      | 7,03.26    | 6,94.15  | ...      | 6,94.15    |
| Gulbarga *                                              | 8,08.11    | ...      | 8,08.11    | 8,03.97    | ...      | 8,03.97    | 7,59.58  | ...      | 7,59.58    |
| Mysore *                                                | 7,58.99    | ...      | 7,58.99    | 6,70.35    | ...      | 6,70.35    | 5,69.93  | ...      | 5,69.93    |
| Bijapur *                                               | 7,25.07    | ...      | 7,25.07    | 6,31.13    | ...      | 6,31.13    | 5,12.75  | ...      | 5,12.75    |
| General Expenses <sup>(A)</sup>                         | 6,95.38    | 0.67     | 6,96.05    | 5,91.60    | 0.43     | 5,92.03    | 4,02.82  | 1.41     | 4,04.23    |

**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- contd.

**B. EXPENDITURE BY NATURE – contd.**

| Object of Expenditure                | 2013-14 |         |         | 2012-13 |         |         | 2011-12 |          |          |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
|                                      | Revenue | Capital | Total   | Revenue | Capital | Total   | Revenue | Capital  | Total    |
| (In crores of rupees)                |         |         |         |         |         |         |         |          |          |
| (1)                                  | (2)     | (3)     | (4)     | (5)     | (6)     | (7)     | (8)     | (9)      | (10)     |
| Davangere *                          | 6,73.74 | ...     | 6,73.74 | 5,81.18 | ...     | 5,81.18 | 4,84.32 | ...      | 4,84.32  |
| Hassan *                             | 6,70.80 | ...     | 6,70.80 | 5,61.87 | ...     | 5,61.87 | 5,22.22 | ...      | 5,22.22  |
| Uttara Kannada *                     | 6,70.79 | ...     | 6,70.79 | 5,65.97 | ...     | 5,65.97 | 5,12.57 | ...      | 5,12.57  |
| Bellary *                            | 6,55.28 | ...     | 6,55.28 | 5,61.96 | ...     | 5,61.96 | 4,58.05 | ...      | 4,58.05  |
| Chitradurga *                        | 6,46.47 | ...     | 6,46.47 | 5,48.91 | ...     | 5,48.91 | 4,56.63 | ...      | 4,56.63  |
| Shimoga *                            | 6,38.43 | ...     | 6,38.43 | 5,65.64 | ...     | 5,65.64 | 4,58.59 | ...      | 4,58.59  |
| Consolidated Salaries <sup>(A)</sup> | 6,29.46 | ...     | 6,29.46 | 9,07.02 | ...     | 9,07.02 | 6,46.75 | ...      | 6,46.75  |
| Loans                                | ...     | 6,17.50 | 6,17.50 | ...     | 4,26.86 | 4,26.86 | ...     | 10,81.27 | 10,81.27 |
| Bidar *                              | 5,90.12 | ...     | 5,90.12 | 5,20.05 | ...     | 5,20.05 | 4,68.39 | ...      | 4,68.39  |
| Mandya *                             | 5,84.24 | ...     | 5,84.24 | 5,11.93 | ...     | 5,11.93 | 4,50.49 | ...      | 4,50.49  |
| Bagalkot *                           | 5,80.22 | ...     | 5,80.22 | 4,91.02 | ...     | 4,91.02 | 4,16.00 | ...      | 4,16.00  |
| Raichur *                            | 5,50.12 | ...     | 5,50.12 | 4,84.09 | ...     | 4,84.09 | 4,11.25 | ...      | 4,11.25  |
| Haveri *                             | 5,20.98 | ...     | 5,20.98 | 4,74.75 | ...     | 4,74.75 | 3,99.58 | ...      | 3,99.58  |
| Dakshina Kannada*                    | 4,97.05 | ...     | 4,97.05 | 4,61.55 | ...     | 4,61.55 | 3,70.29 | ...      | 3,70.29  |
| Chickamagalore *                     | 4,81.48 | ...     | 4,81.48 | 4,25.86 | ...     | 4,25.86 | 3,70.42 | ...      | 3,70.42  |
| Dharwad *                            | 4,72.97 | ...     | 4,72.97 | 4,35.33 | ...     | 4,35.33 | 3,57.93 | ...      | 3,57.93  |
| Kolar *                              | 4,59.78 | ...     | 4,59.78 | 4,48.93 | ...     | 4,48.93 | 3,72.97 | ...      | 3,72.97  |
| Deduct- TSP Pooled Upfront           | 3,37.47 | 1,11.75 | 4,49.22 | 3,75.00 | ...     | 3,75.00 | ...     | ...      | ...      |
| Chikkaballapur *                     | 4,13.56 | ...     | 4,13.56 | 3,56.40 | ...     | 3,56.40 | 3,19.03 | ...      | 3,19.03  |
| Grants-In-Aid for Asset Creation     | 4,06.35 | ...     | 4,06.35 | 3,91.47 | ...     | 3,91.47 | 27.17   | ...      | 27.17    |
| Renewals                             | ...     | 4,00.21 | 4,00.21 | ...     | 7,54.90 | 7,54.90 | ...     | ...      | ...      |
| Koppal *                             | 3,80.42 | ...     | 3,80.42 | 3,62.70 | ...     | 3,62.70 | 3,03.68 | ...      | 3,03.68  |
| Gadag *                              | 3,58.71 | ...     | 3,58.71 | 3,17.66 | ...     | 3,17.66 | 2,70.33 | ...      | 2,70.33  |
| Udupi *                              | 3,58.06 | ...     | 3,58.06 | 3,03.44 | ...     | 3,03.44 | 2,71.03 | ...      | 2,71.03  |
| Yadgir *                             | 3,44.82 | ...     | 3,44.82 | 3,13.53 | ...     | 3,13.53 | 2,87.66 | ...      | 2,87.66  |
| Ramanagara *                         | 3,43.89 | ...     | 3,43.89 | 2,99.16 | ...     | 2,99.16 | 2,61.97 | ...      | 2,61.97  |
| Chamarajanagar *                     | 3,24.13 | ...     | 3,24.13 | 2,82.99 | ...     | 2,82.99 | 2,30.91 | ...      | 2,30.91  |
| Bangalore (Rural) *                  | 3,15.65 | ...     | 3,15.65 | 2,84.35 | ...     | 2,84.35 | 2,36.56 | ...      | 2,36.56  |
| Subsidiary Expenses                  | 2,78.11 | ...     | 2,78.11 | 2,42.35 | ...     | 2,42.35 | 1,99.17 | ...      | 1,99.17  |
| Modernisation                        | 2,29.99 | 9.92    | 2,39.91 | 2,25.09 | 9.99    | 2,35.08 | 1,56.41 | 7.94     | 1,64.35  |
| Transport Expenses                   | 2,35.48 | ...     | 2,35.48 | 2,07.71 | ...     | 2,07.71 | 1,74.82 | ...      | 1,74.82  |
| Loans to PSU's and Local Bodies      | ...     | 2,28.78 | 2,28.78 | ...     | 8,25.73 | 8,25.73 | ...     | 7,74.29  | 7,74.29  |
| Scholarships and Incentives          | 2,15.57 | ...     | 2,15.57 | 1,63.82 | ...     | 1,63.82 | 1,18.41 | ...      | 1,18.41  |
| Kodagu                               | 2,11.28 | ...     | 2,11.28 | 1,82.92 | ...     | 1,82.92 | 1,61.09 | ...      | 1,61.09  |

**STATEMENT NO. 4 - STATEMENT OF EXPENDITURE (CONSOLIDATED FUND)**  
- conclud.

**B. EXPENDITURE BY NATURE – conclud.**

| Object of Expenditure               | 2013-14           |                   |                    | 2012-13           |                   |                   | 2011-12           |                   |                   |
|-------------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | Revenue           | Capital           | Total              | Revenue           | Capital           | Total             | Revenue           | Capital           | Total             |
| (In crores of rupees)               |                   |                   |                    |                   |                   |                   |                   |                   |                   |
| (1)                                 | (2)               | (3)               | (4)                | (5)               | (6)               | (7)               | (8)               | (9)               | (10)              |
| Drugs and Chemicals                 | 1,85.80           | ...               | 1,85.80            | 1,80.07           | ...               | 1,80.07           | 1,29.40           | ...               | 1,29.40           |
| Travel Expenses                     | 1,82.81           | 0.16              | 1,82.97            | 1,70.52           | 0.12              | 1,70.64           | 1,33.84           | 0.15              | 1,33.99           |
| Building Expenses                   | 1,56.83           | 0.02              | 1,56.85            | 1,45.53           | 0.02              | 1,45.55           | 1,18.89           | 0.02              | 1,18.91           |
| Materials and Supplies              | 1,22.41           | 0.07              | 1,22.48            | 90.41             | 0.10              | 90.51             | 82.90             | 0.03              | 82.93             |
| Reimbursement of Medical Expenses @ | 1,09.52           | 0.16              | 1,09.68            | 90.14             | 0.13              | 90.27             | 86.94             | 0.11              | 87.05             |
| Inter Account Transfers             | 14,69.49 (-)      | 13,72.66          | 96.83              | 4,33.84 (-)       | 7,72.35 (-)       | 3,38.51 (-)       | 8,90.01 (-)       | 6,59.65 (-)       | 2,30.36           |
| Machinery and Equipment             | 53.07             | 4.34              | 57.41              | 44.40             | 13.94             | 58.34             | 32.92             | 8.83              | 41.75             |
| Diet Expenses                       | 39.25             | ...               | 39.25              | 35.87             | ...               | 35.87             | 28.86             | ...               | 28.86             |
| Land and Buildings                  | 24.16             | 1.15              | 25.31              | 23.12             | 0.65              | 23.77             | 30.13             | 2.50              | 32.63             |
| Medical Allowance @                 | 23.85             | 0.06              | 23.91              | 22.72             | 0.06              | 22.78             | 14.79             | 0.04              | 14.83             |
| Advances                            | ...               | 18.00             | 18.00              | ...               | ...               | ...               | ...               | ...               | ...               |
| Telephone Charges                   | 14.30             | ...               | 14.30              | ...               | ...               | ...               | ...               | ...               | ...               |
| Contributions                       | 12.94             | ...               | 12.94              | 1,22.44           | ...               | 1,22.44           | 21,62.37          | ...               | 21,62.37          |
| Interim Relief                      | ...               | ...               | ...                | 79.16             | 0.27              | 79.43             | 1,24.56           | 0.43              | 1,24.99           |
| Recoveries                          | (-) 9,39.55       | (-) 16.01         | (-) 9,55.56        | ...               | (-) 2,52.48       | (-) 2,52.48       | ...               | (-) 8.73          | (-) 8.73          |
| Others                              | 49.43             | 42.74             | 92.17              | (-) 6.72          | 17.29             | 10.57             | 29.86             | 15.27             | 45.13             |
| <b>Total</b>                        | <b>8,91,89.57</b> | <b>2,14,59.13</b> | <b>11,06,48.70</b> | <b>7,62,93.26</b> | <b>2,03,07.90</b> | <b>9,66,01.16</b> | <b>6,51,15.07</b> | <b>2,06,41.08</b> | <b>8,57,56.15</b> |

(A) Includes amounts released to Urban Local Bodies under Consolidated Salaries (₹6,01.30 crore), Grants for creation of Capital Asset (₹26,98.93 crore), Maintenance (₹5,22.63 crore), Debt Servicing (₹2,98.16 crore) and Subsidy (₹96.40 crore) Grant-in-Aid General (₹4,02.21 crore), Pension and Other Retirement Benefits (₹36.44 crore), Other Expenses (₹92.30 crore) and General Expenses (₹4.15 crore).

(S) Includes amounts released under the Head "Dairy Development - Assistance to Co-operatives and Other Bodies (₹6,81.22 crore)

(^) Comprises expenditure incurred below the Major Heads Pension and Other Retirement Benefits (₹91,62.42 crore), Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹10,16.83 crore), Compensation and Assignments to Local Bodies and Panchayati Raj Institutions (₹36.44 crore) and Art and Culture (₹10.41 crore).

(@) Components of Salaries. See Appendix II in Volume II of Finance Accounts.

(\*) The amounts shown against these represent the grants released to the Panchayati Raj Institutions (Zilla Panchayat, Taluk Panchayat and Gram Panchayat) in those districts. See Statement 8 in Volume II of Finance Accounts.

(#) Inclusive of Capital Expenditure (₹1,69,46.86 crore), Repayment of Public Debt (₹38,16.84 crore) and Disbursement of Loans and Advances (₹6,95.43 crore).

# **NOTES TO ACCOUNTS**

## NOTES TO ACCOUNTS

### 1. Summary of Significant Accounting Policies:

**(i) Entity and Accounting Period:** These accounts present the transactions of the Government of Karnataka for the period 1 April 2013 to 31 March 2014. The accounts of receipts and expenditure of the Government of Karnataka have been compiled based on the initial accounts rendered by 33 District Treasuries, 105 Public Works and 103 Forest Divisions of the Government of Karnataka and advices of the Reserve Bank of India. In Karnataka, the treasuries compile the accounts from the vouchers (primary compilation) which, along with the vouchers, are furnished to the Principal Accountant General (A & E) for secondary compilation. Delays in rendition of accounts were negligible; and no accounts have been excluded at the end of the year.

**(ii) Basis of Accounting:** With the exception of some book adjustments (Appendix I-A), the accounts represent the actual cash receipts and disbursements during the account period. Physical Assets and Financial Assets such as investments etc., are shown at historical cost, i.e, the value at the year of acquisition/ purchase. Physical assets are not depreciated or amortised. The losses of physical assets at the end of their life are also not expensed or recognised.

Retirement benefits disbursed during the account period have been reflected in the account Statement No 12. The State Government has not made any actuarial assessment of the liabilities towards future payments of retirement benefits.

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

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



## NOTES TO ACCOUNTS - contd.

**(v) Classification between Revenue and Capital:** Revenue Expenditure is recurring in nature and is intended to be met from revenue receipts. Capital Expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character or of reducing permanent liabilities. Expenditure on Grants-in-Aid is recorded as Revenue Expenditure in the books of the grantor and as Revenue Receipt in the books of the recipient. Further, as per the Indian Government Accounting Standards (IGAS) 2, expenditure relating to Grants-in-Aid is to be classified as Revenue expenditure regardless of end utilisation.

### 2. Quality of Accounts: Summary of Significant Accounting Policies:

#### **(I) Consolidated Fund:**

##### **(i) Booking under Minor Head 800- Other Receipts and Other Expenditure:**

Receipts/Expenditure for which specific head of account is not available or for which the correct head of account is not identified at budget stage are booked under Minor Head '800-Other Receipts /Other Expenditure' under the relevant functional Major Head. Routine operation of minor head 800 is to be discouraged, since it renders the accounts opaque. An amount of ₹41,82.19 crore under 61 major heads, constituting 4.66 *per cent* of the total receipts (₹8,97,39.75 crore), have been classified under the Minor Head 800-Other Receipts in the current year. Similarly, an amount of ₹61,79.33 crore under 63 Revenue, Capital and Loan heads of accounts, constituting 5.78 *per cent* of the total expenditure (₹10,68,31.86 crore), have been classified under the Minor Head 800-Other Expenditure in the current year. Instances where 50 *per cent* or more of the receipts and expenditure were classified under the Minor Head '800-Other Receipts / Expenditure' are listed in Appendix I-B/ Appendix I-C.

##### **(ii) Reconciliation of Receipts and Expenditure:**

All Controlling Officers of the Government of Karnataka are required to reconcile the Expenditure and Receipts booked by them with the figures accounted for by the Principal Accountant General on a monthly basis. This reconciliation is to ensure effective budgetary control over expenditure and accuracy in accounts. Reconciliation of receipts has been completed for a value of ₹8,87,41.27 crore (99 *per cent* of total receipts of ₹8,96,30.47 crore

## NOTES TO ACCOUNTS - contd.

which excludes receipts from Loan Heads of Account). Reconciliation of expenditure has been completed for a value of ₹6,30,43.23 crore (59 per cent of total expenditure of ₹10,61,36.43 crore which excludes expenditure of Loan Heads of Account). Assurance on the completeness and correctness of the receipts and expenditure figures appearing in the accounts may be limited by the extent of non-reconciliation.

### (iii) Unadjusted Abstract Contingency (AC) Bills:

Rule 36 of the Manual of Contingent Expenditure, 1958, of the Government of Karnataka authorises Controlling and Disbursing Officers to draw sums in the nature of temporary advances, on AC bills, by debiting Service Heads of Account. These AC bills are required to be finally settled through submission of Non-Detailed Contingent (NDC) bills directly to the Principal Accountant General (A&E) before the 15<sup>th</sup> of the month following the month to which the bill relates. Details of AC bills outstanding as on 31 March 2014 are given below:

(₹ in crore)

| Year         | Abstract Contingent Bills drawn |                | Non-Detailed Contingent Bills rendered |                | Outstanding Abstract Contingent Bills |                |
|--------------|---------------------------------|----------------|----------------------------------------|----------------|---------------------------------------|----------------|
|              | No. of Bills                    | Amount         | No. of Bills                           | Amount         | No. of Bills                          | Amount         |
| Upto 2011-12 | 46,478                          | 4,25.24        | 42,462                                 | 3,83.41        | 4,016                                 | 41.83          |
| 2012-13      | 6,356                           | 76.98          | 5,018                                  | 57.33          | 1,338                                 | 19.65          |
| 2013-14      | 6,514                           | 1,69.41        | 2,380                                  | 41.19          | 4,134                                 | 1,28.22        |
| <b>TOTAL</b> | <b>59,348</b>                   | <b>6,71.63</b> | <b>49,860</b>                          | <b>4,81.93</b> | <b>9,488</b>                          | <b>1,89.70</b> |

Most of the outstanding NDC bills relate to Major Head 2015 – Elections (1,210 bills amounting to ₹84.84 crore), Major Head 2402 – Soil and Water Conservation (815 bills amounting to ₹27.00 crore), Major Head 2406 – Forestry and Wild Life (845 bills amounting to ₹16.26 crore), Major Head 2202 - General Education (1,820 bills amounting to ₹11.83 crore) and Major Head 2235 - Social Security and Welfare (1318 bills amounting to ₹8.38 crore). Out of ₹1,69.41 crore drawn against AC Bills in 2013-14, bills amounting to ₹6.60 crore were drawn in March 2014 alone. Of these, ₹1.09 crore was drawn on the last day of the financial year.

## NOTES TO ACCOUNTS - contd.

### (iv) Utilization Certificates (UCs) for Grants-in-Aid:

The State Government, while sanctioning grants to various bodies, may stipulate that the UCs for the grants released are to be forwarded to Principal Accountant General (A&E), who will watch utilization of these grants. UCs outstanding beyond the specified period indicates absence of assurance on utilisation of grants for intended purposes.

The status of outstanding UCs is shown below:

(₹ in crore)

| Year         | Number of Utilization Certificates awaited | Amount          |
|--------------|--------------------------------------------|-----------------|
| Upto 2011-12 | 94                                         | 1,16.71         |
| 2012-13      | 77                                         | 4,22.57         |
| 2013-14@     | 149                                        | 6,75.85         |
| <b>Total</b> | <b>320</b>                                 | <b>12,15.13</b> |

@ UCs in respect of grants disbursed during 2013-14 become due only during 2014-15 and onwards

### (v) Operation of unauthorized heads of account:

The Controller General of Accounts (CGA) issues Correction Slips to the List of Major and Minor Heads (LMMH) from time to time incorporating new Major/ Sub- major/ Minor Heads of accounts or deleting the existing heads of accounts. The State Government, however, has not incorporated the Correction Slips issued by the Controller General of Accounts in respect of 21 Minor Heads of Account below 9 Major Heads of Account. As a result of this, expenditure relating to these Minor Heads of Account under 9 Revenue Major Heads of Account and 1 Sub Major Head of Account under 1 Capital Major Head of Account during the year 2013-14 was not classified as required under the rules. Contributions and interest thereon under the 'New Pension Scheme' (NPS) have been accounted for under the Minor Head 120-Miscellaneous Deposits under Major Head of Account 8342-Other Deposits instead of booking the same under Minor Head 117-Defined Contribution Pension Scheme of Government Employees.

## NOTES TO ACCOUNTS - contd.

### (vi) Liabilities for Retirement Benefits:

The expenditure during the year 2013-14 on 'Pension and Other Retirement Benefits' of Government of Karnataka was ₹88,69.25 crore (9.94 *per cent* of total revenue expenditure of ₹8,91,89.57 crore). State Government employees recruited on or after 1 April 2006 are covered under the New Pension Scheme (NPS), a defined contributory pension scheme, which commenced from 1 April 2010. Under this Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowances, which is matched by an equivalent amount paid by the State Government. The entire amount is transferred to the designated fund manager for investment through the National Securities Depository Limited (NSDL)/ Trustee Bank. Recoveries towards current contribution and backlog contribution under the New Pension Scheme was not assessed and effected in respect of employees who are not covered under the treasury payment system (e.g., those on deputation to Public Sector Undertakings, Local Bodies etc.). During the year 2013-14, State Government had contributed ₹2,82.57 crore (Major Head 2071-Minor Head 117) towards NPS and transferred to Major Head 8342-120 Miscellaneous Deposit against the employees' contribution of ₹2,70.46 crore for the current year, as intimated by the NPS Cell of the State Government. The booking of employees' and Government contributions towards NPS was made at sub-head level under Minor Head 120- Miscellaneous Deposit instead of under the prescribed Minor Head 117- Defined Contribution Pension Scheme under Major Head 8342. Non-adoption of prescribed Minor Head and booking the amount related to NPS at sub-head level restricts identification of Employees' and Government's matching share of contribution towards NPS in the Finance Accounts, which depicts figures at Minor Head level. Further, inter-State comparison of transactions under New Pension Scheme is not possible.

As per the records of the Principal Accountant General (A&E), ₹5,95.63 crore, has been transferred to NSDL/ Trustee bank from Fund balance leaving a net balance of ₹4.13 crore under three Sub-heads related to NPS (Employees' contribution, Government's contribution and Backlog/ Interest) under Minor head 120-Miscellaneous Deposits. However, the outstanding balance as per Statement 18 shows outstanding balance of ₹3,03.45 crore under Major Head 8342-Minor Head 120. The discrepancy is due to misclassification by the Director of Treasuries which needs to be reconciled. Unreconciled, unmatched and untransferred amounts with accrued interest represent outstanding liabilities of the government, under the scheme.

## NOTES TO ACCOUNTS - contd.

### (vii) Loans and Advances:

Information in respect of overdue Principal and Interest contained in Statement 7 of Finance Accounts is incomplete, as only 16 out of 842 institutions in respect of whom the detailed accounts are maintained by the Heads of the Departments/ Chief Controlling Officers of the Government of Karnataka, have furnished the required information. Section 3 under Statement 7 of the Finance Accounts may be referred to. Indian Government Accounting Standards (IGAS) 3 requires disclosure of loans that were sanctioned without specific terms and conditions governing such loans. Out of the 44 loans valued at ₹8,76.98 crore sanctioned by the State Government in 2013-14, 42 loans valued at ₹6,28.86 crore were sanctioned without specifying any terms and conditions. Details are available as additional disclosures under Statement 16 of the Finance Accounts.

In the records of the Principal Accountant General, 319 loans show adverse balances (negative balance as credit towards recovery of loans is in excess of debit towards loan disbursed) of ₹7,03.76 crore. Such adverse balance is caused mainly due to booking of repayments of principal under a classification other than the one against which the loan was disbursed initially, misclassification of interest payment by the loanee as repayment of principal and non-reconciliation of the figures by the concerned Chief Controlling Officers of the respective departments of the Government.

### (viii) Guarantees:

Guarantees reported in Statement 9 of Finance Accounts are based on information furnished by the State Government and as per the format prescribed in Indian Government Accounting Standards (IGAS) 1. The Karnataka Ceiling on Government Guarantees Act 1999 prescribes that the total outstanding Government guarantees as on the 1 April of any year shall not exceed 80 *per cent* of the State's Revenue Receipts of the second preceding year. The total outstanding guarantees as on 1 April 2013 amounted to ₹66,89.70 crore (Principal ₹65,64.96 crore and Interest ₹1,24.74 crore) and constituted 9.58 *per cent* of the Total Revenues Receipts for 2011-12 (₹6,98,06.27 crore), which was within the limits prescribed under the Act.

The Act also stipulates guarantee commission at a minimum of one *per cent* on the amount guaranteed. Against ₹65.65 crore receivable as guarantee commission (1 *per cent*

## NOTES TO ACCOUNTS - contd.

of outstanding guarantees of ₹65,64.96 crore as on 31 March 2013), State Government received ₹30.05 crore as compared to estimated receivable of ₹2,72.14 crore. The State Government has adjusted the guarantee commission payable to it by Electricity Supply Companies (₹2.13 crore), the Karnataka Road Development Corporation Ltd (₹1.93 crore), and the Karnataka Slum Development Board (₹1.72 crore) by way of subsidies/ Grants-in-aid (Appendix I-A). Consequently, the net shortfall in guarantee commission received was ₹2,47.87 crore (₹2,72.14 crore minus ₹24.27 crore, excluding book adjustment of ₹5.78 crore). Short collection of guarantee commission understated Revenue surplus and overstated Fiscal deficit to this extent. Outstanding Guarantees stood at ₹77,82.72 crore (Principal ₹76,70.51 crore and Interest ₹1,12.21 crore) as on 31 March 2014.

### **(ix) Release of State's share of Centrally Sponsored Schemes and State Plan Schemes to the State Implementing Agencies:**

The Central and State share in Centrally Sponsored Schemes and State Schemes differs from scheme to scheme. Detailed information on Plan schemes is furnished in Appendix VI and VII of the Finance Accounts. Since the funds are generally not being spent fully by the implementing agencies in the same financial year, there remain unspent balances in the bank accounts of these implementing agencies. Since the amounts released to some implementing agencies were kept in nationalised/ private banks outside the Government accounts, the aggregate amount of the unspent balances and the interest, if any, accrued on the balances of these accounts are not available.

### **(x) Adverse Balances under Public Debt:**

**(a) Adverse Balances under Major Head 6003-Internal Debt:** From time to time, the Government of Karnataka assumed the liabilities of various institutions by permitting them to borrow from the open market/ financial institutions, with the Government taking over the responsibility for repayment. Since the receipts of some of these loans do not appear in the books of the Government unlike the repayment of principal and interest, the books of account of the Government depict adverse balances (excess of debit over credit on account of principal repaid). The adverse balance of ₹1,23.07 crore depicted in Appendix I-D pertain to loans released by National Co-operative Development Corporation (NCDC) to various cooperatives, which are directly repaid by Government of Karnataka.

## NOTES TO ACCOUNTS - contd.

**(b) Adverse Balances under Major Head 6004- Central Loans:** In furtherance of the recommendations of the Thirteenth Finance Commission, Ministry of Finance, Government of India, in a series of orders, all dated 29 February 2012, wrote off loans advanced to the State Government by various Ministries (except those advanced by the Ministry of Finance itself) as on 31 March 2010 (limited to current balances outstanding in the records of the Ministries) towards Central Plan and Centrally Sponsored Schemes. Ministry of Finance permitted the State Governments to adjust the excess repayments of principal and interest made from the effective date of the order (31 March 2010) and its implementation against future repayments to the Ministry of Finance. In respect of the Government of Karnataka, this excess payment amounted to ₹68.66 crore, of which, Ministry of Finance has adjusted ₹17.31 crore (vide letter dated 14 June 2013) against the dues payable to the Ministry of Finance to end of March 2013 and ₹5.48 crore (vide letter dated 7 May 2014) against the dues payable to end of March 2014. The balance amount pending for adjustment is ₹45.87 crore (Principal ₹23.66 crore and Interest ₹22.21 crore) has resulted in adverse balance (net debit) of ₹23.66 crore against the loans of the Ministries other than the Ministry of Finance in the books of the State Government and also overstates the Public Debt of the Government to this extent. Details of adverse balances at Minor Head level are given in Appendix I-D.

**(xi) Grants-in-aid to Hindustan Aeronautics Limited (HAL):**

The Government of Karnataka vide Order dated 28 March 2014 sanctioned Grant-in-Aid of ₹10,08.53 crore to Hindustan Aeronautics Ltd (HAL), in public interest, to enable it to pay its accrued Value Added Tax (VAT) dues and penalty thereon to the Government of Karnataka for the years 2012-14 as per settlement package reached between the Government of Karnataka and HAL, as suggested by the Honourable Supreme Court of India. Provision for the expenditure had been approved by the State Legislature through Supplementary demand for grants under Grant No.3. Accordingly, an adjustment entry debiting Major Head 2040- Taxes on Sales, Trade etc with contra credit to Major Head 0040- Central Sales Tax was passed in order to implement the settlement package (Appendix I- A).

## **NOTES TO ACCOUNTS - contd.**

### **(xii) Expenditure incurred on classifications not authorised in the Appropriation Act.**

During the year 2013-14, the Government of Karnataka presented two budgets to the State Legislature, in February 2013 (Vote on Account) and in July 2013 (Appropriation Act). Provision of funds for ₹3,27.24 crore made against twelve schemes under seven other grants in the budget presented in February 2013 and expenditure of ₹58.64 crore booked on the authority of Vote on Account were nullified due to nil provision of funds for such schemes in the budget approved in July 2013. This has resulted in booking of expenditure against the classifications authorised by Vote on Account but without Legislative approval of funds through Appropriation Act passed in July 2013. Budget provisions made for nine schemes under six Minor heads of account under Major head 2401- Crop Husbandry during February 2013 Budget, has been merged in the Budget presented in July 2013.

### **(xiii) Accounting of Interest paid by Government to Panchayat Raj Institutions (PRIs):**

Interest amounting to ₹1.76 crore paid by Government of Karnataka during the year 2013-14 for delayed releases to PRIs have been booked under Minor Heads of account 196 - Assistance to Zilla Parishad/ District Level Panchayat, 197 - Assistance to Block Panchayats/ Intermediate Level Panchayat and 198 - Assistance to Gram Panchayats (through Taluk Panchayats) below the Major Head of Account 2515 - Other Rural Development Programmes instead of booking the same under Major Head of Account 2049 - Interest Payments. Consequently, assistance to PRIs has been overstated to the extent of ₹1.76 crore, due to incorrect classification.

### **(II) Contingency Fund:**

The corpus of the Contingency Fund of Government of Karnataka is ₹80 crore. No amount remained unrecouped against the Fund as on 31 March 2014.



## NOTES TO ACCOUNTS - contd.

### (III) Public Account:

#### (i) Transfer of Funds to Personal Deposit (PD) accounts:

Personal Deposit (PD) accounts are created in favour of Drawing and Disbursing Officers to make payments through cheques instead of presenting bills at the treasury. Amounts are transferred to PD accounts by debiting functional heads under Consolidated Fund of the State with a contra credit to the Public Account against the respective deposit head classifications. Unspent balances under these PD accounts are to be credited back to the Consolidated Fund on the last working day of the year.

During 2013-14, an amount of ₹6,95.10 crore was transferred to PD accounts. The Administrators of PD accounts are required under the rules to reconcile the balances of these accounts with the treasury officers (where the detailed accounts are maintained by the treasuries) and with the Principal Accountant General (where the detailed accounts are maintained by the Principal Accountant General). Information on reconciliation of figures by the Administrators of the Accounts with the treasuries is not available. None of the Administrators of the 55 PD accounts have reconciled their accounts with the Principal Accountant General. Details of PD accounts are given below:

(₹ in crore)

| PD accounts existing at the beginning of the year |          | PD accounts opened during the year |        | PD accounts closed at the end of the year |        | PD accounts existing at the close of the year |          |
|---------------------------------------------------|----------|------------------------------------|--------|-------------------------------------------|--------|-----------------------------------------------|----------|
| Number                                            | Amount   | Number                             | Amount | Number                                    | Amount | Number                                        | Amount   |
| 55                                                | 20,86.18 | ...                                | ...    | ...                                       | ...    | 55                                            | 22,97.10 |

The State Government is also required to close all PD accounts remaining inoperative for more than three years under the relevant rules. 32 PD Accounts with an outstanding balance of ₹63.42 crore were inoperative for more than three years as on 31 March 2014.

Details of the operative and inoperative accounts are given below:

(₹ in crore)

| Particulars             | Personal Deposit Accounts |          |                 |         |
|-------------------------|---------------------------|----------|-----------------|---------|
|                         | Credit                    |          | Debit           |         |
|                         | No. of Accounts           | Amount   | No. of Accounts | Amount  |
| Operative PD Accounts   | 17                        | 26,95.59 | 6               | 4,61.91 |
| Inoperative PD Accounts | 20                        | 72.01    | 12              | 8.59    |

Adverse balances (i.e., Debit Balances instead of Credit balances) at the detailed head of account level amounting to ₹4,70.50 crore appearing in 18 PD accounts distort the net balance against PD accounts depicted at Minor Head of Account level in the Finance Accounts. Such adverse balances are yet to be reconciled by the departmental officers

## NOTES TO ACCOUNTS - contd.

### (ii) Cash Balances:

The Cash Balances of the Government of Karnataka are maintained at the Reserve Bank of India. There is a net difference of ₹32.97 crore (Cr.) as on 31 March 2014 between the cash balance reported by the RBI compared to the balance worked out by the Principal Accountant General (A&E), Karnataka. The net difference as on June 2014 increased to ₹33.15 crore (Cr.) following subsequent reconciliation. The net difference is mainly due to non-reporting and non-reconciliation of figures by the Agency Banks.

### (iii) Reserve Funds:

Details of book adjustments carried out by the Principal Accountant General (A&E) in relation to the contribution of the State Government to various Reserve / Deposit Funds and their utilization, are indicated in Appendix I-A. Detailed information on reserve funds and investments from earmarked funds are available in Statement 18 and Statement 19 of the Finance Accounts respectively.

Out of 44 existing Reserve Funds, 5 funds are active and 39 funds are dormant. The Government of Karnataka has agreed for liquidation of Reserve Funds under Major Head of Account 8115 - Depreciation/Renewal Reserve Fund (₹10.90 crore) and under Major Head of Account 8229 - Development and Welfare Funds (₹36.94 crore) which have been lying dormant for over 30 years.

Out of total outstanding balance of ₹1,58,85.30 crore available in various reserve funds as on 31 March 2014, the Government of Karnataka invested ₹35,67.17 crore (22.46 per cent).

The status of the major Reserve Funds is given below:

#### (a) Consolidated Sinking Fund:

The Government of Karnataka constituted a Consolidated Sinking Fund (CSF) in 2012-13 for the amortization of all loans as recommended by the Twelfth Finance Commission and transferred ₹10,00.00 crore towards its corpus in 2012-13. The Fund is administered by the Reserve Bank of India which has invested the corpus in Government of India Securities. As per RBI guidelines, the State Government is required to make minimum annual contributions to the Fund at 0.50 per cent of the outstanding liabilities at the end of the previous financial year. In terms of guidelines of the RBI, outstanding liabilities are defined as comprising

## NOTES TO ACCOUNTS - contd.

Internal Debt and Public Account liabilities of the State Government. As on 31 March 2013, the outstanding liabilities of the Government of Karnataka were ₹11,67,66.74 crore. Thus, against the requirement of ₹5,83.83 crore, the State Government did not contribute any amount to the Fund. The Revenue Surplus is overstated and Fiscal deficit understated to this extent.

### **(b) Guarantee Reserve Fund:**

The State Government set up a 'Guarantee Reserve Fund' during 1999-2000 in the Public Account with a corpus of ₹1.00 crore. There has been no transaction under this Fund. Twelfth Finance Commission recommended opening of the Guarantee Redemption Fund (GRF) for discharging the liability of the Government towards invocation of the guarantees extended by it. The Fund is required to be administered by the RBI. Under the RBI guidelines, the State Government is required to make minimum annual contributions to the Fund at the rate of 1 *per cent* in the first year and at the rate of 0.50 *per cent* thereafter, of the outstanding guarantees at the end of the previous year. The State Government is yet to constitute a Guarantee Redemption Fund (GRF) in terms of the recommendations of the Twelfth Finance Commission. Thus, against a minimum requirement of ₹32.82 crore (0.50 *per cent* of outstanding guarantee of ₹65,64.96 crore as on 31 March 2013), no contribution was made by the State Government to the Fund in 2013-14, resulting in overstatement of Revenue surplus and understatement of Fiscal deficit to this extent.

### **(c) State Disaster Response Fund (SDRF):**

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of guidelines, the Central and State Governments are required to contribute to the Fund in the proportion of 75:25. In the event of natural calamities, shortfalls in the Fund are met by the Government of India by way of additional disbursements from the National Disaster Response Fund (NDRF). Following Government of India's release of ₹1,39.75 crore towards SDRF in 2013-14, the State Government contributed ₹46.58 crore as its share, alongwith the Government of India's additional assistance of ₹2,45.68 crore from the National Disaster Response Fund (NDRF) and credited the entire amount of ₹4,32.01 crore to the Fund during 2013-14.

## NOTES TO ACCOUNTS - contd.

An amount of ₹3,40.58 crore from the Fund balance was set off against the expenditure initially incurred under Major Head 2245-Relief on account of Natural Calamities, leaving a balance of ₹94.67 crore in the Fund as on 31 March 2014. As per the guidelines, the outstanding balance in SDRF is to be invested by the State Government on the recommendations of the State Executive Committee (SEC), constituted for the management of the Fund.

### **(d) State Urban Transport Fund:**

Government of Karnataka set up a 'State Urban Transport Fund' (SUTF) in 2010, under the category of 'Deposit Funds bearing Interest', to finance urban transport. The corpus of the Fund comprised ₹10.00 crore from State Finance Commission Grants. The balance in the Fund as on 31 March 2014 was ₹9.86 crore under Major Head of Account 8342-00-120-0-30. The State Government set up another 'State Urban Transport Fund' under the category 'Reserve Funds - not bearing interest' in 2012 under Major Head of Account 8229-00-200-0-33 with funding from three sources i.e., Budgetary Grant, Cess on Motor Vehicle Taxes (one *per cent*) and Cess on Property Tax. During the current financial year, the Fund was credited with ₹31.03 crore from Cess on Motor Vehicle Tax, ₹0.11 crore from Cess on Property Tax and ₹17.00 crore from General Revenue. An expenditure of ₹47.48 crore was met out of this Reserve Fund leaving a balance of ₹40.48 crore as on 31 March 2014, which was not invested by the Government.

### **(e) Other Funds:**

**(i) Consumer Welfare Fund:** Central assistance towards Consumer Welfare Fund along with State Government contributions thereon are required to be transferred to the Consumer Welfare Fund (under Head of Account '8229-Development and Welfare Fund-123 Consumer Welfare Fund'), which had a balance of ₹1.43 crore as on 1 April 2013. The State Government, however, created in 2013-14 a subhead ('29 Deposit of Consumer welfare Fund' under Head of Account '8342 Other Deposits- 120 Miscellaneous Deposits') and transferred ₹10 crore (₹2.63 crore received in 2012-13 and ₹ 4.87 crore received in 2013-14 plus State Government contribution of ₹2.50 crore) in 2013-14. Consequently, balances pertaining to the Fund appear under two separate Major Heads, with the balance appearing at subhead level not ascertainable from the Finance Accounts.

**NOTES TO ACCOUNTS - contd.**

**(ii) Karnataka Silk Worm Cocoon and Silk Yarn Development and Price Stabilisation Fund:** Market Fees and License Fees pertaining to this Fund are required to be transferred to the Fund. During 2013-14 however, Fees amounting to ₹35.90 crore were not transferred to the Fund as required, and ₹13.22 crore being the expenditure on Sericulture Development Programme, required to be met from the Fund also remained unadjusted.

**(iv) Suspense and Remittance Heads:**

The Finance Accounts reflect the net balances under different Suspense and Remittance Heads of Account. The outstanding balances under these Minor Heads under the Major Head of account '8658 - Suspense' are worked out by aggregating the outstanding debit and credit balances separately. The position of gross figures under some of the significant suspense items to the end of last three years is indicated below:

(₹ in crore)

| Name of Minor Head                                            | 2011-12          |         | 2012-13          |       | 2013-14          |       |
|---------------------------------------------------------------|------------------|---------|------------------|-------|------------------|-------|
|                                                               | Dr.              | Cr.     | Dr.              | Cr.   | Dr.              | Cr.   |
| 101 - Pay and Accounts Office Suspense                        | 71.14            | 2.45    | 68.91            | 1.41  | 89.58            | 0.58  |
| <b>Net</b>                                                    | <b>Dr.68.69</b>  |         | <b>Dr.67.50</b>  |       | <b>Dr.89.00</b>  |       |
| 102 – Suspense Account (Civil)                                | 24.51            | 6.71    | 23.76            | 8.93  | 22.95            | 9.47  |
| <b>Net</b>                                                    | <b>Dr.17.80</b>  |         | <b>Dr.14.83</b>  |       | <b>Dr.13.48</b>  |       |
| 110 - Reserve Bank of India Suspense– Central Accounts Office | 1,40.20          | 1,82.48 | 20.30            | 60.22 | 24.91            | 37.80 |
| <b>Net</b>                                                    | <b>Cr.42.28</b>  |         | <b>Cr.39.92</b>  |       | <b>Cr.12.89</b>  |       |
| Public Works remittances                                      |                  |         |                  |       |                  |       |
| Remittances into treasury                                     | 67.10            | 1.12    | 82.49            | 1.10  | 81.23            | 1.02  |
| <b>Net</b>                                                    | <b>Dr. 65.98</b> |         | <b>Dr. 81.39</b> |       | <b>Dr. 80.21</b> |       |
| Public Works Cheques                                          | 2.53             | 3.27    | 2.53             | 10.24 | 2.53             | 11.34 |
| <b>Net</b>                                                    | <b>Cr. 0.74</b>  |         | <b>Cr. 7.71</b>  |       | <b>Cr. 8.81</b>  |       |
| Forest Remittances                                            |                  |         |                  |       |                  |       |
| Remittances into treasury                                     | 12.76            | ...     | 11.59            | ...   | 11.61            | ...   |
| <b>Net</b>                                                    | <b>Dr. 12.76</b> |         | <b>Dr. 11.59</b> |       | <b>Dr. 11.61</b> |       |
| Forest Cheques                                                | 0.83             | ...     | 0.83             | ...   | 0.83             | ...   |
| <b>Net</b>                                                    | <b>Dr. 0.83</b>  |         | <b>Dr. 0.83</b>  |       | <b>Dr. 0.83</b>  |       |

## NOTES TO ACCOUNTS - contd.

### (v) Unencashed Cheques:

The Head of Account '8670-Cheques and Bills' is credited when payments are made by the treasury with contra debit to the functional Major Head of Account. Credits under Major Head '8670-Cheques and Bills' are offset when cheques are encashed. Opening balance of unencashed cheques at the beginning of the year was ₹68,19.56 crore (Credit). Against issue of cheques worth ₹7,93,69.25 crore during 2013-14, cheques worth ₹7,66,76.12 crore were encashed during 2013-14 leaving a balance of unencashed cheques amounting to ₹95,12.69 crore (Credit) as on 31 March 2014. Since the balance in Major Head 8670 is a progressive balance (being under Public Account), an outstanding credit balance indicates that the expenditure originally booked in various financial years under different functional major heads, has not actually resulted in any cash outflow from the Government of Karnataka till 31 March 2014.

### (vi) Write back of Zilla Panchayat (ZP) Fund-II balances:

Government of Karnataka had issued an order in 1987 & 1998 for operation of Funds for the transactions relating to Zilla Panchayat (ZP) and Taluk Panchayat (TP), which were being booked under Suspense heads earlier. Accordingly, ZP/TP Fund-I (all receipts and expenditure relating to Central Plan, Centrally Sponsored Schemes and Finance Commission Grants), ZP Fund -II (all receipts and payments in respect of State Plan Schemes) and ZP/TP Fund -III (all receipts and expenditure relating to own funds of Zilla Panchayat/ Taluk Panchayat). Balances under ZP/ TP Fund-I & III continues from year to year and the balances under ZP/TP Fund II as on 1 April each year shall be written back to Revenue Account by the treasuries.

The Zilla Panchayat Fund –II balances for receipts and expenditure in respect of all State Plan schemes have not been reconciled. The balances under this Fund as on 1 April of each year are to be written back by the treasuries to the Consolidated Fund of the State as reduction of expenditure under the Major Heads from where amount was initially transferred to ZP-II/ TP-II Fund, as per the Government of Karnataka order dated 8 September 2004. As on 31 March 2013, the cumulative unspent balance of Panchayat Raj Bodies Fund was ₹73,21.55 crore under Major Head 8448-Minor Head 109.

## NOTES TO ACCOUNTS - contd.

Government of Karnataka has given concurrence to write back an amount of ₹4,51.46 crore for the year 2008-09 and ₹4,55.14 crore for the year 2009-2010 under ZP Fund II in 2013-14. Write back of ₹9,06.60 crore during 2013-14 (₹4,55.14 crore under MH 2202- General Education and ₹4,51.46 crore under 2515-Other Rural Development Programme) from Public Account (Major Head 8448 Minor Head 109) has overstated the Revenue Surplus and understated the Fiscal Deficit to this extent. The liabilities of the Government have also reduced by the equivalent amount.

### **(vii) Discharging of Governments' obligations for payment of interest on balances under interest bearing obligations in the Public Account of the State:**

Outstanding balances at the beginning of the year, under J-(a) Reserve Fund bearing interest (₹14.13 crore which includes ₹3.24 crore towards Major Head 8121-Minor Head 122 SDRF) and under K-(a) Deposits bearing interest (₹2,98.89 crore including fund balance of ₹1.67 crore of NPS booked under Major Head 8342 - Minor Head 120 Miscellaneous Deposits) works out to ₹3,13.02 crore. The interest liabilities in respect Reserve Funds Bearing Interest and Deposits Bearing Interest under sectors J and K respectively of Public Account are annual liabilities that the State Government is required to discharge. No Budget provision has been made by the State Government despite balances in such Reserve Funds and Deposits in 2013-14 as detailed below.

(₹ in crore)

| Sector                    | Sub-sector                                           | Rate of interest applicable/ applied                                               | Balance at the beginning of the year 2013-14 | Interest Liability |
|---------------------------|------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------|--------------------|
| J - Reserve Funds         | (a) Reserve Funds bearing Interest (SDRF)            | 9.5 per cent<br>(interest rate applicable to Overdrafts)                           | 3.24                                         | 0.31               |
| J - Reserve Funds         | (a) Reserve Funds bearing Interest (remaining Funds) | 7.5 per cent<br>(average interest rate for Ways and Means Advances during 2013-14) | 10.89                                        | 0.82               |
| K - Deposits and Advances | (a) Deposits bearing Interest (NPS)                  | 8.7 per cent<br>(interest rate payable on balances of General Provident Fund)      | 1.67                                         | 0.14               |
| K - Deposits and Advances | (a) Deposits bearing Interest (remaining Funds)      | 7.5 per cent<br>(average interest rate for Ways and Means Advances during 2013-14) | 2,97.22                                      | 22.29              |
| <b>Total</b>              |                                                      |                                                                                    | <b>3,13.02</b>                               | <b>23.56</b>       |

## **NOTES TO ACCOUNTS - contd.**

Consequent on non-provision of interest payment in the Budget, adjustment of ₹23.56 crore (as based on the opening balances for 2013-14) has not been carried out in the accounts for 2013-14, leading to overstatement of Revenue surplus and understatement of Fiscal Deficit to this extent.

### **3 Other disclosures:**

#### **(i) Non-exhibition of salary and non-salary components under Maintenance expenditure:**

As per the recommendations of the Twelfth Finance Commission, a statement on maintenance expenditure is to be provided in the Finance Accounts, segregating salary/wage and non-salary components. Appendix XI Maintenance Expenditure does not show salary and non-salary component separately as no distinct object heads to capture those expenditure have been provided in the Budget of the State Government.

#### **(ii) Compliance with the Karnataka Fiscal Responsibility Act (KFRA), 2002:**

The Karnataka Fiscal Responsibility Act, 2002, was amended in 2011 to incorporate the recommendations of the Thirteenth Finance Commission to fix a new set of ceilings relating to Fiscal Deficit and Outstanding Debt as a percentage of Gross State Domestic Product (GSDP). In terms of the amended Act, the Government of Karnataka has made additional disclosures which are reflected as separate statements annexed to the Medium Term Fiscal Plan 2014-18.

Government of Karnataka has enacted the Karnataka Fiscal Responsibility (Amendment) Act, 2014 on 28 February 2014 to enlarge the scope of "Total Liabilities" to include borrowings by the Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments where the principal and / or interest are to be serviced out of the budget of the Government of Karnataka. This information has not been provided by the Government of Karnataka for the year 2013-14.



## NOTES TO ACCOUNTS - contd.

Details of targets fixed by the Government of Karnataka, and achievements as per the accounts are given below:

| Sl. No. | Targets for 2013-14                                                                                                                                                                         | Achievements during 2013-14 as per accounts                                                                                                                                                                                      |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Revenue Surplus: Revenue Surplus to be maintained                                                                                                                                           | Revenue Surplus during the year 2013-14 stood at ₹3,52.96 crore.                                                                                                                                                                 |
| 2.      | Fiscal Deficit: Not more than three <i>per cent</i> of Gross State Domestic Product during 2013-14 subject to the Fiscal Deficit limits fixed by the Government of India from time to time. | Fiscal Deficit of Government of Karnataka was ₹1,70,92.11 crore and constituted 2.84 <i>per cent</i> of GSDP.                                                                                                                    |
| 3.      | Outstanding Liabilities: Not to exceed 25.4 <i>per cent</i> of GSDP for the year 2013-14.                                                                                                   | Outstanding Liability (₹13,53,18.32 crore) as on 31 March 2014 was 22.49 <i>per cent</i> of GSDP.                                                                                                                                |
| 4.      | Annual incremental risk weighted Guarantees: 80 <i>per cent</i> of the Total Revenue Receipts (TRR) of the second preceding year.                                                           | Outstanding Guarantees stood at ₹77,82.72 crore (Principal ₹76,70.51 crore and Interest ₹1,12.21 crore) at the end of 2013-14 constituting 11.15 <i>per cent</i> of the revenue receipts of the second preceding year (2011-12). |

Note: (1) GSDP figure (₹60,16,33 crore) Source: Ministry of Finance, Government of India and Medium Term Fiscal Plan 2014-2018 of Government of Karnataka.

(2) Total Revenue Receipts (TRR) for the year 2011-12 was ₹6,98,06.27 crore.

## NOTES TO ACCOUNTS - conclud.

### (iii) Impact of incorrect/ inadequate booking on Revenue Surplus/Fiscal Deficit

Impact of incorrect/inadequate budgeting and short/ excess booking under Revenue heads of accounts (details given in preceding paragraphs), on Revenue Surplus and Fiscal Deficit of the State Government is given below:

| Paragraph no.   | Item                                                                 | Impact on Revenue surplus and Fiscal deficit<br>(₹ in crore) |                               |
|-----------------|----------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------|
|                 |                                                                      | Revenue Surplus Overstatement                                | Fiscal Deficit Understatement |
| 2 III (iii) (a) | Non-contribution to Consolidated Sinking Fund                        | 5,83.83                                                      | 5,83.83                       |
| 2 III (iii) (b) | Non-contribution to Guarantee Redemption Fund                        | 32.82                                                        | 32.82                         |
| 2 III (vi)      | Write back of (ZP) Fund balances                                     | 9,06.60                                                      | 9,06.60                       |
| 2 III (vii)     | Interest adjustment on Reserve Funds and Deposits , bearing interest | 23.56                                                        | 23.56                         |
| <b>Total</b>    |                                                                      | <b>15,46.81</b>                                              | <b>15,46.81</b>               |

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APPENDIX - I

Appendix I
A Statement of Periodical/ Other Adjustments
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
1	Adjustment of Grants-in-Aid from Central Road Fund	3054-80-797-0-02-261 [Transfer of Grants from Central Road Fund]	8449-00-103-0-00-000 [Subvention from Central Road Fund]	1,83.28	Adjustment relating to Central Road Fund – Transfer of receipts to Fund
		5054-80-902-0-01-261 [Capital Outlay on Roads and Bridges – amount met from Central Road Fund]	8449-00-103-0-00-000 [Subvention from Central Road Fund]	1,83.28	Expenditure under 5054 to the extent of Grant-in-Aid from CRF transferred to 8449
2	Adjustment of Govt. dues against the amount of Rural Energy Subsidy etc. dues to Karnataka Power Corporation / Karnataka Power Transmission Corporation Ltd.	2801-80-101-1-04-106 [Subsidy due to Karnataka Power Transmission Corporation Limited]	6801-00-190-1-01-394 [Karnataka Power Transmission Corporation Limited]	13.70	Tariff Subsidy payable to Electricity Supply Companies for the year 2013-14 to Karnataka Power Transmission Corporation Limited. Was adjusted against loan repayment from KPCL/ KPTCL, Royalty payable by KPCL and Electricity Tax by Electricity Supply Companies
			6801-00-190-1-02-394 [Prime Minister Gramodaya Yojane - Rural Electrification]	1.10	
			6801-00-190-2-01-394 [Energisation of Irrigation works]	1.41	
			6801-00-205-1-02 (Loans for Other Schemes Distribution & Automation)	0.56	
			0801-01-201-0-01-394 [Royalty etc. recovered from KPCL]	36.13	
			0043-00-101-0-01-000 [Taxes on Consumption and sale of electricity- Tax Collections]	8,39.16	
			0049-04-190-0-09-000 0049-04-190-0-01 [Interest on loans to Karnataka Power Transmission Corporation Limited]	15.74 0.64	
			0075-00-108-0-01-000 [Guarantee Fees]	2.13	

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
3	Urban Transport	2217-80-797 [Transfer of Cess collected on Motor Vehicle Tax to Reserve Fund and Deposit Account]	8229-00-200-0-33 [State Urban Transport Fund]	48.14	Transfer of cess amount collected on Motor Vehicle Tax and contribution from General Revenues to SUTF and expenditure met there from
		4217-60-902-0-03 [Amount met from State Urban Transport Fund]		47.48	
4	Police Force lent to Forest Department.	2055-00-109-1-01-261 [Police Establishment in existing Districts - Inter account transfers]	2406-01-001-2-01-261 [Forest and Wild Life – Executive and General Establishment]	0.23	Expenditure initially incurred under Major Head of Account '2055 - Police Department' transferred to Major Head of Account '2406 - Forest Department'
5	Karnataka Forest Development Fund	2406-01-797-0-01-261 [Transfer of Forest Development Tax to Karnataka Forest Development Fund]	8229-00-200-0-04-000 [Karnataka Forest Development Fund]	7,75.45	Transfer of Forest Development Tax collected to Major Head of Account '8229 - Karnataka Forest Development Fund'
		2406-01-902-0-00-261 [Amount met from Karnataka Forest Development Fund]	8229-00-200-0-04-000 [Karnataka Forest Development Fund]	2,47.69	Expenditure initially incurred under Major Head 2406 has been transferred to Major Head '8229 – Karnataka Forest Development Fund'

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
6	Forest Department - Protected Area Management Fund	2406-02-797-0-01-261 [Transfer of Receipts from Sanctuaries to Protected Area Management Fund]	8229-00-200-0-29-000 [Protected Area Management Fund]	4.70	Transfer of Receipts from Sanctuaries to Protected Area Management Fund
		2406-02-902-0-00-261 [Amount met from Protected Area Management]	8229-00-200-0-29-000 [Protected Area Management Fund]	3.75	Expenditure initially incurred under Major Head 2406 has been transferred to Major Head '8229 - Protected Area Management Fund'
7	Forestry and Wild Life	2406-01-797-0-04-261 [Receipts to Afforestation Fund]	8229-00-200-0-34-000	10.32	Transfer of Afforestation receipts to Afforestation Fund
		2406-01-902-0-03-261 [Amount met from Afforestation Fund]	8229-00-200-0-34-000	3.28	Expenditure met from Afforestation Fund for compensating environmental losses
8	Other General Services - Infrastructure Initiative Fund (IIF)	3475-00-797-0-01-261 [Transfer of cess to Infrastructure Initiative Fund]	8229-00-200-0-19-000 [Infrastructure Initiative Fund]	4,22.15	Transfer of Infrastructure cess to Fund Head and the expenditure met there-from
		5465-01-902-0-00 [Deduct-Amount met from Infrastructure Initiative Fund]	8229-00-200-0-19-000 Development and Welfare funds Infrastructure Initiative Fund	4,22.15	

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
9	Bangalore Metro Rail Corporation Ltd., Fund (BMRCL)	3475-00-797-0-01-261 [Transfer of cess to Infrastructure Initiative Fund]	8229-00-200-0-21-000 [Bangalore Metro Rail Corporation Ltd. Fund]	2,07.37	Adjustment of Infrastructure cess to BMRCL Fund Head and the expenditure met there-from
		6217-60-902-0-01-261 [Amount met from BMRCL Fund]	8229-00-200-0-21 BMRCL Fund	2,07.37	
10	Chief Minister's Rural Road Development Fund (CMRRD)	3475-00-797-0-01-261 [Transfer of cess to Infrastructure Initiative Fund]	8229-00-200-0-31-000 [Chief Minister's Rural Road Development Fund]	1,11.09	Adjustment of Infrastructure cess to CMRRD Fund Head and the expenditure met there-from
		3054-80-902-0-00 [Expenditure met from CM RRD Fund]	8229-00-200-0-31 CM's RRD Fund	1,11.09	
11	State Disaster Response Fund	2245-05-101-0-03-261 [Relief on account of Natural Calamities – Central share to State Disaster Response Fund]	8121-00-122-1-00- [State Disaster Response Fund of Karnataka]	1,39.75	Central share of SDRF (₹1,39.75 crore) and State share of SDRF (₹46.58 crore) and NDRF (₹2,45.68 crore) has been transferred to '8121- State Disaster Response Fund of Karnataka' by debiting '2245- State Disaster Response Fund'
		2245-05-101-0-04-261 [State Share to State Disaster Response Fund]	8121-00-122-1-00- [State Disaster Response Fund]	46.58	
		2245-05-101-0-05-261 [National Disaster Response Fund]	8121-00-122-1-00- [State Disaster Response Fund]	2,45.68	
		2245-05-901-0-04-261 [Amount met from National Disaster Response Fund – Inter Account Transfers]	8121-00-122-2-00 [State Disaster Response Fund of Karnataka]	1,54.25	
		2245-05-901-0-03 [Amount met from State Disaster Response Fund – Inter Account Transfers]	8121-00-122-1-00 [State Disaster Response Fund of Karnataka]	1,86.33	

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
12	Adjustment of Travel concession against MVT dues	2011-02-800-0-03-041 [Travel concession to Ex -Members of Legislative Assembly]	0041-00-102 -0-05-000 [Taxes on Vehicles and Service Tax]	0.22	Value of free bus passes provided to Ex- MLAs adjusted against Motor Vehicles Tax due to Govt. by State Transport Corporations
13	Adjustment of Interest on Fund Balance -Karnataka Govt. Insurance Department	2049 -03-108-3-00-240 [Interest Payments] Group Insurance Savings Scheme	8011-00-105-1- [Insurance and Pension Funds – Karnataka State Life Insurance Fund]	4.22 1,38.31	Adjustment of amount of interest on Group Insurance and Savings Schemes
14	Adjustment of interest on K.S.L.I (O.B)	2049-03-108-1-01 [State Govt. Insurance Fund]	8011-00-105-1-01-000 [Subscriptions to Karnataka State Life Insurance Fund (Official Branch)]	5,32.22	Adjustment of amount of interest accumulated on K.S.L.I (O.B, Motor Insurance, H.S.L.I and F.B.F)
	Motor Insurance	2049-03-108-1-02 [Motor Insurance Fund]	8011-00-105-2-00 [Motor Insurance Fund]	16.13	
	H.S.L.I	2049-03-108-1-03 [Hyderabad State Life Insurance Fund]	8011-00-105-3-00 [Andhra Pradesh Life Insurance Fund]	0.56	
	F.B.F	2049-03-108-2-00 [Govt. Employees Family Benefit Fund]	8011-00-102-0-02 [Karnataka Govt. Employees Family Benefit Fund]	9.53	

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
15	Expenditure met from Karnataka Government Insurance Fund	2235-60-902-0-00-261 [Social Security and Welfare – amount met from Karnataka State Government Insurance Fund]	8011-00-105-1-01 [Karnataka State Life Insurance Fund]	24.19	The recurring cost of the management of the Fund is initially debited under 2235 and eventually transferred to 8011
16	Industries – Departmentally managed Govt. Commercial Undertakings - Capital invested	2852-08-202-1-01-243 [Consumer Industries Textiles - Govt. Silk Filature - Kollegal]	0049-04-103-0-02-000 [Govt. Silk Filature - Kollegal]	0.10	Adjustment of Interest on Capital invested in Govt. Commercial Undertakings by Government
2852-08-202-2-01-243 [Govt. Silk Filature - Santemarahalli]		0049-04-103-0-04-000 [Govt. Silk Filature - Santemarahalli]	0.09		
2852-08-202-3-01-243 [Govt. Silk Filature - Chamarajanagar.]		0049-04-103-0-03-000 [Govt. Silk Filature - Chamarajanagar]	0.16		
2852-08-202-4-01-243 [Govt. Silk Filature - Mamballi]		0049-04-103-0-05-000 [Govt. Silk Filature - Mamballi]	0.15		
2852-08-202-5-01-243 [Govt. Silk Twisting and Weaving Factory - Mudigundam]		0049-04-103-0-06-000 [Govt. Silk Twisting and Weaving Factory - Mudigundam]	0.06		
2852-08-202-6-01-243 [Govt. Mini Silk Filature unit - Tolahunse]		0049-04-103-0-07-000 [Govt. Mini Silk Filature unit -Tolahunse]	0.04		

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
17	Industries – Departmentally managed Govt. Commercial Undertakings – Depreciation Reserve Fund	2049-05-101-1-01-240	0852-08-202-1-02-000	0.01	Interest on Depreciation Reserve Fund
		[Interest on Reserve Funds. Govt. Silk Filature, Kollegal]	[Textiles – Government Silk Filature, Kollegal]		
		2049-05-101-1-03-240	0852-08-202-3-02-000	0.02	
		[Govt. Silk Filature - Chamarajanagar]	[Govt. Silk Filature - Chamarajnagar]		
		2049-05-101-1-04-240	0852-08-202-2-02-000	0.02	
		[Govt. Silk Filature - Santemarahalli]	[Govt. Silk Filature - Santemarahalli]		
		2049-05-101-1-05-240	0852-08-202-4-02-000	0.03	
		[Govt. Silk Filature - Mamballi]	[Govt. Silk Filature - Mamballi]		
		2049-05-101-1-06-240	0852-08-202-5-02-000	0.01	
		[Govt. Silk Twisting and Weaving Factory - Mudigundam]	[Govt. Silk Twisting and Weaving Factory - Mudigundam]		
18	Industries - Consumer Industries – Textiles	2852-08-202-2-01-271	8115-00-103-0-15-000	0.01	Amount transferred to Depreciation/ Renewal Reserve Funds
		[Govt. Silk Filature Santhemarahalli]	[Govt. Silk Filature Santhemarahalli]		
19	Adjustment of interest on G.P.F	2049-03-104-1	8009-01-101-0-01	7,78.17	Adjustment of interest on G.P.F (State) and A.I.S. P.F
		[Adjustment of interest on G.P.F (State)]	[General Provident Fund Karnataka]		
		2049-03-104-3 [Interest on A.I.S.P.F]	8009-01-104-0-01	5.45	
			[All India Services Pro vident Fund Karnataka]		

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
a - Periodical Adjustments - conclud.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
20	Contribution to Provident Fund - Commercial concerns Staff Employed in Irrigation Works	2700 Major Irrigation 2701 Medium Irrigation 4700 Capital Outlay on Major Irrigation	0071-01-101-0-02-000 [Contribution towards Provident Fund] 0071-01-101-0-04-000 [Staff employed in Irrigation Works - Pensionary Charges]	0.82 0.13 0.09	Pension contribution in respect of Govt. officials deputed to commercial concerns and projects
21	Ports & Light Houses Transfer of expenditure to Fund Account	3051-02-797-0-01- [Transfer of Receipts under Ports and Light Houses to Port Development Fund]	8229-00-112-0-00-000 [Port Development Fund]	7.77	Transfer of Receipts under Ports and Light Houses initially accounted under 1051/1052 to Port Development Fund
		3051-02-902-0-00-261 [Amount met from Port Development Fund] 5051-80-902-0-00-261	8229-00-112-0-00-000 [Port Development Fund]	2.23 12.38	Transfer of expenditure initially accounted under 3051/5051 to Port Development Fund

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - contd.
(Note 1 (ii) of Notes to Accounts)
b - Other Adjustments

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
1	Guarantee Commission	3054-80-800-0-10-059 [KRDCL – Other Expenses]	0075-00-108-0-01 [Miscellaneous General Services –Guarantee Fees]	1.93	Guarantee Commission payable by Karnataka Road Development Corporation Limited. to Govt.
		2217-04-191-2-01-103 [Urban Development – Grant-in-Aid – General]	0075-00-108-0-01 [Miscellaneous General Services –Guarantee Fees]	1.72	Guarantee Commission due to Govt. on the loans borrowed by Karnataka Slum Development Board from HUDCO
2	Taxes on Sales, Trade, etc.,	2040-00-101-0-03 -051 [Taxes on Sales, Trade etc., Collection Charges - Waiver of Tax & Interest dues – General Expenses]	0040-00-110-1-01 [Taxes on Sales, Trade etc., Other Receipts]	0.14	Adjustment of Waiver of VAT and interest dues of
			0040-00-110-1-04 [Taxes on Sales, Trade etc., Other Receipts]	0.07	Ammonium Nitrate dealers
3	Road Transport Corporation	3055-00-190 [Road Transport – Assistance to Public Sector and Other Undertakings]	0041-00-102 [Taxes on Vehicles – Receipts under State Motor Vehicles Taxation Act]	2,52.84	Adjustment of concessional value of bus passes issued to Freedom Fighters & their widows, Students, Physically Handicapped, Blind etc., as subsidy to state owned transport companies against Motor Vehicle Tax dues.

Appendix I - contd.
A Statement of Periodical/ Other Adjustments - conclud.
(Note 1 (ii) of Notes to Accounts)
b – Other Adjustments - conclud.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account affected		Amount	Remarks
4	Sugar Factories	6860-04-190-1-16-394 [Conversion of purchase Tax into Interest free loan]	0040-00-102-0-01 [Taxes on sales, Trade etc.,-Receipts under State Sales Tax]	21.87	Conversion of Purchase Tax on sugar cane into interest free loan
5	Grant in aid to HAL	2040-00-101-0-04-0-103 [Grant for waiver of Tax dues]	0040-00-101-0-03 [Receipts under Central Sales Tax Act]	10,08.53	Waiver of Tax and penalty dues payable by HAL
6	Loans to Government servants	7610-00-202-0-01 [MCA to Govt. servants]	6211-00-800-0-80 [Interest free loans to para medical staff for purchase of two wheelers]	1.32	This book adjustment is due to shifting of credits under 7610 to 6211
7	Commerce and Industries	4860-05-190-0-01 [Mysore Paper Mills Ltd. Bhadravathi – Forestry Projects Investment]	6860-05-190-1-00 [Loans for Consumer Industries - Loans to Mysore Paper Mills Limited]	20.00	Conversion of working capital into loan
8	Capital Outlay on Power Projects	4801-01-902-0-01 [Expenditure met out of Infrastructure Initiative Fund]	8229-00-200-0-19 [Development and Welfare Fund - Other Development and Welfare Funds - IIF]	5,00.00	Amount initially booked under investment under Power Utility stands transferred to IIF

Appendix I - contd.
B Statement of Major Head-wise Receipts booked under
Minor Head 800 - Other Receipts
(Note 2 (I)(i) of Notes to Accounts)

(Amount ₹ in crore)

<i>Sl. No.</i>	<i>Major Head</i>	<i>Amount of Receipt/ Expenditure under Minor Head 800</i>	<i>Amount of Total Receipt/ Expenditure under Major Head</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)
1	1452 ^(a)	0.93	0.44	215.17
2	0217	1.39	1.39	100.00
3	1054	1,20.14	1,20.14	100.00
4	1456	0.40	0.40	100.00
5	6211	1.33	1.33	100.00
6	6702	0.01	0.01	100.00
7	6705	0.02	0.02	100.00
8	6885	0.14	0.14	100.00
9	7075	0.98	0.98	100.00
10	0506	0.19	0.19	100.00
11	0551	0.01	0.01	100.00
12	6216	2.72	2.75	98.97
13	0515	5.21	5.30	98.28
14	0235	53.01	54.75	96.82
15	0220	1.15	1.20	96.26
16	0211	0.10	0.11	93.67
17	6405	0.75	0.85	87.87
18	0401	46.76	53.41	87.54
19	0059	15.00	20.43	73.42
20	0403	8.57	11.86	72.26
21	0701	25.54	36.64	69.72
22	0056	1.65	2.54	64.72
23	0425	28.84	50.45	57.15
24	1475	45.27	84.72	53.44
25	4000	47.00	87.94	53.44

(a) The percentage is more than 100 due to 'Deduct Refunds' (-) ₹0.58 crore.

Appendix I - contd.
C Statement of Major Head-wise Expenditure booked under
Minor Head 800 - Other Expenditure:
(Note 2(I) (i) of Notes to Accounts)

(Amount ₹ in crore)

<i>Sl. No.</i>	<i>Major Head</i>	<i>Amount of Receipt/ Expenditure under Minor Head 800</i>	<i>Amount of Total Receipt/ Expenditure under Major Head</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)
1	6217 ^(a)	4,00.00	1,92.63	207.65
2	4217 ^(b)	2,09.33	1,61.85	129.34
3	4575	6,13.44	6,13.44	100.00
4	4705	76.23	76.23	100.00
5	5051	20.21	20.21	100.00
6	5452	1,94.22	1,94.22	100.00
7	6225	8.76	8.76	100.00
8	6235	1.50	1.50	100.00
9	6852	19.11	19.11	100.00
10	7465	1.00	1.00	100.00
11	4401	66.35	72.25	91.82
12	4225	5,91.60	8,96.45	65.99
13	4515	30.43	58.32	52.17

(a) The percentage is more than 100 due to “Deduct - Amount met from BMRCL Fund” - ₹ (-) 2,07.37 crore

(b) The percentage is more than 100 due to “Deduct - Amount met from State Urban Transport Fund” - ₹ (-) 47.48 crore

Appendix I - conclud.
D Adverse Balances appearing in the Finance Accounts:
(Note 2(I)(x) of Notes to Accounts)

Head of Account	Description	Amount (₹ in crore)
6003-108	Internal Debt of the State Government – Loans from National Co- operative Development Corporation	1,23.07 (Debit)
6004-03 & 6004-04	Loans and Advances from Central Government under Central Plan Scheme and Centrally Sponsored Scheme	23.66 (Debit)
6401-7475 & 7615	Loans and Advances	1.92 (Credit) (*)
7610	Loans to Government Servants	12.85 (Credit) (*)

(*) Adverse Balance is due to misclassification which is under reconciliation with the Department/ Treasuries

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