



GOVERNMENT OF KARNATAKA

ACCOUNTS AT A GLANCE

2007-2008

ACCOUNTANT GENERAL

(ACCOUNTS & ENTITLEMENT)

KARNATAKA, BANGALORE.

Preface

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

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

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



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Accountant General (A&E)
Karnataka

Place: Bangalore
Date: 20 Feb 2009

CHAPTER I

OVERVIEW

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

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

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

There are two main divisions under the Consolidated Fund.

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

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

In the Contingency Fund, the transactions connected with Contingency Fund established under Article 267(2) of the Constitution of India are recorded.

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

Annual Accounts of the Government of Karnataka for the year 2007-08 have recently been presented to the State Legislature. Audit Reports of the Comptroller and Auditor General of India for the year 2007-08 are presented separately.

Finance Accounts

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

The transactions of receipts and disbursement of the Government of Karnataka for the year 2007-08 started with an opening cash balance of Rs.2,31.88 crore.

The total Receipts* during the year 2007-08 amounted to Rs.17,12,48.01 crore and were mainly under: Consolidated Fund Rs.4,38,05.67 crore comprising Rs.4,11,51.14 crore on Revenue Accounts (Rs.3,27,65.99 crore Tax Revenue, Rs.33,57.66 crore Non-Tax revenue and Rs.50,27.49 crore Grants-in-aid and Contributions); Capital Receipts Rs.26,54.53 crore (Rs.23,56.68 crore under 'Public Debt', Rs.52.07 crore recovery of 'Loans and Advances', and 'Miscellaneous Capital Receipts' Rs.2,45.78 crore). Receipts under Contingency Fund Account was Rs.13.28 crore and Public Account Rs.12,74,29.06 crore.

The total Disbursements* during the year were Rs.17,13,89.99 crore which were mainly under: Consolidated Fund Rs.4,81,09.22 crore comprising Rs.3,73,74.77 crore on Revenue Account and Rs.1,07,34.45 crore on capital account (Rs.86,48.94 crore on 'Capital Outlay', Rs.13,28.77 crore under 'Public Debt' and Rs.7,56.74 crore under 'Loans and Advances') and 'Public Account' Rs.12,32,80.77 crore.

The transactions of the Government of Karnataka ended with a closing cash balance of Rs.89.91 crore as on 31st March 2008.

Appropriation Accounts

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

Appropriation Acts, 2007 and 2008 had projected a gross expenditure of Rs.5,74,39.15 crore, including the Supplementary Grants totaling Rs.52,66.04 crore, voted by State Legislature and Parliament during the year. An amount of Rs.17,07.50 crore was projected as recoveries in reduction of expenditure.

* Graphic representation of receipts and disbursements with components of revenue receipts and revenue expenditure are shown at pages 6 and 8 respectively.

Appropriation Accounts 2007-08 show disbursements of Rs.4,84,87.00 crore [comprising of Revenue Expenditure- Rs.3,75,95.68 crore and Capital Expenditure- Rs.1,08,91.32 crore] against the aggregate budget provision of Rs.5,74,39.15 crore, resulting in saving of Rs.89,52.15 crore. Of this, Rs.18,96.69 crore was under the Grant/ Appropriation controlled by Finance Department, Rs.13,88.88 crore under Housing and Urban Development Department, Rs.12,17.31 crore under Water Resources Department, Rs.5,61.96 crore under Public Works Department, Rs.9,80.85 crore under Rural Development and Panchayat Raj Department, Rs.4,15.11 crore under Agriculture and Horticulture Department, Rs.3,10.87 crore under Health and Family Welfare Department, Rs.3,82.11 crore under Education Department, Rs.1,46.10 crore under Women and Child Development Department, Rs.98.20 crore under Home and Transport Department, Rs.61.03 crore under Infrastructure Development Department, Rs.1,52.38 crore under Animal Husbandry and Fisheries Department, Rs.61.93 crore under Department of Personnel and Administrative Reforms Department, Rs.1,23.61 crore under Social Welfare Department, Rs.71.05 crore under Energy Department, Rs.63.36 crore under Forest Department, Rs.14.94 crore under Law Department, Rs.45.05 crore under Co-operation Department, Rs.83.39 crore under Information, Tourism and Youth Services Department, Rs.7.04 crore under Food and Civil Supplies Department, Rs.2,35.01 crore under Revenue Department, Rs.5 crore under Information Technology, Rs.3,45.57 crore under Commerce and Industries Department, Rs.40.17 crore under Labour Department, Rs.46.91 crore under Kannada and Culture Department, Rs.1,78.76 crore under Planning, Statistics, Science and Technology Department and Rs.18.88 crore under Parliamentary Affairs and Legislation Department.

Recoveries in reduction of expenditure amounted to Rs.3,77.78 crore, reflecting a decrease of Rs.13,29.72 crore vis-à-vis budget estimates.

CHAPTER II

HIGHLIGHTS OF ACCOUNTS

Sl. No.	Particulars	B.E 2007-08	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to SGDP *
		(Rupees in crore)			
01.	Tax Revenue	3,29,91.17	3,27,65.99	99.32	15.22
02.	Non-Tax Revenue	18,57.10	33,57.66	180.80	1.56
03.	Grants-in-aid & Contributions	59,13.82	50,27.49	85.01	2.34
04.	Revenue Receipts (1+2+3)	4,07,62.09	4,11,51.14	100.95	19.11
05.	Recovery of Loans & Advances	49.07	52.07	106.11	0.02
06.	Other Receipts - Miscellaneous Capital Receipts	7,00.00	2,45.78	35.11	0.11
07.	Borrowings and Other Liabilities	63,04.98 (#)	53,31.47 (\$)	84.56	2.48
08.	Capital Receipts (5+6+7)	70,54.05	56,29.32	79.80	2.61
09.	Total Receipts (4+8)	4,78,16.14	4,67,80.46	97.83	21.73
10.	Non-Plan Expenditure (NPE) (11+13)	3,05,59.97	3,05,17.41	99.86	14.18
11.	NPE on Revenue Account	2,91,53.86	2,90,61.95	99.68	13.50
12.	NPE on Interest Payments out of 11	48,18.00	45,05.78	93.52	2.09
13.	NPE on Capital Account	14,06.11	14,55.46	103.51	0.68
14.	Plan Expenditure (PE) (15+16)	1,72,56.17	1,62,63.05	94.24	7.55
15.	PE on Revenue Account	99,81.57	83,12.82	83.28	3.86
16.	PE on Capital Account	72,74.60	79,50.23	109.29	3.69
17.	Total Expenditure {(10+14) = (18+19)}	4,78,16.14	4,67,80.46	97.83	21.73
18.	Revenue Expenditure (11+15)	3,91,35.43	3,73,74.77	95.50	17.36
19.	Capital Expenditure (13+16)	86,80.71 (a)	94,05.69 (b)	108.35	4.37
20.	Revenue Surplus (4-18)	16,26.66	37,76.37	232.15	1.75
21.	Fiscal Deficit {(17) - (4+5+6) = 7}	63,04.98	53,31.47	84.56	2.48

(*) SGDP for 2007-08: Rs. 21,52,82 crore (Source: Overview of Budget 2008-09).

(#) Comprises net contribution from (i) 'E Public Debt' (Rs.18,91.24 crore); (ii) 'Public Account' (Rs.43,90.68 crore) and (iii) 'Cash Balance' (Rs.23.06 crore).

(\$)

Comprises net contribution from (i) 'E Public Debt' (Rs.10,27.91 crore); (ii) 'Contingency Fund' (Rs.13.28 crore); (iii) 'Public Account' (Rs.41,48.30 crore) and (iv) 'Cash Balance' (Rs.1,41.98 crore).

(a) Comprises provision on 'Capital Outlay' (Rs.82,07.23 crore) and 'F Loans and Advances' (Rs.4,73.48 crore).

(b) Comprises expenditure incurred on 'Capital Outlay' (Rs.86,48.95 crore) and 'F Loans and Advances' (Rs.7,56.74 crore).

RECEIPTS AND DISBURSEMENTS

The following table summarises the Accounts for 2007-08.

(Rupees in crore)			
Total Receipts	4,67,80.46	Total Disbursements	4,67,80.46
Revenue Receipts	4,11,51.14 (87.97)	Revenue Disbursements	3,73,74.77 (79.89)
Capital Receipts @	56,29.32 (12.03)	Capital Disbursements &	94,05.69 (20.11)

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

- @ Capital Receipts comprise of Miscellaneous Capital Receipts (Rs.2,45.78 crore), net receipts under 'E Public Debt' (Rs.10,27.91 crore), receipts under 'F Loans and Advances' (Rs.52.07 crore), net 'Contingency Fund' (Rs.13.28 crore), net 'Public Account' (Rs.41,48.30 crore) and 'Cash Balance' (Rs.1,41.98 crore).
- & Capital Disbursements comprise expenditure on Capital Outlay (Rs.86,48.95 crore) and loans and advances given by the State Government ('F Loans and Advances' Rs.7,56.74 crore).

RECEIPTS**Revenue Receipts**

Total Tax Revenue of Rs.3,27,65.99 crore and Non-Tax Revenue of Rs.33,57.66 crore formed 15.22 percent and 1.56 percent respectively of the SGDP.

Major contributors to revenue were:

Head of Account	Rupees in crore	
Taxes on Sales, Trade etc.	1,38,93.99	(6.45)
State Excise	47,66.57	(2.21)
Stamps and Registration Fees	34,08.83	(1.58)
Corporation Tax	21,51.52	(1.00)
Taxes on Vehicles	16,50.13	(0.77)
Taxes on Income Other than Corporation Tax	14,44.07	(0.67)
Customs	12,81.39	(0.60)
Union Excise Duties	12,23.25	(0.57)
Taxes on Goods and Passengers	8,37.33	(0.39)

(Amount of revenue as a percent of SGDP is indicated in parentheses. SGDP for 2007-08: Rs. 21,52,82 crore)

Net tax receipts during the year was less than the budget estimates by Rs.2,25.18 crore, mainly on account of less collection of revenue under Taxes on Sales, Trade etc (Rs.9,74.53 crore), Stamps and Registration Fees (Rs.9,91.17 crore), Union Excise Duties (Rs.24.99 crore) and Taxes on Goods and Passengers (Rs.4,32.27 crore). This was partly offset by more receipts compared to the budget estimates mainly under State Excise (Rs.14,66.57 crore), Corporation Tax (Rs.2,01.43 crore), Taxes on Vehicles (Rs.90.13 crore), Taxes on Income other than Corporation Tax (Rs.2,25.39 crore), Customs (Rs.70.90 crore), Taxes and duties on Electricity (Rs.109.30 Crore) and Land Revenue (Rs.59.09 Crore).

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

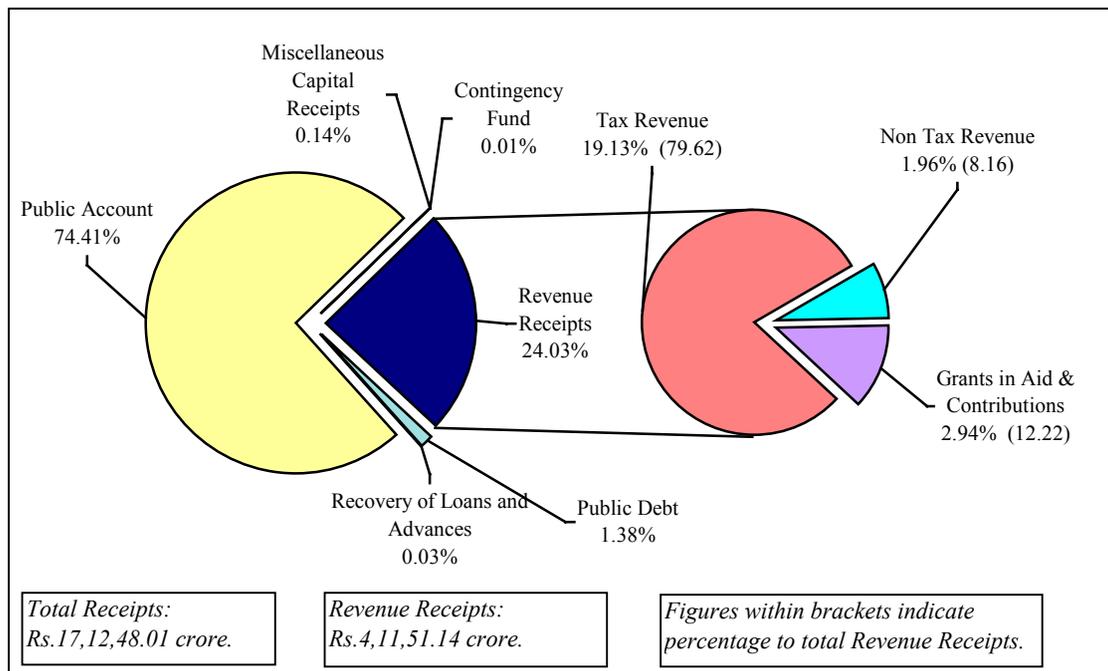
Components	Actuals (Rupees in crore)	Percentage to total Revenue Receipts
A. Tax Revenue*	3,27,65.99	79.62
Taxes on Income and Expenditure	40,49.89	9.84
Taxes on Property and Capital Transactions	35,56.53	8.64
Taxes on Commodities and Services	2,51,59.57	61.14
B. Non-Tax Revenue	33,57.66	8.16
Fiscal Services	...	...
Interest Receipts, Dividends and Profits	3,98.64	0.97
General Services	6,79.10	1.65
Social Services	1,81.39	0.44
Economic Services	20,98.53	5.10
C. Grants-in-aid and Contributions	50,27.49	12.22
TOTAL-REVENUE RECEIPTS	4,11,51.14	100.00

(* Includes Rs.67,79.23 crore being the State's share of allocable taxes received from Union Government).

Capital Receipts

Capital Receipts during the year was less than the budget estimates by Rs.14,24.73 crore, Rs.9,73.51 crore less under Borrowings and Other Liabilities and Rs.4,54.22 crore under Other Receipts and Rs.3 crore more in respect of recovery of Loans and Advances.

RECEIPTS



DISBURSEMENTS**Revenue Disbursements**

Revenue Disbursement of Rs.3,73,74.77 crore (net) was 17.36 percent of SGDP. It was less than budget estimates by Rs.17,60.66 crore - less disbursement under Plan (Rs.16,68.75 crore) and under Non-Plan (Rs.91.91 crore).

Capital Disbursements

Capital Disbursements of Rs.94,05.69 crore were 4.37 percent of the SGDP. It was more than budget estimates by Rs.7,24.98 crore, Rs.6,75.63 crore more under Plan and Rs.49.35 crore more under Non-plan.

Plan Disbursements

Plan disbursements during 2007-08 were Rs.1,62,63.05 crore consisting of Rs.83,12.82 crore under Revenue and Rs.79,50.23 crore under Capital. During the year 2007-08, Plan Disbursements were Rs.1,47,78.50 crore under State Plans and Rs.14,84.54 crore under Central Plan Schemes. State's share and Centre's share of Centrally Sponsored Plan Schemes are included under State Plan and Central Plan schemes respectively.

Non-Plan Disbursements

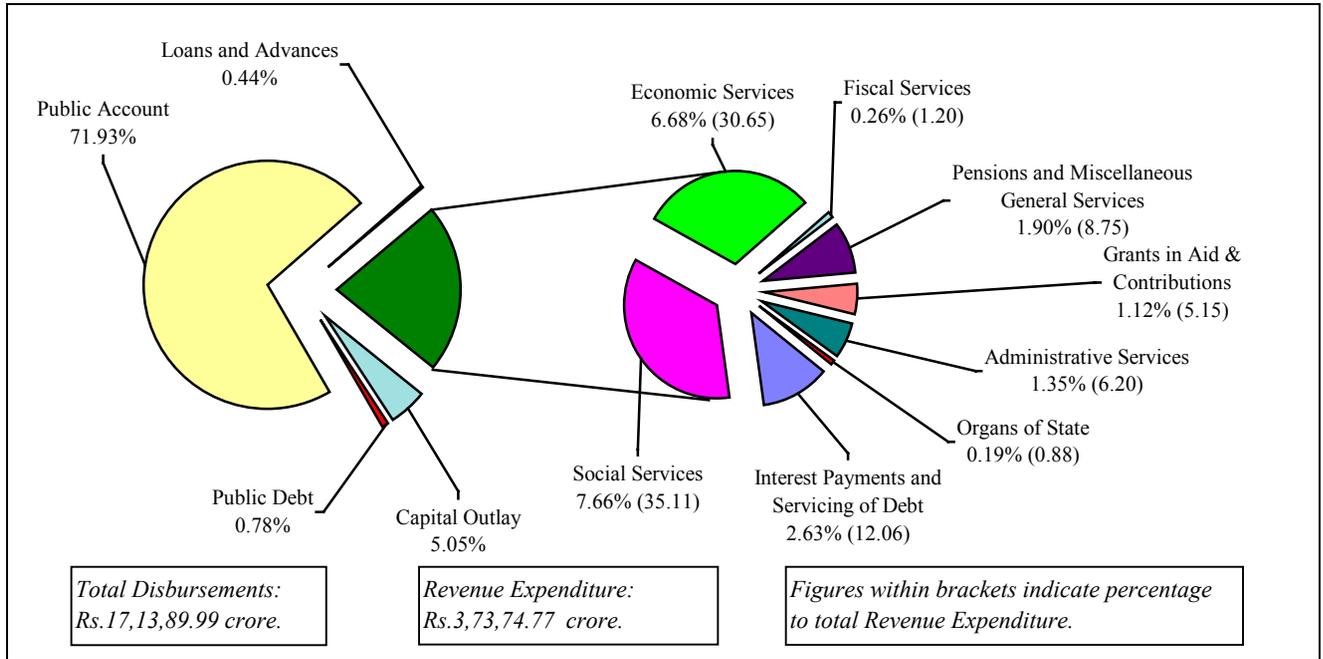
Non-plan disbursements during 2007-08 were Rs.3,05,17.41 crore, consisting of Rs.2,90,61.95 crore under Revenue and Rs.14,55.46 crore under Capital.

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

**DISTRIBUTION OF REVENUE EXPENDITURE AND ITS PERCENTAGE
TO TOTAL REVENUE EXPENDITURE**

Components	Amount (Rupees in crore)	Percentage to Total Revenue Expenditure
A. Fiscal Services	4,49.09	1.20
Collection of Taxes on Income and Expenditure	3.28	0.01
Collection of Taxes on Property and Capital transactions	1,80.67	0.48
Collection of Taxes on Commodities and Services	2,34.94	0.63
Other Fiscal Services	30.20	0.08
B. Organs of State	3,29.27	0.88
C. Interest Payments and Servicing of debt	45,05.78	12.06
D. Administrative Services	23,15.67	6.20
E. Pensions and Miscellaneous General Services	32,71.98	8.75
F. Social Services	1,31,23.67	35.11
G. Economic Services	1,14,53.31	30.65
H. Grants-in-aid and Contributions	19,26.00	5.15
TOTAL EXPENDITURE (REVENUE ACCOUNT)	3,73,74.77	100.00

DISBURSEMENTS



TREND OF REVENUE EXPENDITURE

Trend of revenue expenditure in some important sectors between 2003-04 and 2007-08 is brought out below:

STATEMENT OF EXPENDITURE IN SELECTED SECTORS

Sector	2003-04		2004-05		2005-06		2006-07		2007-08	
	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.	Actual Expenditure	Percent to B.E./ R.E.
<i>(Rupees in crore)</i>										
A. Social Services										
Education, Sports, Art and Culture	37,66.02	94.44 98.29	43,57.91	99.30 96.81	48,37.40	100.02 98.69	57,03.21	103.76 96.52	68,11.21	98.00 100.99
Health & Family Welfare	9,58.93	89.93 93.67	10,35.61	97.29 97.16	11,38.50	93.79 97.91	12,06.66	89.56 84.77	14,77.94	89.48 91.91
B. Economic Services										
Agriculture and Allied Activities	13,48.92	99.78 87.49	20,64.91	111.48 96.96	28,66.65	114.37 112.25	31,40.84	110.80 110.01	45,18.05	121.02 96.80
Rural Development	4,55.07	75.32 64.59	6,96.86	101.23 95.16	7,76.00	87.13 87.22	9,06.80	93.03 92.43	9,59.40	84.03 90.01
Irrigation & Flood Control	1,79.06	92.40 99.24	2,13.91	98.55 99.20	2,15.82	107.00 106.07	2,94.42	133.75 105.69	2,78.53	105.52 89.00
Energy	17,33.05	80.38 91.70	18,96.71 [^]	118.30 119.05 [^]	18,36.93	102.79 101.88	24,02.01	98.08 97.62	23,07.76	105.96 116.42
Transport	3,11.43	59.75 69.78	6,17.60	136.91 107.58	7,56.10	125.33 88.04	15,63.98	144.57 102.08	13,25.53	91.16 89.17
General Economic Services	3,61.78	97.26 100.06	6,49.68	201.41 201.24	9,50.91	216.64 201.07	14,01.49	352.27 327.53	10,37.90	119.43 118.56

Note: Figures in italics indicate percentage to Revised Estimates.

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

DEBTS AND LIABILITIES

Outstanding Public Debt at the end of 2007-08 was Rs.4,28,73.41 crore, comprising internal debt of Rs.3,33,16.33 crore and loans and advances from Central Government of Rs.95,57.08 crore. Other liabilities* accounted under Public Account was Rs.1,72,69.06 crore.

The State also acts as a banker and trustee in respect of deposits like small savings collections, provident funds and deposits. There was an overall increase of Rs.14,32.38 crore in respect of such liabilities* of State Government during 2007-08 over 2006-07.

Interest payments on debt and other liabilities/obligations totalling Rs.45,05.78 crore constituted 12.06 percent of revenue expenditure of Rs.3,73,74.77 crore. Interest payments on public debt were Rs.38,46.74 crore (Internal debt Rs.31,00.61 crore and Loans and advances from Central Government Rs.7,46.13 crore) and Rs.6,59.03 crore on Other Liabilities*. Expenditure on account of interest payments increased by Rs.2,69.38 crore during 2007-08 over 2006-07.

Internal debt of Rs.15,50.68 crore was raised during the year 2007-08. During the year the discharge of internal debt was Rs.8,80.21 crore and interest paid on internal debt was Rs.31,00.61 crore.

INVESTMENTS AND RETURNS

Total investments in Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks and Societies etc., stood at Rs.2,22,79.35 crore at the end of 2007-08. Dividend/ interest received during the year was Rs.23.42 crore (i.e.,0.11 per cent on investment). During 2007-08, investments increased by Rs.35,80.98 crore. The dividend/ interest income increased by Rs.3.88 crore over 2006-07.

LOANS AND ADVANCES BY THE STATE GOVERNMENT

Total loans and advances made by the State Government at the end of 2007-08 were Rs.69,45.50 crore. Recovery[#] of principal amount aggregating Rs.7,76.57 crore and interest on loan amounting to Rs.14,65.34 crore was in arrears at the end of March 2008.

Total loans and advances to Government Corporations / Companies, non-Government Institutes, Local Bodies etc., at the end of 2007-08 were Rs.54,78.08 crore^{\$}.

Financial assistance to local bodies and others

Assistance to Local Bodies etc., during 2007-08 was Rs.1,67,25.42 crore. It increased from Rs.77,80.38 crore in 2003-04 to Rs.1,67,25.42 crore in 2007-08, which denoted a 114.97 percent increase in the last five years. Zilla Panchayat institutions consumed the major portion (55.65 percent) of the total grant during the five years from 2003-04 to 2007-08.

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

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

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

APPROPRIATION ACCOUNTS

The Appropriation Accounts of the Government of Karnataka for the year 2007-08 present the accounts of sums expended in the year ended 31st March 2008, compared with the sums specified in the Schedules appended to the Appropriation Acts passed by the State Legislature/Parliament under Articles 204 and 205 of the Constitution of India.

The Appropriation Accounts show that in the year 2007-08, there was actual expenditure of Rs.4,84,87.00 crore, comprising Rs.3,75,95.68 crore Revenue Expenditure, Rs.88,05.81 crore Capital Expenditure, Rs.13,28.77 crore repayment of Debt and Rs.7,56.74 crore Loans and Advances by the State Government. There were savings/excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

(Rupees in crore)

Sl No	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings (-) Excess (+)	Reappropriation #
1	Revenue Voted	3,48,70.40	27,40.54	3,76,10.94	3,30,13.93	(-) 45,97.01	(-) 19,11.46
	Charged	48,91.40	5.56	48,96.96	45,81.75	(-) 3,15.21	(-) 1.21
2	Capital Voted	91,15.48	22,17.77	1,13,33.25	88,05.81	(-) 25,27.44	(-) 6,24.44
	Charged	...	...	...	...	...	(-) 0.13
3	Public Debt Charged	26,49.47	...	26,49.47	13,28.77	(-) 13,20.70	(-) 1,45.11
4	Loans and Advances Voted	6,46.36	3,02.17	9,48.53	7,56.74	(-) 1,91.79	(-) 18.40
	Total Voted	4,46,32.24	52,60.48	4,98,92.72	4,25,76.48	(-) 73,16.24	(-) 25,54.30
	Charged	75,40.87	5.56	75,46.43	59,10.52	(-) 16,35.91	(-) 1,46.32

Net of re-appropriation and surrender.

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

Year	Grant No. and Name	Total allocation (Rupees in crore)	Percentage of Savings to total grant
REVENUE - VOTED			
2003-04	01 Agriculture & Horticulture	7,50.39	20.49
2004-05		8,96.15	12.19
2005-06		10,63.96	38.54
2006-07		12,59.30	30.88
2007-08		16,48.54	24.79
2003-04	03 Finance	44,55.72	20.00
2004-05		55,17.31	24.30
2005-06		56,20.61	26.55
2006-07		63,71.00	36.06
2007-08		42,07.57	5.43
2003-04	04 Department of Personnel and Administrative Reforms	1,59.84	19.16
2004-05		1,97.45	17.05
2005-06		1,57.85	14.74
2006-07		2,36.68	29.28
2007-08		2,89.65	21.38

Year	Grant No. and Name	Total allocation (Rupees in crore)	Percentage of Savings to total grant
REVENUE - VOTED			
2003-04	07 Rural Development and Panchayat Raj	9,91.13	46.64
2004-05		12,12.96	9.20
2005-06		11,12.59	14.17
2006-07		13,48.81	5.02
2007-08		16,85.39	22.83
2003-04	08 Forest, Ecology and Environment	3,51.66	28.70
2004-05		3,16.83	23.55
2005-06		3,10.62	15.33
2006-07		4,01.30	15.92
2007-08		4,52.45	14.98
2003-04	09 Co-operation	2,95.81	57.71
2004-05		2,96.21	18.16
2005-06		10,47.74	1.61
2006-07		9,72.33	2.38
2007-08		19,90.44	1.61
2003-04	10 Social Welfare	5,58.36	27.00
2004-05		6,01.85	11.12
2005-06		7,33.48	7.90
2006-07		9,90.97	6.59
2007-08		13,35.91	7.65
2003-04	19 Urban Development	14,08.47	20.13
2004-05		10,73.76	11.61
2005-06		16,03.69	16.13
2006-07		35,07.35	31.14
2007-08		41,92.00	28.51
2003-04	22 Health and Family Welfare	10,57.38	12.94
2004-05		10,98.17	9.70
2005-06		12,95.36	15.52
2006-07		13,87.20	16.44
2007-08		16,63.58	14.65
2003-04	25 Kannada and Culture	44.33	11.59
2004-05		34.05	24.09
2005-06		46.53	12.42
2006-07		1,18.42	14.01
2007-08		1,53.68	25.32

Year	Grant No. and Name	Total allocation (Rupees in crore)	Percentage of Savings to total grant
CAPITAL - VOTED			
2003-04	03 Finance	30.19	85.00
2004-05		15.82	57.32
2005-06		96.07	97.61
2006-07		27.09	93.05
2007-08		31.22	97.89
2003-04	07 Rural Development and Panchayat Raj	2,43.26	51.26
2004-05		3,10.83	27.84
2005-06		7,86.88	13.03
2006-07		11,31.88	34.30
2007-08		17,12.15	34.82
2003-04	09 Co-operation	10.90	79.54
2004-05		16.25	17.96
2005-06		18.14	11.97
2006-07		34.50	47.80
2007-08		31.77	40.82
2003-04	10 Social Welfare	1,04.93	15.80
2004-05		87.34	36.70
2005-06		1,29.10	48.59
2006-07		1,85.03	11.15
2007-08		2,22.61	9.60
2003-04	18 Commerce and Industries	1,69.63	30.27
2004-05		2,14.80	23.77
2005-06		1,66.45	31.14
2006-07		1,50.00	43.86
2007-08		2,88.06	16.87
2003-04	19 Urban Development	3,22.81	21.49
2004-05		3,77.94	26.47
2005-06		3,61.42	32.62
2006-07		4,51.89	16.10
2007-08		7,26.38	21.38
2003-04	22 Health and Family Welfare	45.25	18.49
2004-05		43.61	80.40
2005-06		88.01	85.61
2006-07		2,29.83	36.19
2007-08		4,25.28	15.78

RECONCILIATION OF ACCOUNTS

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

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

As the prescribed procedure for reconciliation was not followed by the Chief Controlling Officers during 2007-08 also, State Government issued orders vide FD 313 BRS 2008 dated 04.04.2008 for carrying out reconciliation as a one time measure to rectify major misclassification excluding the misclassification under salary head of account and misclassification of less than Rs.1 lakh in a single bill. However, out of 283 Chief Controlling Officers (expenditure 212, receipts 71), 212 Officers (expenditure 161, receipts 51) had fully reconciled, 19 Chief Controlling Officers (expenditure 15 receipts 4) had partially reconciled and 52 Chief Controlling Officers (expenditure 36, receipts 16) did not reconcile.

Some of the Officers who did not reconcile the figures were Secretaries to Government of Karnataka - Finance Department, Housing and Urban Development Department, Law Department, Energy Department, Social Welfare Department, PPI Planning, Water Resources Development Department, Chief Engineers ICZ Munirabad, KNNL IPZ Gulbarga, Belgaum (N), MI Evaluation, Directors PPMV Rural Development and Panchayat Raj, Agricultural Marketing, Minorities etc.,

SUBMISSION OF ACCOUNTS BY TREASURIES

There are 30 District treasuries in the State. During the year 2007-08, Treasury accounts received and accounted were 360. Delay noticed in rendering of monthly accounts by the treasuries, upto 15 days on 228 occasions, over 15 days and less than one month on 30 occasions and over one month and less than two months on 8 occasions is detailed below. Delay in rendering of accounts by the treasuries leads to delay in submission of monthly accounts by the Accountant General to the State Government.

Accounts for the month of	Total number of accounts received from the treasuries	Number of monthly accounts received late	Delay upto 15 days	Delay over 15 days and less than 1 month	Delay more than 1 month and less than 2 months
April 2007	30	20	18	2	...
May 2007	30	21	19	1	1
June 2007	30	22	19	3	...
July 2007	30	22	20	2	...
August 2007	30	24	23	1	...
September 2007	30	18	17	1	...
October 2007	30	27	23	4	...
November 2007	30	25	23	1	1
December 2007	30	20	17	3	...
January 2008	30	22	15	7	...
February 2008	30	27	21	2	4
March 2008	30	18	13	3	2
Total	360	266	228	30	8

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

Name of the treasury	Number of monthly accounts		Delay over 15 days and less than 1 month	Delay more than 1 month and less than 2 months
	Total	received late		
1. State Huzur Treasury	12	1	1	...
2. Pension Payment Treasury	12	2	1	1
3. Bangalore Urban	12	11	9	2
4. Bangalore Rural	12	9	9	...
5. Tumkur	12	2	2	...
6. Mysore	12	5	5	...
7. Mandya	12	1	1	...
8. Coorg	12	3	2	1
9. South Kanara	12	1	1	...
10. Gulbarga	12	1	...	1
11. Hubli	12	1	1	...
12. Udupi	12	2	...	...
13. Bagalkot	12	1	...	1

CHAPTER III

TRENDS IN GOVERNMENT REVENUE AND EXPENDITURE

Trends in Government Revenue Receipts and Revenue Expenditure from 2003-04 to 2007-08 are given below:

Revenue Receipts

(Rupees in crore)

Year	Tax Revenue	Non-Tax Revenue	Grants-in-aid and Contributions	Total Revenue Receipts	* SGDP	Percentage of Total Revenue Receipts to SGDP
2003-04	1,58,14.94	29,58.37	19,86.57	2,07,59.88	12,91,81	16.07
2004-05	1,99,50.76 ^	44,72.34 ^	21,46.56	2,65,69.66 ^	14,98,54	17.73
2005-06	2,28,44.97	38,74.71	36,32.37	3,03,52.05	16,79,75	18.07
2006-07	2,86,75.36	40,98.41	48,13.17	3,75,86.94	18,82,74	19.96
2007-08	3,27,65.99	33,57.66	50,27.49	4,11,51.14	21,52,82	19.11

Revenue Expenditure

(Rupees in crore)

Year	Revenue Expenditure (Actuals)	Total Expenditure #	SGDP *	Percentage increase over previous year			Percentage of Government's Total Expenditure to SGDP
				Revenue Expenditure	Total Expenditure	SGDP	
2003-04	2,12,84.71	3,46,48.37	12,91,81	13.13	23.01	9.55	26.82
2004-05	2,49,31.85 ^	3,57,09.15 ^	14,98,54	17.13	3.06	16.00	23.83
2005-06	2,80,40.89	3,49,73.28	16,79,75	12.47	(-) 2.06	12.09	20.82
2006-07	3,34,35.43	4,40,84.60	18,82,74	19.24	26.05	12.08	23.42
2007-08	3,73,74.77	4,81,09.22	21,52,82	11.78	9.13	14.35	22.35

(*) SGDP for 2007-08: Rs. 21,52,82 crore (Source: Overview of Budget 2008-09).

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

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

The overall increase in Government's total expenditure during 2007-08, when compared to that of 2003-04 stood at Rs.1,34,60.85 crore.

The following table indicates the Trend of Revenue Expenditure in major areas:

Areas of expenditure	2003-04	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
						Percentage increase (+)/ decrease (-) in 2007-08 over previous year	
Interest Payments and Servicing of Debt	37,10.00	37,94.05	37,64.82	42,36.40	45,05.78	(+)	6.36
Pensions and Miscellaneous General Services	33,15.75	38,94.66	38,94.76	36,10.56	32,71.98	(-)	9.38
Administrative Services	14,07.01	15,47.91	17,32.40	19,29.31	23,15.67	(+)	20.03
Agriculture and Allied Activities	13,48.92	20,64.91	28,66.65	31,40.84	45,18.05	(+)	43.85
Rural Development	4,55.07	6,96.86	7,76.00	9,06.80	9,59.40	(+)	5.80
Energy	17,33.05	18,96.71 ^	18,36.93	24,02.01	23,07.76	(-)	3.92
Science, Technology and Environment	12.31	8.86	15.78	16.33	27.47	(+)	68.22

GOVERNMENT ACCOUNT

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

Year	Revenue Heads			Capital Heads			Other Heads (#)	Deficit for the year	Cumulative deficit (-) surplus (+) at the end of the year
	Receipts	Disbursements	Deficit (-) Surplus (+)	Receipts	Disbursements	Deficit (-) Surplus (+)	Deficit (-) Surplus (+)		
2003-04	2,07,59.88	2,12,84.71	(-) 5,24.83	...	30,29.39	(-) 30,29.39	(+) 92.03	34,62.19	(-) 3,71,64.52
2004-05 ^	2,65,69.66	2,49,31.85	16,37.81	...	46,73.68	(-) 46,73.68	(+) 74.18	29,61.69	(-) 4,01,26.21
2005-06	3,03,52.05	2,80,40.89	23,11.16	...	58,21.93	(-) 58,21.93	(+) 73.97	34,36.80	(-) 4,35,63.01
2006-07	3,75,86.94	3,34,35.43	41,51.51	...	85,42.57	(-) 85,42.57	(+) 47.08	43,43.98	(-) 4,79,06.99
2007-08	4,11,51.14	3,73,74.77	37,76.37	2,45.78	86,48.94	(-) 84,03.16	(+) 1,00.07	45,26.72	(-) 5,24,33.71

(#) Miscellaneous Government Account.

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

LIABILITIES

Liabilities of the State Government increased by Rs.1,81,75.79 crore from Rs.4,19,66.68 crore in 2003-04 to Rs.6,01,42.47crore during 2007-08. Public debt comprising of Internal Debt of the State Government & Loans and Advances from the Central Government has increased by Rs.1,21,57.20 crore from Rs.3,07,16.21crore in 2003-04 to Rs.4,28,73.41 crore at the end of the current year. Article 293(1) of the Constitution of India empowers the State Government to borrow, on the security of the Consolidated Fund of the State, within such limits, if any, as may be fixed by the State Legislature from time to time.

Details of the Public Debt and Total Liabilities of the State Government are as under:

(Rupees in crore)

Year	Internal Debt	Loans & Advances from Central Government	Total Public Debt	Small Savings #	Provident Funds	Other Obligations *	Total Liabilities @	SGDP	Percent of total liability to SGDP
2003-04	1,98,33.31	1,08,82.90	3,07,16.21	29,09.96	29,74.34	53,66.17	4,19,66.68	12,91,81	32.49
2004-05	2,61,65.18	90,31.06	3,51,96.24	31,91.24	32,78.44	52,74.05	4,69,39.97	14,98,54	31.32
2005-06	3,07,66.71	92,82.22	4,00,48.93	35,00.28	36,25.27	50,61.58	5,22,36.06	16,79,75	31.10
2006-07	3,26,45.86	91,99.64	4,18,45.50	38,10.15	39,74.78	80,51.75	5,76,82.18	18,82,74	30.64
2007-08	3,33,16.33	95,57.08	4,28,73.41	41,53.66	43,79.65	87,35.75	6,01,42.47	21,52,82	27.94

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

(*) Includes Reserve Funds and Deposits.

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

STATE PROVIDENT FUND

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

(Rupees in crore)

Year	Opening Balance	Receipts (&)	Payments	Net accretion for the year	Closing Balance	Interest on balance of P.F
2003-04	26,97.10	7,43.64	4,66.40	2,77.24	29,74.34	2,17.62
2004-05	29,74.34	8,10.36	5,06.26	3,04.10	32,78.44	2,39.29
2005-06	32,78.44	8,53.62	5,06.79	3,46.83	36,25.27	2,62.75
2006-07	36,25.27	9,16.41	5,66.90	3,49.51	39,74.78	2,91.16
2007-08	39,74.78	10,32.05	6,27.19	4,04.86	43,79.64	3,14.87

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

GUARANTEES

The position of Guarantees furnished by the State Government, for the re-payment of Loans and Capital and Interest thereon raised by the State owned Statutory Corporations and Companies, Local Bodies & Corporations, and other Cooperative Societies etc., are given below.

(Rupees in crore)

At the end of the year	Amount Guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
2003-04	2,12,24.69	1,39,13.93	2,65.29
2004-05	1,99,09.51	1,12,93.11	2,80.89
2005-06	2,01,07.33	88,75.89	1,08.04
2006-07	1,97,92.93	97,28.54	1,50.94
2007-08	2,31,08.87	1,03,90.27	3,96.13

WAYS AND MEANS ADVANCES

In order to maintain and sustain the Cash Liquidity position, the State Government avails of the Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon overdraft whenever there is shortfall in the agreed minimum cash balance in the Account held with the Reserve Bank of India. The State Government is required to maintain the minimum cash balance of Rs.2.63 crore with Reserve Bank of India. The frequency of availment of such Ways and Means Advances and the amount involved reflects the adverse position of the cash balance of the State Government. Following table shows the number of days Ways and Means Advances and Overdraft was obtained during last 5 years.

	2003-04	2004-05	2005-06	2006-07	2007-08
i) Number of days on which minimum balance was maintained					
a. Without obtaining any advance	170	304	365	365	362
b. By obtaining Ways and Means Advances	163	61	-	-	4
ii) Number of days on which overdraft was taken	33	-	-	-	-

GENERAL CASH BALANCES

The closing cash balance as per the records of Reserve Bank of India was Rs.21.11 crore (Credit) against the general cash balance of Rs.89.91 crore (Debit) reflected in the accounts of the State Government. The difference was Rs.68.80 crore (Credit). This difference is due to remittances in transit and under reconciliation.

Investments held in the Cash Balance Investment Account* as on 31st March 2008 are Rs.34,80.49 crore.

Other cash balances and investments comprising cash with departmental officers (Rs.4.31 crore), permanent advances with departmental officers (Rs.1.60 crore) and investments of earmarked funds (Rs.3,43.15 crore) as on 31st March 2008 stood at Rs.3,49.06 crore.

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

The Cash Balance with Reserve Bank of India decreased from Rs.2,31.88 crore at the beginning of the year 2007-08 to Rs 89.91 crore at its end, the details of sources and application of funds being as follows:

SOURCES			APPLICATION		
Sl. No.	Items	Amount (Rs. in crore)	Sl. No.	Items	Amount (Rs. in crore)
1.	Opening Cash balance	+ 2,31.88	1.	Revenue expenditure Non plan 2,90,61.95 Plan 83,12.82	3,73,74.77
2.	State's share of Union Taxes	67,79.23	2.	Capital expenditure Non plan 14,50.14 Plan 71,98.80	86,48.94
3.	State's own revenue collection	2,93,44.42	3.	Loans and advances repaid- To Central Government 4,48.56 To others 8,80.21	13,28.77
4.	Central grants/assistance - other than loans	50,27.49			
5.	Miscellaneous Capital Receipts	2,45.78	4.	Loans and advances given	7,56.74
6.	Receipts from public debt, small savings, deposits and advances (other than central loans)	22,36.64			
7.	Receipts from Central loans	8,06.00			
8.	Recoveries from Borrowers	52.07			
9.	Net contribution from Contingency Fund	13.28			
10.	Net effect of adjustment of suspense and remittance balances and increase / decrease of reserve funds	34,62.34	5.	Closing Cash balance	+89.91

CONTINGENCY FUND

Contingency Fund of the State is set-up to meet expenditure on un-foreseen contingencies. The following details indicate the extent of use of this Fund during the last five years.

	2003-04	2004-05	2005-06	2006-07	2007-08
Number of withdrawals from Contingency Fund	19	20	20	22	20
Total withdrawals from Contingency Fund (Rupees in crore)	59.89	1,57.37	54.56	73.39	37.85
Withdrawals from the Contingency Fund as a percentage to Total Budget provision	0.16	0.43	0.13	0.14	0.07

