



GOVERNMENT OF KARNATAKA

**FINANCE ACCOUNTS
VOLUME - 1**

2009-2010



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2009-2010

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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 31st March, 2010 presents the accounts of the receipts and disbursements 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 as worked out from the balances recorded in the accounts. 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) (b), 9, 14, 15(b) and 15(c)], 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 compilation, keeping of the accounts, preparation and submission of Annual Accounts to the State Legislature. My responsibility for the compilation, preparation and finalization of accounts is discharged through the office of the Accountant General (Accounts & Entitlement). The audit of these accounts is independently conducted through the office of the Principal Accountant General (Civil & Commercial 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 receipts and disbursements for the purpose of the Government of Karnataka for the year 2009-10.

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 31st March 2010.



(VINOD RAI)

Comptroller and Auditor General of India

Date: 30.NOV 2010

Place: New Delhi

**GUIDE TO FINANCE
ACCOUNTS**

GUIDE TO FINANCE ACCOUNTS

A. Broad overview of the Structure of Government Accounts:

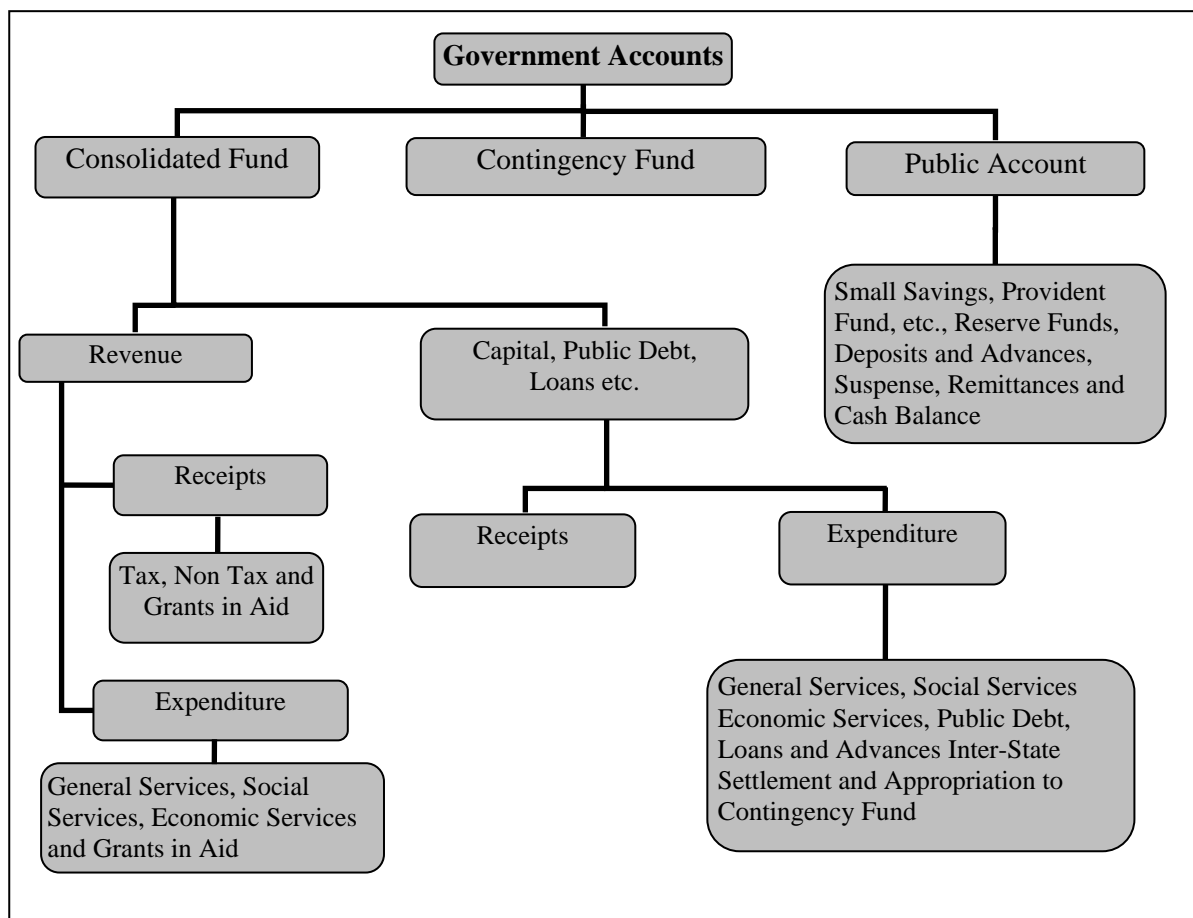
1. The Accounts of the Government are kept in three parts:

Part I: The Consolidated Fund: All Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances form the Consolidated Fund of the State.

Part II: The Contingency Fund: Legislature may by law establish a Contingency Fund which is in the nature of an imprest. The Fund 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 in the Consolidated Fund of the State.

Part III: The Public Account: All other public moneys received by or on behalf of the Government are credited to the Public Account. The expenditure out of this account is not subject to the vote of the Legislature. In respect of the receipts into this account, the Government acts as a banker or trustee. Transactions relating to Debt (other than public debt in Part I), Deposits, Advances, Reserve Funds, Remittances and Suspense form the Public Account.

A.1.1 Pictorial representation of Structure of Government Accounts



GUIDE TO FINANCE ACCOUNTS – contd.

2. Divisions, Sections, Sectors etc.:

The two main divisions of the Accounts in the Consolidated Fund are, as depicted in A.1.1 on previous page, 'Revenue and 'Capital, Public Debt, Loans etc.' which are divided into sections 'Receipts' and 'Expenditure'. Within each of the Divisions and Sections of the Consolidated Fund the transactions on the expenditure side are grouped into Sectors such as, "General Services", "Social Services", "Economic Services", under which specific functions or services shall be grouped. The Sectors are sub-divided into subsectors/major heads of account. Major heads correspond to functions and are further divided into sub major heads (sub functions) and minor heads (programmes) which are depicted in volume 2 of the Finance Accounts. The classification below minor heads of account i.e. subheads (schemes) and detailed and object heads (objects of expenditure) are not depicted in the Finance Accounts (minor exceptions exist), though some details are included in the appendices.

B. What do the statements contain:

The Finance Accounts have been divided into two volumes. Volume 1 presents the financial statements of the Government in the form of commonly understood summarised form while the details are presented in volume 2.

Volume 1 contains the Certificate of the Comptroller and Auditor General of India, four summary statements as given below and Notes to Accounts including accounting policy.

1. Statement of financial position: Cumulative figures of assets and liabilities of the Government, as they stand at the end of the year, are depicted in the statement. The assets are largely financial assets with the figures for progressive capital expenditure denoting physical assets of the Government. Assets, as per the accounting policy, are depicted at historical cost.
2. Statement of receipts and disbursement: This is a summarised statement showing all receipts and disbursements of the Government during the year in all the three parts in which Government account is kept, namely, the Consolidated Fund, Contingency Fund and Public Account. Further within the Consolidated Fund, receipts and expenditure on revenue and capital account are depicted distinctly.

The fiscal parameters of the Government, i.e. the primary, revenue and fiscal deficit are calculated on the operations of the Consolidated Fund of the State. Hence the following two statements give the operations of the Consolidated Fund in a summarised form.

3. Statement of receipts (Consolidated Fund): This statement comprises revenue and capital receipts and receipts from borrowings of the Government consisting of loans from the Government of India, other institutions, market loans raised by the Government and recoveries on account of loans and advances made by the Government.
4. Statement of expenditure (Consolidated Fund): This statement not only gives expenditure by function (activity) but also summarises expenditure by nature of activity (objects of expenditure).

In addition the volume comprises an appendix, Appendix 1 giving details of cash balances and investments of cash balances.

GUIDE TO FINANCE ACCOUNTS – contd.

Volume 2 comprises three parts.

Part-I of Volume 2: This part contains **6 statements** as given below:

5. Statement of progressive capital expenditure: This statement details progressive capital expenditure by functions, the aggregate of which is depicted in statement 1.
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. Both these together form the public debt of the State Government. In addition, this summary statement depicts 'other liabilities' which are the balances under various sectors in the public account. In respect of the latter, the Government acts as a trustee or custodian of the funds, hence these constitute liabilities of the Government. The statement also contains a note on service of debt, i.e. a note on the quantum of net interest charges met from revenue receipts.
7. Statement of Loans given by the Government: The loans and advances given by the State Government are depicted in statement 1, and recoveries, disbursements feature in statement 2, 3 and 4. Here, loans and advances are summarised sector and loanee group wise. This is followed by a note on the recoveries in arrears in respect of loans, the details of which are maintained by the Accountant General's office and by the State departments.
8. Statement of Grants in aid given by the State Government, organized by grantee institutions group wise.
9. Statement of Guarantees given by the Government: Guarantees given by the State Government for repayment of loans, etc. raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions during the year and sums guaranteed outstanding as at the end of the year are presented in this statement.
10. Statement of Voted and Charged Expenditure: This statement presents details of voted and charged expenditure of the Government.

Part-II of Volume 2: This part contains **9 statements** presenting details of transactions **by minor heads** corresponding to statements in volume 1 and part 1 of volume 2.

11. Detailed Statement of Revenue and Capital Receipts by minor heads: This statement presents the revenue and capital receipts of the Government in detail.
12. Detailed Statement of Revenue Expenditure by minor heads: This statement presents the details of revenue expenditure of the Government in detail. Non Plan and Plan figures are depicted separately and a comparison with the figures for the previous year is available.
13. Detailed Statement of Capital Expenditure by minor heads: This statement presents the details of capital expenditure of the Government in detail. Non Plan and Plan figures are depicted separately and a comparison with the figures for the previous year is available. Cumulative capital expenditure upto the end of the year is also depicted.
14. Detailed Statement of Investments of the Government: The position of Government Investment in the share capital and debentures of different concerns is depicted in this statement for the current and previous year. Details include type of shares held, face value, dividend received etc.

GUIDE TO FINANCE ACCOUNTS – contd.

15. Detailed Statement of Borrowings and other Liabilities: Details of borrowings (market loans raised by the Government and Loans etc from Government of India) by minor heads, the maturity and repayment profile of all loans is provided in this statement. This is the detailed statement corresponding to statement 6 in part 1 volume 2.
16. Detailed Statement on Loans and Advances given by the Government: The details of loans and advances given by the Government, the changes in loan balances, loans written off, interest received on loans etc. is presented in this statement. It also presents plan loans separately. This is the detailed statement corresponding to statement 7 in part 1 volume 2.
17. Detailed Statement on Sources and Application of funds for expenditure other than revenue account: The capital and other expenditure (other than on revenue account) and the sources of fund for the expenditure is depicted in this statement.
18. Detailed Statement on Contingency Fund and other Public Account transactions: The statement shows changes in contingency fund during the year, the appropriations to the fund, expenditure, amount recouped etc. It also depicts the transactions in public account in detail.
19. Statement showing details of earmarked balances: This statement shows the details of investment out of reserve funds in public account.

Part-III of Volume 2: This part contains **appendices** on salaries, subsidies, grants-in-aid scheme wise and institution wise, details of 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 depicted in the Finance accounts. For a detail list please refer to the index in volume 1 or 2. The Statements read with the appendices give a complete picture of the state of finances prevailing in the State Government.

Ready Reckoner

For a quick reference to what the statements contain, please refer to the table below. The summary and detailed statement in respect of the important parameters is depicted below. The reference to statements / appendices depicted below is not exhaustive.

Parameter	Summary Statements (Volume 1)	Detailed Statements (Volume 2)	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	...	I, VIII
Balances in Public Account and investments thereof	1, 2	18, 19	...
Guarantees	...	9	...
Schemes	...	...	V (EAP), VI, VII

GUIDE TO FINANCE ACCOUNTS – conclud.

C. Periodical and Book adjustments:

Certain transactions are in the nature of book adjustments and do not represent actual cash transaction, as mentioned below. The specific details are mentioned as ‘Notes to Accounts’ and as footnotes in the relevant statements.

- (i) Creation of funds/adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g. Calamity Relief Fund, Reserve Funds, Sinking Fund etc.
- (ii) Crediting of deposit heads of accounts in public account by debit to Consolidated Fund
- (iii) Annual adjustment of interest on GPF and State Government Group Insurance Scheme where interest on General Provident Fund of State Government is adjusted by debiting 2049-Interest and crediting 8009-General Provident Fund.
- (iv) Certain adjustments such as adjustment of Debt Waiver Scheme granted by the Government of India in accordance with the recommendation of Finance commission. It affects both revenue receipts and Public Debt heads where Central loans are written off by crediting 0075-Misc. General Services by contra entry in the Major Head 6004-Loans and Advances from the Central Government.

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# STATEMENTS

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

| ASSETS <sup>1</sup>                                                | Reference (Sl. No.)  |                        | As at 31 <sup>st</sup> March<br>2010 | As at 31 <sup>st</sup> March<br>2009 |
|--------------------------------------------------------------------|----------------------|------------------------|--------------------------------------|--------------------------------------|
|                                                                    | Notes to<br>Accounts | Statement/<br>Appendix |                                      |                                      |
| (1)                                                                | (2)                  | (3)                    | (4)                                  | (5)                                  |
| (In crores of rupees)                                              |                      |                        |                                      |                                      |
| <b>Cash</b>                                                        |                      | Appendix I             | <b>97,73.52</b>                      | <b>78,19.85</b>                      |
| (i) Cash in Treasuries and Local Remittances                       |                      | Appendix I             | 0.01                                 | 0.01                                 |
| (ii) Departmental Balances                                         |                      | 18, Appendix I         | 9.15                                 | 4.47                                 |
| (iii) Permanent Cash Imprest                                       |                      | 18, Appendix I         | 1.62                                 | 1.61                                 |
| (iv) Cash Balance Investments account                              |                      | 18, Appendix I         | 88,89.99                             | 75,19.31                             |
| (v) Deposits with Reserve Bank                                     | Para 10              | Appendix I             | (-) 1,07.69                          | (-) 3,58.46                          |
| (vi) Investment from Earmarked Funds                               |                      | 19, Appendix I         | 9,80.44                              | 6,52.91                              |
| <b>Capital Expenditure</b>                                         |                      | 5, 13                  | <b>7,51,59.95</b>                    | <b>6,30,23.27</b>                    |
| (i) Investments in shares of Companies, Corporations etc.          |                      | 14                     | 3,24,83.28                           | 2,66,72.07                           |
| (ii) Other capital expenditure                                     |                      | 13                     | 4,26,76.67                           | 3,63,51.20                           |
| <b>F. Loans and Advances</b>                                       | Para 12              | 7,16,                  | <b>80,46.42</b>                      | <b>76,20.20</b>                      |
| <b>Contingency Fund (un recouped)</b>                              |                      | 18                     | ...                                  | <b>2.10</b>                          |
| <b>K. (c) Advances</b>                                             |                      | 18                     | <b>10.17</b>                         | <b>10.95</b>                         |
| <b>L. Suspense and Miscellaneous Balances</b>                      |                      |                        | ...                                  | ...                                  |
| <b>M. Remittances</b>                                              | Para 13              | 18                     | <b>3,99.03</b>                       | <b>3,62.55</b>                       |
| <b>Cumulative excess of expenditure over receipts <sup>2</sup></b> |                      |                        | ...                                  | ...                                  |
| <b>Total</b>                                                       |                      |                        | <b>9,33,89.09</b>                    | <b>7,88,38.92</b>                    |

1 The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) in the section 'Notes to Accounts'.

2 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**

| <i>LIABILITIES</i> <sup>1</sup>                                   | <i>Reference (Sl. No.)</i>   |                  | <i>As at 31<sup>st</sup> March<br/>2010</i> | <i>As at 31<sup>st</sup> March<br/>2009</i> |
|-------------------------------------------------------------------|------------------------------|------------------|---------------------------------------------|---------------------------------------------|
|                                                                   | <i>Notes to<br/>Accounts</i> | <i>Statement</i> |                                             |                                             |
| (1)                                                               | (2)                          | (3)              | <i>(In crores of rupees)</i>                |                                             |
| (1)                                                               | (2)                          | (3)              | (4)                                         | (5)                                         |
| <b>Borrowings (Public Debt)</b>                                   |                              | 6, 15            | <b>5,53,70.20</b>                           | <b>4,96,87.67</b>                           |
| (i) Internal Debt of the State Government                         |                              | 6, 15            | 4,54,68.00                                  | 3,99,95.86                                  |
| (ii) Loans and Advances from the Central Government               |                              | 6, 15            | 99,02.20                                    | 96,91.81                                    |
| Pre 1984-85 Loans                                                 |                              | 6, 15            | 0.07                                        | 0.07                                        |
| Non-Plan Loans                                                    |                              | 6, 15            | 92.62                                       | 98.92                                       |
| Loans for State Plan Schemes                                      |                              | 6, 15            | 96,39.38                                    | 94,07.29                                    |
| Loans for Central Plan Schemes                                    |                              | 6, 15            | 25.48                                       | 29.16                                       |
| Loans for Centrally Sponsored Plan Schemes                        |                              | 6, 15            | 1,44.65                                     | 1,56.37                                     |
| Other Loans                                                       |                              | 6, 15            | ...                                         | ...                                         |
| <b>Contingency Fund</b>                                           |                              | 18               | <b>80.00</b>                                | <b>80.00</b>                                |
| <b>Liabilities in Public Account</b>                              |                              |                  | <b>3,35,87.72</b>                           | <b>2,64,73.07</b>                           |
| (i) I. Small Savings, Provident Funds, etc.                       |                              | 15, 18           | 1,11,77.06                                  | 97,09.55                                    |
| (ii) J. Reserve Funds <sup>3</sup>                                | Para 14                      | 18               | 1,02,54.03                                  | 70,53.45                                    |
| (iii) K. Deposits <sup>4</sup>                                    |                              | 18               | 76,60.97                                    | 57,52.42                                    |
| (iv) L. Suspense and Miscellaneous Balances <sup>5</sup>          | Para 13                      | 18               | 44,95.66                                    | 39,57.65                                    |
| (v) M. Remittances                                                |                              |                  | ...                                         | ...                                         |
| <b>Cumulative excess of receipts over expenditure<sup>6</sup></b> |                              |                  | <b>43,51.17</b>                             | <b>25,98.18</b>                             |
| <b>Total</b>                                                      |                              |                  | <b>9,33,89.09</b>                           | <b>7,88,38.92</b>                           |

1 The figures of assets and liabilities are cumulative figures. Please also see note 1 (ii) in the section 'Notes to Accounts'.

3 Gross balance 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, 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 VIII | 7,08,08.78           |
| Less Cumulative expenditure on Capital Outlay as indicated under Assets above            | 7,51,59.95           |
|                                                                                          | <u>(-) 43,51.17*</u> |

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

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STATEMENT NO.2 - STATEMENT OF RECEIPTS AND DISBURSEMENTS

<i>Receipts</i>			<i>Disbursements</i>		
	<i>2009-10</i>	<i>2008-09</i>		<i>2009-10</i>	<i>2008-09</i>
<i>(In crores of rupees)</i>					
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
Part-I Consolidated Fund					
Section-A: Revenue					
Revenue Receipts	4,91,55.70	4,32,90.67	Revenue Expenditure	4,75,36.92	4,16,59.29
<i>Tax revenue (raised by the State)</i>	3,05,78.60	2,76,45.66	Salaries ¹	44,55.79	40,73.31
<i>Non-tax revenue</i>	33,33.80	31,58.99	Subsidies	41,18.14	33,99.15
Interest receipts	3,83.86	3,37.17	Grants-in-aid ²	1,39,48.33	1,28,89.93
Others ³	29,49.94	28,21.82	General services	98,48.89	96,31.45
<i>Share of Union Taxes/Duties</i>	73,59.98	71,53.77	Interest Payment and service of debt	52,12.91	45,32.04
			Pension	34,08.32	41,12.63
			Others	12,27.66	9,86.78
			Social services	68,42.53	44,23.16
			Economic services	58,51.54	48,70.18
<i>Grants from Central Government</i>	78,83.32	53,32.25	Compensation and assignment to Local Bodies and PRIs	24,71.70	23,72.11
Revenue Deficit	...	...	Revenue Surplus	16,18.78	16,31.38
Section-B: Capital					
Capital Receipts	69.79	1,81.15	Capital Expenditure	1,21,36.68	98,70.29
Miscellaneous Capital Receipts	69.79	1,81.15	Salaries	15.57	17.93
			General Services	4,89.85	4,75.37
			Social Services	26,50.68	25,55.16
			Economic Services	89,80.58	68,21.83
Recoveries of Loans and Advances	5,55.36	56.65	Loans and Advances disbursed	9,81.58	7,31.35
General Services	...	...	General Services	...	...
Social Services	6.07	6.26	Social Services	8,05.10	1,73.34
Economic Services	5,45.73	47.91	Economic Services	1,71.36	5,55.41
Loans to Government Servants	3.23	2.10	Loans to Government Servants	5.12	2.60
Miscellaneous loans	0.33	0.38	Miscellaneous loans	...	...
Fiscal Deficit	1,08,74.33	87,32.46	Fiscal Surplus	...	...
Public debt receipts	79,90.86	85,92.15	Repayment of Public Debt	23,08.33	17,77.89
Internal Debt (Market loans etc.) ⁴	73,10.01	79,95.99	Internal Debt (Market loans etc.) ⁴	18,37.87	13,16.46
Loans from GOI	6,80.85	5,96.16	Loans from GOI	4,70.46	4,61.43
Net of Inter -State-Settlement	...	...	Net of Inter -State-Settlement	...	...
Total Receipts Consolidated Fund	5,77,71.71	5,21,20.62	Total Expenditure Consolidated Fund	6,29,63.51	5,40,38.82
Deficit in Consolidated Fund	51,91.80	19,18.20	Surplus in Consolidated Fund	...	...

For footnotes please see page 15.

STATEMENT NO.2 - STATEMENT OF RECEIPTS AND DISBURSEMENTS

Receipts			Disbursements		
2009-10	2008-09		2009-10	2008-09	
<i>(In crores of rupees)</i>					
(1)	(2)	(3)	(4)	(5)	(6)
Part II Contingency Fund					
Contingency Fund ⁵	2.10	...	Contingency Fund ⁵	...	2.10
Part III Public Account ⁶					
Small savings, Provident Fund, etc.	25,91.15	23,29.27	Small savings, Provident Fund, etc.	11,23.64	11,53.03
Reserves Funds	51,18.02	26,28.73	Reserves Funds	22,44.97	7,64.65
Deposits	2,21,87.80	1,87,19.09	Deposits	2,02,79.25	1,71,65.97
Advances	0.78	1.35	Advances	...	0.01
Suspense and Miscellaneous	20,47,85.10	11,03,42.75	Suspense and Miscellaneous ⁷	20,55,58.04	11,34,13.94
Remittances	12,51.04	11,79.81	Remittances	12,87.52	12,31.46
Total Receipts Public Account	23,59,33.89	13,52,01.00	Total Disbursements Public Account	23,04,93.42	13,37,29.06
Deficit in Public Account	...	...	Surplus in Public Account	54,40.47	14,71.94
Opening Cash Balance	(-) 3,58.45	89.91	Closing Cash Balance ⁸	(-) 1,07.68	(-) 3,58.45
Increase in cash balance	2,50.77	...	Decrease in cash balance	...	4,48.36

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 'Social' 'General' and 'Economic Services' 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, Dearness Allowances, Other Allowance, Medical Allowance and Reimbursement of Medical Expenses' only. The salaries do not include grants given to Local Bodies etc., for the purpose of payment of salary.

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 ₹29.48 crore (Major Head 0050) during the year 2009-10.

4 Includes loan from National Small Savings Fund ₹6,61.47 crore and repayment of ₹4,14.67 crore during 2009-10.

5 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 :	₹2.10 crore

6 For details please refer to Statement No.18 in Volume 2.

7 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 are given in Statement No.18 in Volume 2.

8 The closing cash balance comprises Deposits with the Reserve Bank (-) ₹1,07.69 crore and Remittances in Transit - Local ₹0.01 crore.

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**STATEMENT NO. 3 - STATEMENT OF RECEIPTS: CONSOLIDATED FUND**

**I TAX AND NON-TAX REVENUE**

|           | <i>Description</i>                                                         | <i>Actuals</i>               |                   |
|-----------|----------------------------------------------------------------------------|------------------------------|-------------------|
|           |                                                                            | <i>2009-10</i>               | <i>2008-09</i>    |
|           |                                                                            | <i>(In crores of rupees)</i> |                   |
|           | <b>(1)</b>                                                                 | <b>(2)</b>                   | <b>(3)</b>        |
| <b>A.</b> | <b>Tax Revenue</b>                                                         |                              |                   |
| A.1       | <b>Own Tax Revenue</b>                                                     | <b>3,05,78.60</b>            | <b>2,76,45.66</b> |
|           | Taxes on Agricultural Income                                               | 8.70                         | 9.28              |
|           | Other Taxes on Income and Expenditure                                      | 5,27.21                      | 5,38.79           |
|           | Land Revenue                                                               | 1,27.88                      | 2,55.65           |
|           | Stamps and Registration Fees                                               | 26,27.57                     | 29,26.72          |
|           | State Excise                                                               | 69,46.32                     | 57,49.57          |
|           | Taxes on Sales, Trade etc.                                                 | 1,58,32.67                   | 1,46,22.73        |
|           | Taxes on Vehicles                                                          | 19,61.60                     | 16,81.16          |
|           | Taxes on goods and passengers                                              | 12,91.13                     | 10,85.02          |
|           | Taxes and Duties on Electricity                                            | 6,78.69                      | 3,70.59           |
|           | Other Taxes and Duties on Commodities and Services                         | 5,76.83                      | 4,06.15           |
| A.2       | <b>Share of net proceeds of Taxes and Duties</b>                           | <b>73,59.98</b>              | <b>71,53.77</b>   |
|           | Corporation Tax                                                            | 30,28.92                     | 23,45.84          |
|           | Taxes on Income other than Corporation Tax                                 | 16,87.23                     | 14,72.96          |
|           | Other Taxes on Income and Expenditure                                      | ...                          | (-) 0.11          |
|           | Taxes on Wealth                                                            | 6.85                         | 2.25              |
|           | Customs                                                                    | 10,30.07                     | 13,67.55          |
|           | Union Excise Duties                                                        | 8,29.73                      | 11,92.65          |
|           | Service Tax                                                                | 7,77.19                      | 7,72.85           |
|           | Other Taxes and Duties on Commodities and Services                         | (-) 0.01                     | (-) 0.22          |
|           | <b>Total A</b>                                                             | <b>3,79,38.58</b>            | <b>3,47,99.43</b> |
| <b>B</b>  | <b>Non-Tax Revenue</b>                                                     |                              |                   |
|           | Interest receipts                                                          | 3,83.86                      | 3,37.17           |
|           | Miscellaneous General services                                             | 5,48.35                      | 3,98.91           |
|           | Non-Ferrous Mining and Metallurgical Industries                            | 8,59.50                      | 5,56.06           |
|           | Other General Economic Services                                            | 4,62.65                      | 4,32.47           |
|           | Forestry and Wild Life                                                     | 2,12.48                      | 1,26.92           |
|           | Other Administrative Services                                              | 99.29                        | 94.37             |
|           | Education, Sports, Art and Culture                                         | 95.85                        | 73.56             |
|           | Police                                                                     | 82.13                        | 69.82             |
|           | Contributions and Recoveries towards Pension and Other Retirement Benefits | 69.07                        | 76.20             |
|           | Power                                                                      | 60.12                        | 82.82             |
|           | Medical and Public Health                                                  | 54.67                        | 40.52             |
|           | Village and Small Industries                                               | 50.41                        | 36.65             |
|           | Co-operation                                                               | 46.62                        | 37.30             |

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

**I TAX AND NON-TAX REVENUE - conclud.**

| <i>Description</i>                   | <i>Actuals</i>               |                 |
|--------------------------------------|------------------------------|-----------------|
|                                      | <i>2009-10</i>               | <i>2008-09</i>  |
|                                      | <i>(In crores of rupees)</i> |                 |
| <b>(1)</b>                           | <b>(2)</b>                   | <b>(3)</b>      |
| <b>B. Non-Tax Revenue - conclud.</b> |                              |                 |
| Social Security and Welfare          | 32.93                        | 22.16           |
| Roads and Bridges                    | 32.46                        | 36.71           |
| Dividends and Profits                | 29.48                        | 40.14           |
| Public Works                         | 25.27                        | 18.81           |
| Labour and Employment                | 22.94                        | 24.29           |
| Housing                              | 20.55                        | 20.69           |
| Major Irrigation                     | 14.43                        | 20.87           |
| Shipping                             | 14.59                        | 11.67           |
| Ports and Light Houses               | 14.51                        | 11.10           |
| Food Storage and Warehousing         | 14.00                        | 6.90            |
| Minor Irrigation                     | 11.52                        | 16.33           |
| Public Service Commission            | 11.20                        | 10.89           |
| Crop Husbandry                       | 9.96                         | 15.69           |
| Stationary and Printing              | 9.67                         | 4.88            |
| Other Rural Development Programmes   | 7.74                         | 4,91.53         |
| Fisheries                            | 6.19                         | 6.13            |
| Other Agricultural Programmes        | 5.58                         | 0.08            |
| Urban Development                    | 5.31                         | 0.50            |
| Other Social Services                | 4.95                         | 2.61            |
| Industries                           | 4.76                         | 7.30            |
| Animal Husbandry                     | 3.82                         | 4.04            |
| Medium Irrigation                    | 2.14                         | 1.24            |
| Tourism                              | 0.92                         | 33.10           |
| Jails                                | 0.90                         | 1.93            |
| Information and Publicity            | 0.74                         | 0.87            |
| Civil Aviation                       | 0.63                         | 0.32            |
| Inland Water Transport               | 0.43                         | 0.34            |
| Civil Supplies                       | 0.36                         | 0.24            |
| Water supply and Sanitation          | 0.34                         | 0.19            |
| Family Welfare                       | 0.31                         | 0.32            |
| Land Reforms                         | 0.17                         | (-) 15.66       |
| Others                               | ...                          | 0.01            |
| <b>Total B</b>                       | <b>33,33.80</b>              | <b>31,58.99</b> |

**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>2009-10</i>               | <i>2008-09</i>    |
|                                                                 | <i>(In crores of rupees)</i> |                   |
| <b>(1)</b>                                                      | <b>(2)</b>                   | <b>(3)</b>        |
| <b>C. Grants</b>                                                |                              |                   |
| <b>Grants-In-Aid from Central Government</b>                    |                              |                   |
| <b>Non Plan Grants</b>                                          | <b>34,29.68</b>              | <b>16,93.59</b>   |
| Grants under the proviso to Article 275 (1) of the Constitution | 7,77.51                      | 8,21.13           |
| Grants towards contribution to Calamity Relief Fund             | 1,04.52                      | 99.55             |
| Grants from National Calamity Contingency Fund                  | 15,94.36                     | 1,89.10           |
| Other Grants                                                    | 9,53.29                      | 5,83.81           |
| <b>Grants for State/Union Territory Plan Schemes</b>            | <b>29,72.78</b>              | <b>20,20.37</b>   |
| Block Grants                                                    | 21,13.22                     | 16,40.21          |
| Externally Aided Projects out of Block Grants                   | 1,88.47                      |                   |
| Grants under the proviso to Article 275 (1) of the Constitution | 34.71                        | 30.40             |
| Grant from Central Road Fund                                    | 1,20.30                      | 1,48.87           |
| Other Grants                                                    | 5,16.08                      | 2,00.89           |
| <b>Grants for Central Plan Schemes</b>                          | <b>61.10</b>                 | <b>94.60</b>      |
| <b>Grants for Centrally Sponsored Plan Schemes</b>              | <b>14,19.76</b>              | <b>15,23.69</b>   |
| <b>Grants for Special Plan Schemes</b>                          | <b>...</b>                   | <b>...</b>        |
| <b>Total C</b>                                                  | <b>78,83.32</b>              | <b>53,32.25</b>   |
| <b>Total Revenue Receipts (A+B+C)</b>                           | <b>4,91,55.70</b>            | <b>4,32,90.67</b> |

**STATEMENT NO. 3 - STATEMENT OF RECEIPTS: CONSOLIDATED FUND – conclud.**

**III CAPITAL, PUBLIC DEBT AND OTHER RECEIPTS**

| <i>Description</i>                                            | <i>Actuals</i>               |                   |
|---------------------------------------------------------------|------------------------------|-------------------|
|                                                               | <i>2009-10</i>               | <i>2008-09</i>    |
|                                                               | <i>(In crores of rupees)</i> |                   |
| <b>(1)</b>                                                    | <b>(2)</b>                   | <b>(3)</b>        |
| <b>D. Capital Receipts</b>                                    |                              |                   |
| Disinvestments proceeds                                       | ...                          | ...               |
| Others                                                        | 69.79                        | 1,81.15           |
| <b>Total D</b>                                                | <b>69.79</b>                 | <b>1,81.15</b>    |
| <b>E. Public Debt receipts</b>                                |                              |                   |
| <b>Internal Debt</b>                                          | <b>73,10.01</b>              | <b>79,95.99</b>   |
| Market Loans                                                  | 59,99.95                     | 74,16.87          |
| Ways and Means Advances from the RBI                          | ...                          | ...               |
| Bonds                                                         | ...                          | ...               |
| Loans from Financial Institutions                             | 6,48.59                      | 4,65.39           |
| Special Securities issued to National Small Savings Fund      | 6,61.47                      | 1,13.73           |
| Other Loans                                                   |                              |                   |
| <b>Loans and Advances from Central Government</b>             | <b>6,80.85</b>               | <b>5,96.16</b>    |
| Non Plan Loans                                                | 0.04                         | ...               |
| Loans for State Plan Schemes                                  | 6,80.81                      | 5,96.16           |
| Loans for Central Plan Schemes                                | ...                          | ...               |
| Loans for Centrally Sponsored Plan Schemes                    | ...                          | ...               |
| Other Loans                                                   | ...                          | ...               |
| <b>Total E</b>                                                | <b>79,90.86</b>              | <b>85,92.15</b>   |
| <b>F. Loans and Advances by State Government (Recoveries)</b> | <b>5,55.36</b>               | <b>56.65</b>      |
| <b>Total Receipts in Consolidated Fund (A+B+C+D+E+F)</b>      | <b>5,77,71.71</b>            | <b>5,21,20.62</b> |

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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 Advances</i>	<i>Total</i>
	<i>(In crores of rupees)</i>			
(1)	(2)	(3)	(4)	(5)
A. General Services				
A.1 Organs of State				
Parliament/State/Union Territory Legislatures	78.20	...	...	78.20
President, Vice-President/Governor, Administrator of Union Territories	4.99	...	...	4.99
Council of Ministers	10.97	...	...	10.97
Administration of Justice	3,11.65	...	...	3,11.65
Elections	1,37.72	...	...	1,37.72
TOTAL A.1	5,43.53	...	...	5,43.53
A.2 Fiscal Services				
Collection of Taxes on Income and Expenditure	4.89	...	...	4.89
Land Revenue	1,54.96	...	...	1,54.96
Stamps and Registration	53.19	...	...	53.19
State Excise	65.24	...	...	65.24
Taxes on Sales, Trade etc.	1,48.56	...	...	1,48.56
Taxes on Vehicles	52.03	...	...	52.03
Other Taxes and Duties on Commodities and Services	8.00	...	...	8.00
Other Fiscal Services	5.02	...	...	5.02
Interest Payments	52,12.91	...	...	52,12.91
TOTAL A.2	57,04.80	...	...	57,04.80
A.3 Administrative Services				
Public Service Commission	12.76	...	...	12.76
Secretariat - General Services	74.51	...	...	74.51
District Administration	2,24.10	...	...	2,24.10
Treasury and Accounts Administration	65.18	...	...	65.18
Police	18,42.16	99.45	...	19,41.61
Jails	51.78	...	...	51.78
Stationery and Printing	91.56	...	...	91.56
Public Works	4,60.08	3,90.03	...	8,50.11
Other Administrative Services	2,57.04	0.37	...	2,57.41
TOTAL A.3	30,79.17	4,89.85	...	35,69.02
A.4 Pensions and Miscellaneous General Services				
Pensions and Other Retirement Benefits	34,08.32	...	...	34,08.32
Miscellaneous General Services	26.52	...	...	26.52
TOTAL A4	34,34.84	...	...	34,34.84
TOTAL A General Services	1,27,62.34	4,89.85	...	1,32,52.19

STATEMENT NO. 4 - STATEMENT OF EXPENDITURE: CONSOLIDATED FUND - contd.

A. EXPENDITURE BY FUNCTION

Description	Revenue	Capital	Loans and Advances	Total
	<i>(In crores of rupees)</i>			
(1)	(2)	(3)	(4)	(5)
B. Social Services				
B. 1 Education, Sports, Art and Culture				
General Education *	80,50.83	2,15.70	...	82,66.53
Technical Education	1,75.65	...	...	1,75.65
Sports and Youth Services	1,28.53	...	...	1,28.53
Art and Culture	2,21.46	...	...	2,21.46
TOTAL B.1	85,76.47	2,15.70	...	87,92.17
B. 2 Health and Family Welfare				
Medical and Public Health	16,24.44	3,20.97	...	19,45.41
Family Welfare	3,02.73	...	0.22	3,02.95
TOTAL B.2	19,27.17	3,20.97	0.22	22,48.36
B. 3 Water Supply, Sanitation, Housing and Urban Development				
Water Supply and Sanitation	1,47.12	11,26.33	5,32.51	18,05.96
Housing	6,58.17	1,92.90	76.00	9,27.07
Urban Development	7,52.56	4,90.50	1,96.37	14,39.43
TOTAL B.3	15,57.85	18,09.73	8,04.88	41,72.46
B. 4 Information and Broadcasting				
Information and Publicity	37.47	6.00	...	43.47
TOTAL B.4	37.47	6.00	...	43.47
B. 5 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes				
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	17,02.75	2,39.74	...	19,42.49
TOTAL B.5	17,02.75	2,39.74	...	19,42.49
B. 6 Labour and Labour Welfare				
Labour and Employment	2,72.48	...	...	2,72.48
TOTAL B.6	2,72.48	...	...	2,72.48
B. 7 Social Welfare and Nutrition				
Social Security and Welfare	24,78.99	48.19	...	25,27.18
Nutrition	5,66.42	...	...	5,66.42
Relief on account of Natural Calamities	18,62.72	...	...	18,62.72
TOTAL B.7	49,08.13	48.19	...	49,56.32
B. 8 Others				
Other Social Services	1,21.20	10.35	...	1,31.55
Secretariat-Social Services	15.34	...	...	15.34
TOTAL B.8	1,36.54	10.35	...	1,46.89
TOTAL B. Social Services	1,91,18.86	26,50.68	8,05.10	2,25,74.64

(*) The amount shown under capital section includes Capital Outlay on Education, Sports and Art and Culture

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>			
(1)	(2)	(3)	(4)	(5)
C. Economic Services				
C. 1 Agriculture and Allied Activities				
Crop Husbandry	10,47.89	11.50	...	10,59.39
Soil and Water Conservation	1,08.42	...	...	1,08.42
Animal Husbandry	3,37.38	39.68	...	3,77.06
Dairy Development	2,49.02	...	...	2,49.02
Fisheries	85.49	6.52	...	92.01
Forestry and Wild Life	7,75.92	2.95	...	7,78.87
Food, Storage and Warehousing	12,05.29	...	18.00	12,23.29
Agricultural Research and Education	1,65.09	...	3.30	1,68.39
Co-operation	2,83.62	3.24	5.50	2,92.36
TOTAL C.1	42,58.12	63.89	26.80	43,48.81
C. 2 Rural Development				
Special Programmes for Rural Development	56.61	...	...	56.61
Rural Employment	2,75.32	...	...	2,75.32
Land Reforms	4.79	...	...	4.79
Other Rural Development Programmes	8,95.79	73.93	...	9,69.72
TOTAL C.2	12,32.51	73.93	...	13,06.44
C. 3 Special Areas Programmes				
Hill Areas	26.60	...	...	26.60
Other Special Area Programmes	4,74.91	...	...	4,74.91
TOTAL C.3	5,01.51	...	...	5,01.51
C. 4 Irrigation and Flood Control				
Major Irrigation (\$)	29.73	33,80.19	...	34,09.92
Medium Irrigation (\$)	99.80	...	...	99.80
Minor Irrigation	1,33.25	5,23.78	...	6,57.03
Command Area Development	68.54	23.94	...	92.48
Flood Control and Drainage	0.44	14.08	...	14.52
TOTAL C.4	3,31.76	39,41.99	...	42,73.75
C. 5 Energy				
Power	23,43.37	17,50.37	5.34	40,99.08
New and Renewable Energy	9.13	...	...	9.13
TOTAL C.5	23,52.50	17,50.37	5.34	41,08.21
C. 6 Industry and Minerals				
Village and Small Industries	3,53.66	24.85	1.66	3,80.17
Industries (^)	62.46	...	...	62.46
Iron and Steel Industries	...	68.75	14.33	83.08
Non-Ferrous Mining and Metallurgical Industries	11.18	...	...	11.18
Other Outlays on Industries and Minerals	...	1,10.00	...	1,10.00

(\$) Correction Slips to List of Major and Minor Heads under this Head are yet to be given effect. Hence the amount booked under '2701'- Major and Medium Irrigation' has been split into '2700' - Major Irrigation and '2701'- Medium Irrigation as requested by the State Government.

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

STATEMENT NO. 4 - STATEMENT OF EXPENDITURE: CONSOLIDATED FUND - contd.

A. EXPENDITURE BY FUNCTION – contd.

Description	Revenue	Capital	Loans and Advances	Total
	<i>(In crores of rupees)</i>			
(1)	(2)	(3)	(4)	(5)
C. Economic Services - conclud.				
C. 6 Industry and Minerals - conclud.				
Engineering Industries	...	...	1.07	1.07
Consumer Industries	...	2.15	80.16	82.31
TOTAL C.6	4,27.30	2,05.75	97.22	7,30.27
C. 7 Transport				
Ports and Light Houses	32.29	...	...	32.29
Civil Aviation	1.41	...	...	1.41
Roads and Bridges	9,14.64	24,23.55	...	33,38.19
Road Transport	1,57.22	2,22.84	42.00	4,22.06
Inland Water Transport	2.41	...	...	2.41
TOTAL C.7	11,07.97	26,46.39	42.00	37,96.36
C. 8 Science, Technology and Environment				
Other Scientific Research	15.29	...	...	15.29
Ecology and Environment	8.31	...	...	8.31
TOTAL C.8	23.60	...	...	23.60
C. 9 General Economic Services				
Secretariat-Economic Services	1,00.22	...	...	1,00.22
Tourism	96.07	94.74	...	1,90.81
Census, Surveys and Statistics	19.17	...	...	19.17
Meteorology	6.89	...	...	6.89
Civil Supplies	8.52	...	...	8.52
General Financial Trading Institutions	...	2,04.40	...	2,04.40
Other General Economic Services	27,15.57	14.69	...	27,30.26
TOTAL C.9	29,46.44	3,13.83	...	32,60.27
TOTAL C. Economic Services	1,31,81.71	89,96.15	1,71.36	2,23,49.22
D. Grants-in-Aid and Contributions				
Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	24,74.01	...	...	24,74.01
TOTAL D. Grants-in-Aid and Contributions	24,74.01	...	...	24,74.01
F Loans to Government Servants etc.				
Loans to Government Servants etc.	...	...	5.12	5.12
TOTAL F Loans to Government Servants etc.	...	...	5.12	5.12
E Public Debt				
Internal Debt of the State Government	...	18,37.87	...	18,37.87
Loans and Advances from Central Government	...	4,70.46	...	4,70.46
TOTAL E Public Debt	...	23,08.33	...	23,08.33
Total Expenditure in Consolidated Fund ¹				
(A+B+C+D+E+F)	4,75,36.92	1,44,45.01	9,81.58	6,29,63.51

(1) Details are given in Statements No. 12, 13, 15 and 16 in Volume 2.

STATEMENT NO. 4 - STATEMENT OF EXPENDITURE: CONSOLIDATED FUND - contd.

B. EXPENDITURE BY NATURE

Object of Expenditure	2009-10			2008-09			2007-08		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(In crores of rupees)									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Debt Servicing	52,70.78	33,47.28	86,18.06	45,29.54	25,97.76	71,27.30	45,02.04	28,35.64	73,37.68
Financial Assistance / Relief	49,35.26	0.94	49,36.20	32,05.88	23.47	32,29.35	25,06.19	1,35.41	26,41.60
Pension and Other Retirement Benefits	43,30.08	...	43,30.08	49,73.96	...	49,73.96	39,22.01	...	39,22.01
Other Expenses	37,21.77	5,96.73	43,18.50	50,22.36	2,20.90	52,43.26	24,56.67	1,58.52	26,15.19
Subsidies	41,18.14	...	41,18.14	33,99.15	...	33,99.15	54,19.94	...	54,19.94
Capital Expenses	16.10	29,67.55	29,83.65	20.32	36,98.95	37,19.27	18.61	36,05.39	36,24.00
Investment	...	26,23.69	26,23.69	...	16,70.04	16,70.04	...	4,17.22	4,17.22
Pay-Staff [@]	24,97.28	9.41	25,06.69	25,41.25	12.22	25,53.47	21,68.25	11.35	21,79.60
Inter Account Transfers	28,08.61	(-) 5,38.14	22,70.47	5,44.71	(-) 4,52.73	91.98	4,97.96	(-) 1,24.98	3,72.98
Grants-In-Aid	22,35.08	...	22,35.08	18,67.30	...	18,67.30	20,70.72	...	20,70.72
Major Works	2,81.94	12,50.77	15,32.71	2,99.72	8,17.85	11,17.57	3,48.99	6,36.06	9,85.05
Special Component Plan	9,86.52	4,23.36	14,09.88	3,77.88	1,55.30	5,33.18	2,88.89	73.80	3,62.69
Capital Works	2,33.92	11,61.04	13,94.96	...	2,85.30	2,85.30	...	2,50.00	2,50.00
Roads	2,30.10	11,55.24	13,85.34	4,03.13	11,12.84	15,15.97	3,68.08	9,00.27	12,68.35
Dearness Allowance [@]	11,14.87	3.90	11,18.77	7,55.33	3.21	7,58.54	6,82.36	3.38	6,85.74
Belgaum *	9,00.61	...	9,00.61	8,50.81	...	8,50.81	7,12.18	...	7,12.18
Gulbarga *	8,54.19	...	8,54.19	8,15.28	...	8,15.28	6,09.19	...	6,09.19
Construction	2.00	7,89.07	7,91.07	5.35	7,92.56	7,97.91	3.60	6,93.55	6,97.15
Maintenance	6,19.31	6.34	6,25.65	6,26.42	6.89	6,33.31	6,21.75	4.56	6,26.31
Tumkur *	6,03.65	...	6,03.65	5,82.26	...	5,82.26	4,86.12	...	4,86.12
NABARD Works	...	5,66.67	5,66.67	...	6,47.13	6,47.13	18.61	3,35.41	3,54.02
Lumpsum - Zilla Parishads	5,43.45	...	5,43.45	5,53.15	...	5,53.15	4,36.10	...	4,36.10
Loans to PSU's and Local Bodies	...	5,33.23	5,33.23	...	84.78	84.78	...	2,21.28	2,21.28
Tribal Sub-Plan	3,53.59	1,44.65	4,98.24	1,66.09	63.19	2,29.28	1,36.27	21.67	1,57.94
Bangalore(Urban)*	4,82.84	...	4,82.84	4,91.22	...	4,91.22	4,19.33	...	4,19.33
Mysore *	4,56.47	...	4,56.47	4,34.35	...	4,34.35	3,92.11	...	3,92.11
Hassan *	4,51.80	...	4,51.80	4,21.00	...	4,21.00	3,79.72	...	3,79.72
Uttara Kannada *	4,41.65	...	4,41.65	3,83.30	...	3,83.30	3,17.87	...	3,17.87
Bijapur *	4,15.01	...	4,15.01	3,62.24	...	3,62.24	3,23.22	...	3,23.22
Pay-Officers [@]	4,08.86	1.23	4,10.09	3,67.76	1.38	3,69.14	2,97.89	1.02	2,98.91
Shimoga *	3,98.93	...	3,98.93	3,62.75	...	3,62.75	3,27.68	...	3,27.68
Bidar *	3,86.29	...	3,86.29	3,64.08	...	3,64.08	2,79.05	...	2,79.05
Davangere *	3,80.34	...	3,80.34	3,71.13	...	3,71.13	3,21.91	...	3,21.91
Mandya *	3,77.69	...	3,77.69	3,59.65	...	3,59.65	3,06.96	...	3,06.96
Chitradurga *	3,75.19	...	3,75.19	3,78.32	...	3,78.32	3,02.17	...	3,02.17
Bagalkot *	3,65.75	...	3,65.75	3,06.69	...	3,06.69	2,67.88	...	2,67.88
Other Allowance [@]	3,61.52	0.87	3,62.39	4,08.97	1.12	4,10.09	3,10.80	0.92	3,11.72
Bellary *	3,52.51	...	3,52.51	3,66.94	...	3,66.94	2,89.11	...	2,89.11

(@) Components of Salaries. See Appendix 2 in Voloume 2 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 Voloume 2 of Finance Accounts.

STATEMENT NO. 4 - STATEMENT OF EXPENDITURE: CONSOLIDATED FUND - conclud.

B. EXPENDITURE BY NATURE – conclud.

Object of Expenditure	2009-10			2008-09			2007-08		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(In crores of rupees)									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Loans	...	3,49.24	3,49.24	...	6,28.40	6,28.40	...	5,26.86	5,26.86
Raichur *	3,24.83	...	3,24.83	2,97.12	...	2,97.12	2,33.10	...	2,33.10
Haveri *	3,21.15	...	3,21.15	3,03.73	...	3,03.73	2,60.88	...	2,60.88
Dakshina Kannada *	3,13.44	...	3,13.44	3,02.34	...	3,02.34	2,56.88	...	2,56.88
Chickka magalore *	3,04.01	...	3,04.01	2,93.46	...	2,93.46	2,42.73	...	2,42.73
Dharwar *	2,97.62	...	2,97.62	2,89.38	...	2,89.38	2,30.20	...	2,30.20
Kolar *	2,97.59	...	2,97.59	3,08.36	...	3,08.36	4,59.77	...	4,59.77
Chikka ballapur *	2,86.58	...	2,86.58	2,39.18	...	2,39.18	...	...	...
General Expenses	2,77.08	1.74	2,78.82	2,64.24	1.19	2,65.43	2,04.16	1.31	2,05.47
Subsidiary Expenses	2,78.63	...	2,78.63	1,94.18	...	1,94.18	2,27.91	2.00	2,29.91
Koppal *	2,41.01	...	2,41.01	2,19.90	...	2,19.90	1,89.40	...	1,89.40
Ramanagara *	2,39.06	...	2,39.06	2,18.59	...	2,18.59	...	...	...
Gadag *	2,21.75	...	2,21.75	2,05.84	...	2,05.84	1,76.26	...	1,76.26
Bangalore (Rural) *	2,09.15	...	2,09.15	2,05.62	...	2,05.62	3,66.19	...	3,66.19
Chamaraja nagar *	2,03.55	...	2,03.55	1,90.15	...	1,90.15	1,53.66	...	1,53.66
Udupi *	1,97.83	...	1,97.83	1,98.23	...	1,98.23	1,76.39	...	1,76.39
Modernisation	1,62.59	...	1,62.59	1,15.50	...	1,15.50	93.25	3.37	96.62
Contributions	1,61.91	...	1,61.91	15.19	...	15.19	4,66.28	...	4,66.28
Transport Expenses	1,37.37	...	1,37.37	1,47.79	...	1,47.79	1,14.20	...	1,14.20
Drugs and Chemicals	1,35.96	...	1,35.96	1,39.86	...	1,39.86	1,27.55	...	1,27.55
Kodagu *	1,30.26	...	1,30.26	1,24.86	...	1,24.86	1,08.07	...	1,08.07
Travel Expenses	1,12.10	0.22	1,12.32	93.38	0.26	93.64	85.01	0.14	85.15
Building Expenses	95.61	0.03	95.64	93.08	5.44	98.52	96.82	11.29	1,08.11
Materials and Supplies	87.02	0.22	87.24	1,34.76	0.11	1,34.87	1,10.71	0.08	1,10.79
Scholarships and Incentives	66.30	...	66.30	41.95	...	41.95	50.24	...	50.24
Reimbursement of Medical Expenses @	61.06	0.13	61.19	...	...	...	...	...	...
Land and Buildings	21.76	3.01	24.77	18.33	2.18	20.51	11.51	2.27	13.78
Machinery and Equipment	21.17	3.32	24.49	28.11	3.53	31.64	30.46	4.45	34.91
Consolidated Salaries	17.21	...	17.21	8.06	...	8.06	7.46	...	7.46
Diet Expenses	16.95	...	16.95	14.34	...	14.34	12.00	...	12.00
Establishment Charges Transferred from Major and Medium Irrigation	...	14.48	14.48	...	12.75	12.75	...	12.42	12.42
Medical Allowance @	12.20	0.03	12.23	...	...	...	...	...	...
Others	33.58	12.07	45.65	40.17	23.97	64.14	80.54	20.47	101.01
Recoveries	(-) 61.51	(-) 1.73	(-) 63.24	(-) 4.70	(-) 40.46	(-) 45.16	(-) 7.09	(-) 30.68	(-) 37.77
Total	4,75,36.92	1,54,26.59	6,29,63.51	4,16,59.29	1,23,79.53	5,40,38.82	3,73,74.77	1,07,34.45	4,81,09.22

(@) Components of Salaries. See Appendix 2 in Voloume 2 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 Voloume 2 of Finance Accounts.

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# **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<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

(ii) Basis of Accounting: With the exception of some book adjustments (note below) the accounts represent the actual cash receipts and disbursements during the account period. Assets are valued at historical cost and Government investment etc is shown at historical cost. Physical assets are not depreciated or amortized. The losses of physical assets at the end of its life is also not expensed or recognized.

The pension liability of the Government, i.e. the liability towards payment of retirement benefits for the past and the present service of its employees is not included in the accounts. However, the retirement benefits disbursed during the accounts period have been reflected in the accounts.

The expenditure on "pension and other retirement benefits" to State Government employees during the year was ₹34,08.32 crore ( 7.17 percent of total revenue expenditure ). However, the staff recruited by the State Government on or after 01-04-2006 is covered by New Pension Scheme. The Defined Contribution Pension Scheme for Government employees has not been finalized.

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

(iv) Form of Accounts: Under Article 150 of the Constitution, 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, 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.

(v) Classification between Revenue and Capital: Revenue expenditure is recurring in nature and is supposed 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. Expenditure on Grants-in-Aid is recorded as revenue expenditure in the books of the grantor. In the books of the recipient it is taken as revenue receipt.

(2) **Statements/information recommended by Twelfth Finance Commission:** To bring out *greater transparency and to enable informed decision making in Government accounts the Twelfth Finance Commission (TFC) had recommended for inclusion of the following eight additional statements/ information in finance Accounts. (i) Statement of subsidies given, both explicit and implicit, (ii) Statement containing expenditure on salaries by various departments/units, (iii) Detailed expenditure on pensioners and expenditure on government pensions, (iv) Data on committed liabilities in the future, (v) Statement containing information on debt and other liabilities as well as repayment schedule, (vi) Accretion to or erosion in financial assets held by the government including those arising out of changes in the manner of spending by the government, (vii) Implications of major policy decisions taken by the government during the year or new schemes proposed in the budget for future cash flows and (viii) Statement on maintenance expenditure with segregation of salary and non- salary portions. The statements/information relating to salaries (Appendix II), pensions (footnote in Statement no. 12) and explicit subsidies (Appendix III) have already been introduced in State Finance Accounts since 2005-06. The statements/ information relating to debt and other liabilities as well as repayment schedule (Statement No. 15) and financial assets (Statement No. 1) have been introduced in State Finance Accounts since 2007-08. Statement on maintenance expenditure (Appendix XII) has also been introduced in State Finance Accounts since 2008-09.*

The remaining two statements/ information viz. committed liabilities in the future and major policy decisions taken by the Government during the year or new schemes proposed in the budget for future cash flows

## NOTES TO ACCOUNTS – contd.

are yet to be included. The format for these two statements is being revisited as information is not available. However, in addition to the above, in the current year's Finance Accounts several new statements/information have been incorporated which includes detailed analysis of book and periodical adjustments in the notes to accounts, Grants-in-aid given by the Government (Statement No.8 and scheme wise details in Appendix IV), Loans received and repayments made in respect of Externally Aided Projects (Appendix V), Plan Scheme Expenditure – A. Central Schemes (Centrally Sponsored Schemes and Central Plan Schemes) (Appendix VI A) and B. State Plan Schemes (Appendix VI B), direct transfer of central scheme funds to implementing agencies in the State (Appendix VII) and information pertaining to amount pending settlement after states reorganisation (Appendix XI).

(3) **Bookings under Minor Head 800 – ‘Other Receipts’ and ‘Other Expenditure’:** ₹77,71.61 crore under 82 Revenue, Capital and Loan Major Heads of accounts on expenditure side (representing functions of the Government) was classified under the Minor Head ‘800 - Other Expenditure’ in the accounts constituting about 12.81 *percent* of the total expenditure (Revenue, Capital and Loan) recorded under the respective Major Heads. A list containing 25 Major Heads with substantial expenditure (more than 25 *percent* of the total expenditure under Major Head concerned is under Minor Head 800) is given in Annex – A to the Notes to Account. Several schemes /programmes /activities such as Equities and Investment in Companies, Road Works, Basic Urban Services Programme - Urban Infrastructure, Sewerage and sanitation scheme – ‘Suvarna Grama’, Rashtriya Krishi Vikas Yojana, Power infrastructure improvement, etc. have huge bookings under minor head ‘800’. These Schemes/Projects are not depicted distinctly in the Finance Accounts, though the details of this expenditure are depicted at the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government Accounts.

Similarly, ₹31,32.29 crore under 56 Revenue, Capital and Loans Major Heads of accounts on receipts side was classified under the Minor Head ‘800 Other Receipts’ in the accounts constituting about 6.29 *percent* of the total receipts (Revenue, Capital and Loan) recorded under the respective Major Heads. A list containing 26 Major Heads with substantial receipts (more than 25 *percent* of the total receipts under Major Head concerned are under Minor Head 800) is given in Annex– A to the Notes to Account. Several receipts such as Special Problem Grants (compensation for loss suffered by the State on account of phasing out of the Central Sales Tax and on account of introduction of VAT), Loans written off, Cess collected, etc., have huge receipts booked under minor head ‘800’. These receipts are not depicted distinctly in the Finance Accounts, though the details of these receipts are depicted at the sub-head (scheme) level or below.

A comprehensive review is to be conducted by the Government of Karnataka to classify accordingly in the budget for achieving greater transparency in financial reporting.

(4) **Existence of unadjusted Abstract Contingent Bills (AC Bills):** Under Rule 36 of the Government of Karnataka Manual of Contingent Expenditure 1958, the Controlling and Disbursing Officers are authorized to draw sums of money by preparing AC Bills by debiting Service Heads, and they are required to present Detailed Contingent Bill (vouchers in support of final expenditure) to the Accountant General (A&E) through Treasuries. The status of outstanding AC Bills is as follows:

| Year             | (Amount ₹ in crore)             |        |                                   |        |                                       |                |
|------------------|---------------------------------|--------|-----------------------------------|--------|---------------------------------------|----------------|
|                  | Abstract Contingent Bills Drawn |        | Detailed Contingent Bill rendered |        | Outstanding Abstract Contingent Bills |                |
|                  | No. of bills                    | Amount | No. of bills                      | Amount | No. of bills                          | Amount         |
| Up to March 2007 |                                 |        |                                   |        | 9,008                                 | 45.05          |
| 2007-08          | 6,934                           | 36.34  | 4011                              | 19.77  | 2,923                                 | 16.57          |
| 2008-09          | 7,262                           | 69.25  | 4182                              | 39.88  | 3,080                                 | 29.37          |
| 2009-10          | 9,348                           | 93.51  | 3953                              | 36.45  | 5,395                                 | 57.06          |
| <b>TOTAL</b>     |                                 |        |                                   |        | <b>20,406</b>                         | <b>1,48.05</b> |



## NOTES TO ACCOUNTS – contd.

(5) **Transfer of Funds to Personal Deposit Accounts:** Transfer to Personal Deposit Accounts is booked as expenditure in the Consolidated Fund (service Major Heads) of the State. During 2009-10 an amount of ₹17,23.17 crore has been transferred to Personal Deposit Accounts. While Government is authorized to open Personal Deposit Accounts in order to deposit money for specific purposes, the Administrators are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Government Account (Consolidated Fund). The aggregate amount of the unspent balances in the accounts of the Administrators is detailed below;

(Amount ₹ in crore)

| <i>Particulars</i>      | <i>Personal Deposit Accounts</i> |               |                        |               |
|-------------------------|----------------------------------|---------------|------------------------|---------------|
|                         | <i>Credit</i>                    |               | <i>Debit</i>           |               |
|                         | <i>No. of Accounts</i>           | <i>Amount</i> | <i>No. of Accounts</i> | <i>Amount</i> |
| Operative PD Accounts   | 14                               | 2,89.87       | 3                      | 38.60         |
| Inoperative PD Accounts | 21                               | 73.32         | 13                     | 11.60         |

(6) **Reconciliation of Receipts and Expenditure:** As per the provisions of financial code, the authority administering a grant is responsible for watching the progress of expenditure on public services and its control and for keeping the expenditure within the grant. The financial code also prescribes reconciliation of departmental figures of revenue with those of actual credits into the Treasuries and accounted in the books of Accountant General [A&E]. As per Government Orders all Drawing and Disbursing Officers shall reconcile figures of expenditure with those booked in the treasuries and forward reconciled figure to their Controlling Officers. The Accountant General [A&E] forwards the monthly statement of receipt and expenditure to the Chief Controlling Officer (CCO) soon after rendering monthly Civil Accounts to the State Government. The Chief Controlling Officer shall reconcile the receipts and expenditure figures as furnished by Accountant General [A&E] with those compiled by him/her on the basis of the figures furnished by Drawing and Disbursing Officers and Controlling Officers. The Chief Controlling Officer is responsible for final reconciliation and forwarding certificates of reconciliation.

Out of 79 CCOs for Receipt Heads, 52 CCOs have reconciled fully, 10 CCOs reconciled partially and 17 CCOs have not reconciled at all. Out of 194 CCOs for Expenditure Heads, 135 CCOs have reconciled fully, 31 CCOs reconciled partially and 28 CCOs have not reconciled at all. Thus, reconciliation has been completed in respect of 84 % of CCOs.

The quantum of expenditure reconciled was for a value of ₹4,25,67.58 crore as against the total expenditure (Revenue and Capital Heads) of ₹5,96,73.60 crore, which works out to 71.33 percent. The major amounts that were not reconciled fall under Major Heads ‘2071 Pensions and Other Retirement Benefits’, ‘2202 General Education’, ‘2515 Other Rural Development Programmes’, ‘5054 Capital Outlay on Roads and Bridges’, etc. On the receipt side the amount reconciled was for a value of ₹4,87,84.37 crore as against the total receipts (Revenue and Capital Heads) of ₹4,92,25.49 crore which works out to 99 percent. In respect of loans and advances, the reconciliation was not carried out by any of the CCOs concerned.

(7) **Submission of Accounts by Treasuries:** There are 32 District treasuries in the State. During the year 2009-10, Treasury accounts received and accounted were 384. Delay noticed in rendering of monthly accounts by the treasuries, upto 15 days on 259 occasions, over 15 days and less than one month on 26 occasions and over one month and less than two months on 14 occasions. Some of the treasuries which are regularly rendering the accounts with delay of more than 15 days are Bangalore Urban, Bangalore Rural and Raichur. Delay in rendering of accounts by the treasuries leads to delay in submission of monthly accounts by the Accountant General to the State Government.

## NOTES TO ACCOUNTS – contd.

(8) **Utilization Certificates (UCs) for Grants-in-aid:** Government while sanctioning grants to various bodies may stipulate that the UCs for the grants released have to be forwarded to Accountant General. For these sanctions Accountant General keeps a watch over utilization. To the end of 2009-10 UCs amounting to ₹11,99.18 crore are yet to be received. The status of UCs yet to be received is as follows:

| <i>Year</i>             | <i>Pending Grants-in-aid bills for want of<br/>Utilization Certificates</i> |                                         |
|-------------------------|-----------------------------------------------------------------------------|-----------------------------------------|
|                         | <i>No. of UCs</i>                                                           | <i>Amount<br/>(In crores of rupees)</i> |
| <i>Up to March 2007</i> | 2,446                                                                       | 4,11.29                                 |
| 2007-08                 | 132                                                                         | 6,19.35                                 |
| 2008-09                 | 33                                                                          | 30.76                                   |
| 2009-10                 | 44                                                                          | 1,29.52                                 |
| <b>TOTAL</b>            | <b>2,655</b>                                                                | <b>11,90.92</b>                         |

(9) **Book Adjustments:** Certain transactions are in the nature of book adjustments and do not represent actual cash transaction, as mentioned below. The specific details are mentioned in this 'Note to Accounts' as Annex - B and as footnotes in the relevant statements.

(i) Creation of funds/adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g. Calamity Relief Fund, Reserve Funds, Sinking Fund etc.

(ii) Crediting of deposit heads of accounts in public account by debit to Consolidated Fund.

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

(iv) Certain adjustments such as adjustment of Debt Waiver Scheme granted by the Government of India in accordance with the recommendation of Finance commission. It affects both revenue receipts and Public Debt heads where Central loans are written off by crediting 0075-Misc. General Services by contra entry in the Major Head 6004-Loans and Advances from the Central Government.

(10) **Cash balance** (Deposits with RBI) reflected in the accounts is ₹1,07.69 crore (Credit). The cash balance reported by RBI as on 31st of March 2010 is ₹1,29.30 crore (Debit). At the end of March 2010 accounts there was a net difference of ₹21.61 crore (Credit). The difference is mainly due to discrepancy in figures indicated by the agency banks in Verified Date wise Monthly Statements (VDMS) and those reported to Reserve Bank of India by Agency Banks. At the end of June 2010 accounts, net discrepancy to the extent of ₹0.81 crore (Credit) has been reconciled and adjusted. The remaining net difference of ₹20.80 crore (Credit) is under reconciliation.

(11) **Guarantees** reported in Statement No. 9 are on the basis of the information received from the State Government which is the authority for issuing such Guarantees. Out of the guarantee commission of ₹5,95.80 crore receivable to the end of 2009-10, the amount received was ₹1,59.39 crore and ₹4,36.41 crore is yet to be received. The limit as prescribed in the Karnataka Ceiling on Government Guarantees Act, 1999 is that the total outstanding Government guarantees as on the first of April of any year shall not exceed 80 per cent of the State's revenue receipts of the second preceding year as in the books of the Accountant General of Karnataka. The maximum amount of outstanding guarantee as depicted in Finance Accounts is within the limits prescribed in the Act.

## NOTES TO ACCOUNTS – contd.

(12) In respect of Loans and Investments, for which detailed accounts are kept by the State Government departments, constant efforts are being made to obtain complete information. This year the information in respect of few of them is obtained and incorporated in Statement No. 7 (ii).

(13) The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of gross figures under some of major suspense and remittance heads to the end of last three years is given below;

### a) Suspense Head (8658 – Suspense Accounts)

(Amount ₹ in crore)

| Name of Minor Head                           | 2007-08          |         | 2008-09          |         | 2009-10          |         |
|----------------------------------------------|------------------|---------|------------------|---------|------------------|---------|
|                                              | Dr               | Cr      | Dr               | Cr      | Dr               | Cr      |
| 101 - Pay and Accounts office suspense       | 64.04            | 21.78   | 65.18            | 18.32   | 75.84            | 18.27   |
| <b>Net</b>                                   | <b>Dr. 42.26</b> |         | <b>Dr. 46.86</b> |         | <b>Dr. 57.57</b> |         |
| 102 - Suspense Account (Civil)               | 21.23            | 6.91    | 28.98            | 12.78   | 29.21            | 11.23   |
| <b>Net</b>                                   | <b>Dr. 14.32</b> |         | <b>Dr. 16.20</b> |         | <b>Dr. 17.98</b> |         |
| 109 - R B Suspense – Head Quarters           | ...              | 0.49    | 0.05             | 0.49    | ...              | 0.47    |
| <b>Net</b>                                   | <b>Cr. 0.49</b>  |         | <b>Cr. 0.44</b>  |         | <b>Cr. 0.47</b>  |         |
| 110 - R B Suspense – Central Accounts Office | 27.45            | 68.76   | 39.13            | 88.08   | 33.17            | 1,07.34 |
| <b>Net</b>                                   | <b>Cr. 41.31</b> |         | <b>Cr. 48.95</b> |         | <b>Cr. 74.17</b> |         |
| 112 - Tax Deducted at Source suspense        | 1,61.98          | 1,31.12 | 1,92.41          | 1,68.11 | 2,04.40          | 2,06.10 |
| <b>Net</b>                                   | <b>Cr. 30.86</b> |         | <b>Cr. 24.30</b> |         | <b>Cr. 1.70</b>  |         |

The clearances in the last three previous years are as given below;

(Amount ₹ in crore)

| Name of Minor Head                           | 2007-08 |         | 2008-09  |          | 2009-10  |          |
|----------------------------------------------|---------|---------|----------|----------|----------|----------|
|                                              | Dr      | Cr      | Dr       | Cr       | Dr       | Cr       |
| 101 - Pay and Accounts office suspense       | 13.20   | ...     | 15.12    | ...      | 17.49    | 0.50     |
| 102 - Suspense Account (Civil)               | 1.66    | 0.04    | 2.21     | 0.07     | 7.32     | 3.89     |
| 109 - R B Suspense – Head Quarters           | ...     | ...     | 0.03     | ...      | 2.15     | 20.38    |
| 110 - R B Suspense – Central Accounts Office | 16.66   | ...     | 20,92.84 | 14,78.62 | 23,98.42 | 20,86.73 |
| 112 - Tax Deducted at Source suspense        | 1,31.12 | 1,61.98 | 1,68.11  | 1,92.41  | ...      | 2,04.35  |

**NOTES TO ACCOUNTS – contd.**

**b) Remittance Heads (8782 and 8793)**

(Amount ₹ in crore)

| <i>Name of Minor Head</i>                                                                                                   | <i>2007-08</i>     |           | <i>2008-09</i>     |           | <i>2009-10</i>     |           |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|--------------------|-----------|--------------------|-----------|
|                                                                                                                             | <i>Dr</i>          | <i>Cr</i> | <i>Dr</i>          | <i>Cr</i> | <i>Dr</i>          | <i>Cr</i> |
| <b>Major Head: 8782 - Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer</b> |                    |           |                    |           |                    |           |
| 101 – Cash Remittances between Treasuries and Currency Chests                                                               | ...                | 0.40      | ...                | 0.40      | ...                | 0.41      |
| <b>Net</b>                                                                                                                  | <b>Cr. 0.40</b>    |           | <b>Cr. 0.40</b>    |           | <b>Cr. 0.41</b>    |           |
| 102 – Public Works Remittances                                                                                              | 3,06.25            | 37.72     | 3,59.73            | 30.62     | 3,83.58            | 22.09     |
| <b>Net</b>                                                                                                                  | <b>Dr. 2,68.52</b> |           | <b>Dr. 3,29.11</b> |           | <b>Dr. 3,61.49</b> |           |
| 103 – Forest Remittances                                                                                                    | 13.04              | 0.04      | 16.39              | 5.76      | 11.96              | 0.18      |
| <b>Net</b>                                                                                                                  | <b>Dr. 12.99</b>   |           | <b>Dr. 10.63</b>   |           | <b>Dr. 11.78</b>   |           |
| 104 – Remittances of Government Commercial Undertakings                                                                     | 16.30              | 5.21      | 16.27              | 5.21      | 16.27              | 5.21      |
| <b>Net</b>                                                                                                                  | <b>Dr. 11.09</b>   |           | <b>Dr. 11.06</b>   |           | <b>Dr. 11.06</b>   |           |
| 105 – Reserve Bank of India Remittances                                                                                     | 2.41               | ...       | 2.41               | ...       | 2.41               | ...       |
| <b>Net</b>                                                                                                                  | <b>Dr. 2.41</b>    |           | <b>Dr. 2.41</b>    |           | <b>Dr. 2.41</b>    |           |
| 110 – Miscellaneous Remittances                                                                                             | 0.40               | ...       | 0.40               | ...       | 0.40               | ...       |
| <b>Net</b>                                                                                                                  | <b>Dr. 0.40</b>    |           | <b>Dr. 0.40</b>    |           | <b>Dr. 0.40</b>    |           |
| <b>Major Head: 8793 – Interstate Suspense Account</b>                                                                       |                    |           |                    |           |                    |           |
| Interstate Suspense Account                                                                                                 | 15.89              | ...       | 9.34               | ...       | 12.28              | ...       |
| <b>Net</b>                                                                                                                  | <b>Dr. 15.89</b>   |           | <b>Dr. 9.34</b>    |           | <b>Dr. 12.28</b>   |           |

The clearances in the last three previous years are as given below;

(Amount ₹ in crore)

| <i>Name of Minor Head</i>                                                                                                   | <i>2007-08</i> |           | <i>2008-09</i> |           | <i>2009-10</i> |           |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|-----------|----------------|-----------|----------------|-----------|
|                                                                                                                             | <i>Dr</i>      | <i>Cr</i> | <i>Dr</i>      | <i>Cr</i> | <i>Dr</i>      | <i>Cr</i> |
| <b>Major Head: 8782 - Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer</b> |                |           |                |           |                |           |
| 101 – Cash Remittances between Treasuries and Currency Chests                                                               | ...            | ...       | ...            | ...       | ...            | ...       |
| 102 – Public Works Remittances                                                                                              | 25,33.71       | 6,16.19   | 2,44.79        | 7,83.09   | 98.92          | 7,49.71   |
| 103 – Forest Remittances                                                                                                    | ...            | 1,54.01   | ...            | 1,53.20   | ...            | 4,16.20   |
| 104 – Remittances of Government Commercial Undertakings                                                                     | ...            | ...       | ...            | ...       | ...            | ...       |
| 105 – Reserve Bank of India Remittances                                                                                     | ...            | ...       | ...            | ...       | ...            | ...       |
| 110 – Miscellaneous Remittances                                                                                             | ...            | ...       | ...            | ...       | ...            | ...       |
| <b>Major Head: 8793 – Interstate Suspense Account</b>                                                                       |                |           |                |           |                |           |
| Interstate Suspense Account                                                                                                 | 1,35.31        | 8.75      | 1,77.71        | 4.64      | 1,47.59        | 4.36      |

Constant efforts are underway to clear the balances under these heads. However, clearance of suspense and remittance items depends on the details furnished by the Government Departments/ Works and Forest Divisions/ Central Ministries/ Pay and Accounts Offices/ Reserve Bank of India etc. An analysis of old items is detailed in Annexure to Statement No.18.

(14) **Reserve Funds:** Twelfth Finance Commission has recommended that States should set up sinking funds for amortization of all loans including loans from banks, liabilities on account of National Small Savings

## NOTES TO ACCOUNTS – conclud.

Fund etc., and should not be used for any other purpose, except for redemption of loans and Guarantee Redemption Fund for discharge of the States' obligations on guarantees.

i) Sinking Fund: There exists a sinking Fund for amortization of market loans. However from the year 1999-2000 funds were not provided under the Major Head '2048 – Appropriation for reduction or avoidance of Debt' for contribution to the existing Sinking Fund. The existing fund has not been revived despite recommendations of the Twelfth Finance Commission.

ii) Guarantee Redemption Fund: Guarantee Redemption Fund as recommended by the Finance Commission has not been set up. However, in the year 1999-2000 State Government had set up a Guarantee Reserve Fund in the Public Account with a corpus of ₹1,00 lakh. There has been no transaction under this fund. The State Government stated that the setting up of Guarantee Redemption Fund and transfer of Guarantee Commission receipts to the Fund and expenditure if any as met out of the Fund will be considered at the appropriate time.

iii) Other Funds: In addition to the above there are 31 other Funds out of which 11 Funds are active. The total accumulated balance as at the end of 31<sup>st</sup> March 2010 in these Funds was ₹91,51.40 crore (₹91,09.91 crore in Active Funds and ₹41.49 crore in dormant Funds). During the year an amount of ₹51,17.81 crore was transferred as contribution to the Funds. This expenditure was covered by receipts to the extent of ₹28,22.97 crore (Tax and Non-tax receipts: ₹7,16.57 crore, Grants-in-Aid from Government of India: ₹16,98.88 crore and public contribution of ₹4,07.52 crore) and the remaining amount of ₹22,94.84 crore (₹21,00.00 crore for augmentation of the Infrastructure Initiative Fund, Bangalore Metro Rail Corporation Limited Fund and CM's Rural Road Development Fund, ₹1,50.00 crore - contribution for Fiscal Management Fund, ₹34.84 crore being States share for Calamity Relief Fund and ₹10.00 crore for Development Fund for Medical and Public Health Purposes) was met from the State Budgetary support. The total expenditure shown as met out these Funds was ₹21,80.57 crore.

(15) The State Government provides funds to State /District level autonomous bodies and authorities, societies, non-governmental organizations, etc. for implementation of Centrally Sponsored Schemes (State Share) and State Schemes. From the current year in the Finance Accounts detailed information on plan schemes is furnished in Appendix VI and VII. 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. The aggregate amount of the unspent balances in the accounts of the implementing agencies kept outside Government accounts (in bank accounts) is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, not final.

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ANNEXURE – A TO NOTES TO ACCOUNTS - BOOKINGS UNDER MINOR HEAD 800

800 – ‘Other Expenditure’:

(Amount ₹ in crore)

<i>Sl. No.</i>	<i>Major Head</i>	<i>Expenditure under 800</i>	<i>Total Expenditure under Major Head concerned</i>	<i>Percentage</i>
1	2013	4.89	10.97	44.54
2	2217	4,02.73	7,52.57	53.51
3	2250	84.82	121.20	69.98
4	2401	5,12.57	10,47.89	48.91
5	2405	46.20	85.49	54.04
6	2701	71.80	1,29.53	55.43
7	3055	1,57.22	1,57.22	100.00
8	3435	2.85	8.30	34.27
9	3451	25.72	1,00.22	25.66
10	3456	7.26	8.52	85.26
11	3475	21,14.73	27,15.57	77.87
12	4070	0.37	0.37	100.00
13	4215	2,99.63	11,26.32	26.60
14	4217 (#)	5,98.43	4,90.50	122.00
15	4401	11.50	11.50	100.00
16	4405	3.30	6.52	50.61
17	4705	23.93	23.93	100.00
18	4860	1.48	2.15	68.62
19	5054	8,87.97	24,23.55	36.64
20	5055	1,18.84	2,22.84	53.33
21	5452	94.73	94.73	100.00
22	6211	0.22	0.22	100.00
23	6216	76.00	76.00	100.00
24	6217	1,96.37	1,96.37	100.00
25	6425	5.00	5.51	90.81

(#) Includes accounting recoveries to the extent of ₹1,07.93 crore (which includes amount transferred to the fund head) and hence the percentage is more than 100.

ANNEXURE – A TO NOTES TO ACCOUNTS - BOOKINGS UNDER MINOR HEAD 800 - conclud.

800 – ‘Other Receipts’:

(Amount ₹ in crore)

<i>Sl. No.</i>	<i>Major Head</i>	<i>Receipts under 800</i>	<i>Total Receipts under Major Head concerned</i>	<i>Percentage</i>
1	0056	0.33	0.90	36.45
2	0059 (\$)	21.60	25.27	85.47
3	0070 (\$)	33.14	99.29	33.38
4	0071	17.69	69.07	25.62
5	0075 (\$)	3,58.70	5,48.35	65.42
6	0211	0.29	0.31	95.48
7	0217	5.31	5.31	100.00
8	0220	0.74	0.74	99.73
9	0230	10.95	22.94	47.73
10	0235	30.12	32.93	91.45
11	0250	2.41	4.95	48.56
12	0401 (\$)	7.35	9.96	73.77
13	0406 (\$)	1,21.93	2,12.48	57.38
14	0425 (\$)	14.42	46.62	30.93
15	0506	0.17	0.17	100.00
16	0515 (\$)	7.50	7.74	96.84
17	1051	9.22	14.51	63.54
18	1054	31.63	32.46	97.46
19	1452	0.79	0.92	86.00
20	1456	0.36	0.36	100.00
21	1475	4,33.29	4,62.65	93.65
22	4000 (\$)	70.85	69.79	101.52
23	6211	0.01	0.01	100.00
24	6216	5.57	5.99	92.96
25	6801	5,00.01	5,16.63	96.80
26	6885	0.67	0.67	100.00

(\$)

Includes deduct refunds under the Major Heads: 0059 (₹0.01 crore); 0070 (₹0.64 crore); 0075 (₹17.04 crore); 0401 (₹0.01 crore); 0406 (₹0.11 crore); 0425 (₹0.04 crore); 0515 (₹0.01 crore); and 4000 (₹1.06 crore).

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS

A – Periodical Adjustments

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
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]	1,29.36	Adjustment relating to Central Road Fund
		5054-80-902-0-01 [Capital Outlay on Roads and Bridges – amount met from Central road Fund]	8449-00-103-0-00-000 [Subvention from Central Road Fund]	2,05.30	Expenditure under 5054 in respect of CRF transferred to 8449.
2	Adjustment relating to Karnataka Power Corporation / Karnataka Power Transmission Company Ltd.	2801-80-101-1-04-106 [Subsidy to Karnataka Power Transmission Corporation Limited]	6801-00-190-1-01-395 [Karnataka Power Transmission Corporation Limited]	13.14	Tariff Subsidy to Electricity Supply Companies for financial year 2009 -10 and other cash support to Karnataka Power Transmission Corporation Limited. - Adjustment of dues from KPTCL, ESCOMS and KPCL to Government of Karnataka.
			6801-00-190-1-02-395 [Prime Minister Gramodaya Yojane - Rural Electrification]	0.97	
			6801-00-190-2-01-395 [Energisation of Irrigation works]	0.64	
			0043-00-101-0-01-000 [Taxes on Consumption and sale of electricity- Tax Collections]	1,52.47	
			0049-04-190-0-01-000 [Interest on loans to Karnataka Power Transmission Corporation Limited.]	23.87	
			0801-01-201-0-01-000 [Royalty etc, recovered from Karnataka Power Corporation Limited.]	55.83	
			0075-00-108-0-01-000 [Guarantee Fees.]	3.49	
3	Capitalization of Chief Engineer's establishment charges	2701 [Several Heads of Account under Major Head - Major and Medium Irrigation]	4701 [Several Heads of Account under Major Head – Capital Outlay of Major and Medium Irrigation]	14.48	Proportionate expenditure on establishment Charges initially booked under 2701 in respect of projects transferred to 4701.
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.]	0.12	Expenditure initially incurred under Police transferred to Forest Department Head.

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
5	Forest Department	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]	2,71.48	Transfer of Forest Development Tax collected and initially accounted under Major Head 0045 to Major Head 8229 Karnataka Forest Development 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]	2.02	Transfer of Receipts from Sanctuaries Major Head 0406 to Protected Area Management Fund.
		2406-01-902-0-00-261 [Amount met from Karnataka Forest Dev. Fund]	8229-00-200-0-04-000 [Karnataka Forest Development Fund]	23.83	Expenditure initially incurred under Major Head 2406 has been transferred to Major Head 8229 - Karnataka Forest Development Fund.
		2406-02-902-0-00-261 [Amount met from Protected Area Management]	8229-00-200-0-29-000 [Protected Area Management Fund]	2.98	Expenditure initially incurred under Major Head 2406 has been transferred to Major Head 8229 - Protected Area Management Fund
6	Village and Small Industries	2851-00-797-0-01-261 [Transfer of Market Fees and License fees to Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund]	8229-00-200-0-09-000 [Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund]	28.46	Transfer of Market Fees and License fees initially accounted under Major Head 0851 to Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund
7	Village and Small Industries	2851-00-902-0-00-261 [Transfer of Expenditure met from Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund]	8229-00-200-0-09-000 [Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund]	2.98	Expenditure initially incurred under Major Head 2851 has been transferred to 8229 - Karnataka silk worm seed cocoon and silk yarn development and price stabilization Fund

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks	
		From	To			
8	Other General Services	3475-00-797-0-01-261 [Transfer of cess to Infrastructure Initiative Fund]	8229-00-200-0-19-000 [Infrastructure Initiative Fund]	2,19.75	Transfer of Infrastructure cess collections initially accounted under Major Head 0039 – State Excise, 0041 - Motor Vehicles Department, 0030 – Stamps and Registration to 1475 – Other General Economic Services. The same has been transferred from Major Head 3475 Other General Economic Services to Major Head 8229 - Infrastructure Initiative Fund, CM's RRD Fund and BMRCL Fund.	
			8229-00-200-0-31-000 [Chief Minister's Rural Road Development Fund]	57.83		
			8229-00-200-0-32-000 [Bangalore Metro Rail Corporation Ltd. Fund]	1,07.93		
		5465-01-902-0-00 [Amount met from Infrastructure Initiative Fund]	8229 – Development and Welfare funds 1. Infrastructure Initiative Fund	2,19.75		Expenditure incurred on specific schemes under the Major Heads 5465, 4217 and 3054 met from 8229 – Development and Welfare funds.
		4217-60-902-0-00 [Amount met from BMRCL Fund]	2. BMRCL Fund	1,07.93		
		3054-80-902-0-00 [Expenditure met from CM RRD Fund]	3. CM RRD Fund	57.83		
		3475-00-797-0-08-104 [Fiscal Management Fund – Contributions]	8235-00-200-0-05 [Fiscal Management Fund]	1,50.00			Transfer of Government contribution to Fiscal Management Fund
	Augmenting Infrastructure Initiative Fund	3475-00-800-0-11-261 [Augmenting Infrastructure Initiative Fund – Inter Account Transfers]	8229-00-200- [Other Development and Welfare Fund Infrastructure Initiative Fund]	21,00.00	Infrastructure Initiative Fund augmented out of General Revenue of the State so that Capital Expenditure on some projects is met out of the Fund	

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
9	Calamity Relief Fund	2245-05-101-0-01-261 [Relief on account of Natural Calamities – Central share to Calamity Relief Fund]	8235-00-111-0-01-000 [Calamity Relief Fund of Karnataka]	1,39.36	Central share of CRF (₹104.52 crore) and Contribution from NCCF (₹15,94.36 crore) accounted under 1601 and State share of CRF (₹34.84 crore) has been transferred to 8235- Calamity Relief Fund of Karnataka by debiting 2245 Relief on account of Natural Calamities.
		2245-05-101-0-02-261 [State Share to Calamity Relief Fund]	8235-00-111-0-03-000 [National Contingency and Calamity Relief Fund]	15,94.36	
		2245-05-901-0-01-261 [Amount met from Calamity Relief Fund – Inter Account Transfers]	8235-00-111-0-01-000 [Calamity Relief Fund of Karnataka] 8235-00-111-0-03-000 [National Contingency and Calamity Relief Fund]	17,50.96	
10	Travel concession	2011-02-800-0-03-041 [Travel concession to Ex Members of Legislative Assembly]	0041-00-102-0-01 [Taxes on Vehicles and Service Tax]	0.06	Motor Vehicles Tax due to Govt. by State Transport Corporations adjusted towards free bus passes provided to Ex-MLAs.
11	Adjustment of Interest on Fund Balance	2049 [Interest Payments]	8011 [Insurance and Pension Funds]		Adjustment of amount of interest accumulated on Group Insurance and Savings Schemes
		Group Insurance Savings Scheme		2.17 87.88	

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
12	Industries – Departmentally managed Govt. Commercial Undertakings - Capital invested	2852-06-103-1-01-243 [Other Engineering Industries. Govt. Central Workshop, Mercara.]	0049-04-103-0-01-000 [Interest from Departmental Commercial Undertakings, GCW, Mercara]	0.01	Interest on Capital invested in Govt. Commercial Undertakings by Govt.
		2852-08-202-1-01-243 [Consumer Industries Textiles Govt. Silk Filature. Kollegal]	0049-04-103-0-02-000 [Govt. Silk Filature. Kollegal]	0.15	
		2852-08-202-2-01-243 [Govt. Silk Filature. Santemarahalli]	0049-04-103-0-04-000 [Govt. Silk Filature. Santemarahalli]	0.18	
		2852-08-202-3-01-243 [Govt. Silk Filature. Chamarajanagar.]	0049-04-103-0-03-000 [Govt. Silk Filature. Chamarajanagar]	0.21	
		2852-08-202-4-01-243 [Govt. Silk Filature. Mamballi.]	0049-04-103-0-05-000 [Govt. Silk Filature. Mamballi]	0.09	
		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, Tolahunuse.]	0049-04-103-0-07-000 Govt. Mini Silk Filature Unit, Tolahunuse.	0.05	
13	Industries – Departmentally managed Govt. Commercial Undertakings – Depreciation Reserve Fund	2049-05-101-1-01-240 Interest on Reserve Funds. Govt. Silk Filature. Kollegal	0852-08-202-1-02-000 Textiles – Government Silk Filature, Kollegal	0.01	Interest on Depreciation Reserve Fund
		2049-05-101-1-03-240 [Govt. Silk Filature. Chamarajanagar.]	0852-08-202-3-02-000 [Govt. Silk Filature, Chamarajnagar]	0.02	
		2049-05-101-1-04-240 [Govt. Silk Filature. Santemarahalli.]	0852-08-202-2-02-000 [Govt. Silk Filature. Santemarahalli]	0.01	
		2049-05-101-1-05-240 [Govt. Silk Filature. Mamballi]	0852-08-202-4-02-000 [Govt. Silk Filature. Mamballi]	0.03	
		2049-05-101-1-06-240 [Govt. Silk Twisting and Weaving Factory Mudigundam.]	0852-08-202-5-02-000 [Govt. Silk Twisting and Weaving Factory Mudigundam]	0.01	
		2049-05-101-1-07-240 [Govt. Central Workshop Mercara.]	0852-06-103-1-02-000 [Govt. Central Workshop Mercara]	0.04	

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
14	Industries - Consumer Industries – Textiles	2852-08-202-2-01-271 Govt. Silk Filature Santhemarahalli	8115-00-103-0-15-000 Govt. Silk Filature Santhemarahalli	0.01	Amount transferred to depreciation /renewal reserve funds
		2852-08-202-4-01-271 Govt. Silk Filature Mamballi	8115-00-103-0-16-000 Govt. Silk Filature Mamballi	0.01	
15	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)]	3,18.00	Adjustment of amount of interest accumulated on KSLI (OB), Motor Insurance, HSLI and FBF
	Motor Insurance	2049-03-108-1-02 [Motor Insurance Fund]	8011-00-105-2-00 [Motor Insurance Fund]	9.17	
	H.S.L.I	2049-03-108-1-03 [Hyderabad State Insurance Fund]	8011-00-105-3-00 [Andhra Pradesh Life Insurance Fund]	0.38	
	F.B.F	2049-03-108-2-00 [Govt. Employees Family Benefit Fund]	8011-00-102-0- [Karnataka Govt. Employees Family Benefit Fund]	7.33	
16	Adjustment of interest on G.P.F	2049-03-104-1 [Adjustment of interest on G.P.F (State)]	8009-01-101-0-01 General Provident Fund Karnataka	4,16.40	Adjustment of interest on G.P.F (State) and A.I.S. P.F
		2049-03-104-3 [Interest on A.I.S. P.F]	8009-01-104-0-01 All India Services Provident Fund Karnataka	3.84	
17	Adjustment of interest on Investments	0049-04-110-0-01 [Interest from Investments in Normal treasury bills and other investments]	8222-01-101-1- [Sinking fund for Amortization of Loan]	0.03	Adjustment of interest realized and credited to Govt. on various investments out of cash balance investment account and Sinking Fund

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

A – Periodical Adjustments - conclud.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
18	Expenditure met from Karnataka Govt. Insurance Fund	2235-60-902-0-00-261 [Social Security and Welfare – amount met from Karnataka State Govt. Insurance Fund]	8011-00-105-1-01 [Karnataka State Life Insurance Fund]	16.75	The recurring cost of the management of the fund is initially debited under 2235 and eventually transferred to 8011
19	Contribution to Provident Fund - 1. Commercial concerns	2852 [Industries]	0071-01-101-0-02-000 [Contribution towards Provident Fund]	0.52	Pension contribution in respect of Govt. officials deputed to Commercial concerns and projects
	2. Staff Employed in Irrigation Works	2701 [Major and Medium Irrigation] 4701 [Capital Outlay on Major and Medium Irrigation]	0071-01-101-0-04-000 [Staff employed on Irrigation works - Pensionary Charges]	0.83	
20	Transfer of expenditure to Fund Account	3051-02-902-0-00-261 Amount met from Port Development Fund	8229-00-112-0-00-000 Port Development Fund	1.22	Transfer of expenditure under Ports and Light Houses initially accounted under 3051 to Port Development Fund
		3051-02-797-0-01 [Transfer of receipts under Ports, Lighthouses and Shipping]	8229-00-112-0-00-000 [Port Development Fund]	29.09	Transfer of Receipts under Ports and Light houses initially accounted under 1051/1052 to Port Development Fund

B – Other Adjustments

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
1	Director of State Lotteries	2070-00-800-0-01-051 [Director of State Lotteries – General Expenses]	0040-00-102-0-01-000 [Taxes on sales, Trade etc., - Receipts under Sales Tax]	0.50	Difference in Sales Tax dues on account of printing of Lottery Tickets borne by the government.
2	Karnataka State Road Transport Corporation	7055-00-190-0-01 [Loans to Public Sector and other Undertakings]	0041-00-102-0-05 [Taxes on Vehicles – KSRTC]	42.00	Motor Vehicles Tax due from KSRTC treated as interest free loan

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - contd.

B – Other Adjustments - contd.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
3	Sugar Factories	6860-04-190-1-16 [Conversion of Purchase Tax into interest free loan]	0040-00-102-0-01 [Taxes on sales, Trade etc., - Receipts under Sales Tax]	43.56	Conversion of purchase tax on sugarcane into interest free loan in respect of various sugar factories
4	Forestry and Wild Life	2406-01-800-0-11-059 [Transfer of leased land from Mysore Paper Mills]	0406-01-800-0-07 [Other Receipts]	16.39	Value to Plantation surrendered by MPM to Govt.
5	Housing & Urban Development	4215-02-190-0-01-240 [Repayment of Loan to HUDCO]	0075-00-108-0-01-000 [Miscellaneous General Services – Guarantee Fees]	9.11	Adjustment of Guarantee Commission due to Govt. by Karnataka Land Army Corporation shown as Investment by Govt.
6	Investments in General Financial Institutions MSIL	5465-02-190-0-03 [Investments in general financial and trading institutions]	0049-04-190-0-09 [Interest on Loans to other undertakings]	3.83	Investment of Equity in Mysore Sales International Limited is adjusted against interest dues to Govt. by MSIL
7	Adjustment relating to power	4801-80-190-0-01-211 [Investment in power utility]	6801-01-800-1-01-394 [Power purchase from private parties]	5,00.00	Conversion of Interest free loan released to ESCOM in 2008-09 as equity for 2009-10
8	Guarantee Commission	2701-80-800-7-04-059 [Financial Assistance to Nigams – KNNL]	0075-00-108-0-01 [Miscellaneous General Services – Guarantee Fees]	55.53	Guarantee Commission payable by Karnataka Neeravari Nigam Ltd. adjusted against Capital Assistance.
9	Capital Outlay on Village and Small Industries	4851-00-102-0-14 [Capital Equity of Karnataka State Finance Corporation]	0049-04-800-5-02 [Interest Receipts – Other Miscellaneous Loans]	1.73	Adjustment of Interest against Viswa Loan to KSFC
		4851-00-190-0-14 [Investments]	6851-00-102-1-13 [Loans to KSFC under Viswa Scheme]	1.00	Conversion of principal amount of loan due by KSFC under Viswa Scheme as Equity.

ANNEXURE – B TO NOTES TO ACCOUNTS – PERIODICAL AND BOOK ADJUSTMENTS - conclud.

B – Other Adjustments - conclud.

(Amount ₹ in crore)

Sl. No	Adjustment	Heads of Account		Amount	Remarks
		From	To		
10	Non Ferrous and Metallurgical Industries	2853-02-102-0-01-071 [Non Ferrous and Metallurgical Industries]	0075-00-108-0-01 [Miscellaneous General Services – Guarantee Fee]	1.73	Amount adjusted against Guarantee Commission due from Karnataka State Industrial Investment and Development Corporation Limited towards common area maintenance fee payable by the Department of Mines and Geology.
11	Road Transport Corporation	3055 [Road Transport]	0041 [Taxes on Vehicles]	1,41.42	Adjustment of subsidy amount released to KSRTC, BMTC, NWKRTC in connection with concession passes allowed to Freedom Fighters, widows of Freedom fighters, Students, Physically Handicapped, Blind etc towards Motor Vehicle Tax
12	Guarantee Commission	3054-80-800-0-01-059 [Roads and Bridges – Other Expenditure]	0075-00-108-0-01 [Miscellaneous General Services -Guarantee fees]	32.10	Adjustment of Guarantee Commission payable by Karnataka Road Development Corporation Ltd.
13	Guarantee Commission	5465-01-190-1-04-240 [Investment in general and trading institutions – Investment in infrastructure - BIAP]	0075-00-108-0-01 [Guarantee Fee]	9.41	Adjustment of Guarantee Commission payable by KSIIDC is treated as assistance to BIAP for repayment of HUDCO loan.
14	Debt Waiver	6004-02-105 [State Plan Loans Consolidated in terms of recommendations of the Twelfth Finance Commission]	0075-800 [Miscellaneous General Services – Other Receipts]	3,58.32	Represents waiver of debt sanctioned by Govt. of India as per the recommendations of XII Finance Commission for 2009-2010.

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# **APPENDIX I**



## APPENDIX I - CASH BALANCES AND INVESTMENTS OF CASH BALANCES

|            | <i>Particulars</i>                                                          | <i>As on 31<sup>st</sup> March<br/>2010</i> | <i>As on 31<sup>st</sup> March<br/>2009</i> |
|------------|-----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
|            |                                                                             | <i>(In crores of rupees)</i>                |                                             |
| <b>(a)</b> | <b>General Cash Balance:</b>                                                |                                             |                                             |
|            | 1. Cash in Treasuries                                                       | ...                                         | ...                                         |
|            | 2. Deposits with the Reserve Bank <sup>1</sup>                              | (-) 1,07.69 (A)                             | (-) 3,58.46                                 |
|            | 3. Remittances in Transit - Local                                           | 0.01                                        | 0.01                                        |
|            | <b>Total (1 to 3)</b>                                                       | <b>(-) 1,07.68</b>                          | <b>(-) 3,58.45</b>                          |
|            | 4. Investments held in the Cash Balance Investment Account <sup>2</sup>     | 88,89.99                                    | 75,19.31                                    |
|            | <b>Total (a)</b>                                                            | <b>87,82.31</b>                             | <b>71,60.86</b>                             |
| <b>(b)</b> | <b>Other Cash Balances and Investments:</b>                                 |                                             |                                             |
|            | 1. Cash with Departmental Officers                                          | 9.15                                        | 4.47                                        |
|            | 2. Permanent Advances for Contingent expenditure with Departmental Officers | 1.62                                        | 1.61                                        |
|            | 3. Investments of Earmarked Funds <sup>3</sup>                              | 9,80.44                                     | 6,52.91                                     |
|            | <b>Total (b)</b>                                                            | <b>9,91.21</b>                              | <b>6,58.99</b>                              |
|            | <b>Total (a) and (b)</b>                                                    | <b>97,73.52</b>                             | <b>78,19.85</b>                             |

### Explanatory Notes

a) **Cash and Cash Equivalents:** Cash and cash equivalents consist of cash in treasuries and deposit with Reserve Bank of India and other Banks 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/reserve funds etc are added to the balance in 'Deposits with RBI'.

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- (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 2009-10 advised to the Reserve Bank upto 16<sup>th</sup> April 2010.
- (2) For details see page 51.
- (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 ₹21.61 crore (Cr) between the figures reflected in the accounts {₹1,07.69 crore. (Cr.)} and that intimated by the Reserve Bank of India {₹1,29.30 crore. (Dr.)}. The difference to the extent of ₹0.81 crore (Cr.) has since been reconciled and adjusted. The remaining difference of ₹20.80 (Cr.) crore is under reconciliation (June 2010).

## APPENDIX I - 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 ordinary and special 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 day 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 day 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 day Treasury Bills and makes good the shortfall. If there is no holding of 14 day Treasury Bills on that day the State Government applies for Ways and Means Advances/Special Ways and Means Advances/ Over Draft.

**(c) Ways and Means Advances:** The limit for ordinary ways and means advances to the State Government was ₹6,25.00 crore with effect from 01.04.2006. 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.

The extent to which the Government maintained the minimum cash balance with the Reserve Bank during 2009-10 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.

## APPENDIX I - CASH BALANCES AND INVESTMENTS OF CASH BALANCES - conclud.

The details of investments held in Cash Balance Investment Account is given below. Interest realised during the year was ₹3,09.04 crore.

| <i>(In crores of rupees)</i> |                                    |                 |
|------------------------------|------------------------------------|-----------------|
| (i)                          | Government of India Treasury Bills | 88,89.66        |
| (ii)                         | Government of India Securities     | 0.32            |
| (iii)                        | Other Investments                  | 0.01            |
|                              | <b>Total</b>                       | <b>88,89.99</b> |

The operative limits of Normal ways and means advances for 2009-10 was ₹6,25.00 crore. The operative limits for Special Ways and Means Advances is determined based on the States' holdings in the 91 days and more than 91 days treasury bills. During 2009-10 Government of Karnataka had invested only in 14 days treasury bills and therefore operative limits for Special Ways and Means Advances were not determined.

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