

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2019-2021)**

EIGHTIETH REPORT

On

**Paragraphs relating to Finance Department contained in the Report of the
Comptroller and Auditor General of India for the year ended
31st March, 2014 (State Finances)**

382/2021.

COMMITTEE ON PUBLIC ACCOUNTS (2019-2021)

Chairman:

Shri V. D. Satheesan.

Members:

Smt. P. Aisha Potty

Shri P. K. Basheer

Shri James Mathew

Shri Mathew T. Thomas

Shri K. Kunhiraman

Shri A. Pradeepkumar

Shri Mullaikkara Retnakaran

Shri Roshy Augustine

Shri Saji Cherian

Shri V. S. Sivakumar.

Legislature Secretariat:

Shri S.V. Unnikrishnan Nair, Secretary

Smt. Manju Varghese, Joint Secretary

Shri R. Venugopal, Deputy Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Eightieth Report on paragraphs relating to Finance Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014 (State Finances).

The Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014 (State Finances) was laid on the Table of the House on 11th March, 2015.

The Committee considered and finalised this Report at the meeting held on 11th January 2021.

The Committee place on records their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

V. D. SATHEESAN,

Chairman,

Committee on Public Accounts.

Thiruvananthapuram,
21st January 2021.

REPORT

FINANCE DEPARTMENT

Introduction

The chapter is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31st March 2014. It provides a broad perspective of the finances of the Government of Kerala during 2013-14 and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view of the overall trends during the last five years. The structure and form of Government Accounts have been explained in **Appendix III (1.2 Part A)** and the layout of the Finance Accounts is shown in **Appendix III (1.2 Part B)**. The methodology adopted for the assessment of the fiscal position of the State and norms/ceilings prescribed by the Kerala Fiscal Responsibility Act, 2003 are given in **Appendix III (1.3)**. As prescribed in the Act, the Government submitted its Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan for 2013-14 to 2015-16 in the State Legislature in March 2013.

Summary of Current Year's Fiscal Transactions

The Table presents the summary of the State Government's fiscal transactions during the current year (2013-14) vis-a-vis the previous year (2012-13). Appendix III (1.4) provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table : Summary of fiscal operations in 2013-14

(₹ in crore)

Receipts	2012-13	2013-14	Disbursements	2012-13	2013-14		
	Section - A: Revenue				Non-plan	Plan	Total
1	2	3	4	5	6	7	8
Revenue Receipts	44,137.30	49,176.93	Revenue Expenditure	53,488.74	53,411.84	7073.66	60,485.50
Tax Revenue	30,076.61	31,995.01	General Services	22,786.61	26,478.44	126.65	26,605.09

1	2	3	4	5	6	7	8
Non-tax Revenue	4,198.51	5,575.03	Social Services	18,877.49	16,333.95	4,645.93	20,979.88
Share of Union Taxes/Duties	6,840.65	7,468.68	Economic Services	7,808.42	5,627.98	2,301.08	7,929.06
Grants from Government of India	3,021.53	4,138.21	Grants-in-aid and Contribution	4,016.22	4,971.17		4,971.47
Section-B: Capital and Others							
Miscellaneous Capital Receipts	14.81	19.19	Capital Outlay	4,603.29	796.71	3,497.62	4,294.33
Recoveries of Loans and Advances	73.61	103.75	Loans and Advances Disbursed	1,136.15	926.64	537.53	1,464.17
Public Debt Receipts	13,261.19	14,461.18	Repayment of Public Debt.	2,804.08			3,244.81

1	2	3	4	5	6	7	8
Contingency Fund	20.80		Contingency Fund				67.39
Public Account Receipts	1,05,879.64	1,24,374.44	Public Account Disbursements	1,00,455.82			120992.20
Opening Cash Balance	3,793.46	4,692.73	Closing Cash Balance	4,692.73			2,279.82
Total	1,67,180.81	1,92,828.22	Total	1,67,180.81			1,92,828.22
<i>Source : Finance Accounts for the respective years.</i>							

Review of fiscal situation

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 which came into force on 5th December 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or thereto. As per the stipulation in the Kerala Fiscal Responsibility Act, 2003, a Medium Term Fiscal Policy (MTFP) and Strategy Statement is to be prepared, covering fiscal targets fixed for ensuring three financial years, and submitted along with the budget documents to the State Legislature. Accordingly, major fiscal variable targets set by the State Government in MTFP for 2013-14 and its achievements are detailed below:

Table : Comparison of fiscal variable targets

Fiscal Variables	2013-14	
	Targets fixed in MTFP	As per finalized accounts
Revenue deficit/GSDP	0.54	2.8
Fiscal deficit/GSDP	2.82	4.2
Outstanding Debt to GSDP	27.14	30.8

Source: Medium Term Fiscal Plan for 2013-14 to 2015-16

According to the Act, the Government is committed to reduce the revenue deficit to 'nil' within a period of four years commencing on the 1st April 2011 and ending with the 31st March 2015 by reducing the revenue deficit in the years 2011-12, 2012-13, 2013-14 and 2014-15 in the order of 1.4 per cent, 0.9 per cent, 0.5 per cent and zero per cent, respectively, of the GSDP. The Government is also committed to reduce the fiscal deficit to 3 per cent of the estimated GSDP within a period of three years commencing on the 1st April 2011 and ending with the 31st March 2014 by maintaining the fiscal deficit at a level not exceeding 3.5 per cent of the GSDP in the years 2011-12 and 2012-13 and reducing it to 3 per cent in 2013-14.

It was observed that the State could not achieve the revenue deficit and fiscal deficit targets fixed in the Budget Estimates. Non-realisation of revenue as anticipated resulted in non-achievement of fiscal targets fixed for the year.

Budget estimates and actual

As per Article 202 of the Constitution of India, the Governor of the State shall, cause to be laid before the House of the Legislature of the State a statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipt and expenditure for a financial year named in the Constitution as the 'Annual Financial Statement' is commonly known as 'Budget'. The budget is Government's most important economic policy tool, that translates

Government's policies, commitments, and goals into decisions on how much revenue to raise, how it plans to raise it and how to use these funds to meet the State's competing needs. A budget system that functions well is crucial to developing sustainable fiscal policies and economic growth.

Comparison of State's budget estimates vis-a-vis actual for the year 2013-14 is detailed in Table.

Table : Budget estimates and actual for 2013-14

Particulars	(in crore)		
	Budget Estimate	Revised Estimate	Actual
Revenue Receipts	58057.88	54966.85	49176.93
Revenue Expenditure	60327.84	61175.20	60485.50
Revenue Deficit	2269.96	6208.35	11308.57
Capital Expenditure	8635.03	5900.62	4294.33
Loans and Advances (Net) ¹	(-)989.67	(-)1054.42	(-)1360.42
Public Debt (Net) ²	11844.38	11844.38	11216.37
Public Account (Net) ³	470.04	864.36	3382.24

Source: Budget in brief for 2014-15 and finance accounts for 2013-14

1	Minus figure was due to loan disbursement more than loan recoveries.			
2	Particulars	Receipt	Expenditure	Net
	Public Debt	14342	3126	11216
	Internal Debt	13950	2774	11176
	Loans & Advances from GOI	392	352	40
3	Public Account	124374	120992	3382
	Small Savings	29473	25241	4232
	Reserve Fund	385	307	78
	Deposit and Advances	9865	9678	187
	Suspense	75729	76675	(-) 946
	Remittances	8922	9091	(-) 169

The above Table shows that failure of the Government to raise as much revenue as estimated in budget resulted in increase of revenue deficit by ₹5100 crore. Though revenue expenditure was as estimated, revenue receipt was ₹5,790 crore less than the anticipated amount (revised estimate). While Government could release about ₹270 crore more under disbursement of loans and advances, the expenditure on capital project was reduced by ₹1,606 crore.

Detailed analysis conducted to assess the areas where deviation from budget estimation occurred has revealed as under:

(i) *Revenue Receipts*

State Government estimated a revenue of ₹58,057.88 crore in its original budget and subsequently reduced to ₹54,966.85 crore while presenting the revised estimate. However, State could realize only ₹49,176.93 crore, resulting in a shortfall of ₹5,789.92 crore. Head-wise shortfall is given in Table.

Table: Budget estimates and actual for 2013-14

Revenue source	(in crore)			
	Budget Estimate	Budget Estimate	Actuals	Percentage
Sales Tax and VAT	28456.62	26663.67	24885.25	93
State Excise	2801.75	2719.17	1941.72	71
Motor Vehicles	2570.65	2271.05	2161.09	95
Stamps and Registration	4207.01	3173.27	2593.29	82
Other Taxes	735.57	715.80	413.66	58
Tax Revenue	38771.60	35542.96	31995.01	90
Non-Tax Revenue	4921.57	5613.44	5575.03	99
Share of Central taxes	8143.79	8143.79	7468.68	92
Grant-in-aid from GOI	6221.42	5666.66	4138.21	73
Total Revenue Receipt	58057.88	54966.85	49176.93	89

Table above shows that major shortfall (₹3,547.95 crore) was under Tax revenue. While revenue realization on Sales Tax and Motor vehicles Tax were more than 90 per cent of the estimation, realization from State Excise and Stamps and registration were only 71 and 82 per cent respectively. In the exit meeting (24 November 2014), Additional Chief Secretary, Finance Department accepted the audit observation and stated that remedial measures to enhance the revenue collection has been proposed for implementation.

Further, Audit analysed variation between revised estimates and actual receipt in respect of revenue receipts for the previous years and observed that in 2012-13 also, actual revenue receipts was ₹4,131.91 crore less than revised estimates. As the revised estimates are prepared during the second half of the financial year, it should be more realistic and wide variations from the actual receipt indicate the deficiency in the estimation process.

(ii) Capital Expenditure

As per the original budget presented in the State Legislature, the estimated capital expenditure for the year was ₹8,635.03 crore and this was reduced to ₹5,900.62 crore while presenting revised estimates. Against this estimation, final expenditure on capital projects came down to ₹4,294.33 crore. Major heads under which less expenditure was incurred (more than ₹ 25 crore) are detailed in Table below.

Table : Under-utilisation of plan funds under capital major heads

(₹ in crore)

Major Head	Budget		Expenditure	Saving
	Original	Supplementary		
1	2	3	4	5
Capital Outlay on Other General Economic Services	2,813.04	100.00	491.35	2,421.69

1	2	3	4	5
Capital Outlay on Other Transport Services	1,617.20	0.00	295.20	1,322.00
Capital Outlay of Ports	367.90	5.93	150.28	223.55
Capital Outlay on Co-operation	32.58	199.50	27.90	204.18
Capital Outlay on Medium Irrigation	273.56	0.00	77.14	196.42
Capital Outlay on Education, Sports, Art and Culture	304.31	87.97	199.28	193.00
Capital Outlay on flood control projects	211.75	25.06	76.25	160.56
Capital Outlay on Industries and Minerals	150.83	2.14	59.46	93.51
Capital Outlay on welfare of Scheduled Castes, Scheduled Tribes and other backward classes	115.45	0.00	33.28	82.17
Capital Outlay on Medical and Public Health	173.01	16.50	130.32	59.19
Total	6,059.63	437.10	1,540.46	4,956.27

Source: Detailed Appropriation Accounts for the year 2013-14

Detailed scrutiny revealed that following projects suffered due to non-incurring of expenditure.

Table : Under-utilisation of funds in respect of major schemes.**(₹ in crore)**

Sl. No.	Scheme/project name	Budget allocation	Expenditure	Savings	Percentage of savings
1	Major infrastructure Development projects	846	367	479	57
2	Accelerated Irrigation Benefit programme	200	9	191	96
3	Kuttanad Package	200	31	169	85
4	State Road Improvement Project	140	Nil	140	100
5	Land-acquisition and construction works under Medical and Public Health	107	4	103	96
6	Infrastructure-Higher Secondary Education	56	Nil	56	100
7	Construction of Ashramam schools and Model Residential Schools.	35	1	34	97
8	Modernisation of Police Force	30	Nil	30	100

Under utilisation of Plan allocation

For the year 2013-14, State Plan outlay of ₹17,000 crore was approved by the Planning Commission (Government of India), which included plan schemes for ₹13,000 crore implemented through various departments and ₹4,000 crore through Local Self Government Institutions. Based on this approved plan, State Government was permitted to borrow an amount of ₹12,397 crore from various sources including Open Market Borrowing. It was observed that State Government has raised ₹12,800 crore from open market and ₹1,542 crore from other sources amounting to ₹14,342 crore. However, the plan expenditure of the State Government for the year was only ₹11,109 crore, indicating funds borrowed were not fully utilised for plan schemes and the balance amount ₹3,233 crore was utilised for other purposes.

[Audit paragraph 1.1 to 1.1.3 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II

1. While considering the audit para about Revenue Receipts under Budget Estimates and Actuals, the Committee pointed out that wide difference seen between revised estimates and actual revenue receipts indicates the deficiency in estimation process. The Committee observed that though Government borrowed funds based on plan proposals non utilisation of budget allocations earmarked for plan schemes indicated that borrowed funds were utilised for other purposes.

2. The Secretary, Finance Department informed that the schemes of Water Authority, Irrigation and Public Works Departments got delayed due to issues in land acquisition. NABARD and RIDF schemes also took 4-5 years to start. All these led to non-utilisation of funds earmarked for that year. The Committee was also informed that usually the administrative sanction did not specifically stipulate a time frame for completion of a project. Yet certain issues in budgeting persisted there. Most of the schemes were not completed in time due to budgeting issues and non availability of central fund. Currently implementation of major schemes are being monitored at Chief Minister's level.

3. The Committee was of the opinion that mistakes like this could not be considered as default since they were happening repeatedly. Therefore, the Committee decided to recommend that in order to avoid such lapses in future, the Finance Department should monitor whether the projects were completed within time and ensure that the fund allotted to a particular project was spent for that project itself. And also suggested to plan the future projects by giving more importance to 'time'.

4. The Committee was displeased to note that major projects still continued to be entrusted to agencies like KITCO, SIDCO etc., despite some of them lacking credibility and some being already blacklisted. Therefore, the Committee suggested that while selecting implementing agencies, the department should ensure the credibility and experience of the agencies and should properly monitor the works done by them.

5. The Committee also suggested that in order to avoid delay in implementation of the projects, the departments concerned should be co-ordinated under the Chief Minister or Chief Secretary.

Conclusion/Recommendation

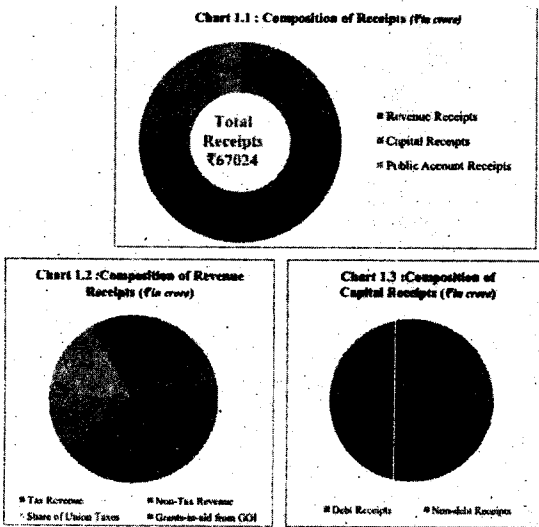
6. The Committee observes that non-utilisation of budget allocation earmarked for plan schemes indicates utilisation of borrowed funds for purposes other than plan schemes. The Committee understands that most of the schemes were not completed in time due to budgeting issues and non availability of central fund. The Committee opines that non-implementation/delay in implementation of plan schemes could not be considered as default since it was happening repeatedly. The Committee recommends the Finance Department to give directions to departments to closely monitor implementation of plan schemes and ensure that the projects are completed within time and that the fund allotted to a particular project is spent for that project itself.

7. The committee recommends that the finance department should give instruction to all departments that they should ensure credibility and experience of the implementing agencies while selecting them and should properly monitor the works done by them and strictly avoid the blacklisted ones.

Resources of the state

Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of Tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from other financial institutions/commercial banks) and loans and advances from GOI. The funds available in the Public Accounts after disbursement are also utilised by the Government to finance its deficit. **Charts 1.1, 1.2 and 1.3** depict the composition of resources of the State during the current year.



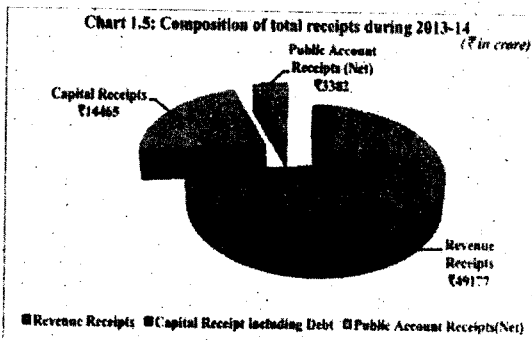
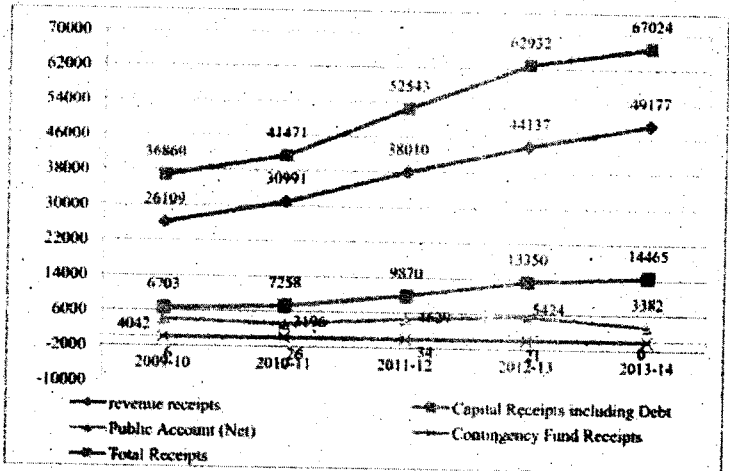
Note: Under Capital Receipts, transactions under 'Ways and Means advances' are excluded and under Public Accounts only net receipts was considered.

Total receipts⁴ of the State Government increased from ₹36,860 crore in 2009-10 to ₹67,024 crore in 2013-14, showing an increase of 82 per cent during

4 Consists of Revenue receipts, Capital receipts (including Debt receipts but excluding Ways and Means advances) and Public Account receipts.

the last five years. Trend in total receipt during the last five years is given in **Chart 1.4** and composition of total receipt during 2013-14 is given in **Chart 1.5**.

Chart 1.4: Trend in total receipts during the last five years.



Funds transferred to State Implementing Agencies outside the State Budget

Government of India has been transferring a sizeable amount, directly to the State implementing agencies⁵ for implementation of various critical schemes/programmes in social and economic sectors. As these funds are not

⁵ State implementing agencies include any organization/institution including Non-Governmental organization which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State.

routed through the State Budget/State Treasury System, they do not find mention in the Finance Accounts of the State.

Information on the availability of funds and their utilisation of 12 major centrally sponsored schemes for the last five years (2009-10 to 2013-14) was collected from the State implementing agencies and presented in the Table below.

Table : Funds transferred directly to State implementing agencies.

Sl. No.	Programme/scheme and implementing agency	Un-utilised balance as on 1 April 2009	Amount received during 2009-14		Interest /Other receipts	Amount utilised	Balance on 31 March 2014
			From GOI	From State			
1	2	3	4	5	6	7	8
1.	Mahatma Gandhi National Rural Employment Guarantee scheme -MGNREGS State Mission	70.86	4713.95	118.83	50.32	4940.87	13.09
2.	Pradhan Mantri Grama Sadak Yojana- Kerala State Rural Roads Development Agency.	13.51	449.38	50.05	23.36	504.36	31.94
3.	Rural Housing-Indira Awas Yojana- Poverty Alleviation Unit (Commissioner for Rural Development)	64.20	909.83	303.03	53.41	1202.36	128.12

1	2	3	4	5	6	7	8
4.	Rashtriya Madhyamik Shiksha Abhiyan- Secondary Education Development Society Kerala	0.00	77.01	44.84	2.44	104.76	19.53
5.	Ajeevika- State Poverty Eradication Mission (Kudumbasree)	3.23	179.12	45.42	5.33	213.40	19.70
6.	National Horticulture Mission Kerala State Horticulture Mission	105.09	162.45	60.82	8.06	318.78	17.64
7.	National Rural Drinking Water Programme- Kerala Water Authority	4.58	852.12	263.61	7.37	1070.74	56.94
8.	Sarva Shiksha Abhiyan- Primary Education Development Society of Kerala	34.47	829.22	652.02	31.16	1499.02	47.85

1	2	3	4	5	6	7	8
9.	Swarna Jayanthi Shahari Rozgar Yojana - State Poverty Eradication Mission (Kudumbashree)	15.25	92.82	13.90	24.88	103.44	43.41
10.	National Rural Health Mission -State Health and Family Welfare Society.	16.35	1087.59	504.59	177.94	1674.33	112.34
11.	Rashtriya Swasthya Bima Yojana- Comprehensive Health Insurance Agency of Kerala	10.27	371.01	156.37	0	537.65	0
12.	Integrated Watershed Management Programme- Poverty Alleviation Unit (Commissioner of Rural Development)	0.00	26.64	2.94	1.53	19.36	11.75
	Total	337.81	9751.14	2216.42	385.80	12188.87	502.31

Source: Information furnished by respective implementing agencies

According to the information furnished by above agencies, an amount ₹502.31 crore remained un-utilised with the implementing agencies at the end of March 2014.

Audit scrutiny of the records of the above agencies revealed that there was a shortfall of ₹83.95 crore in release of matching share in respect of three⁶ schemes by the State Government against the required matching contribution of ₹563.80 crore, and significant short releases are given below:

- In respect of National Rural Health Mission Programme, State Government released (to State Health and Family Welfare Society) only ₹76.95 crore against ₹119.73 crore (shortfall of ₹42.78 crore). This shortfall was compensated by the State Government by routing State plan scheme funds through State Health and Family Welfare Society, which was irregular. Accepting Audit's observation, Finance (Planning A) Department informed that shortfall will be set right in future releases.

It was also observed that state level implementing agencies were treating the funds as expenditure as and when these were transferred to next level(s) of agencies for implementation of the schemes. Thus, the funds which were reported as utilised (in utilisation certificates furnished to Government of India) were only partially utilised by the sub level(s) agencies of the State level implementing agencies. Audit scrutiny on the utilisation of funds in respect of three⁷ schemes revealed as under:

- Ajeevika (prior to 2011-12 it was Swarna Jayathi Grama Swarozgar Yojana, SGSY), a self employment generation programme was implemented through Self Help Groups formed by Grama Panchayats and monitored by district co-ordinators and the State level agency. As and when funds were released by the State level agency to the district co-ordinators, utilisation certificates for the amount were furnished to Government of India. Audit noticed that an amount of ₹14.84 crore out of ₹60.77 crore released during the last two years (2012-13 and

6 Indira Awas Yojana (₹24.13 crore), Swarna Jayanthi Sahari Rozgar Yojana (₹17.04 crore) and National Rural Health Mission (₹42.78 crore).

7 Ajeevika, SJSRY and Rashtriya Madhyamik Shiksha Abhiyan.

2013-14) were lying un-utilised with State/district agencies/Grama Panchayats. A scrutiny of the statement of accounts furnished by the Commissioner of Rural Development (CRD). CRD revealed that an un-utilised balance of ₹2.06crore (as on 31 March 2012) lying with CRD in respect of SGSY was not transferred to Aajeevika implemented by State Poverty Eradication Mission (Kudumbashree).

- Audit scrutinised the statements of release of funds and its expenditure to 13 Urban Local Bodies (out of 65 ULBs) for the implementation of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) and observed that ₹3.78 crore out of ₹8.06 crore remained un-utilised at the end of March 2014. However, the entire amount was shown as expenditure in the utilisation certificate given by the Kudumbashree to Government of India.

- The Secondary Education Development Society (agency for implementing Rashtriya Madhyamik Shiksha Abhiyan) reported the utilised amount during the last five years as ₹104.76 crore. But, it was observed that ₹22.40 crore released for up-gradation of 60 schools during 2010-2014 remained un-utilised with four District Panchayats/three Municipalities.

Thus, the amounts lying un-utilised with sub level(s) implementing agencies indicate that the actual utilisation of funds was not being ensured every year either by the State Government or by the State level implementing agencies before furnishing utilisation certificates to Government of India. Audit is concerned about this practice of issuing utilisation certificate, even though the funds were not actually utilised in sub levels of implementing agencies.

[Audit paragraph 1.2 to 1.2.2 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

8. The Committee opined that amounts lying un-utilised with the implementing agencies indicate that the actual utilisation of funds was not being ensured every year either by the State Government or by the State level implementing agencies before furnishing utilisation certificates to Government of India. The witness, Secretary, Finance Department replied that instructions were

given so as to prevent the issuance of such false utilisation certificates. The Committee directed the Finance Department to furnish report on the details of schemes on which utilisation certificates were issued before the completion of the project, the details of amounts that were not utilised in such cases, amounts that were subsequently utilised and details of schemes that had been monitored by Finance Department.

9. Committee enquired about the procedure for control and management of Central Government funds. The witness, Secretary, Finance Department informed that the central funds other than that meant for scholarships are routed through the State Budget since 1-4-2014 and expenditure of all centrally sponsored schemes could be monitored when Public Finance Management System (PFMS) is fully linked with State Treasury Systems. Then the Audit Officer from Accountant General office intervened and said that many cases that were included in Public Finance Management System (PFMS), were not properly monitored and the implementing agencies were unaware of the utilisation of funds. The Deputy Accountant General from AG's Office informed that direct release of funds were intended only for central flagship schemes and instructions were already given by the Central Government that central funds should be routed only through the State Budget.

10. Audit officer from AG's office pointed out that though sizeable amount of central fund was directly going to the implementing agencies, due to lack of proper monitoring, implementing agencies were unaware of the availability as well as the purpose for which the fund was given.

11. The Committee was of the opinion that deficiency in the management of central fund was either due to lack of proper communication with the Central Government or due to lack of awareness about the schemes. Therefore, the Committee suggested that Finance department and other concerned departments should monitor the fund utilisation of each scheme and ascertain the unutilised balances available with state level implementing agencies.

12. The Committee opined that even though utilisation certificate had to be issued only after utilising the amount, several agencies issued the same immediately after transferring the amount to next level of implementing agencies receiving the fund. Therefore, the Committee suggested that utilisation certificates should be issued only after ensuring that the fund had been completely utilised and the Finance Department should monitor the same. The Committee also suggested that action should be taken for retention of un-utilised balance by the implementing agencies.

Conclusion/Recommendation

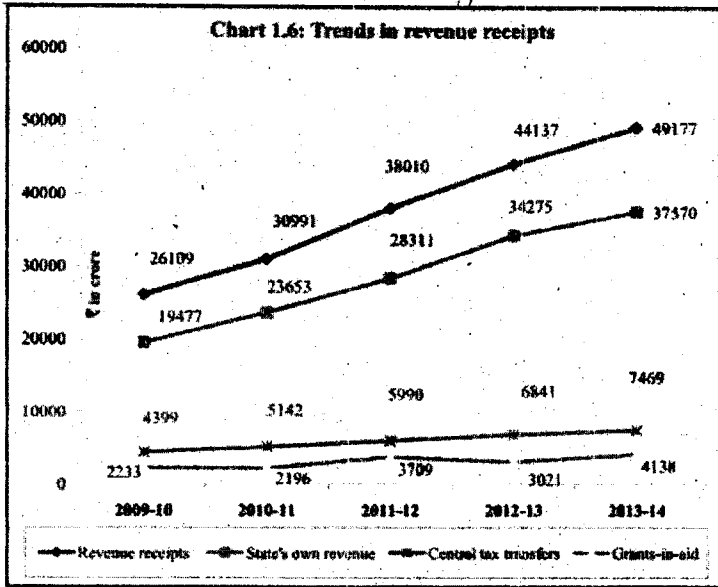
13. The committee directs the Finance department to furnish a detailed report of central schemes on which utilisation certificates were issued before the completion of the project for the last five years. [Name of central schemes, Implementing Agency, Amount received (Central & State share), date of issue of utilisation certificate, amount utilised as on date of utilisation certificate, Amount remaining unutilised, Amount subsequently utilised, balance amount].

14. The committee suggests that besides the concerned departments Finance department should monitor the overall fund utilisation of all centrally sponsored schemes and ascertain the unutilised balances available with state level implementing agencies.

15. The Committee directs the Finance Department to issue direction to all Departments that utilisation certificates with regard to utilisation of fund provided for a scheme should be issued only after ensuring that the fund allotted had been completely utilised and if fund is not completely used, utilisation certificates should be given only for actual amount utilised.

Revenue Receipts

Statement no. 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of central tax transfers and grants-in-aid from GOI. The trends of revenue receipts over the period 2009-2014 are presented in Appendix III (1.5) and also depicted in Chart 1.6.



The revenue receipts of the State increased by 88 per cent during the last five years (2009-2014). During the same period, State's own revenue recorded an increase of 93 per cent but increase in Central tax transfers and Grants-in-aid and contributions from GOI were 70 per cent and 85 per cent respectively. However, relative share of each components of revenue receipts remained almost same during the last five years. During 2013-14, the share of State's own tax in revenue receipts decreased by three percentage points compared to previous year (2012-13) indicating decrease in revenue under State's own tax.

During 2004-05 to 2012-13, the compounded annual growth rate of revenue receipts (15.96) was less than the growth rate of other General Category States (16.93). This growth rate further declined due to reduced growth during 2013-14. **(Appendix III 1.1).**

State's revenue receipts (₹49,177 crore) during the year was ₹8,881 crore (eight per cent) less than the projections made (₹58,058 crore) in the Medium Term Fiscal Plan for 2013-14 to 2015-16 (MTFP).

The trends in revenue receipts relative to GSDP are presented in Table.

Table : Trends in revenue receipts relative to GSDP during 2009-14

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Receipts (RR) (<i>₹ in crore</i>)	26109	30991	38010	44137	49177
Rate of growth of RR (<i>per cent</i>)	6.5	18.7	22.6	16.1	11.4
State's own tax revenue (<i>₹ in crore</i>)	17625	21722	25719	30077	31955
Rate of growth of own tax revenue (<i>per cent</i>)	10.2	23.2	18.4	16.9	6.2
RR/GSDP (<i>per cent</i>)	11.3	11.7	12.3	12.6	12.2
Revenue buoyancy w.r.t GSDP*	0.5	1.4	1.4	1.2	0.7
States Own Tax Buoyancy w.r.t GSDP*	0.7	1.7	1.1	1.3	0.4

Source: Finance Accounts and information furnished by the Economics and Statistics Department.

In ratio with respect to the previous Report was due to adoption of revised GSDP figures.

- Declining trend in growth rate of State revenue receipts and own tax receipts was observed during the last three years. 4.7 per cent decrease in growth rate of total revenue receipts and 10.7 per cent decrease in State's own tax revenue during 2013-14 shows deficiency in revenue mobilization process.

• The revenue buoyancy with reference to GSDP during 2013-14, declined from 1.4 in 2010-11 to 0.7 indicates that growth rate of revenue receipts was not in pace with growth rate of GSDP of the State. Similarly, the State's own tax buoyancy with respect to GSDP was only 0.4 during 2013-14, indicating that the growth rate of own tax revenue keeping less than 50 per cent of the pace of GSDP.

Own resources of the state.

As the State's share in central taxes and grant-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising own tax and non-tax sources.

The States actual tax and non tax receipts for the year 2013-14 vis-a-vis assessment made in Medium Term Fiscal Plan are given in the table below.

Table : Projections and realization of revenue.

Particulars	(₹ in crore)	
	Budget estimates and MTFP projection	Actual
Tax Revenue	38771	31995
Non-tax Revenue	4922	5575

Source: Budget documents and Finance Accounts

The above Table shows that State's tax revenue collection was less than the projections in the MTFP. However, non-tax revenue collection was better than the projections in MTFP, due to increased receipts under State Lotteries. Variation (₹6776 crore) in actual tax revenue realized and the projection in MTFP indicates deficiency in State's revenue projection or revenue realization machinery.

Tax Revenue

The State's own tax revenue increased from ₹30,077 crore in 2012-13 to ₹31,995 crore in 2013-14. This increase was only six per cent comparing to 16.9 per cent growth shown during the previous year and details are given in Table.

Table : Components of own tax revenue

Revenue Head	Actuals for 2012-13	BE for 2013-14	Actuals for 2013-14	Percentage decrease w.r.t to BE	Percentage increase during the year	Share in total tax revenue
	(₹ in crore)					
Taxes on Sales, Trade etc.	22511	28457	24885	13	11	78
Stamps and Registration fees	2938	4207	2593	38	(-12)	8
State Excise	2314	2802	1942	31	(-16)	6
Taxes on Vehicles	1925	2571	2161	16	12	7
Land Revenue	122	135	89	34	(-27)	(*)
Taxes on Agricultural income	19	24	22	8	16	(*)
Other Taxes	248	575	303	47	22	1
Total	30077	38771	31995	17	6	100

Source: Finance Accounts of respective years

(*) insignificant

'Taxes on Sales, Trade etc.' was the major source of the State's own tax revenue during the last two years. Increase in revenue under 'Taxes on Sales, Trade etc.' was ₹2,374 crore and this was mainly under 'Value Added Tax' (₹1,342 crore) and 'Receipts under State Sales Tax Act' (₹1,001 crore).

Increase in receipts under 'Taxes on Vehicles' was mainly due to increase of receipts under 'State Motor Vehicles Taxation Act' (₹226 crore).

Decrease in revenue under the heads of account 'Foreign Liquors and Spirits' (₹364 crore) and 'Malt Liquor' (₹21 crore) caused reduction in receipts under 'State Excise'. Similarly decrease in receipts under the head of account 'Sale of Stamps' (₹365 crore) and 'Duty on impressing of documents' (₹51 crore) caused substantial decrease in revenue under 'Stamps and Registration fees'.

Non-Tax Revenue

Collection under non-tax revenue increased by 33 per cent from ₹4,198 crore in 2012-13 to ₹5,575 crore in 2013-14 as detailed in Table.

Table : components of non-tax revenue (₹in crore)

Revenue Head	2012-13	2013-14	Percentage Increase during the year	Share in total Non-tax Revenue
Interest receipts	172	149	(-13)	3
Dividends and profits	48	101	110	2
State Lotteries	2674	3796	42	68
Forestry and Wildlife	237	330	39	6
Other non-tax receipts	1067	1199	12	21
Total	4198	5575	33	100

Source: Finance Accounts of respective years.

Substantial increase in revenue was recorded under 'State Lotteries' (₹1,122 crore) during 2013-14 and increase was also recorded under 'Forestry and Wildlife'

(₹93 crore) and 'Dividends and Profits' (₹53 crore). Though the receipts under 'State Lotteries' recorded an increase of 42 per cent over the previous year, with an equally high expenditure (₹3,203 crore) during the year, the net yield from lotteries was only ₹593 crore, which was only ₹ two crore more than that of previous year.

Grants-in-aid from Government of India

Grants-in-aid from the Government of India increased by ₹1,117 crore (37 per cent) from ₹3,021 crore in 2012-13 to ₹4,138 crore in 2013-14. The increase was mainly under 'Non-plan grants' (₹1022 crore). 'Grants for Centrally sponsored schemes' (₹77 crore) and 'Grants for State plan schemes' (₹27 crore). Trends in receipt of grants-in-aid from GOI are detailed in table.

Table : Status of Grants-in-aid received from Government of India.

Particulars	(₹ in crore)			
	2012-13	2013-14	Percentage increase during the year	Share in total grant-in-aid
Non-plan grants	657	1679	156	41
Grants for State schemes	1163	1154	(-)1	28
Grants for Central plan schemes	60	87	45	2
Grants for Centrally sponsored schemes	1141	1218	7	29
Total	3021	4138	37	100

Source: Finance Accounts of respective years.

During the year, State Government had received an amount (₹1,447 crore) under Non-plan grants (Grants under proviso to Article 275(1) of the Constitution) and these were 189 per cent more than the previous year.

Efficiency in Tax collection

Though the State's expenditure on tax collection (during 2012-13) in respect of Stamps (Non-judicial) and Registration and State Excise was higher than the all

India average, it was less than the all India average in the case of Taxes on Sales, Trade, etc. and Motor Vehicles. All India average of expenditure on tax collection vis-a-vis state average during the last five years is detailed in **Appendix III (1.6)**.

Capital Receipts

Capital receipts comprise miscellaneous capital receipts, recovery of loans and advances released to institutions/organizations and public debt receipts. Trends in receipts under capital sector are as detailed in Table.

Table : Trends in growth and composition of capital receipts

(₹ in crore)

Sources of Receipts	2012-13	2013-14
Capital Receipts (CR)		
Miscellaneous Capital Receipts	15	19
Recovery of Loans and Advances	74	104
Public Debt Receipts	13261	14342
Internal Debt Receipts	12709	13950
Loans and Advances from GOI	552	392
Total CR	13350	14465
Rate of growth of debt capital receipts (<i>per cent</i>)	35.3	8.2
Rate of growth of GSDP (<i>per cent</i>)	13.46(*)	15.35
Rate of growth of CR (<i>per cent</i>)	35.3	8.4
Buoyancy of Debt receipts w.r.t GSDP	2.6(*)	0.5

Source: Finance Accounts of respective years.

(*) changes in figures with respect to previous Report is due to adoption of revised GSDP figures

Internal Debt mainly comprised of Open Market Borrowings of the State and growth rate shown by debt capital receipts was mainly due to increase in open market borrowings. During the year, growth rate of capital was less as compared to the previous year due to less growth in open market borrowings. Buoyancy⁸ of debt receipts with respect to GSDP also showed considerable reduction during the last year due to less growth of debt receipt when compared to GSDP growth rate. This indicates that Government's borrowing pace was less than that of GSDP, which is a good indicator.

Proceeds from disinvestments

As of March 2014, the State Government had invested ₹5,623.61 crore in Statutory Corporations, Government Companies, Joint Stock companies and Co-operatives. During the year, ₹19.19 crore was received from retirement of capital/disinvestment of shares of co-operative societies/banks and accounted for under Miscellaneous Capital Receipts.

Recoveries of loans and advances

During the year the State Government had released an amount of ₹1,464.17 crore as loans and advances to various institutions and at the end of March 2014, an amount of ₹11,721.13 crore was outstanding under this head. Against this balance, principal amount recovered was ₹103.75 crore, which was only 0.9 per cent of the outstanding balance under loans and advances. As per the details furnished by the Departments (Finance Accounts 2013-14), the repayment of arrears from various loanee entities as of March 2014 was ₹7,657.66 crore (Principal: ₹4,648.89 crore and Interest: ₹3,008.77 crore), which indicate that State Government's receipts under loans and advances were much less than the amount actually due.

⁸ Buoyancy ratio is the comparison of growth rates of two parameters. Ratio equal to one indicates both parameters are growing at same pace and less than one indicates first parameter growing with less pace than the other and vice versa.

[Audit paragraph 1.3 to 1.4.2 contained in the Report of C&AG of India for the year ended 31st March, 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

16. The Committee viewed that the State Government's receipts under loans and advances were much less than the amount actually due. The Committee opined that poor performance of various public sector institutions resulted in pending recoveries of loans and advances. When the repayment was demanded, the loanees approach for a waiver on account of poor financials. The Committee opined that most of these loanee institutions generally face lack of modernisation, under utilisation of resources, incompetent marketing methods and poor technological updations which in turn lead to their lacklustre performance. Government nominees in the board of directors of these institutions are also responsible for the present state of affairs.

17. The Committee suggested the Government to consider enhancing budget provisions to various such institutions in lieu of providing loans and advances.

Conclusion/Recommendation

18. Committee observes that huge working capital is infused into the PSU's as loans without evaluating the working condition, financial position and even the marketing acceptance and marketability of their products.

19. Committee is of the view that the present financial status of PSU's should be strictly evaluated and probability of making progress profile measures taken for improvement/modernisation should be analysed before granting them further financial assistance. Measures taken for improvement must be analysed based on its viability.

20. Committee is of the view that if a PSU continuously runs without any loss and is on the way to make substantial profits in order to facilitate its progress, more funds may be allotted through budget, instead of giving the fund as loan.

21. The committee wanted the finance department to furnish an urgent report regarding all types of institutions that have availed loan from state exchequer and defaulted the payment, for the past 3 years, their present financial position, working conditions with an assessment for any further scope for repayment.

22. The Committee suggests to consider enhancement of the budget provisions to institutions in lieu of providing loans and advances.

Debt receipts from internal sources

Public Debt receipts of the State Government increased by ₹ 1,081 crore (8.2 per cent) from ₹ 13,261 crore in 2012-13 to ₹ 14,342 crore in 2013-14. This includes, Open Market Borrowing (₹ 12,800 crore), Special Securities issued to National Small Savings Fund (₹ 565.14 crore) and Loans from Financial Institutions (₹ 501.25 crore).

Public Accounts Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution. Here, the Government acts as banker. The balance after disbursements is the fund available with the Government for use for various activities.

Net receipts under public account heads

(₹ in crore)

Resources under various heads	2009-10	2010-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)
Public Account receipts					
a. Small Savings, Provident Fund etc.	2849.29	2489.94	3839.05	3685.54	4231.86
b. Reserve Fund	328.42	407.21	146.93	-145.58	78.02
c. Deposits and Advances	436.87	468.89	-51.47	1140.93	187.43

(1)	(2)	(3)	(4)	(5)	(6)
d. Suspense and Miscellaneous	370.14	-197.30	852.37	712.44	-946.60
e. Remittances	57.31	26.92	-157.40	30.49	-168.48
Total	4042.03	3195.66	4629.48	5423.82	3382.23

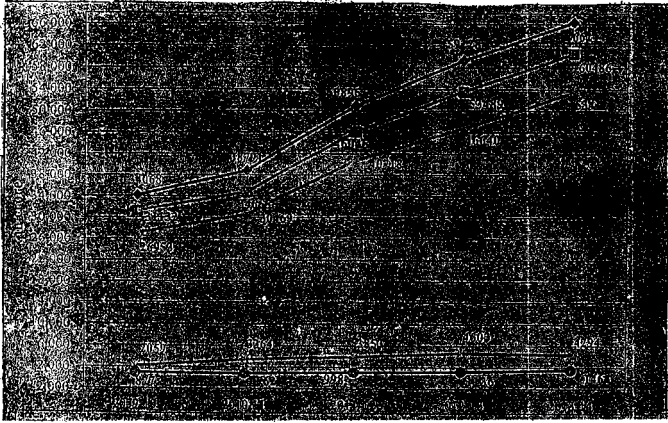
The above Table shows that overall net receipts under public account decreased by ₹2,260.65 crore from ₹5,423.82 crore in 2012-13 to ₹3163.17 crore in 2013-14. Though there was an increase of ₹546.32 crore under the sector 'Small Savings, Provident Fund, etc.,' substantial decrease was noticed under 'Deposit and Advances' (₹953.50 crore) and 'Remittances' (₹198.97 crore).

Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social sector.

Growth and Composition of Expenditure.

The total expenditure of the State Government consists of revenue expenditure as well as capital expenditure which include expenditure on loans and advances. The trends in various components of total expenditure-Plan and Non-Plan revenue expenditure, committed expenditure such as salaries and wages, interest payments, pension payments and subsidies, financial assistance to local bodies, etc., are discussed in the succeeding paragraphs. Chart 1.7 presents the trends in total expenditure of the State Government over a period of five years (2009-2014).

Chart 1.7: Total expenditure: trends and composition

The total expenditure increased (11.8 per cent) from ₹59,228 crore in the previous year to ₹66,224 crore in 2013-14. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table. During 2004-05 to 2012-13, the compounded annual growth rate of total expenditure (16.01 per cent) was more than the growth rate of other General Category States (15.37 per cent) [Appendix III (1.1)].

Table : Total expenditure-basic parameters

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Total expenditure (TE) (₹in crore)	34068	38791	50896	59228	66244
Rate of growth (per cent)	10.2	13.9	31.2	16.4	11.8
TE/GSDP ratio (percent)	14.7	14.7*	16.5*	17.0*	16.4
RR/TE ratio (percent)	76.6	79.9	74.7	74.5	74.2
Buoyancy of TE with reference to					
GSDP (ratio)	0.7	1.0*	1.9*	1.2*	0.8
RR (ratio)	1.6	0.7	1.4	1.0	1.0

* Change in figures with respect to previous Report is due to adoption of revised GSDP figures

The increase (₹7,016 crore) of total expenditure during 2013-14 was on account of increase of ₹6,997 crore in revenue expenditure and ₹328 crore in disbursement of expenditure showed a declining trend, indicating the widening of gap in receipt and expenditure amounts of the State Government. Though the Buoyancy of the total expenditure with respect to GSDP was more than one during the period 2010-2013, the Buoyancy came down to less than one during 2013-14. This indicates that the total expenditure growth was less than the GSDP during the year 2013-14, which is positive. Buoyancy of total expenditure with revenue receipt was one during the last two years indicating that the growth of revenue receipt was in pace with total expenditure.

During the five-year period 2009-2014, the revenue expenditure increased in absolute terms from ₹31,132 crore in 2009-10 to ₹60,486 crore in 2013-14. However, capital expenditure increased only from ₹2,059 crore in 2009-10 to ₹4,294 crore indicating Government's low priority towards the creation of capital assets. Though, share of revenue and capital expenditure in total expenditure almost remained static reduced growth of capital expenditure in absolute terms is not a positive sign towards the economic growth of the State.

Trends in total expenditure in terms of activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, grants-in-aid and loans and advances. Relative shares of these components in the total expenditure showed nearly two per cent increase under General Services and 2.5 per cent decrease under Economic Services and a marginal decrease under Social Services during 2013-14 as indicated in Table.

Table : Components of expenditure- relative shares

(in per cent)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)
General Services	41.1	40.0	40.2	38.7	40.4
Of which, Interest Payments	15.5	14.7	12.4	12.2	12.5
Social Services	31.8	32.4	33.0	32.8	32.6

(1)	(2)	(3)	(4)	(5)	(6)
Economic Services	17.2	18.4	18.1	19.8	17.3
Grants-in-aid	7.3	7.2	6.7	6.8	7.5
Loans and Advances	2.6	2.0	2.0	1.9	2.2

Revenue Expenditure

Revenue expenditure increased by 13 per cent (₹6,997) crore during 2013-14 when compared to previous year. The increase in revenue expenditure was mainly due to increase in expenditure under the major heads 'Miscellaneous General Services' (₹1,198 crore), 'General education' (₹1123 crore), 'pension and Other Retirement Benefits' (₹1,104 crore), 'Interest Payments' (₹1,061 crore), 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions' (₹955 crore), 'Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities' (₹422 crore), 'Medical and Public Health' (₹364 crore), 'Social Security and Welfare' (₹171 crore), etc.

Incidence of revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations and does not result in any addition to the State's infrastructure and service network. During the last five years the share of Revenue expenditure was around 90 per cent of the total expenditure. The overall revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP, to revenue receipts and its buoyancy are indicated in Table.

Table : Revenue expenditure-basic parameters

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)
Revenue expenditure (RE)	31132	34665	46045	53489	60486

9 Includes ₹1,120 crore towards expenditure under 'State Lotteries'.

(1)	(2)	(3)	(4)	(5)	(6)
Non-plan revenue expenditure (NPRE)	26953	30469	40718	46640	53412
Plan revenue expenditure (PRE)	4179	4196	5327	6849	7074
Rate of Growth of					
RE (Per cent)	10.3	11.3	32.8	16.2	13.1
NPRE (Per cent)	7.8	13.0	33.6	14.5	14.5
PRE (Per cent)	30.1	0.4	27.0	28.6	3.3
Revenue expenditure as percentage to TE	91.4	89.4	90.5	90.3	91.3
NPRE/GSDP (Per cent) (*)	11.6	11.6	13.2	13.4	13.3
NPRE as percentage of TE	79.1	78.5	80.10	78.7	80.6
NPRE as percentage of RR	103.2	98.3	107.1	105.7	108.6
Buoyancy of revenue expenditure with					
GSDP (ratio) (*)	0.7	0.8	2.0	1.2	0.9
Revenue receipts (ratio)	1.6	0.6	1.4	1.0	1.1

Source: Finance Accounts

(*) change in figures with respect to previous Report is due to adoption of revised GSDP figures.

Table shows that RE and NPRE have shown a growth of 94 and 98 per cent respectively during the last five years. Though the declining growth rate of NPRE after 2011-12 was a good indicator, State's NPRE for the year was ₹15,758 crore more than the projections (₹37,654 crore) made before Thirteenth Finance Commission (ThFC). Significant decline in growth of PRE during 2013-14 indicates the inability of the State to provide sufficient funds for plan schemes.

Table also shows that NPRE as a percentage of TE was around 80 per cent during the last five years. However, its percentage with RR indicates that State's RR was not sufficient to meet NPRE during four out of last five years. It is almost three percentage point more during 2013-14 than the previous year and nearly nine per cent more than the revenue receipt is a matter of concern for the State Government.

When compared to previous year, buoyancy of revenue expenditure with respect to GSDP was less than one, indicating that growth rate of revenue expenditure was less than the growth rate of GSDP. However, buoyancy with respect to RR was more than one indicating that RR was not growing in pace with RE.

Expenditure on salaries, wages, interest payments, pension, etc.

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. Table presents the trends in the expenditure on these components during 2009-2014.

Table : Components of committed expenditure.

(₹ in crore)

Components of committed expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	
					BE	Actuals
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Salaries* and Wages	9894	11178	16229	17505	19884	19554
Non-plan head	9529	10815	15681	16939	19127	18954
Plan heads**	365	363	548	566	757	600
Interest payments (MH 2049)	5292	5690	6294	7205	7673	8265
Expenditure on pensions (MH 2071)	4706	5767	8700	8867	9438	9971
Subsidies	442	627	1014	1268	954	1279
Total	20334	23262	32237	34845	37949	39069

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue Expenditure	31132	34665	46045	53489	60327	60486
Revenue Receipts	26109	30991	38010	44137	58058	49177
Percentage of committed expenditure to Revenue expenditure	65	67	70	65	63	65
Percentage of committed expenditure to Revenue receipts	78	75	85	79	65	79

* Salaries include teaching grant paid to aided educational institutions like schools and colleges to meet the salaries of their teaching and non-teaching staff.

** The plan heads also include the salaries and wages paid under Centrally Sponsored schemes.

The percentage of committed expenditure of the State with respect to Revenue Expenditure and Revenue Receipt during 2013-14 remained the same as in the previous year. However, consumption of 79 per cent of the Revenue receipts for committed expenditure was high when compared to the State's estimation of 65 per cent.

During 2013-14, expenditure on salaries and pension showed a growth rate of 12 per cent comparing to previous year. This was one percentage point less than the growth rate of revenue expenditure (13 per cent). But, expenditure on interest payment showed a higher growth rate (14 per cent) due to increased expenditure (₹938 crore) on interest payments of market loans.

Expenditure on pension exceeded the projections made in the Medium Term Fiscal Plan (₹9,438 crore) by ₹533 crore and projections (₹7,321 crore) made before ThFC by ₹2,650 crore. Though the expenditure on interest payments was in line with the projections before the ThFC, it exceeded the projection in the MTFP by ₹592 crore.

Implementation of new pension scheme in the State

GoI introduced (August 2003) a New restructured defined contribution Pension System (NPS) for new entrants to Central Government service, replacing the then existing system of defined benefit pension, General Provident Fund and gratuity. According to the new pension scheme, all those who joined Government of India service from 1st January, 2004 are required to contribute monthly 10 per cent of the basic pay and dearness allowance to the pension account and the Government has to make an equal contribution to the pension account. The entire contributions and the returns on investments made out of the contributions are required to be kept in a non-withdrawable pension tier-I account of All India Service (AIS) officers of Kerala cadre who joined after 1-1-2004. The State Government also introduced the new system of pension scheme to its employees, who joined service on or after 1st April, 2013.

Audit analysed the implementation of NPS among AIS officers and State Government employees and audit observations in this regard are summarised below:

Though the scheme was effective from 1-1-2004 (among AIS officers serving in the State), State Government did not initiate any steps to recover the contribution from officials and deposit in pension fund along with Government contribution till 2010. However, based on the detailed instructions issued by GoI in September 2009, State Government designated (May 2010) Additional Secretary (Pension), Finance Department as State Nodal Officer (SNO) for all NPS related activities in the State. SNO was required to obtain the duly filled in PRAN (Permanent Retirement Account Number) applications from the AIS officers through the appointing authority and forward it to National Security Depository Limited (NSDL)¹⁰. Out of 71 AIS officers joined the State cadre since 1st January, 2004, PRAN has been obtained for only 14 officials till July 2014. This shows laxity on the part of Government in implementing the scheme.

¹⁰ Agency for central record keeping and accounting infrastructure for management of funds.

Audit worked out (upto March 2014) the employee and employer contribution towards NPS of AIS officers and information furnished by Finance Department in respect of State Government employees, which are as detailed in Table.

Table : Details of pension contribution due and amount recovered

(₹ in crore)

Category (1)	Number covered under the scheme(2)	Employees contribution		State's contribution		Amount to pension account	
		Due (3)	Recovered (4)	Due (5)	Recovered (6)	Due 7(3+5)	Remitted (8)
AIS officers	71	1.42	0.27 ¹¹	1.42	Nil	2.84	0.03
State Employees	12430	11.99	NA	11.99	Nil	23.98	Nil
Total	12501	13.41	0.27	13.41	Nil	26.82	0.03

Source: Data compiled from the data available in O/o the PrI.AG (A&E)

On being asked by Audit, State Government stated that as the entire system of accounting and investment of subscription (contribution of NPS) is made on-line at national level, the State had to set up necessary infrastructure facilities in treasuries and in the salary processing system (SPARK). These formalities have been completed and subscription towards NPS commenced from February 2014 onwards.

Audit foresees the following adverse impact due to delayed implementation of this scheme:

- Loss of intended social security benefits of savings and related interest that would have accrued due to non-recovery and transfer of employee's contribution as well as matching contribution of Government into pension account.

¹¹ Amount recovered and credited under the head of account 8342-00-117-99, opened for the purpose as per GO dated 24th May, 2010.

- Likely financial burden on individuals, especially those who have joined service as early as in 2004, in case they are required to pay the arrears of their contribution.

[Audit paragraph 1.4.3 to 1.6.4 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

23. When enquired about the present position of contribution of the Government in New Pension Scheme, the witness, Secretary, Finance Department informed that till August 2017, 58000 employers were joined in this scheme and an amount of Rs. 624 crore had been remitted as employee and employer share and no arrears were pending. The Additional Secretary, Finance department added that backlog contributions were paid with interests.

Conclusion /Recommendation

24. No Comments

Subsidies

As per Finance Accounts an amount of ₹1,279 crore was given as subsidy during 2013-14 which was almost the same as in the previous year (₹1,268 crore). It mainly includes amount given to Food Corporation of India in respect of reimbursement of price difference of ration rice and wheat (₹611 crore), for paddy procurement through Kerala State Civil Supplies Corporation (₹176 crore), to Kerala State Civil Supplies Corporation Limited for market intervention (₹116 crore) and subsidy to the Kerala State Electricity Board towards Power Traffic Concessions (₹150 crore).

Financial assistance to Local Bodies and Other Institutions

The quantum of assistance provided by the Government as grants and loans to local bodies, educational institutions, Government companies, Welfare Fund Boards, etc. during the current year relative to the previous years is presented in Table.

Table : Financial assistance to local bodies, educational institutions, etc.**(₹ in crore)**

Financial Assistance to Institutions	2009-10	2010-11	2011-12	2012-13	2013-14
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	3546.61	4087.83	5605.77	6204.36	6934.56
Municipal Corporations and Municipalities	834.46	901.87	1073.78	1177.77	1358.09
Zilla Parishads and Other Panchayati Raj Institutions	2996.66	3411.65	4203.98	5279.31	6421.60
Development Agencies	2.04	5.25	5.50	5.15	6.42
Hospitals and Other Charitable Institutions	76.40	139.02	144.46	153.33	94.19
Other Institutions ¹²	1159.47	1252.58	1065.96	896.42	1323.46
Total	8615.64	9798.20	12099.45	13716.34	16138.32
Assistance as percentage of revenue expenditure	28	28	26	26	27

Source: Finance Accounts and information received from the State Government.

¹² Other Institutions, inter alia, include Kerala University of Health and Allied Science (₹18.14 crore), Kerala Sports Council (₹35 crore), Kerala Water Authority (₹278.89 crore) State Council for Science, Technology & Environment (₹84.07 crore), Welfare fund for Cashew workers (₹34.48 crore), Kerala Industrial Infrastructure Development Corporation (₹91.68 crore), Infopark-Technopark-Land acquisition (₹120.04 crore), Corporation for the welfare of the physically handicapped (₹425 crore), etc.

The financial assistance to local bodies and other institutions¹² increased (87 per cent) from ₹8,615.64 crore in 2009-10 to ₹16,138.32 crore in 2013-14. During 2013-14, financial assistance to all categories except Hospital and other charitable institutions increased over the previous year. Consequently, as a percentage of revenue expenditure it increased from 26 per cent in the previous year to 27 per cent.

Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure involves whether adequate funds were provided for public expenditure (i.e. adequate provisions for providing public services) and the fund spent efficiently and effectively to achieve the intended objectives.

Adequacy of public expenditure

The responsibilities relating to expenditure on the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. Table analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2010-11 and 2013-14.

Table : Fiscal priority of the State in 2010-11 and 2013-14

(in per cent)

Fiscal Priority by the State*	AE/ GSDP	DE*/ AE	SSE/ AE	CE/ AE	Education/ AE	Health / AE
General Category States Average, 2010-11	15.78	65.09	36.88	13.49	17.48	4.37
Kerala's Average, 2010-11	14.71	52.65	32.86	10.64	17.42	5.32
General Category State's Average, 2013-14	15.92	66.45	37.56	13.62	17.20	4.51

Kerala's Average, 2013-14	16.44	51.79	33.37	8.69	17.46	5.49
<p>* As per cent to GSDP</p> <p>AE : Aggregate (Total) Expenditure</p> <p>DE : Development Expenditure</p> <p>SSE : Social Sector Expenditure</p> <p>CE : Capital Expenditure</p>						
<p># Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed (Social and Economic Sector)</p>						
<p>@ Delhi, Goa and Pondicherry are not included in the General Category State's data.</p>						

- Comparing to General Category States the State's aggregate expenditure as a proportion of its GSDP was less during 2010-11 but it was higher during 2013-14.
- Development expenditure as a proportion of aggregate expenditure was lower than the General Category State's average during 2010-11 and 2013-14 indicating State's low priority towards developmental expenditure.
- The proportion of capital expenditure to aggregate expenditure has been much lower as compared to General Category States during 2010-11 and 2013-14. Almost two percentage point decrease in its proportion during 2013-14 when compared to 2010-11, indicated State's decreasing priority towards capital expenditure.
- State's expenditure on social sector also less than the General Category States. However, the State had given adequate priority to education and health sectors during 2013-14 compared to other General Category States.

Non-assigning of adequate priority to capital sector and development expenditure would adversely affect the creation of the much needed assets to stimulate socio-economic growth of the State. In the exit meeting, Additional Chief Secretary, Finance Department stated that the main reason for reduced capital expenditure was delay in clearing pending bills of Public Works Department meant for capital works.

[Audit paragraph 1.6.5 to 1.7.1 contained in the Report of C&AG of India for the year ended 31st March, 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

25. Regarding the adequacy of public expenditure, the Committee opined that comparing with other states our development rate is very low. The Audit Officer from AG's office informed that comparing with general category states, state's performance was much behind in terms of capital expenditure as well as development expenditure. He continued that in case of general category states when 13% of expenditure was incurred on capital expenditure, our state was incurring only 8%. The Witness, Secretary Finance (Expenditure) department informed that social expenditure was higher in Kerala and Social Security pensions were also given in better extent. The Committee opined that more allocations were required in the budget for welfare schemes and utmost care should be given to expend the amounts allocated for such schemes including infrastructure development within the stipulated time.

Conclusion /Recommendation

26. The Committee recommends the Government that it should provide more allocations in the budget for welfare schemes in social sector and economic infrastructure sector and utmost care should be given to expend the full amount allocated for such schemes, within the stipulated time.

Efficiency of expenditure

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State to take appropriate expenditure rationalisation measures and lay emphasis on

provision of core public and merit goods¹³. Development expenditure comprised of revenue and capital expenditure including loans and advances in socio-economic services. Table presents the trends in development expenditure relative to the aggregate expenditure of the State during the period 2009-10 to 2013-14. **Chart 1.8** presents component-wise development expenditure during 2009-2014.

Table : Development expenditure

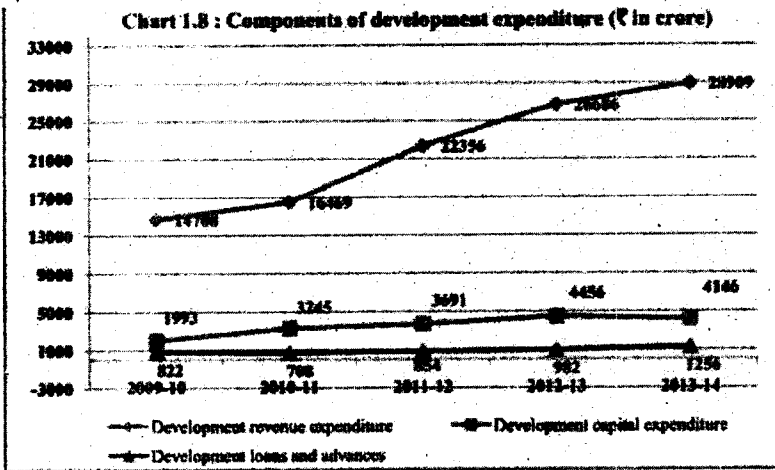
(₹ in crore)

Components of Development Expenditure	2012-13	2013-14	Percentage of increase	Share in Aggregate expenditure
Development revenue expenditure	26686	28909	9	44
Development capital expenditure	4456	4146	(-7)	6
Development loans and advances	982	1256	28	2
Total Development expenditure	32124	34311	7	52
Aggregate expenditure	59228	66244	12	

Source: Finance Accounts and Annual Financial Statement of the State Government for 2013-14.

- 13 Core public goods are goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

While aggregate expenditure showed a growth rate of 12 per cent, the growth rate of development expenditure was only 7 per cent. Though 52 per cent of the share of aggregate expenditure was utilised for development expenditure, 44 per cent was for development revenue expenditure, indicating that adequate priority was not given for infrastructure development.



Development expenditure increased by 96 per cent (₹16,788 crore) from ₹17,523 crore in 2009-10 to ₹34,311 crore in 2013-14. However, during 2013-14, 84 per cent of the development expenditure was development revenue expenditure. Share of development capital expenditure, including loans and advances was only 16 per cent.

Development revenue expenditure increased by eight per cent (₹2,223 crore) from ₹26,686 crore in 2012-13 to ₹28,909 crore in 2013-14. The increase was mainly due to increase in expenditure under the sub-sectors 'Educations, Sports, Art and Culture' (₹1178 crore), 'Health and Family Welfare' (₹395 crore) and Welfare of Scheduled Castes, Schedules Tribes, Other Back ward Classes and Minorities (₹422 crore).

Development capital expenditure decreased by seven per cent (₹310 crore) from ₹4,456 crore in 2012-13 to ₹4,146 crore in 2013-14. The decrease was mainly under the sub-sector 'Capital account on Transport' (₹1051 crore).

This decrease was partly offset by increase in the sub-sector 'Capital account on General Economic Services' (₹566 crore).

Apart from improving the allocation towards development expenditure¹⁴, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure.

Details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services are given in Table.

Table : Efficiency of expenditure in selected Social and Economic Services

Social/Economic Infrastructure	2012-13			2013-14		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Social Services (SS)						
General Education	0.6	86.9	0.0	0.3	86.7	0.0
Health and Family Welfare	4.0	72.0	0.3	3.6	72.3	0.3

¹⁴ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Water Supply, Sanitation, Housing and Urban Development	7.2	4.9	3.1	5.1	5.7	1.5
Total (SS)	2.8	62.2	0.8	2.8	62.7	0.7
Economic Services (ES)						
Agriculture and Allied Activities	5.4	25.2	0.1	5.8	27.0	0.1
Irrigation and Flood control	41.4	51.8	48.3	43.1	64.0	38.9
Power and Energy	0.0	0.3	0.0	1.5	0.2	0.0
Transport	59.7	12.0	37.2	47.0	13.6	26.4
Total (ES)	32.1	24.7	11.8	28.9	27.2	8.1
Total (SS+ES)	13.9	51.3	4.0	12.1	53.0	2.7
TE: Total Expenditure; CE: Capital Expenditure, RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations and Maintenance.						

Table shows that share of salary and wages in revenue expenditure under Social and Economic services increased when compared to previous year indicating decrease in utilisation of budget allocation for other purposes. Salary and wages expenditure increased under all sub-sectors, except under 'Power and Energy' and 'General Education'.

Though percentage of capital expenditure in total expenditure was same as last year under Social Services, percentage of sub-sector capital expenditure in its total expenditure decreased in respect of major sectors indicated in the Table above. This indicates low priority of the State in activities other than salary and wages. In respect of Economic Services percentage of capital expenditure in total expenditure of the sector reduced by more than three percentage points, indicating decrease in expenditure for activities other than salary and wages.

Major decrease in ratio of Capital Expenditure to Total Expenditure was noticed under the sub-sector 'Transport' (from 59.7 to 47.0 per cent) was due to substantial reduction in expenditure under the major head 'Capital outlay on Roads and Bridges.'

Financial Analysis of Government Expenditure and Investments

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

Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹ one crore) as on 31st March, 2014 is given in Table.

Table : Status of incomplete projects in the State**(₹ in crore)**

Sl. No	Name of the department/project	No. of incomplete projects/works	Initial budgeted cost	Cumulative actual expenditure as on 31st March 2014
1	Irrigation Department - (Irrigation and Minor Irrigation Works)	14	138.00	67.22
2	Public Works Department- (Roads)	99	460.77	303.64
3	Public Works Department- (Bridges)	45	279.30	166.38
4	Public Works Department- (Buildings)	64	238.17	155.70
5	Harbour Engineering Department	6	59.49	65.77
	Total	228	1175.73	758.71

Source: Appendix X of Finance Accounts 2013-14.

According to information included in the Finance Accounts, 228 projects/works were not completed within the stipulated time though an expenditure of ₹758.71 crore was incurred up to March 2014. Delay in completion of projects/works may result in cost overrun, besides denying the desired benefit to the people and the State.

Investment and returns

As of 31st March 2014, the State Government had invested ₹5,623.61 crore in Statutory- Corporations, Government Companies, Joint Stock Companies and Co-operatives (Table). The average return on these investments was 1.5 per cent in the last five years while the Government paid an-average interest rate ranging from 7.1 per cent to 7.5 per cent on its borrowings during 2009-2014.

Table : Return on investments

Investment/Return/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013- 14
Investment at the end of the year (₹ in crore)	3328.25	3807.52	4206.43	4511.03	5623.61
Return (₹ in crore)	27.29	75.46	67.44	48.15	100.58
Return (per cent)	0.8	2.0	1.6	1.1	1.8
Average rate of interest on Government borrowing (per cent)	7.5	7.3	7.2	7.1	7.1
Difference between interest rate and return (per cent)	6.7	5.3	5.6	6.0	5.3

Source: Finance Accounts of the State Government.

During 2013-14, the State Government invested ₹61.14 crore in Statutory Corporations, ₹454.15 crore in Government Companies and ₹83.54 crore in Co-operative Banks and Societies.

Loans and advances by the State

In addition to investments in Co-operative Societies, Statutory Corporations and Government Companies, the Government has also been providing loans and advances to many institutions/organisations. Table presents the outstanding loans and advances as on 31st March, 2014 and interest receipts vis-a-vis interest payments during the last five years.

Table : Average interest received on loans advanced by the State**(₹ in crore)**

Quantum of Loans/Interest Receipts/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Opening balance	6910 ¹⁵	7749	8461 ¹⁶	9394 ¹⁷	10360 ¹⁸
Amount advanced during the year	877	762	998	1136	1464
Amount repaid during the year	38	44	55	74	103
Closing balance	7749	8467	9404	10456	11721
Net addition	839	718	943	1062	1361
Interest receipts	46	44	23	19	21

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31st March, 2014 increased by ₹1,361 crore compared to those of the previous year. The major disbursement of loans during the current year was mainly to the Kerala State Housing Board for the settlement of dues with Housing Development Finance Corporation (₹291 crore), to the Kerala Water Authority for implementing the Water Supply Project assisted by the Japan International Co-operation Agency (₹194 crore), Kerala

- 15 Difference of ₹318 crore with reference to previous year's closing balance was on account of proforma adjustments vide footnote (pp) of Statement No.16 of Finance Accounts 2009-10.
- 16 Difference of ₹six crore with reference to previous year's closing balance was on account of proforma adjustments vide footnote (Z) of Statement No.16 of Finance Accounts 2011-12.
- 17 Difference of ₹10 crore with reference to previous year's closing balance was on account of proforma adjustments vide footnote (q) of Statement No.16 of Finance Accounts 2012-13.
- 18 Difference of ₹96 crore with reference to previous year's closing balance was on account of proforma adjustments vide footnote (p) of Statement No.16 of Finance Accounts 2013-14.

Industrial Infrastructure Development Corporation (₹92 crore) and to the Kerala State Road Transport Corporation (₹425 crore). Interest received against these loans remained less than one per cent during the period 2009-10 to 2013-14 and was 0.2 per cent during 2013-14 as against the cost of borrowing of 7.1 per cent during the year.

Defaulters on loan repayment

Government has been providing loan assistance to Statutory Corporations, Government Companies, Autonomous Bodies/Authorities etc., and the same was treated as assets in the Government accounts. As per Finance Accounts, outstanding balance at end of March 2014 was ₹11721.13 crore. These institutions/organizations defaulted in this regard and arrears in repayment at the end March 2014 from 72 institutions/organizations was ₹7,657.66 crore (Principal: ₹4,648.89 crore and Interest: ₹3,008.77 crore). About 86 per cent of the above arrears pertain to five institutions/organizations viz. Kerala Water Authority (₹3,294.04 crore), Kerala State Electricity Board (₹1,728.62 crore), Kerala State Road Transport Corporation (₹648.97 crore), Kerala State Housing Board (₹618.24 crore) and Kerala State Cashew Development Corporation (₹295.64 crore). In spite of this arrears in repayments, State Government released ₹1,018.05 crore to 23 institutions/organizations (defaulted loanees) during the current year. This includes Kerala State Housing Board (₹296.10 crore), Kerala Water Authority (₹193.67 crore) and Kerala State Road Transport Corporation (₹425 crore).

It was also observed that State Government released 99 loans to 31 institutions/organizations amounting to ₹165.59 crore, during the period from 1991-92 to 2013-14, without specifying the terms and conditions for repayment. In order to provide a true and fair status to the balance sheet of the State Government, Government needs to take effective steps to reduce these non-performing assets.

Cash balances and investment of cash balances

The cash balances and investments made by the State Government out of the cash balances during the year are shown in Table.

Table : Cash balances and investment of cash balances

(₹ in crore)

Particulars	As on 31 March 2013	As on 31 March 2014	Increase/ Decrease(-)
Cash Balances	4692.73	2279.82	(-)2412.91
Investments from cash balances (a+b)	3201.71	764.31	(-)2437.40
a. GOI Treasury Bills	3194.48	757.08	(-)2437.40
b. GOI Securities	7.23	7.23	
Fund-wise break-up of investments from ear marked balances (a to d)	1402.19	1511.72	109.53
a. Reserve funds bearing interest			
b. Reserve funds not bearing interest	1402.19	1511.72	109.53
c. Deposit bearing interest			
d. Deposit not bearing interest			
Interest realised during the year on investment of cash balances.	123.38	78.39	(-)44.99

Source : Finance Accounts of the State Government

During the year, though investments in Reserve Funds (not bearing interest) increased by ₹109.53 crore, State's cash balance investment in GOI Treasury Bills reduced by ₹2,437.40 crore. Consequently, substantial decrease was noticed in State's cash balance at the end of the year.

- Cash balance as on 31st March, 2014 was ₹2,279.82 crore, decrease of ₹2,412.91 crore over the previous year.

- The interest received during the year on investment of cash balance also decreased by ₹44.99 crore as compared to the previous year.

Outstanding balances under the head 'Cheques and Bills'

This head is an intermediary accounting head for initial recording of transactions which are to be cleared eventually. As per accounting rules, when a cheque is issued, the functional head is debited and the Major Head-8670-Cheques and Bills is credited. On clearance of the cheque by the bank, the minus credit is given to Major Head-8670-Cheques and Bills by crediting the Major Head-8675-Deposits with Reserve Bank and thereby reducing the cash balance of the Government. Thus, the Outstanding balance under the Major Head-8670-Cheques and Bills represents the amount of un-encashed cheques.

As on 31st March, 2014, there was an outstanding balance (cumulative) of ₹1,371.42 crore. Audit scrutinised status of un-encashed cheques at the end of the financial year and observed that out of ₹1,371.42 crore, cheques for ₹1,168.11 crore encashed during the month of April 2014, leaving a balance of ₹203.31 crore under 8670-cheques and bills at the end of April 2014.

As per the existing system, validity of a Pay Order Cheques (POC) expires after completion of three months. The amount on these time-barred POCs has to be drawn by the Treasury Officer, by presenting a separate bill for the amount. Information collected from 17 out of 22 district treasuries, revealed that 866 time barred POCs for ₹2.41 crore were remaining unadjusted as on 31st March, 2014. Out of the above 793 POCs were more than one year old.

The Director of Treasuries (DoT) informed that treasuries have a system of Internal Audit to examine the un-encashed cheques and major reason for pending payments was the 'loss of POC' or failure to encash POC in time by the beneficiaries for the reason of their own. The fact, however, remains that in spite of the inspections as stated by the Director of Treasuries, POCs remained un-encashed in the above treasuries. DoT informed that fresh direction has also been given to all Deputy Directors, District Treasury Officers and Sub Treasury Officers to conduct a review separately.

[Audit paragraph 1.7.2 to 1.8.4.1 contained in the Report of C&AG of India for the year ended 31st March, 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

27. Committee understands that the delay in completion of projects/works results in cost overrun and causes extra burden on fiscal condition of the State. The Committee observes that during the fag end of the year the revenue expenditure or capital expenditure of the State is continuously exceeding the revenue receipts and it is in a transitional phase of depending on market based resources to meet its exchequer.

28. On analysing the data put up by AG in investment returns, Committee pointed out that average interest return on investments is far below than that paid on borrowings. Therefore Committee opined that steps should be taken to earn adequate returns on investments & recover its cost of borrowed funds rather than bearing the same on its budget.

29. While considering the audit para about outstanding balances under the head cheques and bills, the Committee was surprised to note that cheques for Rs. 203.31 crore were not encashed during April 2014. The Witness, Director, Treasury Department explained that it was only at the account finalisation stage that the un-cashed pay order cheques were noticed and only a few such cases were still remaining for rectification. An Officer from AG's office intervened that same incidents were reported in the current year also at the time of treasury audit. The Secretary, Finance (expenditure) department informed that now every

payments were made online and cash had been transferred instantly to the account. The Committee was displeased in not furnishing the reply for such serious issues. On suspicion of a malafide intention from the concerned officers, the committee directed the Treasury department to furnish a detailed report after conducting an enquiry in this regard and the witness agreed to do so.

Conclusions /Recommendations

30. Committee pointing to the average return of investment being far below than that paid on borrowings, stresses that the Government must initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies.

31. The Committee was surprised to note that cheques worth ₹ 203.31 Crore pertaining to previous financial year remained un-encashed during April 2014. The committee directs the Treasury department to furnish a detailed report about the outstanding balances under the head 'cheques and bills' during April 2014.

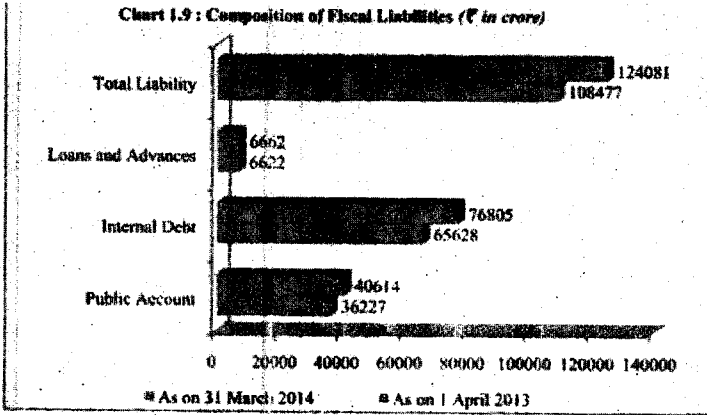
Assets and Liabilities

Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix III (1.4) gives an abstract of such liabilities and assets as on 31st March, 2014, compared with the corresponding position as on 31st March, 2013. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GOI, receipts from the Public Account and Reserve Funds, the assets mainly comprise of the capital outlay and loans and advances given by the State Government and its cash balances.

Fiscal liabilities

The trends of outstanding fiscal liabilities of the State are presented in Appendix III (1.5). The composition of fiscal liabilities during the current year *vis-a-vis* the previous year is presented in Chart 1.9.



The overall fiscal liabilities of the State increased from ₹1,08,477 crore in 2012-13 to ₹1,24,081 crore in 2013-14, a growth rate of 14 per cent, this was two per cent less than the growth rate shown in the previous year. Fiscal liabilities of the State comprised of Consolidated Fund liabilities and Public Account liabilities. At the end of March 2014, the Consolidated Fund liabilities (₹83,467 crore) comprised of Market Loans (₹60,183 crore), Loans from the Government of India (₹6,662 crore) and Other Loans (₹16,622 crore). The Public Account liabilities (₹40,614 crore) comprised of Small Savings, Provident Funds, etc., (₹35,542 crore)¹⁹, interest bearing obligations (₹78 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹4,994 crore). During the year, fiscal liabilities as a percentage of GSDP was 30.8 per cent against 31.1²⁰ per cent in the previous year. This is almost in line with the target fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. As in the previous year, fiscal liabilities stood at 2.5 times of the revenue receipts.

The overall liabilities of the State include balance under Reserve Funds amounting to ₹1881.16 crore (as on 31st March, 2014). The details in respect of two of the reserve funds are given in succeeding paragraphs:

19 This includes liabilities from the Treasury Savings Bank Account (₹8,106 crore) and Treasury Fixed Deposits (₹6,594 crore).

20 Change in figures is due to adoption of new series of GSDP figures.

(a) State disaster response fund

The State Disaster Response Fund (SDRF) was set up on 1st April, 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹112.20 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2013-14 fixed by the ThFC was ₹151.74 crore, 75 per cent (₹113.81 crore) of which was to be contributed by the Central Government and 25 per cent (₹37.93 crore) by the State Government. During the year, the State Government credited ₹258.02 crore to the Fund. This includes ₹151.74 crore (being the contribution fixed by ThFC) and ₹10.27 crore (GOI share: ₹7.70 and State share: ₹2.57 crore) pertaining to 2012-13. In addition, ₹61.74 crore and ₹34.27 crore from National Disaster Response Fund for the years 2013-14 and 2012-13 respectively. After setting off the expenditure for disaster relief operations to the extent of ₹292.49 crore, the balance in SDRF as on 31st March, 2014 was ₹77.73 crore. According to the guidelines issued by the Government of India, the accretion to SDRF were to be invested in Central Government dated securities and /or Auctioned Treasury Bills and /or interest earning deposits and Certificates of deposits with Scheduled Commercial Banks. However, no such investments were made by the State Government so far. The interest payable on the uninvested balances of earlier years has also not been estimated.

(b) Consolidated sinking fund

The State Government had set up a Consolidated Sinking Fund with effect from the financial year 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the outstanding liabilities of the Government. As per paragraph 5 of revised model scheme for the constitution and administration of Consolidated Sinking Fund of Kerala, the rate of contribution to the Consolidated Sinking Fund was 0.5 per cent of the outstanding liabilities as at the end of the previous year. According to this, the State Government had to contribute ₹542.38 crore during 2013-14 to the Consolidated Sinking Fund. However, the State Government did not contribute

any amount to the Fund, during the current year. The balance outstanding in the Sinking Fund as on 31st March, 2014 was ₹1,497.16 crore.

[Audit paragraph 1.9 to 1.9.2 contained in the Report of C&AG of India for the year ended 31st March, 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

32. While considering the audit observation about State Disaster Response Fund, the Committee observed that the accumulations to the SDRF were not invested properly and the interest payable on the un-invested balances of earlier years were not been estimated. The Witness, Secretary Finance (Resources) department replied that the interest amount would be credited to the fund as and when it was calculated. He added that the interest rate on TSB account was 8.5% and the calculation of interest on unspent amount of SDRF was yet to be completed.

33. The Committee expressed its concern over the non payment of fund to eligible persons despite the sufficient availability of fund. The witness, Secretary, Finance department deposed that the fund was being distributed properly among eligible persons. The Committee directed that proper reconciliation should be done since figures mentioned in the Government reply did not tally with the figures appearing in Finance Accounts.

34. When enquired about non-contribution to consolidated sinking fund, the witness Additional Secretary, Finance department deposed that as the State is continuously in Revenue Deficit the contribution to CSF had to be made from borrowed funds. Then the Audit Officer from Accountant General's office informed that the fund was actually constituted for the payment of interest on funds borrowed. The Finance Secretary replied that since interest rate was very low for such investment, it would be better to make interest payment directly from borrowed funds.

35. On realising that the Government possessed only borrowed funds to contribute to the amortisation fund the Committee directed Finance Department to seek a fruitful alternative for amortisation of loan liabilities.

Conclusion /Recommendation

36. The committee directs that proper reconciliation should be done in the case of State Disaster Response Fund since figures mentioned in the Government reply did not tally with the figures appearing in Finance accounts. The committee recommended that steps must be taken for investing the balance amount in the SDRF after meeting the expenses as per the GOI norms. And further recommends that Finance Department should seek a fruitful alternative for amortisation of loan liabilities instead of contribution from borrowed fund without any delay.

Study on Government Guarantees -contigent liabilities

(i) Introduction

Article 293 of the Constitution of India empowers the State Governments to give guarantee on the security of the consolidated fund of the State within such limits as may be fixed by the State Legislature. According to 'The Kerala Ceiling on Government Guarantees Act, 2003' (KCGG Act, 2003), the total outstanding Government guarantees as on 1st April of each year shall not exceed ₹14,000 crore. Government gives guarantee on funds raised by Government companies, public sector undertakings, statutory bodies and co-operative bodies, from financial institutions and the nature of debt may be Term loans, Cash credit, overdraft, Bonds, fixed deposits, etc. The guarantee is liable to be invoked if the principal debtor fails to repay loans, bonds, etc., so guaranteed. According to the KCGG Act, 2003 the Government shall charge a minimum of 0.75 per cent of the actual outstanding balance of loan as on 31st March of the preceding year, as guarantee commission (GC) and this shall not be waived under any circumstances.

The maximum amount guaranteed and the outstanding amount on guarantees at the end of the year from 2009-10 to 2013-14 are given in Table.

Table: Guarantees given by the State**(₹in crore)**

Guarantees	2009-10	2010-11	2011-12	2012-13	2013-14
Maximum amount guaranteed during the year.	10225.78	12625.07	11332.11	11482.25	12275.21
Outstanding amount of guarantees at the end of the year (includes interest and penal interest)	7495.00	7425.79	8277.44	9099.50	9763.36
Percentage of maximum amount guaranteed to total revenue	39	41	30	26	25
Maximum amount of ceiling as per Kerala Ceiling on Government Guarantees Act, 2003	14000	14000	14000	14000	14000

According to data furnished by Finance Department, the Government provided guarantee to 35 institutions (as on 31st March 2014) and the outstanding guarantee for 11 institutions were more than ₹100 crore each. Out of the total outstanding guarantee of ₹9763.36 crore, 62 per cent (₹6087.55 crore) pertains to Kerala State Financial Enterprises (KSFE) (outstanding ₹3000 crore) and Kerala State Co-operative Agricultural and Rural Development Bank (Outstanding ₹3087.55 crore).

Audit conducted a study covering Finance Department, seven Administrative Departments and 20 beneficiary institutions to ascertain the efficacy of the system relating to management of guarantee and audit observations are summarised below:

(ii) Guarantee management

All matters involving financial implications are sanctioned by Finance Department. Therefore, Finance Department is required to maintain a record of the Government's commitment towards guarantee extended to various institutions.

Further, based on the recommendations of Public Accounts Committee²¹, Finance Department issued (July 2011) detailed guidelines to Administrative Departments for the maintenance of registers for monitoring of Government guarantee and recording of transactions relating to guarantee commission.

Audit observed that National University of Advanced Legal Studies (NUALS) obtained a loan of ₹20 crore (2012) from Kerala State Co-operative Bank and Kerala State Handicapped Persons Welfare Corporation Ltd obtained a loan of ₹8 crore from National Handicapped Finance and Development Corporation (March 2013) on Government guarantee without the concurrence of Finance Department. Hence the GC was not collected from the institutions as the details of the guarantee given to these institutions were not available with the Finance Department. Audit also noticed that the Administrative Departments were not keeping registers as mentioned in the Government circular (July 2011) for monitoring guarantees. This indicates lapse in internal control mechanism which resulted in loss of revenue on account of guarantee commission.

While admitting the audit observations, the Finance Department stated (October 2014) that the Administrative Departments sanctioned the Government guarantee without consulting Finance Department and assured that necessary corrective measures would be taken to avoid such instances in future. Finance Department also stated that the process of developing software is on for monitoring of guarantee and guarantee commission.

(iii) Guarantee Commission

During the year, an amount ₹72.85 crore was received as guarantee commission and an amount of ₹257.44 crore was outstanding as on 31st March 2014. As per the information furnished by the Finance Department, the major defaulters of GC were Kerala State Housing Board (KSHB) (₹89.95 crore), Kerala Water Authority (₹28.04 crore), Kerala State Electricity Board (₹76.07 crore) and Kerala State Co-operative Hospital and Centre for Advanced Medical Studies Limited (₹26.23 crore). Audit scrutiny revealed the following:

21 145th report of Public Accounts Committee (2008-2011)

- Government did not receive any GC from 8 out of 35 institutions for the last four years.

- An interest free loan of ₹125.53 crore was sanctioned (August 2010) to Kerala State Co-operative Agriculture and Rural Development Bank for payment of GC dues towards the State Government, to avail fresh loan on Government guarantee. This loan was subsequently waived (March 2013) by the Government, thereby indirectly waiving the GC dues, which was not permissible under KCGG Act, 2003.

- GC due (₹89.95 crore) to the Government, remained unadjusted in the accounts of KSHB (March 2014) when the liability of ₹1122.68 crore was taken over by the Government.

The Finance Department accepted the observations of Audit and stated (October 2014) that directions were given to the institutions to clear the GC dues and if they fail, the dues would be adjusted from the budgetary provisions of the respective institutions.

(iv) Guarantees becoming liabilities

Guarantees become liabilities of the guarantor if the debtor fails to repay the amount. As guarantees result in increase in liability, they should be examined in the same manner as a proposal for a loan, taking into account, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, the justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities, etc. Instances of guarantees that became liabilities of the State are detailed below:

- According to Finance Accounts (2013-14), the State Government sanctioned loan amounting to ₹61.69 crore (15 institutions) on loans invoking guarantee. The institutions have not made any repayment so far.

- Based on Government guarantee (2003), Kerala State Housing Board (KSHB) availed (₹1184.42 crore) two loan packages²² from Housing and Urban Development Corporation for implementation of housing schemes. As KSHB failed to repay the loan, State Government had to take over the liability and Government released an amount of ₹1122.68 crore as loan to KSHB to settle the dues.

²² ₹744.34 crore in respect of economically weaker section loans and ₹440.08 crore in respect of low income group, middle income group, high income group loans and commercial loans.

- Data furnished by the Finance Department showed that eight²³ institutions did not repay any loan amount (loans availed against Government guarantee) to financial institutions during the past four years and the total outstanding for these institutions was ₹128.59 crore as on 31st March 2014.

- Invocation process for ₹7.47 crore was initiated against the Government by the banks as National University of Advanced Legal Studies (₹2.04 crore) and Kerala Automobiles Limited (₹5.43 crore) failed to repay the loans taken by them.

Thus, decision of the Government to stand as guarantor without ensuring the financial capacity of the institutions resulted in a liability of ₹1184.37 crore [items (i) and (ii)]. An amount of ₹141.49 crore [items (iii) and (iv)] would also become a liability in the near future as the banks had initiated invocation process.

While admitting the audit observations, the Finance Department stated (October 2014) that currently there was no mechanism to monitor the loan repayment by the institutions. It was also stated that strict directions were given to the defaulters to clear the loan arrears and that the Department would ensure the clearance of the loan by obtaining half yearly remittance details from the institutions in future.

(v) Guarantee redemption fund

As per Section 6 of the KCGG Act, 2003, the Government was to constitute a Guarantee Redemption Fund. The guarantee commission charged under Section 5 of the Act was to form the corpus of the Fund. However, the Fund had not been constituted and consequently, guarantee commission of ₹583.13 crore collected during 2003-04 to 2013-14 had not been credited to the Fund but was treated as non-tax revenue in the relevant years and used for meeting the revenue expenditure of the Government. As per Finance Accounts 2013-14, ₹257.44 crore was outstanding from various entities towards guarantee commission since the inception of the Act. This amount would also have to be part of the fund.

[Audit paragraph 1.9.3 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

23. Meat Products of India (₹0.20 crore), Malappuram Spinning Mills (₹2.3 crore), The Quilon Co-operative Spinning Mills (₹2.50 crore), Priyadarshini Co-operative Spinning Mills (₹3.36 crore), Kerala State Co-operative Milk Marketing Federation (₹20.01 crore) Travancore rayons (₹41.72 crore), Marketfed (₹12 crore) and Kerala State Co-operative Hospital Complex (₹46.50 crore)

37. The Committee opined that PSU's or other institutions have obtained huge amount of loans from banks and similar institutions under Government Guarantee, but the respective Guarantee Commission owed to Government had not been paid. The witness informed that those institutions mentioned had paid Guarantee Commission at the time of loan renewal and ₹40 crore was received as Guarantee Commission in this year. The Committee directed the Finance department to furnish a detailed report on the present status of Guarantee Commission including that from the institutions such as Kerala State Co-operative Agricultural & Rural Development Bank (KSCARD), KSFE, KSHB etc.

Conclusion /Recommendation

38. The committee directs the finance department to furnish a detailed report on the present status of Guarantee Commission owed to Government including that from the institutions such as Kerala State Co-operative Agricultural & Rural Development Bank (KSCARD), KSFE, KSHB etc.

Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability²⁴ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation²⁵, sufficiency of non-debt receipts²⁶; net availability of borrowed

24 Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that the rise in fiscal deficits should match the increase in the capacity to service the debts.

25 A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate- interest rate) and quantum spread (Debt x Interest spread), the debt sustainability conditions states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or that debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling, which is a positive sign.

26 Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

funds²⁷; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. Table analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2009-10.

Table : Debt sustainability: indicators and trends

(₹in crore)

Indicators of Debt Sustainability	2009-10	2010-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)
Debt Stabilisation (Quantum Spread +Primary Deficit)	1981	2709(*)	1309(*)	1837(*)	325
Sufficiency of Non- debt Receipts (Resource Gap)	(-)1525	141	5084	(-)2187	(-)1942
Net Availability of Borrowed Funds	2834	2507	4426	8154	7350
Burden of Interest Payments (Interest Payment/Revenue Receipts per cent)	20	18	17	16	17

27 Defined as the ratio of debt redemption (Principal +Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Maturity Profile of debt					
(1)	(2)	(3)	(4)	(5)	(6)
Up to one year	1587.67 (3.2)	2566.98 (4.7)	2154.64 (3.5)	2569.25 (3.6)	2674.90 (3.2)
One to three years	4503.59 (9.1)	5205.33 (9.5)	8401.13 (13.6)	5791.05 (8.0)	6829.83 (8.2)
Three to five years	5215.70 (10.5)	6260.17 (11.4)	9100.09 (14.7)	9100.72 (12.6)	12058.34 (14.4)
Five to Seven years	6786.36 (13.7)	9314.78 (17.0)	13156.00 (21.3)	13181.39 (18.2)	13165.08 (15.8)
Seven years and above	27363.90 (55.1)	28162.37 (51.3)	24240.81 (39.2)	36932.83 (51.1)	44048.78 (52.8)
Maturity profile details not furnished by State Government	4216.09 (8.4)	3377.55 (6.1)	4740.42 (7.7)	4674.95 (6.5)	4689.63 (5.6)

Figures in parentheses indicate the percentage to total State debt

Source: Finance Accounts of the State Government.

(*) change in figures is due to adoption of new series of GSDP figures

During 2010-11 to 2012-13, the quantum spread²⁸ together with primary deficit decreased steadily and became negative during 2012-13 indicating a declining trend in Debt-GSDP ratio and disproportionate growth of debt when compared to growth rate of GSDP. However, it increased during 2013-14, due to marginal reduction in growth rate of debt compared to GSDP growth. The

28 Quantum spread = Debt X Interest spread

resource gap (sufficiency of non-debt receipts) was negative from 2011-12 onwards, which showed that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden.

During 2013-14, total borrowed funds under 'Public Debt' was ₹14,342 crore (including open market borrowings of ₹12,800 crore). After providing for interest and repayment of principal, the net availability was only ₹5,065 crore. Similarly, the accumulations in 'Public Account' (Small savings, Provident Fund, Reserve Fund, Deposit Account, etc. which were used by the State for bridging the fiscal resource gap), were ₹39,832 crore during the year. Under this sector, net availability of funds after disbursement with interest was only ₹2,285 crore. As the non-debt receipt of the State was also insufficient, some portion of this borrowing was also used for bridging revenue deficit. Consequently, State Government was left with ₹7,350 crore, for developmental activities from the total borrowings.

The maturity profile of State debt indicates that the Government will have to repay 38.4 per cent of its debt between one and seven years. A well thought out debt management strategy will ensure that no additional borrowings which mature in these critical years are undertaken.

[Audit paragraph 1.10 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

39. Committee accepted the reply furnished by the Government.

Conclusion /Recommendation

40. No Comments

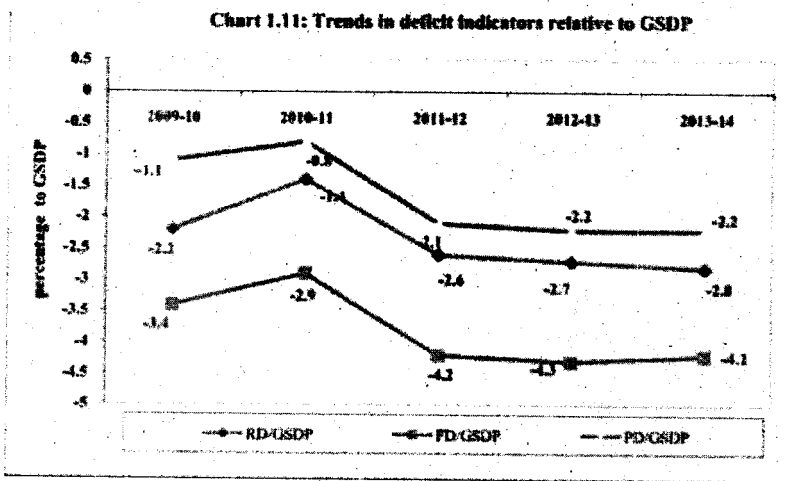
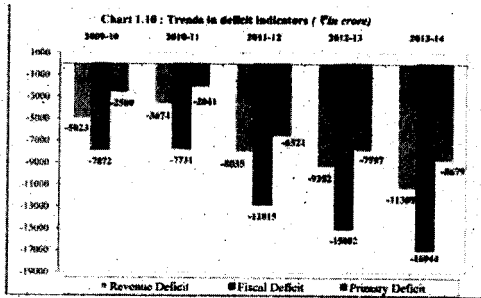
Fiscal imbalances

Three key fiscal parameters- revenue, fiscal and primary deficits- indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government account represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are raised and applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude

and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-a-vis targets set under the Fiscal Responsibility Act/Rules for the financial year 2013-14.

Trends in deficits

Charts 1.10 and 1.11 present the trends in deficit indicators over the period 2009-2014.



The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts, which increased steadily since 2010-11 indicating disproportionate growth of revenue expenditure or low growth rate of revenue receipts. Revenue deficit increased more than three times during 2010-11 to 2013-14, in contrary to State's targets (reduce revenue deficit to 'Nil' by 2014-15) envisaged in Fiscal Responsibility (Amendment) Act, 2011.

The fiscal deficit which represents the total borrowing of the Government and its total resource gap also increased steadily since 2010-11. It increased from ₹7,731 crore in 2010-11 to ₹16,944 crore in 2013-14.

More than four times increase was also noticed in primary deficit, since 2010-11 and it increased from ₹2,041 crore in 2010-11 to ₹8,679 crore in 2013-14. Increase in revenue deficit, fiscal deficit and primary deficit indicate the disproportionate growth of expenditure with regard to revenue receipts.

As a proportion of GSDP, the revenue deficit (1.4 per cent) and fiscal deficit (2.9 per cent) in 2010-11 were the lowest during the last five year period. These percentages increased to 2.8 per cent and 4.2 per cent respectively in 2013-14. These were more than the targets fixed (0.5 per cent and 3 per cent) in the Kerala Fiscal Responsibility (Amendment) Act, 2011 and (0.54 per cent and 2.82 per cent) in the Medium Term Fiscal Plan for 2013-14 to 2015-16.

Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table I**. Receipts and disbursements under the components of financing the fiscal deficit during 2013-14 are given in **Table II**.

Table I : Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Decomposition of fiscal deficit						
1.	Revenue deficit	5023	3674	8035	9352	11309
2.	Net capital expenditure	2010	3339	3837	4588	4275
3.	Net loans and advances	839	718	943	1062	1360
Total fiscal deficit		7872	7731	12815	15002	16944

Financing pattern of fiscal deficit*

1.	Market borrowings (net)	4710	4770	7496	10571	11373
2.	Loans from Government of India	297	54	36	226	40
3.	Special Securities issued to National Small Savings Fund	(-140)	42	(-491)	32	(-42)
4.	Loans from Financial institutions	(-16)	348	(-7)	(-118)	(-77)
5.	Small Savings, PF etc.	2849	2490	3839	3686	4231
6.	Deposits and Advances	437	469	(-52)	1141	188
7.	Suspense and Miscellaneous	370	(-197)	852	712	(-946)
8.	Remittances	57	27	(-157)	31	(-168)
9.	Others	(-31)	399	32	(-379)	(-68)
10.	Total (1 to 9)	8533	8402	11548	15902	14531
11.	Increase (-)/Decrease(+) in Cash Balance	(-661)	(-671)	1267	(-900)	2413
12.	Overall deficit	7872	7731	12815	15002	16944

*All these figures are net of disbursements/outflows during the year

Source: Finance Accounts of the State Government.

Table II : Receipts and disbursements under components financing the fiscal deficit during 2013-14

(₹in crore)

Sl. No.	Particulars	Receipt	Disbursement	Net
1	Market borrowings	12800	1427	11373
2	Loans from Government of India	392	352	40
3	Special Securities Issued to National Small Savings Fund	565	607	(-)42
4	Loans from Financial Institutions	501	578	(-)77
5	Small Savings, PF etc.	29473	25242	4231
6	Deposits and Advances	9866	9678	188
7	Suspense and Miscellaneous	75729	76675	(-)946
8	Remittances	8923	9091	(-)168
9	Others	469	537	(-)68
10	Total (1 to 9)	138718	124187	14531
11	Increase (-)/Decrease (+) in Cash Balance			2413
12	Overall deficit			16944

Source: Finance Accounts of the State Government.

Table I reveals that during the last five years market borrowings and net accretions in Public Account (especially in Small Savings, PF etc) are the main source utilised by the State Government to finance the fiscal deficit. During 2013-14, ninety two per cent of the fiscal deficit was financed through net Market borrowings (₹11,373 crore) and accretions in the Small Savings, PF, etc. (₹4.23 crore).

During 2013-14, the State Government raised ₹12,800 crore as market loans at an average interest rate of 9.06 per cent, loans amounting to ₹501.25 crore from NABARD at an interest rate of 7.78 per cent, ₹565.14 crore from National Small Savings Fund at an interest of 9.5 per cent and ₹105.21 crore from NCDC at interest rates of 12.14 per cent. The State Government also received loans amounting to ₹392.01 crore from the Government of India during the year for which the details of interest rate on all loans were not available.

The State Government has been mobilising deposits from its employees, pensioners, institutions and general public through treasuries. During 2013-14, the State Government received ₹20,705.20 crore as deposits through Treasury Saving Bank accounts at an average interest rate of five per cent and ₹2,688.90 crore as Treasury Fixed Deposits at interest rates ranging between 7.25 per cent and 9 per cent. The balance of such deposits as on 31 March 2014 was ₹14,699.84 crore. This is ₹1,801.13 crore more than the previous year's balance.

Quality of deficit

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (Table) indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table : Primary deficit/surplus-bifurcation of factors

Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	₹(in crore)	
						Primary revenue deficit(-)/surplus(+)	Primary deficit surplus(+)
1	2	3	4	5	6(3+4+5)	7(2-3)	8(2-6)
2009-10	26196	25840	2059	877	28776	(+)356	(-)2580
2010-11	31060	28975	3364	762	33101	(+)2085	(-)2041
2011-12	38081	39751	3853	998	44602	(-)1670	(-)6521
2012-13	44226	46284	4603	1136	52023	(-)2058	(-)7797
2013-14	49300	52221	4294	1464	57979	(-)2921	(-)8679

Source: Finance Accounts of the State Government.

The bifurcation of the factors leading to primary deficit or surplus of the State reveals that since 2011-12 non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure²⁹ of the State. This indicates disproportionate growth of primary revenue expenditure with respect to NDR.

[Audit paragraph 1.11 to 1.11.3 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

41. Committee accepted the reply furnished by the Government.

Conclusion/Recommendation

42. No Comments

Conclusion

Revenue Receipts: Against estimated amount of ₹58,057.88 crore as Revenue receipts, the actual receipt was ₹49,176.93 crore showing an increase (₹5,039.63 crore) of 11 per cent over the previous year. The increase was mainly under Tax.

²⁹ Primary revenue expenditure represents revenue expenditure less expenditure on interest.

revenue (₹1,918.40 crore), Non-tax revenue (₹1,376.52 crore), Share of Union Taxes/Duties (₹628.03 crore) and Grants from Government of India (₹1,116.68 crore). Though, State's tax revenue collected (₹31,995.01 crore) for the year was less than the projections made in the Medium Term Fiscal Plan, non-tax revenue for the year (₹5575.03 crore) was higher than the above projections.

Deficiency was observed in revenue estimation which led to increase in revenue deficit to the extent of ₹5,100 crore with respect to Revised Estimates. In budget estimates and actual receipt, variations from 16 to 38 per cent were noticed in respect of major tax revenue sources indicating failure in the estimation process.

Revenue Expenditure: Compared to previous year (16 per cent), growth rate of revenue expenditure was 13 per cent during the year. As in the previous year major portion of the revenue expenditure (₹60,485.50 crore) was incurred on non-plan revenue expenditure (₹53,411.84 crore), leaving only 12 per cent to plan expenditure (₹7,073.66 crore). Also 65 per cent of the revenue expenditure was incurred on salaries, wages, pensions, interest payments and subsidies. While non-plan revenue expenditure shown a growth rate of 14.5 per cent, plan revenue expenditure growth rate was only three per cent, which is a matter of concern for the State.

Capital Expenditure: During the year State Government had not given adequate priority to Capital expenditure (₹4,294.33 crore) and it decreased by ₹308.96 crore over the previous year (₹4,603.29 crore). Against the Original Budget Outlay of ₹8,635.03 crore, the actual capital expenditure incurred was only ₹4,294.33 crore (50 per cent)

Investment and Returns : As of 31st March 2014, the State had invested ₹5,623.61 crore in Statutory Corporations, Government companies, Joint Stock Companies and Co-operatives. The average return on these investments was only

1.5 per cent during the last five years, while the Government paid an average interest rate ranging from 7.1 per cent to 7.5 per cent on its borrowings during the same period.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increase in non-developmental expenditure like salaries, interest payments, pension and subsidies year after year reduces the net availability of funds from the borrowings for infrastructure development. The State's low return on investments indicates an implicit subsidy and use of high cost borrowings for investments, which yields low return and is not sustainable.

Loans and Advances: Outstanding loans and advances given by the State Government to Statutory Corporations, Government companies and Co-operative Societies at the end of March 2014 was ₹11,721 crore, recording an increase of ₹ 1,265 crore over the previous year. Arrears in repayment of loan continued to accumulate as in the previous year and as on 31st March 2014 an amount of ₹7,657.66 crore from 72 institutions was in arrears.

Deficit: All the key fiscal parameters, i.e, revenue, fiscal and primary deficits increased during 2013-14 when compared to previous year. The downward trend of fiscal parameters observed during the last three years is a matter of concern for the State Government. More than four times increase was noticed in primary deficit during 2010-11 to 2013-14. Increasing revenue and fiscal deficits show growing fiscal imbalance of the State. Similarly, increase in the ratio of revenue deficit and fiscal deficits indicate that the application of borrowed funds has largely been to meet current expenditure.

Debt Management: Overall fiscal liabilities at the end of the year increased from ₹ 1,08,477 crore in 2012-13 to ₹1,24,081 crore and this was two per cent less than the growth rate shown in the previous year. This was 30.8 per cent of GSDP

which was almost in line with the target (30.7) fixed in the Kerala Fiscal Responsibility (Amendment) Act, 2011. The net availability of borrowed funds (including market borrowings) after providing interest and repayment of principal was ₹7,350 crore which was around 50 per cent of the funds borrowed during the year. Since 2011-12 the resource gap (sufficiency of non-debt receipts) was negative which indicate that the incremental non-debt receipts were inadequate to finance incremental primary expenditure and incremental interest burden. The maturity profile of State shows that the State will have to repay 38.4 per cent of its debt between one and seven years.

Funds transferred directly from GOI to the State Implementing Agencies:

Government of India directly transferred an amount of ₹9,751.14 crore to the 12 implementing agencies of the State during 2009-2014. Though, matching contribution was to be released to these agencies for implementation of the schemes, shortly release of ₹83.95 crore was noticed in respect of implementation of three programmes. Implementing agencies furnished utilisation certificate without ensuring actual utilisation of funds released by them to sub-level agencies.

Implementation of New Pension Scheme: State Government introduced new pension scheme among All India Services officers who joined service on or after 1st April 2004. But, individual contribution to be recovered, matching contribution of State Government due etc, were not credited to the pension account of the officials. The same pattern of pension scheme was also implemented in respect of State Government employees, who joined service on or after 1st April 2013. Progress in this regard was also not satisfactory.

Management of Guarantee given by the State: Outstanding guarantee at the end of March 2014 was ₹9763.36 crore. Guarantees were given to institution without properly ascertaining their financial stability, which led to guarantee becoming liabilities of the Government. In certain cases guarantees were given without the concurrence of Finance Department.

Recommendations

- Government may consider putting in place a monitoring mechanism to ensure revenue mobilization as per the estimates.
- Government may consider introducing an online computerised monitoring system to track fund flow transferred to various district/sub level agencies in order to monitor the actual utilisation of funds in respect of Central/ State plan schemes.
- Government may ensure that arrear contributions are credited to pension account of employees covered under New Pension Scheme without further delay.

[Audit paragraph 1.12 to 1.13 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Conclusion /Recommendation

43. No Comments

CHAPTER II

Introduction

The Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted Grants and charged Appropriations for different purposes, as specified in the schedules appended to the Appropriation acts. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-a-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also seeks to ascertain whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions on the subject.

As per the Kerala Budget Manual, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by the Heads of Departments and other Estimating Officers and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands the exercise of foresight both in anticipating revenue and estimating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither in excess nor lesser. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the provision of Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

Summary of Appropriation Accounts

The summarised position of actual expenditure during 2013-14 against 48 Grants/Appropriations is given in Table.

Table : Summarised position of actual expenditure vis-a-vis original/supplementary provisions

(₹ in crore)

Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Savings	Savings in Percentage
Voted						
I—Revenue	52888.43	3636.83	56525.26	52788.15	3737.11	6.6
II—Capital	9494.86	1171.23	10666.09	5513.18	5152.91	48.3
III—Loans and Advances	210.37	1.37	211.74	208.32	3.42	1.6
Total voted	62593.66	4809.43	67403.09	58509.65	8893.44	13.2
Charged						
IV—Revenue	7911.50	535.56	8447.06	8536.79	-89.73	-
V—Capital	51.05	134.25	185.30	129.87	55.43	29.9
VI—Public Debt Repayment	10104.30	0.00	10104.30	3244.81	6859.49	67.9
Total Charged	18066.85	669.81	18736.66	11911.47	6825.19	36.4
Appropriation to contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	-
Grant Total	80660.51	5479.24	86139.75	70421.12	15718.63	18.2

Source: Appropriation Accounts 2013-14 and Appropriation Acts.

The overall savings of ₹15,718.63 crore was the result of savings of ₹16,279.31 crore in 40 Grants and 17 Appropriations under the Revenue Section

and 27 Grants and seven Appropriations under the Capital Section [**Appendix III (2.1)**], offset by excess of ₹560.68 crore in four Grants and four Appropriation under the Revenue Section and two Grants under Capital Section. Compared to previous year, savings increased to 18 per cent of the total Grant/Appropriation from 15 per cent indicating deficiency in budgetary process.

Further, Audit analysed the savings (₹8,893.44 crore) in the Voted category and observed the following. Details are given in **Appendix III (2.2)**.

- In the Revenue section savings (₹3,157.63 crore) was mainly under plan schemes of eight Grants (₹2,666.95 crore) and under non-plan schemes of two Grants (₹490.68 crore).
- In the Capital section it (₹5,145.40 crore) was under plan schemes of five Grants (₹1,761.57 crore) and non-plan schemes of five Grants (₹3,383.83 crore)

[Audit paragraph 2.1 to 2.2 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

44. Committee accepted the reply furnished by the Government.

Conclusion /Recommendation

45. No Comments

Financial Accountability and Budget Management

Appropriation vis-a-vis Allocative Priorities

The appropriation audit revealed that savings exceeding ₹10 crore were also more than 20 per cent of the total provision in 26 cases as given in Table.

Table : List of Grants/Appropriations showing substantial savings
(₹ in crore)

Sl. No.	Grant number and name	Total Grant/Appropriation	Savings	Percentage of savings
Revenue - Voted				
(1)	(2)	(3)	(4)	(5)
1	XIX—Family Welfare	500.30	145.57	29.10
2	XX—Water Supply and Sanitation	764.91	184.30	24.09
3	XXI—Housing	148.61	34.19	23.01
4	XXII—Urban Development	1341.11	1125.04	83.89
5	XXIV—Labour, Labour Welfare and Welfare of Non-Residents	827.25	191.98	23.21
6	XL—Ports	47.42	12.29	25.92
Total		3629.60	1693.37	
Capital voted				
7	XII—Police	30.95	30.93	99.94
8	XVII—Education, Sports, Art and Culture	393.73	193.00	49.02
9	XVIII—Medical and Public Health	189.51	59.19	31.23
10	XX—Water Supply and Sanitation	368.50	113.33	30.75
11	XXIII—Information and Publicity	12.21	10.32	84.52
12	XXV—Welfare of Scheduled Castes, Scheduled Tribes, Other Backward classes and Minorities.	115.60	82.32	71.21

(1)	(2)	(3)	(4)	(5)
13	XXVII—Co-operation	261.40	208.98	79.95
14	XXVIII—Miscellaneous Economic Services	2813.03	2421.19	86.07
15	XXIX—Agriculture	225.62	56.70	25.13
16	XXX—Food	88.18	20.76	23.54
17	XXXI—Animal Husbandry	30.82	17.73	57.53
18	XXXV—Panchayat	60.87	32.29	53.05
19	XXXVII—Industries	747.54	165.38	22.12
20	XXXVIII—Irrigation	603.41	396.46	65.70
21	XXXIX—Power	46.82	43.42	92.74
22	XL—Ports	373.83	223.55	59.80
23	XLI—Transport	1861.72	1051.74	56.49
24	XLVI—Social Security and Welfare	63.10	24.36	38.61
Total		8286.84	5151.65	
Capital - Charged				
25	XV—Public Works	75.00	52.60	70.13
26	Public Debt Repayment	10104.30	6859.49	67.89
Total		10179.30	6912.09	
Grand Total		22095.74	13757.11	

Source: Appropriation Accounts 2013-14.

Sub-heads in which substantial savings were occurred, under Grants having savings in excess of ₹100 crore, are given in **Appendix III (2.3)**.

Persistent savings

In six cases, there were persistent savings in excess of ₹50 crore in each case and also by 20 per cent or more of the provision for the last three years as shown in Table.

Table : Persistent savings

(₹ in crore)

Sl. No.	Number and Name of Grant/ Appropriation	Amount of saving (percentage)		
		2011-12	2012-13	2013-14
Revenue - Voted				
1.	XX—Water Supply and Sanitation	220.79 (37)	134.23 (20)	184.30 (24)
2	XXII—Urban Development	371.44 (58)	730.68 (70)	1,125.04 (84)
Capital - Voted				
3	XXV—Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	51.42 (51)	60.31 (66)	82.32 (71)
4	XXIX—Agriculture	135.03 (59)	129.92 (55)	56.70 (25)
5	XXXVIII—Irrigation	576.13 (78)	294.30 (53)	396.46 (66)
Capital - Charged				
6	Public Debt Repayment	6252.31 (68)	6878.40 (71)	6859.49 (68)

Source: Appropriation Accounts 2011-12, 2012-13 and 2013-14.

Audit analysed the reason for persistent savings in one of the above Grants (Grant no.XXII Urban Development) and observations are included in this Report. Further, in 63 sub-heads, there were persistent savings in excess of ₹ 5 crore in each case of the provision for the last three years. Details are given in **Appendix III(2.4)**. Persistent savings in these sub-heads indicate that departmental officers were not exercised desired checks while preparing budget estimates.

[Audit paragraph 2.3.1 to 2.3.2 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

46. The Committee enquired about the reasons for persistent savings under different Grants/Appropriations of some departments. The Secretary, Finance (expenditure) Planning and Economic Affairs department informed that plan implementation of various projects were started only at the middle of a financial year and hence such delays occurred in project execution and implementation. He also supplemented that certain big projects were implemented at the end of an year and hence it could not even be started in the same year itself. The witness Secretary, Finance (expenditure) apprised that some departments were not particular in preparing a realistic plan for project implementation. The Director of Treasuries added that the lack of proper preparations at department level was vivid in many cases.

47. The Committee enquired the reasons for savings of ₹396 crore rendered by the Irrigation Department against the allotment ₹603 crore, despite spending ₹300 crore for supplying drinking water. The witness, Secretary, Finance Department informed that eventhough the department went through the project, entire expenditure would not happen in the same year itself and tendering and related works were started in the next year only.

48. The Secretary, Finance (Expenditure) also informed that Administrative sanction for works upto ₹10 crore, that gets included in the Green Book, was issued by the concerned Secretaries of the administrative department and the works above ₹10 crore had to obtain approval of the Finance Department. The Committee opined that even after delegating the power to issue administrative sanction at the lower levels the delay happening in the execution of projects could not be justified. The Committee suggested that action should be taken against the officers responsible for such detainment.

49. The Committee recommended that to get rid of persistent savings in various grants the Finance Department should consider the status of utilisation of previous years while preparing budget for ensuing years.

Conclusion/Recommendation

50. The Committee views that the main reason for persistent savings under different Grants/Appropriations of some department is due to delay in implementation of various projects and unrealistic planning of projects. The Committee opines that the delay happening in the execution of the projects even after delegating the power to issue administrative sanction at the lower level could not be justified. The Committee directs the Finance Department to monitor the departments who make persistent savings under different Grants. The Committee recommends that to get rid of persistent savings in various grants, the Finance Department should consider the status of utilisation of funds of previous years while preparing budget for ensuing years.

Excess over provision during 2013-14

The Appropriation Accounts disclosed excess expenditure of ₹488.15 crore under Revenue Section (four Grants and four appropriations) and ₹72.53 crore under Capital Section (two Grants). This excess expenditure of ₹560.68 crore as summarized in table requires regularisation under Article 205 of the Constitution.

Table : Excess over provision requiring regularisation during 2013-14.

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess	Excess in percentage
Voted Grants- Revenue					
1	I—State Legislature	65.37	65.70	0.33	0.5
2	IV—Election	39.38	41.48	2.10	5.3
3	XIII—Jails	76.65	80.40	3.75	4.9
4	XVI—Pensions and Miscellaneous	12950.12	13321.36	371.24	2.9
Total-Voted Grants- Revenue		13131.52	13508.94	377.42	2.9
Charged Appropriations- Revenue					
(1)	(2)	(3)	(4)	(5)	(6)
5	I—State Legislature	0.53	0.61	0.08	15.1
6	Debt Charges	8184.47	8293.58	109.11	1.3
7	XV—Public Works	0.71	0.98	0.27	38.0
8	XVI—Pensions and Miscellaneous	23.71	24.98	1.27	5.4
Total - Charged Appropriations- Revenue		8209.42	8320.15	110.73	1.3
Total Revenue		21340.94	21829.09	488.15	2.3

(1)	(2)	(3)	(4)	(5)	(6)
Voted Grants -Capital					
9	XV—Public Works	1525.44	1597.97	72.53	4.8
10	XXXII—Dairy	0.23	0.23	(*)	
Total Grants -Capital		1525.67	1598.20	72.53	4.8
Grand Total		22866.61	23427.29	560.68	2.5

Source: Appropriation Accounts 2013-14.

(*) ₹ 20,000 only

Excess expenditure over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess over Grants/ Appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). Excess expenditure occurred under 27 Grants and three Appropriation amounting to ₹1258.18 crore for the years 2011-12 and 2012-13, was to be regularised (September 2014) as summarised in table. The year-wise and Grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in **Appendix III (2.5)**.

Table : Excess over provisions relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision
	Grant	Appropriation	
2011-12	13	2	770.17
2012-13	14	1	488.01
Total	27	3	1258.18

Source: As per records maintained by the Principal Accountant General (G&SSA).

[Audit paragraph 2.3.3 to 2.3.4 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

51. The Committee accepted the replies furnished by the Government.

Conclusion /Recommendation

52. No comments

Unnecessary/Excessive Supplementary provision

Supplementary provisions aggregating to ₹1,249.51 crore, obtained in 30 Grants/Appropriations (₹ one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions as detailed in **Appendix III (2.6)**. It was also observed that in seven out of above 30 Grants/Appropriations, supplementary grants were obtained while more than 50 per cent of the original provision remained unutilised as shown in Table.

Table : Unnecessary Supplementary provision in Grants/ Appropriations having 50 per cent unutilised original budget allocation

(₹ in crore)						
Sl. No.	Number and name of Grant		Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Revenue - Voted						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	XXII	Urban Development	1269.86	216.07	1053.79 (83)	71.25
Capital - Voted						
2	XII	Police	1.01	0.02	0.99 (98)	29.94
3	XXXI	Animal Husbandry	26.90	13.09	13.81 (51)	3.92
4	XXXVIII	Irrigation	578.41	206.95	371.46 (64)	25.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)
5	XL	Ports	367.90	150.28	217.62 (59)	5.93
6	XLI	Transport	1836.72	809.98	1026.74 (56)	25.00
Capital-Charged						
7	XV	Public Works	50.00	22.40	27.60 (55)	25.00
Total			4130.80	1418.79	2712.01 (66)	186.04

Figures in brackets are percentage of saving against original provision

In 19 Grants/Appropriations, against the additional requirement of ₹710.38 crore, supplementary grants of ₹1,535.68 crore obtained during the year proved excessive [**Appendix III (2.7)**]. This shows that departmental officers requested for supplementary grant without assessing actual requirement of funds.

[Audit paragraph 2.3.5 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

53. The Committee observed that some departments requested for supplementary grants despite the original allocation itself remaining unutilised. The Witness Joint Secretary, Finance (Budget wing) department informed that even though, enough amount was provided in the budget for a project, more amount were demanded at Subject Committee after presentation of budget.

54. The witness, Secretary Finance (Expenditure) informed that the expenditure of previous years need to be taken into account while formulating budget estimates for the succeeding years.

55. The Committee recommended that a realistic approach for proportionate decrease in allocation should be taken on examining the trend of expenditure of previous years.

Conclusion /Recommendation

56. The committee recommends that a realistic approach for proportionate decrease in allocation should be taken on examining the trend of expenditure of previous years.

Re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Augmentation of funds through re-appropriation was resorted to by departmental officers. However, audit analysis revealed that

- augmentation of budget allocation was wholly unnecessary in some sub-heads as the final expenditure was less than the budget allocation (original and supplementary grant) provided under it; and
- in some case, though the augmentation was done through re-appropriation, it was either in excess of the actual requirement or less than the actual requirement.

Failure of the departmental offices in assessing the actual requirement of funds for execution of the scheme/activity has resulted in unavoidable savings/excess under these sub-heads detailed as in **Appendix III (2.8)**.

Substantial surrenders

During the year, substantial surrenders (surrender involving more than 50 per cent of the total provision and more than ₹one crore in each case) were noticed in 185 sub-heads. Out of the total budget allocation of ₹14,791.85 crore available in these 185 sub-heads, ₹13,431.72 crore (91 per cent) was surrendered which included cent per cent surrender made in 61 sub-heads amounting to ₹2,161.50 crore, as detailed in **Appendix III (2.9)**. Major schemes (budget

allocation exceeding ₹50 crore) for which budget allocation was made and subsequently surrendered during the year are given in Table below:

Table : Details of major schemes in respect of which budget allocation was surrendered during the year

(₹ in crore)					
Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Budget allocation	Expenditure	Amount of Surrender
1	XXVIII	Investment in Major Capital Projects (5475-00-800-89-NP)	1250.00	Nil	1250.00
2	XLI	Investment in Major Capital Projects (5075-60-800-79-NP)	1500.00	Nil	957.55
3	XXVIII	Projects under Legislative Assembly Constituency Asset Development Scheme (5475-00-800-91-NP)	315.00	Nil	314.60
4	XL	Investment in Major Capital Projects (5051-01-001-98-NP)	300.00	Nil	200.01
5	XXII	Urban Infrastructure Development scheme for small and medium towns (ACA) (2217-03-191-74-P)	162.49	Nil	162.49
6	XXVII	Share Capital Contribution to District Co-operative Banks (4425-00-107-85-P)	129.50	Nil	129.50
7	XVII	Projects under LACADF (P) (4202-02-800-85-NP)	129.15	Nil	129.15
8	XXII	Basic Services to the Urban Poor (2217-05-800-83-P)	72.03	Nil	72.03
9	XXVII	Share capital contribution to Kerala State Co-operative Bank (4425-00-107-86-P)	70.00	Nil	70.00
Total			3928.17	Nil	3438.13

Sources: Detailed Appropriation Accounts.

The surrender of funds meant for implementation of the above scheme would have adversely affected the socio-economic development of the State.

Surrender in excess of actual saving

In 20 Grants/Appropriations the amounts surrendered (₹ one crore or more in each case) was in excess of the actual savings indicating lack of or inadequate financial control. As against savings of ₹8,462.38 crore, the amount surrendered was ₹8,745.66 crore, resulting in excess surrender of ₹283.28 crore. Details are given in **Appendix III (2.10)**. Out of this excess surrender of ₹283.28 crore, ₹153.11 crore occurred under the Grant no XVII- Education, Sports, Art and Culture (Revenue-voted).

[Audit paragraph 2.3.6 to 2.3.8 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as **Appendix II**.

57. The Committee accepted the replies furnished by the Government.

Conclusion /Recommendation

58. No Comments

Anticipated savings not surrendered

As per Paragraph 91 of the Kerala Budget Manual, spending departments are required to surrender Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2013-2014, there were, however, one Grant and two Appropriation in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹147.43 crore, the details of which are given in Table.

Table : Grants/Appropriations in which savings occurred but no part of which had been surrendered

			(₹ in crore)
Sl. No.	Number and name of Grant/Appropriation		Savings
Revenue-Voted			
1	XV	Public Works	145.24
Capital - Voted			
2	XIV	Stationery and Printing and Other Administrative Services	2.17
Revenue-Charged			
3	XLVI	Social Security and Welfare	0.02
Total			147.43

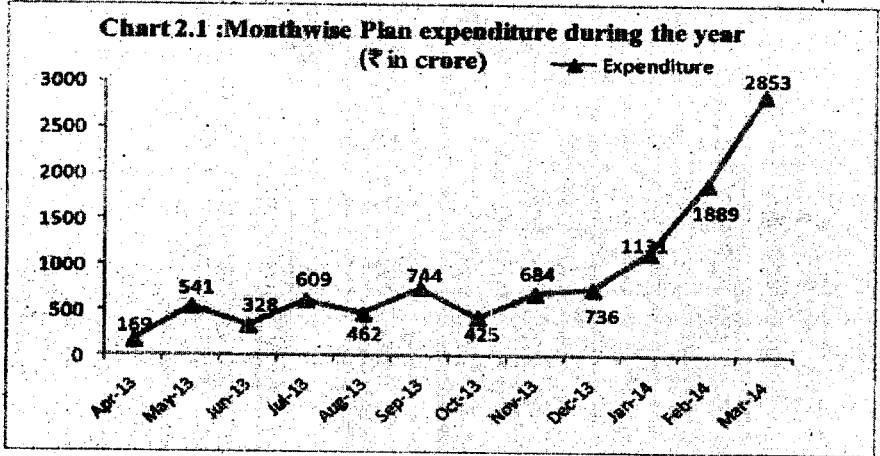
Sources: Appropriation Accounts for 2013-14.

Similarly, out of the total savings of ₹6,342.57 crore under 36 Grants/Appropriations with savings of rupees one crore and above in each Grant/Appropriation, 18 per cent of savings amounts aggregating ₹1,132.03 crore were not surrendered, details of which are given in Appendix III (2.11). Besides, in 62 major heads under 36 Grants/Appropriations, ₹15,302.56 crore [Appendix III (2.12)] was surrendered on 31st March 2014 (surrender of funds in excess of ₹10 crore in each major head), indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

Rush of Expenditure

The State Legislature had passed the Appropriation Bill for the financial year 2013-14 and it became an Act on 17-7-2013. Consequently, the budget allocations were available to departmental officers for utilisation for the purposes earmarked

in the budget. Paragraph 91(2) of Kerala Budget Manual states that rush of expenditure in the closing month of the financial year should be avoided. The departmental officers are required to regulate the flow of expenditure in such a manner that there is no rush of expenditure, particularly during the closing month of the financial year.



Audit analysed the trend in withdrawal of plan funds (2013-14) provided in the budget and observed that more than 50 per cent of the funds were drawn during the last quarter (and 27 per cent during last month) as shown in Chart 2.1. Further, Audit analysed the plan expenditures of March 2014 and observed that majority of the plan expenditure incurred during March 2014 was under four major heads, viz. 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward classes and Minorities (₹570.28 crore), 2202-General Education (₹358.93 crore), 2401-Crop Husbandry (₹164.25 crore) and 2230-Labour and Employment (₹135.41 crore). Further scrutiny of expenditure under the above major heads revealed that plan expenditures were for activities/schemes continuing from the previous year and therefore the flow of expenditure could have been regulated throughout the year and year end rush of expenditure could have been avoided. Major ongoing activities/schemes for which audit noticed a rush of expenditure in March 2014 were given in Table.

Table : Funds utilised for major activities in March 2014

(₹ in crore)

Major head	Scheme/Activity	Funds Utilised	
		In March	Total
2202	Pre-matric Scholarship for minorities (75% CSS)	109.65	109.65
2230	Plantation rehabilitation scheme	40.00	40.00
2230	Income Support to workers in traditional sector activities	55.00	75.00
2225	Block Grants for revenue expenditure	68.72	89.96
2225	Assistance for education to Scheduled Caste students	89.27	170.23
2225	House to houseless (SCP)	55.99	99.23
2225	Pooled fund for SCP	76.11	177.30
2401	Rashtriya Krishi Vikas Yojana	56.40	236.81

Source: Detailed Appropriation Accounts 2013-14.

[Audit paragraph 2.3.9 to 2.3.10 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

59. The Committee accepted the replies furnished by the department.

Conclusion /Recommendation

60. No Comments

Delay in withdrawal of funds for new schemes

As per the existing system in the State, all new schemes announced in the annual budget and existing schemes involving deviation in terms of some components are to be considered for clearance by Working Group (WG) constituted in the Department, headed by the Secretaries of Administrative

Department. After clearance by WG, Administrative Sanction (AS) is accorded by Administrative Department in consultation with the Finance Department. Funds for implementation of the scheme could be drawn from the Consolidated Fund only after completion of the above formalities. Further, AS is required for all schemes which do not require clearance of WG. In order to avoid delay in utilisation of plan funds, noticed in previous years, Finance (Planning B) Department, issued circular instructions to all the Heads of Administrative departments to convene WG and to clear the scheme proposals before 30th June 2013, mainly to provide sufficient time for Finance Department to release fund.

Audit test-checked 40³⁰ schemes with budget allocation is excess of ₹50 lakh in the original budget, which required WG clearance and AS and funds were withdrawn only during the month of March 2014. In spite of instructions about timely utilisation of funds, inordinate delay was noticed at various stages in respect of the 40 schemes test-checked in audit.

Table : Time Taken at Various Stages

Stage	Time taken for clearance			Total number of schemes
	Below 3 months	3 to 6 months	More than 6 months	
Working Group	2	5	23	30
Administrative sanction	27	3	10 ³¹	40
Withdrawal of funds	27	9	4	40

As can be seen from the Table:

- WG cleared only two out of the 30 schemes within the time stipulated in the above circular. Thus the intended objective of the Finance department could not be achieved due to administrative delay in convening the WG.

30 New schemes which were to be cleared by WG and 10 existing schemes for which only AS was required

31 For these schemes AS alone was required.

- Three schemes took three to six months time and ten schemes (for which AS alone was required) took more than six months, indicating the laxity in according the AS by the Administrative Departments.

- Thirteen schemes took more than three months to draw the funds after the clearance by WG and obtaining AS.

Further analysis by Audit revealed that:

- In majority of the test checked cases, the amounts shown as expenditure under respective heads of accounts were parked either in Treasury Savings Bank account or in other bank accounts.

- In 18 schemes, ₹96.80 crore shown as expended in Government account, remained blocked up in Treasury Savings Bank account or other bank account without being utilised at the end of June 2014.

- Funds for implementing 20 schemes (₹57.64 crore) were drawn on the last working day of the financial year, knowing that the money cannot be spent in that financial year.

Thus, inspite of specific directions to speed up scheme implementation process, Government machinery continued to lag behind at every stage of its administrative process, resulting in rush of expenditure during the fag end of financial year.

[Audit paragraph 2.3.11 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

61. The Committee viewed that inspite of specific directions to speed up scheme implementation process, Government machinery continued to lag behind at every stage of its administrative process resulting in rush of expenditure during the fag end of financial year.

62. Regarding this para, the Secretary Finance (Expenditure) department informed that the system was changed and maximum Administrative Sanction was

allowed after the introduction of Green Book, Working Group and Special Working Group. The Committee demanded that strict measures should be taken to avoid delay in different stages of the implementation of new schemes.

Conclusion /Recommendation

63. While going through the audit paragraph committee observed that the delay in starting the project before attending to and clearing out all possible technical issues and fulfilling administrative procedures lead to delay in project completion, excess expenditure and most often not being able to expend the allotted fund in time. It was also noticed that most of the projects under different departments experience the same fate in the state.

64. Hence the Committee strongly recommend that finance department should take a lead to discuss the issue such as PWD and Irrigation which are mostly involved in implementing technical projects and formulate a standard project implementation protocol in the state without delay. The protocol should include time frame for each phase of project implementation such as Administrative sanction, Technical sanction, Land acquisition, Tender procedure, awarding of work and its completion. The provision for fixing responsibility and taking timely punitive action against the responsible official, if delay occurs in any phase, should also be incorporated and this action should in no way interfere with the progress of the work. The protocol should also include the basic parameters to find suitable implementing agency and also include the listed agencies for plan, designs, drawing, soil testing etc. The protocol should also contain a timetable to conduct review meetings at regular intervals during the implementation stage of a project and if any technical snag occurs it, should be corrected and if any delay detected at any phase the responsibility should be fixed and booked.

Unexplained re-appropriations

Paragraph 86(3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy itself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as 'based on actual requirement', 'based on trend of expenditure', 'expenditure is less than that was anticipated', etc. as they have to be incorporated in the Appropriation

Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 Grants issued by the Finance Department revealed that in respect of 322 out of 574 items (56 per cent), the reasons given for withdrawal of provision/additional provision in re-appropriation orders were of general nature like 'expenditure is less than anticipated', 'reduced provision is sufficient to meet the expenditure', etc. Thus, proper/detailed reasons for re-appropriations were not explained by various departments which is violative of the provisions of paragraph 86(3) of Kerala Budget Manual.

Non-reconciliation of departmental figures

Pendency in submission of Detailed Countersigned Contingent bills against Abstract Contingent bills

According to Rule 187 (d) of the Kerala Treasury Code, all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the Drawing and Disbursing Officers (DDO) from the treasury by presenting Abstract Contingent bills in the prescribed form (Form TR 60). Abstract Contingent (AC) bills can be drawn only by an authorised officer for the items of expenditure listed in Appendix 5 to the Kerala Financial Code. The DDO should maintain a register of AC bills and monitor submission of detailed bills there against. The Detailed Contingent (DC) bills in respect of such claims should be submitted to the controlling authority for countersignature not later than the 10th of the month succeeding that to which they relate. The DC bills pertaining to a month's claim should reach the Principal Accountant General (A&E), Kerala not later than the 20th of the succeeding month.

According to the records maintained by the Principal Accountant General (A&E) Kerala, 56 AC bills drawn by 31 DDOs up to March 2014 involving ₹1.79 crore were not adjusted as of June 2014 due to non-receipt of DC bills, details of which are enumerated in Appendix III (2.13). Year-wise details are given in Table. Non-submission of DC bills leads to retention of advance amount drawn with the drawing officer and the advance drawn remains unaccounted under the proper heads of account.

Table : Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills

(₹ in crore)

Year	AC bills		Outstanding AC bills	
	No. of Items	Amount	No. of Items	Amount
2011-12	384	4.04	1	0.15
2012-13	417	3.84	2	0.22
2013-14	402	5.48	53	1.42
Total	1203	13.36	56	1.79

Source: Information compiled by Principal Accountant General (A&E), Kerala

Audit noticed that two AC bills for ₹30 lakh (₹15 lakh each drawn during 2011-12 and 2012-13) drawn by Principal Agricultural Officer, Thrissur and one AC bill for ₹6.89 lakh (2012-13) drawn by Accounts Officer, City Police Office, Kochi were pending for more than one year.

[Audit paragraph 2.3.12 and 2.4.1 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

65. The Committee accepted the replies furnished by the department.

Conclusion /Recommendation

66. No comments

Unreconciled expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Paragraph 74 of the Kerala Budget Manual stipulates

that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the principal Accountant General (A&E), Kerala. During the year reconciliation for 70.72 per cent of the total receipts (₹26,610.19 crore out of ₹37,627.44 crore) and 67.10 per cent of the total expenditure (₹38,122.72 crore out of ₹56,810.69 crore) were completed. However, 20 Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by Principal Accountant General (A&E). The details are shown in Appendix III (2.14). This was not only violative of the provisions of paragraph 74 of Kerala Budget Manual but also indicative of doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by Principal Accountant General (A&E), Kerala.

[Audit paragraph 2.4.2 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraph is included as Appendix II.

67. While considering the unreconciled expenditure, the Director, Treasuries Department informed that after completing the implementation of IFMS, all departmental officers could reconcile the departmental figures with Treasury figures through online. The Committee was informed that the major problem in reconciliation was incorrect entry of head of accounts. The committee directed that proper changes should be introduced for reconciliation of receipt and expenditure in the IFMS through a fool proof system.

Conclusion/Recommendation

68. The Committee directs the finance department that proper changes should be introduced in the IFMS for reconciliation of receipt and expenditure through a fool proof system.

Review of Grant number XXII—Urban Development

According to the procedure laid down in Kerala Budget Manual, the Budget wing of the Finance department issues a circular every year, to all Heads of Departments and other estimating officers, requesting them to take steps for the

preparation and submission of the Departmental estimates of Revenue and Expenditure for the ensuing financial year. The Departmental estimates are scrutinized by the Finance Department in the light of the comments of the Administrative Departments, the figures of actual expenditure made available by the Accountant General and the information available with the Finance Department, modified wherever necessary and included in the budget.

The Departmental estimates are forwarded to the State Planning Board in the case of State Plan schemes and the Board allocates the total plan outlay fixed by Finance Department to different sectors and sub-sectors of the schemes based on the estimates and after detailed discussion with Departmental heads, forwards it to Finance Department for inclusion in the Budget.

Since persistent savings were noticed during the last three years under Grant No. XXII—Urban Development, a review was conducted to assess the accuracy in budgeting process and to ascertain the reasons for persistent savings noticed under the Grant. The total budget provision, expenditure and savings under Revenue and Capital sections of Grant for the years 2011-12 to 2013-14 are detailed in Table.

Table : Budget Allocation and expenditure under Grant No. XXII

(₹in crore)

Year	Category	Budget Allocation	Expenditure	Savings	Percentage of savings
2011-12	Revenue	645.52	274.08	371.44	58
	Capital	90.78	90.28	0.50	1
2012-13	Revenue	1048.97	318.3	730.67	70
	Capital	13.60	3.60	10.00	74
2013-14	Revenue	1341.11	216.07	1125.04	84
	Capital	4.52	3.20	1.32	29

Source: Detailed Appropriation Accounts of the respective years

The savings under revenue sector increased from 58 per cent to 84 per cent, indicating deficient budgetary process in the department. Director of Urban Affairs and Chief Town Planner are the Chief Controlling Officers for the heads of account coming under 'Grant No. XXII—Urban Development.' Major schemes coming under this Grant were implemented through three agencies viz. Kerala Sustainable Urban Development Project (KSUDP), Kudumbashree and Suchitwa Mission. Audit scrutinised the budgetary process of the Urban Affairs Department, Office of the Chief Town Planner and the three agencies and the observations are given below:

Budget provision in excess of annual requirement made by department/implementing agencies

The Departmental estimates/Annual Plan proposals submitted by the Heads of Department, showing their annual requirement of fund is the basic document for the preparation of budget. Table shows that the budget allocations were much higher than the proposals given by the implementing agencies.

Table : Budget Allocation made in excess of proposals given
(₹ in crore)

Sl. No.	Name of scheme	Year	Amount proposed by implementing agencies	Total budget provision	Amount utilised	Savings	% of savings
1	Integrated Housing and slum development programme	2012-13	29.90	40.00	13.90	26.10	65
		2013-14	20.60	50.31	12.84	37.47	74
2	Basic Services to the Urban Poor (BSUP)	2012-13	54.69	57.28	43.14	14.14	25
		2013-14	54.68	72.03	Nil	72.03	100
3	Kerala Sustainable Urban Development Project	2012-13	260.00	273.00	100.00	173.00	63
4	Rajiv Awas Yojana (RAY)	2011-12	Token	1.00	Nil	1.00	100
Total			419.87	493.62	169.88	323.74	66

Source: Detailed Appropriation Accounts and information collected from departments.

It could be seen that the budget allocation was 18 per cent in excess of the proposal given by the implementing agencies and the percentage of utilisation was only 34 per cent of the allocation and there was no justification for the excess allocation. The Finance Department stated that the resource estimate/budget estimate would vary with the proposals submitted by the departments in certain cases as the annual plan was finalised with modification suggested by Planning Commission of Government of India. This reply cannot be accepted as the Finance Department made the allocation without considering the scope for expenditure or confirming the correctness of the proposals/modifications made by the Planning Commission.

Swarna Jayanti Shahari Rozgar Yojana, a Centrally sponsored scheme (shared in the ratio 75:25 between Gol and GoK) with Central share due to the scheme was directly transferred to implementing agency (Kudumbashree) without routing it through State budget. An amount of ₹49.32 crore (from 2011-12 to 2013-14) was provided in the budget, which was much higher than State share due for release during the period. Consequently a saving of ₹43.38³² crore occurred under this head of account.

Under-utilisation of budget allocation

Substantial savings were noticed under a few heads of account due to various reasons and the instances are summarised below:

a) Provisions made in the budget, anticipating Gol release

Non-submission of utilisation certificates, reduced utilisation of funds and non-submission of detailed project reports by the departments/implementing agencies contributed to non-release of Grant by GoI. This resulted non-utilisation of budget allocation in respect of the Centrally sponsored schemes. Details are given in Table.

32 During 2012-13, ₹5.94 crore was realised, being the additional GoI grant for the year 2011-12 received through State Budget.

Table : Savings under centrally sponsored schemes

(₹ in crore)

Sl. No.	Head of account and name of scheme	Year	Total budget provision	Expenditure	Savings	Percentage of savings
1	2217-80-800-74(P) Integrated low cost sanitation project (100% CSS)	2011-12	6.65	1.25	5.40	81
		2012-13	7.93	Nil	7.93	100
		2013-14	5.00	3.75	1.25	25
2	2217-80-800-72(P) Preparation of city sanitation plans for 20 Municipalities (100% CSS)	2012-13	0.80	Nil	0.80	100
		2013-14	0.80	Nil	0.80	100
3	2217-80-800-70(P) Rajiv Awas Yojana (RAY) (50% CSS)	2012-13	49.20	18.52	30.68	62
		2013-14	134.00	3.31	130.69	98
4	2217-05-800-82(P) Capacity building of Urban Local bodies	2011-12	7.72	Nil	7.72	100
5	2217-05-800-87(P) National Urban Information System Scheme (75% CSS)	2011-12	0.24	Nil	0.24	100
		2012-13	0.24	Nil	0.24	100
		2013-14	0.24	Nil	0.24	100

Source: Detailed Appropriation Accounts.

b) Savings due to non-release of funds to implementing agencies

Budget allocations made in anticipation of GoI release, were not released to implementing agencies due to treasury restriction, even after receipt of GoI share which resulted in savings under following heads of account:

• An amount of ₹14.06 crore released by GoI (9-9-2013) being the Central share of the scheme 'Basic Services to the Urban Poor' was not released (August 2014) by State Government, though budget allocation of ₹72.03 crore under the head of account 2217-05-800-83(P) was available.

• Similarly, no fund was released against the provision of ₹7.50 crore made in the budget for release of State share corresponding to Central share (in respect of Swarna Jayanthi Shahari Rozgar Yojana) which resulted in savings under this head.

c) Persistent savings

It was observed that substantial portion of the budget allocation remained unutilised due to non-achievement of projected financial outlays in respective years. The Finance Department/Administrative department/Planning Board made budget allocation without considering the previous years' expenditure which resulted in persistent savings under the head of accounts given in table.

Table : Schemes which showed persistent Savings

(₹ in crore)

Sl. No.	Head of account and name of scheme	Year	Budget provision	Expenditure	Savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2217-80-800-91 (P) Kerala Sustainable Urban Development Project	2011-12	105.00	50.00	55.00	52
		2012-13	273.00	100.00	173.00	63
		2013-14	250.00	50.00	200.00	80

This is an Asian Development Bank assisted project, with a project outlay of ₹1,422.47 crore, expected to be completed by June 2016. So far, only ₹560.93 crore was released to the implementing agency under this head of

account. Project Director informed that delay in acquisition of land in urban areas, public objection against solid waste and sewerage projects, need for re-tendering due to revision of schedule of rate, etc., affected the smooth progress of the project. Consequently, entire budget allocation could not be utilised in any of the years.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
2	2217-03-191-74 (P) Urban Infrastructure development for Small and Medium Town (Additional Central Assistance)	2011-12	70.30	0.06	70.24	99
		2012-13	129.21	Nil	129.21	100
		2013-14	162.49	Nil	162.49	100

This is Centrally sponsored scheme, started in 2006-07 and was expected to be completed by March 2014. Against the total project outlay of ₹427.78 crore, ₹329.12 crore has been released to the implementing agency. The project aimed at installing solid waste treatment plant, drinking water project and sewerage projects in Municipalities. Project Director informed that out of 11 solid waste treatment projects eight were not started or cancelled due to public protest. In the case of drinking water projects acquisition of land, permission for road cutting, etc., caused delay in implementation of the project.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
3	2217-05-800-89 (P) Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	2011-12	175.60	108.18	67.42	38
		2012-13	374.67	66.62	308.05	82
		2013-14	471.17	25.00	446.17	95

This is a Central sector scheme started in 2005 and was expected to be completed by March 2014. The scheme is intended to provide drinking water facilities, sewerage project, solid waste treatment plant, public transport system, etc., in Thiruvananthapuram and Kochi Corporations. Against the total project

outlay of ₹1140.87 crore, only ₹585.12 crore was released to the implementing agencies. Project Director intimated that apart from purchase of buses for public transport system, all other projects faced public protest, which caused delay in implementation.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
4	2217-05-191-80 (P) Integrated Housing and slum development programme (in Municipal Corporations)	2011-12	16.50	Nil	16.50	100
		2012-13	12.00	Nil	12.00	100
		2013-14	15.00	Nil	15.00	100
5	2217-05-192-81 (P) Integrated Housing and slum development programme (in Municipalities)	2011-12	38.50	6.75	31.75	82
		2012-13	28.00	13.90	14.10	50
		2013-14	35.31	12.84	22.47	63

The above two schemes were intended to provide houses to urban poor and Kudumbashree was the nodal agency for implementing the schemes. Kudumbashree submitted the budget proposals based on the proposals received from Urban Local Bodies (ULBs). However, failure of the ULBs to implement the project as expected resulted in non-withdrawal of funds by Kudumbashree and consequent savings under the heads.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
6	2217-80-192-91 (P) Modernisation of slaughter houses	2011-12	13.00	Nil	13.00	100
		2012-13	15.00	Nil	15.00	100
		2013-14	10.00	6.45	3.55	36

Scheme could not be implemented due to non-receipt of feasible project proposals from ULBs, non-acquiring of land and public protest in the first two years. However, during the year 2013-14, ₹6.45 crore was released to 15 ULBs in March 2014.

Source: Detailed Appropriation Accounts and information received from departments.

Thus an amount of ₹ 1754.95 crore was not utilised by the departments/ implementing agencies due to various reasons mentioned above resulted in savings under the respective sub-heads. The budget could have been prepared by analyzing the expenditure trend of previous years and also taking into account constraints faced by the agencies in implementation of the schemes.

Surrender of savings

According to Paragraph 91 of Kerala Budget Manual all the anticipated savings should be surrendered to the Finance Department, through the Administrative Department, explaining the reason there for, immediately without waiting till the end of the year, unless they are required to meet excess under other units, which are definitely foreseen at the time. According to Paragraph 93 of Kerala Budget Manual the surrender proposals should reach the Administrative Department not later than 15th February. Though substantial savings were available under a number of heads of account, surrender proposals were not initiated in the departments as stipulated in the Budget Manual. During the last three years, the Heads of Department/Implementing agencies surrendered an amount of ₹2135.47 crore on 30/31 March, thereby defeating the very purpose of surrender of funds to Finance Department.

Even after huge savings occurred under the Grant year after year, proper rectificatory mechanism was not put in place during the budget preparation process which indicates lack of adequate budgetary control and oversight from the department.

[Audit paragraph 2.5 to 2.5.3 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

69. The Committee enquired about the reasons for under utilisation of budget allocation continued to exist in Grant No. XXII - Urban Development

without any improvement. The witness Secretary, Finance (Expenditure) department informed that delays were occurred in different stages like DPR preparation of drainage project, approval of drawings, approval of A.S. and T.S etc. Besides, many practical difficulties like land acquisition in urban areas, public protests in collection and transportation of waste etc., were also faced by the implementing Agencies. The Committee directs the Finance Department to find a solution in consultation with the Central Government for the implementation of delayed projects. The Committee recommends that concerned department should take necessary steps to avoid substantial savings under various centrally sponsored schemes within the Grant.

Conclusion/Recommendation

70. The Committee directs the Finance Department to find a solution in consultation with the Central Government for the implementation of delayed projects.

71. The Committee recommends that concerned administrative department should take necessary steps to avoid persistent substantial savings under various centrally sponsored schemes within the Grant.

Inspection of Treasuries

There were 23 District Treasuries, 191 Sub-Treasuries and 12 Stamp depots in the State as of March 2014. The Principal Accountant General (A&E), Kerala inspected 147 Treasuries including Directorate of Treasuries and three Regional Directorates (District Treasuries: 22; sub-Treasuries: 109 and Stamp depot: 12). Irregularities and deficiencies noticed during the inspection of Treasuries are mentioned in the succeeding paragraphs.

Excess payment of pension

During the course of Treasury inspection excess payment on account of pension/family pension amounting to ₹1.01 crore was noticed in 1979 cases. The main reasons for these excess payments were errors in calculation of revised

pension, continuance of higher rate of family pension after expiry of authorized period, non-deduction of commuted portion of pension from basic pension, payment of ineligible festival allowance and medical allowances to family pensioners who are also in receipt of regular pension, and incorrect calculation of dearness relief. Out of the above excess payment, ₹0.18 crore involved in 680 cases have already been recovered. Details are shown in table.

Table : Excess pension that remains to be recovered

(₹ in lakh)

Sl. No.	Details of Excess paid pension	Excess paid		Recovered		Balance	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Excess payment of pension	268	33.32	106	7.99	162	25.33
2	Excess payment of family pension	91	22.71	17	1.33	74	21.38
3	Excess payment of festival allowance and Medical allowance	1596	26.64	554	8.26	1042	18.38
4	Excess payment of inter-state pension	24	18.76	3	0.30	21	18.46
Total		1979	101.43	680	17.88	1299	83.55

Source: Data furnished by O/o the PAG (A&E), Kerala

Retention of excess cash balance.

According to Rule 309 of Kerala Treasury Code Vol.I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next financial year. The District Treasury Officer in turn fixes the cash

balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. More over excess retention of cash balance in treasuries may cause of revenue to the State by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 90 treasuries/sub treasuries on 825 occasions during the financial year. The Director of Treasuries admitted the facts and stated that circular instructions were issued to the District Treasury Officers/Sub-Treasury Officers to avoid retention of excess cash.

Short/non-recovery of rent of residential quarters

House rent at the rate of two per cent of basic pay (as per paragraph 14 of GO(P) 85/2011/Fin. dated 16th February 2011) is to be recovered with effect from the date of coming over to the revised scale in the case of employees residing in Government quarters and whose scale of pay is 21240-37040 and above. In the case of employees covered under UGC/AICTE scale of pay, rent at the rate of four per cent of their basic pay is to be recovered (paragraph 14 of the Pay Revision Orders 2009). During the year, short/non-recovery of house rent were noticed in 80 cases amounting 4.29 lakh in 50 treasuries.

[Audit paragraphs 2.6 to 2.6.3 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

72. To a query of the Committee the witness, Director of Treasuries submitted that the excess payment happened due to the errors which occurred in pension calculation and only 2 cases were remaining for settlement. He added that excess payment was being recovered from the pensioners in equal installments.

Conclusion /Recommendation

73. No comments.

Analysis of Budgetary Assumptions

Budget document is presented by the Finance Minister every year in the State Legislature giving an estimation of the anticipated revenue and expenditure of the Government, along with the highlights of new schemes to be introduced in the ensuing year in accordance with the vision of the Government. Audit conducted a study to ascertain the progress in implementation of new schemes announced in the budget speech 2013-14 by selecting 40 schemes having projected outlay of Rupees five crore or more. Audit also examined further progress in implementation of new schemes announced in the previous years' budget speech which was included in Paragraph 2.7 of Audit Report on State Finances 2012-13.

Status of implementation of new schemes in the budget speech 2013-14

The department-wise budget allocation and expenditure of forty new schemes with projected outlay of Rupees five crore or more are as detailed in Table.

Table: Status of implementation of new schemes

(₹ in crore)

Sl. No.	Name of department	Number of new schemes	Number of schemes for which			Amount announced in the budget speech	Amount provided in the budget	Amount drawn for the scheme	Amount utilised in next financial year (*)
			Token amount provided	Fund provided but not drawn	Funds utilised				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Agriculture	4	1	1	2	65.00	35.45	24.85	4.50
2	Animal Husbandry	2	0	1	1	46.00	2.50	2.00	0.04
3	Fisheries	1	1	0	0	65.00	0.00	0.00	0.00
4	Health and Family Welfare	5	1	0	4	51.00	28.00	27.76	3.50

* Position as on 31st August 2014.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
5	Higher Education	5	2	0	3	54.00	6.75	5.18	1.46
6	Industries	2	1	1	0	15.00	0.01	0.00	0.00
7	Information Technology	3	2	1	0	51.00	10.00	0.00	0.00
8	Labour and Rehabilitation	1	1	0	0	7.00	0.00	0.00	0.00
9	Minority Welfare	1	0	0	1	5.00	5.00	19.00 ³³	2.09
10	Power	1	0	0	1	8.00	4.00	4.00	0.00
11	Public Works	7	6	1	0	86.00	0.01	0.00	0.00
12	Social Justice	2	2	0	0	15.50	0.00	0.00	0.00
13	Water Transport	1	1	0	0	5.00	0.00	0.00	0.00
14	Urban Development	2	1	0	1	15.00	0.50	0.19	0.00
15	Water Resources	3	1	2	0	80.15	15.00	0.00	0.00
Total		40	20	7	13	568.65	107.22	82.98	11.59

Source: Budget speech 2013-14 and information received from departments.

The above Table shows that no expenditure was incurred in the year in which the Budget announcement was made. Only 10.8 per cent of the amount provided for the schemes in the budget was utilised even as of 31st August 2014 in respect of 13 schemes. Audit analysed the reason for non-implementation and delay in implementation of the 27 schemes and observed the following:

³³ Re-appropriated an amount of ₹14 crore from 2225-04-183-99 (P)

i) Non-submission of project proposals by the departments

It was observed that the Administrative Departments did not submit/initiate project proposals in respect of the seven schemes given in Table

Table: Schemes for which no project proposals was submitted

Sl. No.	Name of scheme/Department	Remarks of the department
(1)	(2)	(3)
1	Professional education scholarship for students hailing from economically backward among forward communities (Higher Education).	Sanction for creation of new posts was not received. Hence scheme was not implemented.
2	Placement cells in all colleges, polytechnics and ITIs to ensure placement to students (Higher Education).	No action was taken by the Director, Collegiate Education to implement the scheme and Director, Technical Education and the Director, Employment and Training did not submit any project proposals since the placement cells are already functioning under Engineering colleges, polytechnics and ITIs.
3	Career Development training centres in each district (Labour and Rehabilitation)	No project proposal was submitted as the department could not conduct a study about the scheme.
4	Farmer's producer societies and farmers' markets-markets with cold storage facilities (Agriculture)	Project proposals were not submitted to Government. Awareness training for formation of farmer production company has been done.
5	Integrated Mental Health Programme-Life long shelter homes for mentally challenged children (Social Justice)	No project proposal was submitted as the department did not have any experience in implementation of the scheme.

(1)	(2)	(3)
6	Water taxi service connecting Railway-bus stations with nearby places at Thrissur, Alappuzha, Kottayam and Chengannur (Water Transport)	No action was initiated by the Water Transport Department on the plea that the scheme did not pertain to them.
7	Establishment of modern mechanized parking systems in urban areas (Urban Development)	The department did not initiate any action as project proposals were not obtained from ULBs.

Source: Budget speech 2013-14 and information received from departments.

In order to expedite implementation of scheme, it was stated in the budget that the plan formulation would be completed in the months of April and May and services of technical experts would be utilised at various levels. It was also stated that the responsibility of execution of each scheme is vested with a specific official subject to the general control by the Government Secretaries and Heads of Departments.

Audit observed that schemes were not commenced due to non-submission of proposals by the departments, absence of proper monitoring at Government level, lack of services of technical experts in plan formulation and non-identification of responsible officials for execution of the schemes.

ii) Non- allocation and release of funds by Government

Though departments obtained administrative sanction (AS) for the following schemes, funds were not released by Government during 2013-14 due to various reasons as detailed in Table.

Table : Schemes for which no funds released even after obtaining AS

Sl. No.	Name of scheme	Remarks
Agriculture		
(1)	(2)	(3)
1	Agricultural complex in Thrissur with participation of Animal Husbandry, Dairy Development and Fisheries departments and with central assistance.	Though As for ₹2.00 crore has been issued (12-2-2014) for the scheme and ACA of ₹0.60 crore received on 28-2-2014, State share along with ACA has not been released to the Department. Government did not specify the implementing agency also.
Information Technology		
2	Modern building for Kerala State IT Mission	As for ₹10 crore was accorded by the administrative department only on 12-2-2014. Finance department rejected the proposal (26-3-2014) on the ground that the Administrative Department has not completed all the procedural formalities, funds could be met from next year's allocation.
3	Setting up of an 'Innovation Zone' at Kochi as part of student entrepreneurship programme.	As for ₹10 crore was accorded on 31-12-2013. But funds were not released for the project.

(1)	(2)	(3)
4	Setting up of electronic fabrication laboratory each at Technopark TVM and Start up Village Kochi.	As accorded on 14-3-2014 for ₹7.10 crore. Finance Department sanctioned the amount subject to the condition that the required funds shall be found out from the matching savings within the grant.
Industries		
5	Coir Export Processing Park at Alappuzha	As obtained on 12-11-2013 for ₹4.95 crore. But the proposal for providing funds under Supplementary Grant was not accepted.

Source: Budget speech 2013-14 and information received from departments.

In the second review meeting convened (July 2013) by Additional Chief Secretary (P&ARD and Labour) to watch the progress of implementation of budget speech announcements 2013-14, it was suggested that in the case of schemes for which token provision were included in the Supplementary Demands for Grants of July 2013, the department concerned should immediately move for additional authorization. But in the above cases even though the departments concerned requested for release of funds, but was not provided, which resulted in non-implementation of these projects.

The remaining 15 schemes were analysed and audit observed the following:

- In nine schemes, no expenditure was incurred after obtaining administrative approval due to delay in identifying, beneficiaries, delay in execution of work entrusted to Public Works/Water resources Departments, etc.
- In three schemes, AS was not given by Government for want of environmental clearance, pending purchase of land and pending clearance from railways.

- In respect of the remaining three schemes, proposals of two schemes were rejected by Government and investigation study was under progress in one scheme.

(iii) Utilisation of funds

Audit noticed that only ₹11.59 crore out of a total amount of ₹82.98³⁴ crore drawn for 13 schemes was actually expended as on 31st August 2014. Unutilised amount of ₹69.69 crore was parked in commercial banks/treasury accounts due to reasons such as works were at various levels of execution, delay in utilisation of financial assistance already given to the beneficiaries, etc.

Status of implementation of new schemes of previous years' budget speech

Audit also examined further progress in implementation of new schemes announced in the budget speech from 2010-11 to 2012-13 which was included in Paragraph 2.7 of Audit Report on State Finances for the year ended 31st March 2013. Out of 59 new schemes reviewed during the previous year, funds were drawn in respect of 17 schemes as on 31st March, 2013. It was also noticed that funds were drawn during 2013-14 for 12 more schemes for which no funds were drawn during the previous years. Other 30 schemes were either dropped or not implemented due to reasons such as non-availability of fund, non-submission of project proposals etc.

Thus, majority of the schemes did not materialize due to lack of initiative in implementation by the administrative departments concerned and laxity on the part of Finance Department in releasing funds and hence remained only in budget speech, which is indicative of lack of planning, deficiencies in execution despite Government's intention expressed through budget speech.

Conclusion

As in the previous year, this year also there was overall savings (₹ 15,718.63 crore) against the total budget allocation of ₹86,139.75 crore. Fifty seven Grants/Appropriations under Revenue section and 34 Grants/Appropriations under Capital section had savings, which indicated deficiency in budgetary process or incapability of departmental officers in utilisation of funds provided in the budget.

34 ₹1.70 crore was returned to respective Medical colleges by KMSCL

Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/activity has resulted in unavoidable savings/excess under a few sub-heads. Substantial portion (91 per cent) of the budget allocation was surrendered in 185 sub-heads and which included cent per cent surrender made in 61 sub-heads.

Though there was instruction to convene meeting of working group and clear the project proposals before 30th June, 2013, delay in convening the same and clearing project proposals caused delayed withdrawal of funds. As substantial portion of the plan allocation was drawn during the last quarter of the financial year, the funds were either parked in Treasury Savings Bank account or other bank accounts. Grant No. XXII-Urban Development (under revenue section), continued to show huge savings year after year due to deficiency in the budgetary process in the department. Without assessing the requirement of funds and also capacity of the implementing agency to utilise budget allocation, huge funds were provided in the budget for implementation of Central sector schemes. Consequently, budget allocations remained unutilised at the end of the year. Only 13 out of 40 new schemes (projected outlay of five crore or more) announced in the budget speech for 2013-14 was implemented and expenditure incurred was only 10.8 per cent of the amount provided for the scheme in the budget. This showed non-materialisation of proposals made in the budget speech.

Recommendations

After analysing the Appropriation Accounts and conducting a study on selected issues following recommendations are made for consideration of the Government.

- The Finance Department may be guided by reports pointing out persistent savings in past years to make their budget estimation more realistic.
- The expenditure statements/warning slips issued by the Accountant General (A&E) to the Controlling officers should be used effectively to control appropriation during the year.

- Budget proposals for schemes under Grant number XXII-Urban Development may be routed through Director of Urban Affairs to ensure realistic estimation in budget.

System of convening Working Group, issuing Administrative Sanction, etc. may be reviewed by Finance Department to avoid delay in utilisation of funds provided in the budget.

[Audit paragraphs 2.7 to 2.9 contained in the Report of C&AG of India for the year ended 31st March 2014 (State Finances)]

Notes furnished by Government on the above audit Paragraphs are included as Appendix II.

74. The Committee accepted the replies furnished by the Government.

Conclusion /Recommendation

75. No comments.

Thiruvananthapuram,
21st January, 2021.

V. D. SATHEESAN,
Chairman
Committee on Public Accounts.

APPENDIX I**Summary of Main Conclusions/Recommendations**

Sl. No.	Para No.	Department concerned	Conclusion / Recommendation
(1)	(2)	(3)	(4)
1	6	Finance Department	The Committee observes that non-utilisation of budget allocation earmarked for plan schemes indicates utilisation of borrowed funds for purposes other than plan schemes. The Committee understands that most of the schemes were not completed in time due to budgeting issues and non-availability of central fund. The Committee opines that non-implementation/delay in implementation of plan schemes could not be considered as default since it was happening repeatedly. The Committee recommends the Finance Department to give directions to departments to closely monitor implementation of plan schemes and ensure that the projects are completed within time and that the fund allotted to a particular project is spent for that project itself.
2	7	Finance Department	The committee recommends that the finance department should give instruction to all departments that they should ensure credibility and experience of the implementing agencies while selecting them and should properly monitor the works done by them and strictly avoid the blacklisted ones.

(1)	(2)	(3)	(4)
3	13	Finance Department	The committee directs the Finance department to furnish a detailed report of central schemes on which utilisation certificates were issued before the completion of the project for the last five years. [Name of central schemes, Implementing Agency, Amount received (Central & State share), date of issue of utilisation certificate, amount utilised as on date of utilisation certificate, Amount remaining unutilised, Amount subsequently utilised, balance amount].
4	14	Finance Department	The committee suggests that besides the concerned departments, Finance department should monitor the overall fund utilisation of all centrally sponsored schemes and ascertain the unutilised balances available with state level implementing agencies.
5	15	Finance Department	The Committee directs the Finance Department to issue direction to all Departments that utilisation certificates with regard to utilisation of fund provided for a scheme should be issued only after ensuring that the fund allotted had been completely utilised and if fund is not completely used, utilisation certificates should be given only for actual amount utilised.
6	18 & 19	Finance Department	Committee observes that huge working capital is infused into the PSU's as loans without evaluating the working condition, financial position and even the marketing acceptance and marketability of their products.

(1)	(2)	(3)	(4)
			Committee is of the view that the present financial status of PSU's should be strictly evaluated and probability of making progress profile measures taken for improvement/modernisation should be analysed before granting them further financial assistance. Measures taken for improvement must be analysed based on its viability.
7	20	Finance Department	Committee is of the view that if a PSU continuously runs without any loss and is on the way to make substantial profits in order to facilitate its progress, more funds may be allotted through budget, instead of giving the fund as loan.
8	21	Finance Department	The committee wanted the finance department to furnish an urgent report regarding all types of institutions that have availed loan from state exchequer and defaulted the payment, for the past 3 years, their present financial position, working conditions with an assessment for any further scope for repayment.
9	22	Finance Department	The Committee suggests to consider enhancement of the budget provisions to institutions in lieu of providing loans and advances.
10	26	Finance Department	The Committee recommends the Government that it should provide more allocations in the budget for welfare schemes in social sector and economic infrastructure sector and utmost care should be given to expend the full amount allocated for such schemes, within the stipulated time.

(1)	(2)	(3)	(4)
11	30	Finance Department	Committee pointing to the average return of investment being far below than that paid on borrowings, stresses that the Government must initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies.
12	31	Finance Department	The Committee was surprised to note that cheques worth Rs. 203.31 Crore pertaining to previous financial year remained un-encashed during April 2014. The committee directs the Treasury department to furnish a detailed report about the outstanding balances under the head 'cheques and bills' during April 2014.
13	36	Finance Department	The committee directs that proper reconciliation should be done in the case of State Disaster Response Fund since figures mentioned in the Government reply did not tally with the figures appearing in Finance accounts. The committee recommended that steps must be taken for investing the balance amount in the SDRF after meeting the expenses as per the GoI norms. And further recommends that Finance Department should seek a fruitful alternative for amortisation of loan liabilities instead of contribution from borrowed fund without any delay.
14	38	Finance Department	The committee directs the finance department to furnish a detailed report on the present status of Guarantee Commission owed to Government including that from the institutions such as Kerala State Co-operative Agricultural & Rural Development Bank (KSCARD), KSFE, KSHB etc.

(1)	(2)	(3)	(4)
15	50	Finance Department	<p>The Committee views that the main reason for persistent savings under different Grants/Appropriations of some department is due to delay in implementation of various projects and unrealistic planning of projects. The Committee opines that the delay happening in the execution of the projects even after delegating the power to issue administrative sanction at the lower level could not be justified. The Committee directs the Finance Department to monitor the departments who make persistent savings under different Grants. The Committee recommends that to get rid of persistent savings in various grants, the Finance Department should consider the status of utilisation of funds of previous years while preparing budget for ensuing years.</p>
16	56	Finance Department	<p>The committee recommends that a realistic approach for proportionate decrease in allocation should be taken on examining the trend of expenditure of previous years.</p>
17	63	Finance Department	<p>While going through the audit paragraph committee observed that the delay in starting the project before attending to and clearing out all possible technical issues and fulfilling administrative procedures lead to delay in project completion, excess expenditure and most often not being able to expend the allotted fund in time. It was also noticed that most of the projects under different departments experience the same fate in the state.</p>

(1)	(2)	(3)	(4)
18	64	Finance Department	<p>Hence the Committee strongly recommend that finance department should take a lead to discuss the issue such as PWD and Irrigation which are mostly involved in implementing technical projects and formulate a standard project implementation protocol in the state without delay. The protocol should include time frame for each phase of project implementation such as Administrative sanction, Technical sanction, Land acquisition, Tender procedure, Awarding of work and its completion. The provision for fixing responsibility and taking timely punitive action against the responsible official, if delay occurs in any phase, should also be incorporated and this action should in no way interfere with the progress of the work. The protocol should also include the basic parameters to find suitable implementing agency and also include the listed agencies for plan, designs, drawing, soil testing etc. The protocol should also contain a timetable to conduct review meetings at regular intervals during the implementation stage of a project and if any technical snag occurs it should be corrected and if any delay detected at any phase the responsibility should be fixed and booked.</p>
19	67	Finance Department	<p>The Committee directs the finance department that proper changes should be introduced in the IFMS for reconciliation of receipt and expenditure through a fool proof system.</p>

(1)	(2)	(3)	(4)
20	69	Finance Department	The Committee directs the Finance Department to find a solution in consultation with the Central Government for the implementation of delayed projects.
21	70	Finance Department	The Committee recommends that concerned administrative department should take necessary steps to avoid persistent substantial savings under various centrally sponsored schemes within the Grant.

APPENDIX II

Notes Received from the Government

**STATEMENT OF REMEDIAL MEASURES TAKEN ON PARA CONTAINED IN
THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA ON STATE FINANCES FOR THE YEAR ENDED MARCH 2014
Finance (PAC-B) Department**

Sl No.	Para No.	Audit Observation	Remedial Measures Taken by Government
1	1.1	Introduction	No remarks
2	1.2	1.2.1 - Resources of the State as per the Annual Finance Accounts	
3	1.3	Revenue Receipts	
4	1.4	Capital Receipts	
5	1.5	Public Accounts Receipts	
6	1.6	1.6.1 - Growth and Composition of Expenditure 1.6.2 - Trends in total expenditure in terms of activities 1.6.3 - Revenue Expenditure 1.6.5 - Subsidies 1.6.6 - Financial assistance to Local Bodies and Other Institutions	
7	1.7	Quality of Expenditure	
8	1.8	Financial Analysis of Government Expenditure and Investments	
	2.2	Summary of appropriation accounts	
9	2.3.3	<u>Excess over provision during 2013-14</u> The Appropriation Accounts disclosed excess expenditure of Rs.488.15 crore under Revenue		Of the 15 cases of excess expenditure, amounting to Rs.488.01 crore, requiring regularisation for the year 2012-13, notes on reason for excess expenditure amounting to Rs.453.18 has already been

	<p>Section (four Grants and four appropriations) and Rs.72.53 crore under Capital Section (two Grants). This excess expenditure of Rs.560.68 crore requires regularisation under Article 205 of the Constitution</p>	<p>forwarded to Legislature for the consideration of PAC.</p> <p>Of the 10 cases (four Grants and four appropriations under Revenue Section and two Grants under Capital Section) of excess expenditure requiring regularisation for the year 2013-14, 2 cases amounting to Rs.0.41 crore (one Grant and one appropriation under Revenue Section) the notes on reason for excess expenditure has been forwarded to Accountant General for vetting. Follow up action is being taken with Administrative Departments of other Grants for taking urgent steps for furnishing the note on pending excess expenditure cases. Moreover in all AMC Meetings of Finance Department and Chief Secretary's Apex Committee Meetings, the cases of excess expenditure is a permanent item of discussion.</p>
--	--	---

Kaleban
29/6/15

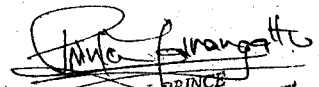
KALEBAN, S.V
Additional Secretary to Govt.
Finance Department
Govt. Secretariat, Tumkur

GOVERNMENT OF KERALAFINANCEDEPARTMENTSTATEMENT OF ACTION TAKEN ON THE RECOMMENDATIONS CONTAINED
IN THE CAG'S REPORT ON State Finances for year ended March 2014

Sl. No.	Para No.	Recommendations of the Committee	Action Taken by the Government
1	1.1	Introduction:- Based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31th March 2014. It provides a board perspective of the finances of the Government of Kerala during 2013-14 and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view of the overall trends during the last five years.	Introduction. No comment is required.
2	1.2	Resources of the State: - Revenue and capital are the two streams of receipt that constitute the resources of the State Government. Revenue receipts consist of Tax revenues, non-tax revenues, State's share of union taxes and duties and grant-in-aid from the Government of India.	General observation on the composition of resources of the State. No remarks/ comments are required.
3	1.2.2	Government of India has been transferring sizable amounts directly to State implementing Agencies outside the State Budget for the implementation funds lying unutilized with sub level(s) implementing agencies indicate that the actual utilization of funds was not being ensured every year either by the State Government or by the State level implementing agencies before furnishing utilization certificate to Government of India.	For implementation of various direct funding Central schemes, the funds were not routed through the State budget or State Treasury System. Hence, Finance Department had no control over the utilization of funds by these agencies. Besides, utilization certificates were also submitted directly to Government of India by these agencies. Government of India has started routing of Central funds through state budget with effect from 01.04.2014. The expenditure of all Centrally Sponsored Schemes could be monitored without any flaws as and when the process of linking Public Finance Management System (PEMS) interface

			with State treasury system is completed. This will definitely ensure better financial control and management of central fund.
	1.2.2	Short fall in State share (Matching Contribution)	Ministry of Health and Family welfare had intimated that against Central Share of Rs.359.18 crore under NHM (including NCD & NUHM pools) that State needs to contribute Rs.119.73 crore. But the state has credited only Rs.76.95 crore for NRHM and was asked to allocate Rs.42.79 crore (Rs.119.73-Rs.76.94) Specifically for NHM activities and Health and Family Welfare Department has informed that they initiated action to provide Rs.42.79 cr through SDG. It is for the administrative department to ensure that central share along with matching state share of CSS are released to the implementing agencies under their administrative control
4	1.6	Applications of Resources:- Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings.	Despite concerted efforts, State is not able to achieve the fiscal targets set forth in the FRBM Act due to growing commitment on non-plan revenue expenditure. Thus attempt to reach sustainable deficit levels complying with fiscal responsibility legislations would adversely affect the economic growth of the State and it is the capital expenditure which will sacrifice heavily. Hence, State has urged the FRBM Committee to stipulate a ceiling of 1.5 % for the revenue deficit instead of insisting its elimination and to recommend a fiscal deficit range in place of the existing fixed number (% of GSDP) as fiscal deficit target so that States will get additional fiscal space for its development expenditure.

5	1.8	<p>Financial Analysis of Govt. Expenditure and Investments :- In the post -Fiscal Responsibility and Budget Management framework, the State is expected to keep its fiscal deficit (and borrowings) not only a low levels but also meet its capital expenditure/irvestment (including loans and advances) requirement from its own sources of revenue.</p>	<p>Noted for future guidance.</p>
6	1.10	<p>Debt Sustainability:- The maturity profile of the State debt indicates that the Government will have to repay 38.4 per cent of its debt between one and seven years. A well thought out debt management strategy will ensure that no additional borrowing which mature in these critical years are undertaken.</p>	<p>As regards the debt sustainability, the state has been able to achieve the Debt-GSDP target as stipulated in the Kerala Fiscal Responsibility and Budget Management Act. In the post Fiscal Responsibility and Budget Management Act period, State has been in a transition to depend mostly on market based borrowings (Open Market Borrowings) to meet its developmental expenditure due to the increasing revenue deficit because of its commitment in Social Sector and increase in salary, pension and interest payments. Since maturity period of OMB is ten years there will not be any possibility of additional borrowings which mature in the next seven years period.</p>
6	1.11	<p>Fiscal Imbalances :- Three key fiscal parameters - revenue, fiscal and primary deficits- indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure.</p>	<p>State is not able to achieve the deficit targets such as Revenue Deficit and Fiscal Deficit etc set under the FRBM Act due to the increase in Salary, Pension and interest payment and the growing commitment in Social and health sectors.</p>


M.J. PRINCE
 Joint Secretary to Government
 Finance Department
 Govt. Secretariat
 Thiruvananthapuram

**GOVERNMENT OF KERALA
FINANCE (BUDGET WING-A) DEPARTMENT**

STATEMENT OF ACTION TAKEN ON PARAS OF THE COMPTROLLER AND AUDITOR GENERAL REPORT OF THE YEAR ENDED 31st MARCH 2014 ON STATE FINANCES		
Sl. No	Para No.	Action Taken
1	1:1:3	<p>Audit Observation</p> <p>As per Article 202 of the Constitution of India, the Governor of the State shall, cause to be laid before the House of the Legislature of the State a statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipt and expenditure for a financial year named in the Constitution as the 'Annual Financial Statement' is commonly known as 'Budget'. The budget is Government's most important economic policy tool, that translates Government's policies, commitments and goals into decisions on how much revenue to raise, how it plans to raise it and how to use these funds to meet the State's competing needs. A budget system that functions well is crucial to developing sustainable fiscal policies and economic growth.</p> <p>The Government have failed to raise as much revenue as estimated in budget resulted in increase of revenue deficit by ₹5100 crore. Though revenue expenditure was as estimated, revenue receipt was ₹5,790 crore less than the anticipated amount (revised estimate). While Government could release about ₹270 crore more under disbursement of loans and advances, the expenditure on capital project was reduced by ₹1,606 crore.</p> <p>Detailed analysis conducted to assess the areas where deviation from budget estimation occurred has revealed as under.</p> <p>(j)Revenue Receipts</p> <p>State Government estimated a revenue of ₹58,057.88 crore in its original budget and subsequently reduced to ₹54,966.85 crore while presenting the revised estimate. However, State could realize only ₹49,176.93 crore, resulting in a shortfall of ₹5,789.92 crore.</p> <p>Table above shows that major shortfall (₹3,547.95 crore) was under Tax revenue. While revenue realization on Sales Tax and Motor Vehicles Tax were more than 90 per cent of the estimation, realization from State Excise and Stamps and Registration were only 71 and 82 per cent respectively. In the exit meeting (24 November 2014), Additional Chief Secretary, Finance Department accepted the audit observation and stated that remedial-measures to enhance the</p>
		<p>The Budget estimates are usually prepared through a consultative process involving Government departments and various stake holders. The Budget wing of the Finance Department issues a circular to all heads of departments and controlling officers of Government autonomous bodies for preparing and furnishing the estimates for the next year. After the departments send their demands, extensive scrutiny and consultations will be made. Finance Department normally takes into account the trend in receipt /expenditure of the previous financial years while formulating budget estimates of a financial year. However variations have been occurred between the estimates and actual. This actually pointing out the failure of departments in achieving the targets set to them. This is mainly due to the underassessment of tax and other irregularities. Government have already taken many initiatives to enhance the income from taxes by eliminating corruption and mismanagement. As part of its plan to intensify the tax collection, the government adopts different strategies in the administration and collection of taxes. Hopefully this measures will increase the revenue receipts and thereby the variations between the estimates and the actual can be curtailed. In the case of capital expenditure Government have already given specific instructions to all heads of departments and controlling officers to personally ensure that estimates are prepared with utmost care and accuracy taking into account all aspects that are normally available at the time of estimation so as to avoid instances of huge variations between estimates and actual. There will not be any curtailment of expenditure on</p>

<p>relief schemes for the poor and protection of their employment sectors. Finance department will take earnest efforts to make budget estimates more realistic by analyzing the unrealistic instances in a case to case manner.</p>	<p>The Budget estimates are usually prepared on the basis of the estimates furnished by heads of departments and controlling officers. In the budget circular issued every year, all heads of departments and controlling officers are given specific instructions to personally ensure that estimates are prepared with utmost care and accuracy taking into account all aspects that are normally available at the time of estimation so as to avoid instances of huge variations between estimates and actual. Finance Department normally takes into account the trend in expenditure of the previous financial years under each unit of appropriation while formulating budget estimates of a financial year. The State Planning Board had been requested to ensure that provisions need be made in the Annual Plan to the extent of the minimum requirement. Finance (Budget) Department will take utmost care and earnest efforts to make budget estimates realistic by analyzing the instances of substantial and persistent savings in a case to case manner. All Heads of Departments will also be apprised of the situation and separate instructions will be issued in the Budget Circular to look into instances of persistent savings while furnishing</p>
<p>revenue collection has been proposed for implementation. Further, Audit analysed variation between revised estimates and actual receipt in respect of revenue receipts for the previous years and observed that in 2012-13 also, actual revenue receipts was ₹4,131.91 crore less than revised estimates. As the revised estimates are prepared during the second half of the financial year, it should be more realistic and wide variations from the actual receipt indicate the deficiency in the estimation process.</p> <p>(ii) Capital Expenditure</p> <p>As per the original budget, presented in the State Legislature, the estimated capital expenditure for the year was ₹8,635.03 crore and this was reduced to ₹5,900.62 crore while presenting revised estimates. Against this estimation, final expenditure on capital projects came down to ₹4,294.33 crore.</p>	<p>The appropriation audit revealed that savings exceeding ₹10 crore were also more than 20 percent of the total provision in 26 cases.</p> <p>In six cases, there were persistent savings in excess of ₹50 crore in each case and also by 20 percent or more of the provision for the last three years. In 63 sub-heads there were persistence savings in excess of ₹5 crore in each case of provision for the last 3 years. Persistence savings in these sub-heads indicate that departmental officers were not exercised desired checks while preparing budget estimates.</p>
<p>2</p>	<p>2.3.1</p> <p>2.3.2</p>


	<p>proposals for Budget estimates to Finance department.</p>	
<p>The proposals for Supplementary Demands for Grants are invited from various Departments for including the items which involve 'New Service' and those schemes whose assistance from Central Government has received after the finalization of budget. Moreover items which have been specifically agreed by Finance Department will also consider solely on the basis of exigent nature of expenditure recommended by the Administrative Departments. Detailed scrutiny of the SDG proposals in Finance department often becomes difficult since a large number of proposals are received belatedly in the department, sometimes during the last moment before the finalization. Strict instructions are issued to all Administrative Departments in circulars seeking SDG proposals to conduct a detailed scrutiny of the proposals furnished by the Heads of Departments to ensure that the proposals are in order in all respects alone need be recommended to Finance Department. The latest instructions in this regard were issued in Government Circular No.93/2013/F in dated 20/11/2013. The instances of unnecessary Supplementary Grants /reappropriation point to the lapses from the part of the Controlling Officers, who are primarily responsible for furnishing proposals for Supplementary Grants with utmost care and caution. Separate instructions will be issued to all Heads of Departments to ensure that the actual requirement of funds are promptly assessed before furnishing proposals for Supplementary Grants /reappropriation so that the additional appropriation does not result in savings/excess.</p>	<p>Supplementary provisions aggregating ₹1249.51 crore, obtained in 30 grants/Appropriation (₹ one crore or more in each case) during the year, proved unnecessary as the expenditure did not come up to the level of even the original provisions. It was also observed that in seven out of above 30 grants/ appropriation, supplementary grants were obtained while more than 50 percent of the original provision remained unutilised. In 19 grants/ appropriations against the additional requirement of ₹710.38 crore supplementary grants for ₹1535.68 crore obtained during the year proved excessive. This shows that departmental officers requested for supplementary grant without assessing actual requirements of funds.</p> <p>Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Augmentation of funds through re-appropriation was resorted to by departmental officers. However audit analysis revealed that augmentation of budget allocation was wholly unnecessary in some subheads as the final expenditure was less than the budget allocation (original and supplementary grants) provided under it, and in some cases though the augmentation was done through reappropriation, it was either in excess of actual requirement or less than the actual requirement. Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/ activity has resulted in unavoidable savings/ excess under these subheads.</p>	<p>2.3.5,</p> <p>2.3.6</p>
<p>The lack of observance of the due procedures and instructions laid down in Kerala Budget Manual for control of expenditure and appropriation required for achieving the objective of proper and effective spending of the allotted budget provision from the part of some departments has resulted in instances of persistent savings under certain demands. Specific instructions</p>	<p>During the year, substantial surrenders (surrender involving more than 50 per cent of the total provision and more than ₹1 crore in each case) were noticed in 185 sub-heads. Out of the total budget allocation of ₹14,791.85 crore available in these 185 sub heads, ₹13,431.72 crore (91 per cent) was surrendered which included cent per cent surrender made in 61 sub-heads amounting to ₹2,161.50</p>	<p>2.3.7</p>

5	<p>crore. Major schemes (budget allocation exceeding ₹50 crore) for which budget allocation was made and subsequently surrendered. The surrender of funds meant for implementation of the above scheme would have adversely affected the socio-economic development of the State.</p>	<p>are regularly issued to all departments to ensure strict adherence to the relevant provisions in KBM with regard to the prudent management of budgetary appropriation. In the budget circular issued every year, instructions to all estimating officers are being given to assess the requirements precisely so that the estimates do not turn out to be varied from the actual expenditure. The latest instructions in this regard were issued in Govt. Circular No. 68/2016/Fin dated: 12.08.2016. Instructions were also given in Govt. Circular No.90/2013/Fin dated: 08.11.2013 to all departments to devolve a proper system for tracking expenditure incurred against appropriations placed at their disposal on regular basis for ensuring financial accountability and effective budget management system.</p>
2.3.8,	<p>In 20 Grants/ Appropriations the amounts surrendered (Rs one crore or more in each case) was in excess of the actual savings indicating lack of or inadequate financial control. As against savings of ₹8,462.38 crore, the amount surrendered was ₹8,745.66 crore, resulting in excess surrender of ₹283.28 crore. Out of this excess surrender of ₹283.28 crore, ₹153.11 crore occurred under the Grant No.XVII- Education, Sports, Art and Culture (Revenue-voted).</p> <p>As per Paragraph 91 of the Kerala Budget Manual, spending departments are required to surrender Grants/ Appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2013-14, there were, however, two Grants and one Appropriation in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹147.43 crore.</p> <p>Similarly, out of the total savings of ₹6,342.57 crore under 36 Grants/ Appropriations with savings of rupees one crore and above in each Grant/ Appropriation, 18 percent of savings amounts aggregating ₹1,132.03 crore were not surrendered. Besides, in 62 major heads under 36 Grants/ Appropriations, ₹15,302.56 crore was surrendered on 31 March 2014 (surrender of funds in excess of ₹10 crore in each major head), indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.</p>	<p>Chief Controlling Officers and Heads of Departments are responsible for the surrender of all anticipated saving to Finance Department through the concerned administrative department without waiting till the end of the year when such savings are foreseen and unless they are required to meet excesses foreseen at that time under other units. The lack of effective financial mechanism in place to trace the exact data on the actual expenditure incurred against the appropriations placed at the disposal of sub officers by the controlling officers is viewed as the main reason for the occurrence of the instances of surrender in excess of actual savings or non surrender of actual savings. Government have already undertaken the initiative for implementation of Integrated Financial Management System (IFMS) by combining various online systems on receipt and expenditure by integrating State Budget with treasury transactions relating to line departments, Accountant General, RBI and other stakeholders. When the system of Integrated Financial Management System (IFMS) is implemented completely, monitoring of expenditure can be done more effectively and efficiently. Instructions have already been issued in Government Circular No. 90/2013/Fin dated: 08.11.2013 to all controlling officers to evolve a proper system for tracking expenditure incurred against appropriations</p>
2.3.9		

6	2.7.2	<p>placed at their disposal on regular basis. It is stipulated in para 93(1) of Kerala Budget Manual that Controlling officers/Administrative departments shall furnish surrender of savings to Finance Department by before 25th February every year. Specific instructions are being issued regularly during the month of January/February to all Chief Controlling Officers and Heads of Departments to surrender funds found to be in excess of requirements under each unit of appropriation. Latest instructions in this regard were issued in Government Circular No.10/2017/Fin dttd: 06.03.2017.</p>
	<p>Audit also examined further progress in implementation of new schemes announced in the budget speech from 2010-11 to 2012-13 which was included in Paragraph 2.7 of Audit Report of State Finances for the year ended 31 March 2013. Out of 59 new schemes reviewed during the previous year, funds were drawn in respect of 17 schemes as on 31 March 2013. It was also noticed that funds were drawn during 2013-14 for 12 more schemes for which no funds were drawn during the previous years. Other 30 schemes were either dropped or not implemented due to reasons such as non-availability of fund, non-submission of project proposals etc. Thus, majority of the schemes did not materialize due to lack of initiative in implementation by the administrative departments concerned and laxity on the part of Finance Department in releasing funds and hence remained only in budget speech, which is indicative of lack of planning, deficiencies in execution despite Government's intention expressed through budget speech.</p>	<p>At the time of the preparation of Budget Estimates all Department Heads are instructed to furnish a brief note highlighting the important initiatives and programmes proposed to be undertaken by the respective department during the ensuing financial year, with the approval of the minister concerned. Proposals for inclusion in the Budget Speech are also received from people's representatives and various organizations and agencies. Proposals so received are scrutinized based on priorities and considered for inclusion in the Budget Speech according to the policies/programmes of the Government. After the presentation of Budget speech, instructions are given to the Administrative Departments for taking immediate action for the early implementation of these announcements. The first step for the implementation of the schemes is the issuance of Administrative sanction indicating the objectives and the estimates of the schemes. The availability of the budget provision will not be a prerequisite for issuing Administrative Sanction. As per circular No.108/2014/Fin. Dated, 18/12/2014 Government have issued specific instructions to all Administrative Department HOD's to avoid the delay in the implementation of Schemes/Programmes announced in the Budget Speech. It is instructed that for schemes announced in the Budget Speech having no budget provision or only a token provision in the Annual Financial Statement, the Administrative Department shall process the proposals in the file and circulate it to Finance</p>

7		<p>Department for concurrence before issuing Administrative Sanction and thereafter Administrative Department shall move for funds, if required, either by re appropriation or by authorising additional expenditure. It is further instructed that for schemes requiring to satisfy 'New service' procedures, Administrative Department shall have to move for Supplementary Demand for Grants. Finance Department constantly monitor and make follow-up on the implementation of well intended budgetary announcements of the Government, so that outcomes and visible results are shown without undue time-lag.</p>
2.8	<p>As in the previous year, this year also there was overall savings (₹15,718.63 crore) against the total budget allocation of ₹86,139.75 crore. Fifty seven Grants/ Appropriations under Revenue section and 34 Grants/ Appropriations under Capital section had savings, which indicated deficiency in budgetary process or incapability of departmental officers in utilization of funds provided in the budget. Failure of the departmental officers in assessing the actual requirement of funds for execution of the scheme/ activity had resulted in unavoidable savings/ excess under a few sub-heads. Substantial portion (91 per cent) of the budget allocation was surrendered in 185 sub-heads and which included cent percent surrender made in 61 sub-heads. Though there was instruction to convene meetings of working group and clear the project proposals before 30 June 2013, delay in convening the same and clearing project proposals caused delayed withdrawal of funds. A substantial portion of the plan allocation was drawn during the last quarter of the financial year, the funds were either parked in Treasury Savings Bank account or other bank accounts. Grant no. XXII-Urban Development (under revenue section) continued to show huge savings year after year due to deficiency in the budgetary process in the department. Without assessing the requirement of funds and also capacity of the implementing agency to utilize budget allocation, huge funds were provided in the budget for implementation of Central sector schemes. Consequently, budget allocations remained unutilised at the end of the year. Only 13 out of 40 new schemes</p>	<p>The Finance Department is responsible for the preparation of the annual budget by obtaining estimates from various departments. The utmost aim is to achieve as close an approximation to the actuals as possible. Kerala Budget Manual envisages the procedures and instructions for control of expenditure and appropriation required for achieving prudent fiscal management. Finance Department regularly issues specific instructions to all departments to ensure strict adherence to the relevant provisions in KBM with regard to the prudent management of budgetary appropriation. This department will continue its earnest efforts to ascertain that the expenditure incurred against the appropriation is in conformity with the law, relevant rules, regulations and instructions on the subject.</p>

	(projected outlay of five crore or more) announced in the budget speech for 2013-14 was implemented and expenditure incurred was only 10.8 per cent of the amount provided for the scheme in the budget. This showed non-materialisation of proposals made in the budget speech.	
--	--	--



B. SREKUMAR
Additional Secretary to Govt.
Finance Department
Govt. Secretariat
Thiruvananthapuram

**STATEMENT OF REMEDIAL MEASURES TAKEN ON PARA 1.6.4
CONTAINED IN THE REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA ON STATE FINANCES FOR THE
YEAR ENDED MARCH 2014
Finance(Pension-A) Department.**

Sl. No	Para No.	Audit Observation	Remedial Measures taken by the Government
1	1.6.4.	<p><u>* Implementation of new pension scheme in the state.</u> Loss of intended social security benefits of savings and related interest that would have accrued due to non-recovery and transfer of employee's contribution as well as matching contribution of Government into pension account.</p> <p>* Likely financial burden on individuals, especially those who have joined service as early as in 2004, in case they are required to pay the arrears of their contribution.</p>	<p>Government of Kerala have decided to introduce the new system of pension for AIS officers recruited to Kerala cadre on or after 01.01.2004 vide G.O.(P)No.303/09/Fin dated 25/07/209 and State Government employees who are appointed with effect from 01.04.2013 vide G.O.(P)No.20/2013/Fin dated 07.01.2013. Since Government of India has mandated the agency PFRDA(Pension Fund Regulatory and Development Authority) to act as a regulator for the pension sector, it was also mandatory for Kerala Government to act in accordance with the procedure and formalities prescribed by PFRDA. Accordingly the State had to execute agreements with the PFRDA intermediates viz NPS trust and NSDL-e-Governance Infrastructure Limited where the former has been set up for the interest of beneficiaries and has the duty of oversight of the assets and funds in respect of NPS and the latter is the agency assigned to act as the Central Record keeping Agency in NPS. Since the State government was keen to safe guard the interest of the employees, the execution of agreements was made after several discussions and interactions with the intermediaries and also after obtaining the approval from council of ministers and the same was executed during the months of October and November 2013. After that, since the entire system of accounting and investment</p>

of subscription of contribution of NPS is made through on-line at national level, the state government had to set up necessary infrastructure facilities in treasuries and in the salary processing system (SPARK) with the help of National Informatics Centre. Also the registration of the State Nodal Officer, all the treasury officers, 25000 DDOS and subscribers with CRA was another essential parameter for the successful implementation of NPS, which had to be completed in a phased manner. After completing all these formalities, the State government has successfully commenced the subscription towards NPS from February 2014 onwards. To avoid ambiguity in the realization of subscription, it was decided to commence the subscription of regular contribution first and to commence the subscription towards arrear contribution subsequently once the architecture gets smoothened and run uninterruptedly. An amount of Rs.68.45 crore has been uploaded as employee and employer share as on 13/06/15.

Around 22400 employees who were joined the service after 01.04.2013 have been registered with CRA and PRAN had been given. The subscription of their regular contributions is also commenced all over the state. Also, the guidelines and the procedure to realize the arrear contributions of the employees are being formulated. Vide GO(P) No.25/2015/Fin dated 14.01.2015, option facility for remitting backlog contribution in easy installment has been provided so as to reduce much hardship and sudden financial burden on the subscribers. In order to compensate loss if any, Government have allowed interest as applicable in Rule 9, AIS (PF) rules 1955 for AIS officers for the matching government contribution that would had to be contributed by the Government and for the employee contribution credited with

			<p>effect from 01.01.04 to 31.05.14. For state Government employee interest as per GPF rule has been allowed for the corresponding government contribution that would had to be contributed by the government with effect from 01.04.13 to 31.05.14 subject to their date of appointment.</p> <p>Since government have decided to realise backlog contribution and allowed interest as applicable to GPF, there will not be any loss in the total sum that will be revealed from a subscriber till retirement. As such loss on account of delay in realising NPS subscription will be minimised to a great extent and then government ensure the social security provision at the time of retirement for state .Hence there is no purposeful delay occurred in the implementation.</p>
--	--	--	--



RAJASREE K.
Joint Secretary to Govt.
Finance Department
Govt. Secretariat, Typex.

ഗവൺമെന്റ് (ജി.ഐ.എം.സി) വകുപ്പ്
ഇന്ത്യയുടെ കംപ് ട്രോളർ ആൻഡ് ഓഡിറ്റർ ജനറലിന്റെ 2014 മാർച്ചിൽ അവസാനിച്ച വർഷത്തെ സംസ്ഥാന സമ്പദ് വ്യവസ്ഥയെ സംബന്ധിച്ച ഓഡിറ്റ് റിപ്പോർട്ടിന്റെ ഖണ്ഡിക 1.8.3. ഉപഖണ്ഡിക 1.8.3.1 എന്നിവയുടെ തേൽ സ്വീകരിച്ച നടപടി ക്രമങ്ങളുടെ റിപ്പോർട്ട്

ക്രമ നം	ഓഡിറ്റ് പരാമിറ്റർ	ശിപാർശ	നടപടി റിപ്പോർട്ട്
1	1.8.3. സംസ്ഥാന സർക്കാർ നൽകിയത് ഉള്ള വായ്പകളും മുൻകൂറുകളും	സഹകരണ സൊസൈറ്റികൾ റിഗുലേഷനുകൾ കോർപ്പറേഷനുകൾ, സർക്കാർ കമ്പനികൾ എന്നിവയിൽ നടത്തിയ മുതൽ മുടക്കിന് പുറമെ സർക്കാർ മറ്റേതെങ്കിലും സംഘടനകൾക്കും സ്ഥാപനങ്ങൾക്കും വായ്പകളും മുൻകൂറുകളും നൽകുന്നുണ്ട്. 2014 മാർച്ച് 31 വരെ ഉള്ള കഴിഞ്ഞ അഞ്ചു വർഷത്തെ ബാക്കി നിൽക്കുന്ന വായ്പകളും മുൻകൂറുകളും നീക്കിയിരിപ്പില്ല. പലിശ നല്ലിതയിരുന്നതിനെ പലിശ വരവുകൾ എന്നിവ ചുവടെ പട്ടികയിൽ പ്രതിപാദിപ്പിക്കുന്നു.	9.07.2006 -ലെ സർക്കാർ നമ്പർ 37/ ജി .ഐ.എം.സി -3/06 /ധന , 28.12.2009- സർക്കാർ നമ്പർ 104 /ജി ഐ.എം.സി-2/09 /ധന എന്നിവ പ്രകാരം ഹൊതു മേഖലാ സ്ഥാപനങ്ങൾ , തദ്ദേശ സ്ഥാപനങ്ങൾ, സഹകരണ സ്ഥാപനങ്ങൾ, ഹൊതു മേഖലാ സ്ഥാപനങ്ങളുടെ പരിധിയിൽ വരുന്ന വ്യവസ്ഥാസമൂഹങ്ങൾ മുതലായവയുടെ ആവശ്യങ്ങൾക്കായി അനുവദിക്കുന്ന വായ്പകളിനേയും മുൻകൂറുകളിനേയും ഉത്തരവിന്റെയും പലിശയുടെയും തിരിച്ചടവ് നിരീക്ഷിക്കുന്നതിനായി ശക്തമായ മാർഗ്ഗ നിർദ്ദേശങ്ങൾ പുറപ്പെടുവിച്ചിട്ടുണ്ട്. വായ്പ അനുവദിക്കുകയും വിതരണം ചെയ്യുകയും ചെയ്യുന്നതിന് മുൻപായി തവണകൾ നൽകുന്നത് ആരംഭിക്കുന്ന തീയതി നൽകേണ്ട പലിശയടക്കം ഓരോ വായ്പയും തിരിച്ചടയ്ക്കേണ്ടത് ഏത് ആവൃത്തിയിലും കാലയളവിലും ആണെന്നത് ഉൾപ്പെടെയുള്ള ഉപാധികളും നിബന്ധനകളും അനുവാദം നൽകേണ്ട അധികാരി നിശ്ചയിക്കേണ്ടത് ആവശ്യമാണ്. ഇപ്രകാരം പഴയകാല വായ്പകളിനേൽ ഉപാധികളും നിബന്ധനകളും നിശ്ചയിച്ചിട്ടില്ലായെങ്കിൽ അവ

അമനുഹിന നിശ്ചയിക്കണമെന്നും, ഇതിൽ വീഴ്ച വരുത്തരുതെന്നും ഈ ഉത്തരവുകളിൽ ധന വകുപ്പ് പ്രത്യേകം നിർദ്ദേശം നൽകിയിട്ടുണ്ട്.

വായ്പയും പദ്ധിയും വസൂലാക്കുന്നത് എങ്കോക്കിപ്പിക്കുകയും കാര്യക്ഷമമായി നിർവ്വഹിക്കുകയും ചെയ്യുന്നതിന് ധനകാര്യ വകുപ്പിൽ പ്രത്യേക കേന്ദ്രീകൃത നിത്യരൂണ സഹിധനം കൊണ്ടുവരുന്നതിന്റെ ഭാഗമായി വായ്പ അനുവദിച്ചു കൊടുക്കേണ്ട സർക്കാർ ഉത്തരവുകളുടെ പകർപ്പുകൾ ഈ വകുപ്പിൽ ലഭ്യമാക്കണമെന്നും, മാർച്ച് മാസം 31 വരെ; സെപ്റ്റംബർ മാസം 30 വരെയുള്ള വായ്പ തിരിച്ചടവ് സംബന്ധിച്ചുള്ള അർദ്ധ വാർഷിക വിവരണ പത്രിക നിർദ്ദേശ്യ മാതൃകാ രൂപത്തിൽ എല്ലാ വർഷവും ഏപ്രിൽ 30 നും ഒക്ടോബർ 31 നും മുൻപായി ലഭ്യമാക്കണമെന്നും എല്ലാ പൊതുതലമെലവ് സ്ഥാപനങ്ങളോടും ചേർത്ത് സർക്കാർ പ്രകാരം പ്രത്യേകം നിർദ്ദേശിച്ചിട്ടുണ്ട്.

2011-ലെ സർക്കാർ നമ്പർ 52/ജി.ഐ.എം.സി 2/11/ധന പ്രകാരം മുൻ സർക്കാറുകളിൽ പ്രതിപാദിച്ച നിർദ്ദേശങ്ങൾ കർശനമായി പാലിക്കണമെന്ന് വിന്യസം നിർദ്ദേശിച്ചിട്ടുണ്ട്. 23.11.12, 02.05.13, 20.11.13, 30.04.2014 എന്നീ തീയതികളിലെ 95370/ ജി.ഐ.എം.സി 2/ 12/ധന നമ്പർ കമ്മ്യൂണി പ്രകാരം അർദ്ധ വാർഷിക വിവരണ പത്രിക കാല വിളംബം കൂടാതെ സമർപ്പിക്കണമെന്നും, വായ്പയുടെയും അതിന്മേൽ നൽകേണ്ട പദ്ധിയുടെയും തുടങ്ങിക്കഴുപ്പിന്റെയും പ്രകാരം അർദ്ധ വാർഷിക വിവരണ പത്രിക കാല വിളംബം കൂടാതെ സമർപ്പിക്കണമെന്നും, ഏല്പാ പൊതുതലമെലവ് സ്ഥാപനങ്ങളെയും അറിയിപ്പ് നമ്പർ 52/ജി.ഐ.എം.സി 2/ 5/ 2015/ 08.06.15 ലെ ഇ ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി 2/ 5/ 2015/

	(രൂപ കോടിയിൽ)					
	2009-10	2010-11	2011-12	2012-13	2013-14	
വായ്പകളുടെ അളവ്/പദ്ധതി വരവുകൾ /കടമെടുപ്പിന്റെ ചെലവ്	6910	7749	8461	9354	10360	
ആരംഭം ചെയ്തവുകൾ	577	762	998	1136	1464	
തന്നാണിൽ കൊടുത്ത തുക	38	44	55	74	103	
അവസാന നിശ്ചിത തുക	7749	8467	9404	10456	11721	
സർക്കാർ/നോൺ സർക്കാർ	839	778	943	1062	1361	
ചെലവ് പദ്ധതി	46	54	23	19	21	

2014 മാർച്ച് 31 വരെ തിരിച്ചടയ്ക്കാനുണ്ടായിരുന്ന വായ്പകളും മുൻ വർഷത്തെ അപേക്ഷിച്ച് 1361 കോടി രൂപ

<p>18.3.1 വിദ്യാഭ്യാസ വകുപ്പ്</p>	<p>വർദ്ധിച്ചു. തന്നാണെങ്കിൽ വായ്പകൾ പ്രധാനമായും നകിയത് ഹൗസീംഗ് ഡെവലപ്മെന്റ് ഫിനാൻസ് കോർപ്പറേഷനുള്ള ബാധ്യത ഒഴിവാക്കുന്നതിനായി കേരള സംസ്ഥാന ഡെവലപ്മെന്റ് കോർപ്പറേഷൻ (291 കോടി രൂപ), കോടി രൂപ, കേരള കോ-ഓപ്പറേഷൻ ഏജൻസിയുടെ സഹായത്തോടെ കൂടിയുള്ള മൂല വിതരണ പദ്ധതി നടപ്പാക്കുന്നതിനു വേണ്ടി കേരള വാട്ടർ അതോറിറ്റിക്കും (194 കോടി രൂപ), കേരള വ്യവസായിക അടിസ്ഥാന സൗകര്യ വികസന കോർപ്പറേഷൻ (92 കോടി രൂപ) കേരള സംസ്ഥാന റോഡ് ട്രാൻസ്പോർട്ട് കോർപ്പറേഷൻ (425 കോടി രൂപ) എന്നീ കടമെടുപ്പിന് ചെലവായ 7.1 ശതമാനത്തിനേതീരെ ഈ വായ്പകൾക്ക് 2009-10 മുതൽ 2013-14 വരെയുള്ള കാലയളവിൽ ലഭിച്ച പലിശ ഒഴിവാക്കുന്നതിനായി താഴെപ്പറയുന്നവകുപ്പുകളും 2013-14 ൽ ഉത്പാദനത്തിനായി ഉപയോഗിച്ചിരിക്കുന്നു.</p>	<p>ധന കമ്മിഷൻ പ്രകാരം കൃഷി വയറാകാൻ സഹകരണ സംഘങ്ങളുടെ രജിസ്ട്രാർ എന്നിവയേയും ഇക്കാര്യം അറിയിച്ചിട്ടുണ്ട്. വായ്പയുടെ - തിരിച്ചടവ് സംബന്ധിച്ച മുതൽ പിരിവ് ബാക്കി പത്രിക കേരള ഫിനാൻഷ്യൽ കോഡിന്റെ 294 എ വകുപ്പ് പ്രകാരമുള്ള സംക്ഷേപ പത്രത്തോടൊപ്പം എല്ലാ മാസവും 10 നു മുൻപായി അതതു വകുപ്പ് മേധാവികൾക്ക് ലഭ്യമാക്കണമെന്ന് വായ്പ വിതരണം ചെയ്യുന്ന ഉദ്യോഗസ്ഥരോട് നിർദ്ദേശിച്ചിട്ടുണ്ട്.</p> <p>19.08.2014, 20.09.2014, 24.10.14, 21.05.15, 21.11.15 എന്നീ തീയതികളിലെ 727/21 ജി.ഐ.എം.സി-2/ 14/ ധന (ഇ.ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി-2/ 12/ 2014/ ധന) നമ്പർ അനുസരണപരമായ ക്രമീകരണ പ്രകാരം കോർപ്പറേഷൻ ആൻഡ് ഓഡിറ്റർ ജനറൽ ഓഫ് ഇന്ത്യയുടെ 2012 മാർച്ചിൽ അവസാനിച്ച വർഷത്തെ റവന്യൂ വരവ് സംബന്ധിച്ച ഓഡിറ്റ് റിപ്പോർട്ടിന്റെ ബന്ധിക 8.2 ന്റെ പ്രസക്ത ഭാഗവും പ്രസ്തുത റിപ്പോർട്ടിലെ അനുബന്ധം III, IV എന്നിവയുടെ പകർപ്പും ബന്ധപ്പെട്ട മേഖല നിർവ്വഹണ വകുപ്പുകൾക്ക് അയച്ചുകൊടുക്കുകയും ഇതിന്മേൽ സ്വീകരിച്ച നടപടി അടിയന്തിരമായി ആവശ്യപ്പെടുകയും ചെയ്തിട്ടുണ്ട്. 03.12.2014 , 09.01.2015 എന്നീ തീയതികളിലെ ഇതേ നമ്പർ അറിവ് ഔദ്യോഗിക കമ്മ്യൂണിക്കേഷൻ പ്രകാരം ദീർഘകാലമായി തീർപ്പാക്കാതെ കിടക്കുന്ന ഈ വിഷയത്തിൽ അന്തിമമായി സ്വീകരിച്ച നടപടി സത്തരമായി കേരള നിയമ സഭാ സെക്രട്ടറിക്കും അക്കൗണ്ടന്റ് ജനറലിനും ഇ ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി-2/ 17/ 2015/ ധന അറിവ്</p>
-----------------------------------	--	---

<p>തിരിച്ചടവ്.</p>	<p>നല്ലിവരണങ്ങൾ . ഇവയെല്ലാം സർക്കാർ കണക്കുകളിൽ ആസ്തികളായിട്ടാണ് കണക്കാക്കി വരുന്നത് . സംസ്ഥാനിക കണക്കുകൾ (Finance Accounts) പ്രകാരം 2014 മാർച്ച് അവസാനം വരെ സംസ്ഥാന സർക്കാർ നൽകിയ വായ്പയിൽ 117213 കോടി രൂപ കണക്കുകളിൽ തിരിച്ചടക്കാനിനായി ബാങ്കിലുണ്ട്. ഈ സ്ഥാപനങ്ങളും/സംഘടനകളും നിശ്ചയിച്ചിട്ടുള്ള ഗുഡ്കളായി വായ്പ തിരിച്ചടയ്ക്കുവാൻ കഴിയാതെ ഇക്കാര്യത്തിൽ അവർ വീഴ്ച വരുത്തുകയും 2014 മാർച്ച് അവസാനത്തിൽ 72 സ്ഥാപനങ്ങളുടെ / സംഘടനകളുടെ തിരിച്ചടക്കാനിടയിൽ കടിയ്ക്കുക. 7657.66. കോടിയാക്കിയിട്ടുണ്ട്. (മുതൽ 4648.89 കോടി രൂപ. പലിശ 3008.77 കോടി രൂപ). ഭൂകളിൽ പറഞ്ഞ കടിയ്ക്കുകയിൽ 86 ശതമാനത്തിൽ അഞ്ചു സ്ഥാപനങ്ങളായ കേരള വാട്ടർ അതോറിറ്റി (3,294.04 കോടി രൂപ), കേരള സംസ്ഥാന വൈദ്യുതി ബോർഡ് (1728.62 കോടി രൂപ), കേരള സംസ്ഥാന റോഡ് ട്രാൻസ്പോർട്ട് കോർപ്പറേഷൻ (648.97 കോടി രൂപ), കേരള സംസ്ഥാന ഭവന നിർമ്മാണ ബോർഡ് (682.24 കോടി രൂപ) കേരള സംസ്ഥാന കളവുവെട്ടി വികസന കോർപ്പറേഷൻ (295.64 കോടി രൂപ) എന്നിവയുടെതായിരുന്നു. തിരിച്ചടവിൽ</p>	<p>ഓദ്യോഗിക കൺ പ്രകാരം സംസ്ഥാന സമ്പദ് വ്യവസ്ഥാമലയാക്കിച്ച് 2013, 2014 എന്നീ വർഷങ്ങളിലെ മാർച്ച് 31 ന് അവസാനിച്ച ഇന്ത്യയുടെ കമ്പ് ട്രോളർ ആയ്ക്ക് 19.4 ന്റെ ജനറലിന്റെ റിപ്പോർട്ടുകളിലെ യഥാക്രമം ബന്ധിക 19.4 ന്റെ ഉപബന്ധിക 1.8 എന്നിവയും മേൽ പരാമർശിക്കുന്ന വായ്പ തിരിച്ചടവിൽ വരുത്തിയ വീഴ്ച സംബന്ധിക്കുന്ന പ്രസക്ത ഭാഗം ബന്ധപ്പെട്ട ഭാഗം വകുപ്പ് സെക്രട്ടറിമാർക്ക് അയച്ചുകൊടുക്കുകയും ഇതിന്മേൽ സ്വീകരിച്ച നടപടി അടിയന്തിരമായി ആവശ്യപ്പെടുകയും ചെയ്തിട്ടുണ്ട്. 18.01.2016 ലെ ഇതേ സന്ദർഭത്തിൽ അന്നുദ്യോഗിക കർമ്മങ്ങൾ പ്രകാരം തമ്മസംവിന്ന മറ്റുപടി പദ്ധതികളിലെ പദ്ധതികളിൽ ഉൾപ്പെടുത്തിയിട്ടുണ്ട്. ഇതിൽ വീഴ്ച വരുത്തുന്നത് പദ്ധതികളിൽ ഉൾപ്പെടുത്തിയിട്ടുണ്ട്. കൂടുതൽ നീരസവും താക്കീതം കഴിഞ്ഞുവരുത്തുന്നതിന് ഇടയാക്കാനും ആയതിനാൽ ഇക്കാര്യത്തിൽ സമയ ബന്ധിതമായി നടപടിയെടുത്ത് അടിയ്ക്കുന്നവരും ബന്ധപ്പെട്ട ഭാഗം നിർവ്വഹണ വകുപ്പുകളിലെ അടിയ്ക്കുന്നവർക്കും പ്രസ്തുത വകുപ്പുകളിൽ നിന്നും അന്തർദ്ദേശ കിട്ടുന്ന ഏതു ശിപാർശകളിന്മേൽ നടപടി സ്വീകരിക്കുന്നതാണ്.</p>
--------------------	---	--

h

കുടിശ്ശികയുണ്ടായിരിക്കുമ്പോഴും നടപ്പു വരിച്ചതിൽ 23 സ്ഥാപനങ്ങൾക്ക് /സംഘടനകൾക്ക് 10818.05 കോടി രൂപ വായ്പ നൽകിയിരുന്നു . ഇതിൽ കേരള സംസ്ഥാന ഭവന നിർമ്മാണ ബോർഡ് (296.10 കോടി രൂപ), കേരള വാട്ടർ അതോറിറ്റി (193.67 കോടി രൂപ), കേരള സംസ്ഥാന റോഡ് ഓൻസ്പോർട്ട് കോർപ്പറേഷൻ (425 കോടി രൂപ) എന്നിവ ഉൾപ്പെടുന്നു.

1991-92 മുതൽ 2009-10 വരെയുള്ള കാലയളവിൽ തിരിച്ചടവുകളുടെ നിബന്ധകളാണു. നിശ്ചയിക്കാതെ 31 സ്ഥാപനങ്ങൾക്ക് / സംഘടനകൾക്ക് സംസ്ഥാന സർക്കാർ 165.59 കോടി രൂപയുടെ 99 വായ്പകൾ നൽകിയിരുന്നു . സംസ്ഥാന സർക്കാരിന്റെ കണക്കുകളുടെ ബാക്കിപത്രത്തിന് ശരിയായതും വിശ്വസ്തവുമായ മുഖം നൽകുന്നതായി ഗുണം ചെയ്യാത്ത ഇത്തരം ആസ്തികൾ കാര്യത്തിന് ഫലപ്രദമായ നടപടികൾ കൈകൊള്ളണം.

ഇന്ത്യയുടെ കാപ്പ് ടോളർ ആക്ട് ഓഡിറ്റ് ഓററലിന്റെ 2014 മാർച്ച് 31-ന് അവസാനിച്ച വർഷത്തെ സംസ്ഥാന സമ്പദ് വ്യവസ്ഥയെ സംബന്ധിച്ച ഓഡിറ്റ് റിപ്പോർട്ടിന്റെ ഖണ്ഡിക 1.8.3.1-ന്മേൽ സിരിക്കിച്ച നടപടി ക്രമങ്ങളുടെ റിപ്പോർട്ട്

നടപടി ക്രമങ്ങളുടെ റിപ്പോർട്ട്

ക്രമ നം.	ഓഡിറ്റ് പാഠ നമ്പർ	ശിപാർശ	നടപടി റിപ്പോർട്ട്
1	1.8.3.1 വീഴ്ച വരുത്തിയ വായ്പ തിരിച്ചടവ് സംബന്ധിച്ച	<p>നിയമാനുസൃത കോർപ്പറേഷനുകൾ, സർക്കാർ കമ്പനികൾ, സ്വയംഭരണാവകാശമുള്ള സ്ഥാപനങ്ങൾ/അതോറിറ്റികൾ തുടങ്ങിയവയ്ക്കെല്ലാം സർക്കാർ വായ്പ സഹായം നൽകി വരുന്നുണ്ട്. ഇവയെല്ലാം സർക്കാർ കണക്കുകളിൽ ആസൂത്രിക്കുകയാണ് കണക്കെടുക്കുന്നത്. സാമ്പത്തിക പ്രകാരം 2014 മാർച്ച് അവസാനം വരെ സംസ്ഥാന സർക്കാർ നൽകിയ വായ്പകളിൽ 11,721.13 കോടി രൂപ തിരിച്ചടയ്ക്കുന്നതിനായി ബാക്കിയുണ്ട്. ഈ സ്ഥാപനങ്ങളും സംഘടനകളും നിശ്ചയിച്ചിട്ടുള്ള ഗഡുക്കളായി വായ്പ തിരിച്ചടക്കണമായിരുന്നെങ്കിലും</p>	<p>09/07/2006-ലെ സർക്കുലർ നമ്പർ 37/ജി.ഐ.എം.സി-3/06/ധന, 28/12/2009-ലെ സർക്കുലർ നമ്പർ 104/ജി.ഐ.എം.സി-2/09/ധന എന്നിവ പ്രകാരം പൊതുമേഖലാ സ്ഥാപനങ്ങൾ, തദ്ദേശ സ്ഥാപനങ്ങൾ, സഹകരണ സ്ഥാപനങ്ങൾ, പൊതുമേഖലാ സ്ഥാപനങ്ങളുടെ പരിധിയിൽ വരുന്ന വ്യവസായങ്ങൾ മുതലായവയുടെ ആവശ്യങ്ങൾക്കായി സർക്കാർ അനുവദിക്കുന്ന വായ്പകളിന്മേലും മുൻകൂറുകളിന്മേലുമുള്ള മുതലിന്റെയും പലിശയുടെയും തിരിച്ചടവ് നിരീക്ഷിക്കുന്നതിനായി ശക്തമായ മാർഗ്ഗ നിർദ്ദേശങ്ങൾ പുറപ്പെടുവിച്ചിട്ടുണ്ട്. വായ്പ അനുവദിക്കുകയും വിതരണം ചെയ്യുകയും ചെയ്യുന്നതിന് മുൻപായി തവണകൾ നൽകുന്നത് ആരംഭിക്കുന്ന തീയതി, നൽകേണ്ട പലിശയടക്കം ഓരോ വായ്പയും തിരിച്ചടയ്ക്കുന്നത് എന്ത് ആവൃത്തിയിലും കാലയളവിലും ആണെന്നത് ഉൾപ്പെടെയുള്ള ഉപാധികളും നിബന്ധനകളും അനുവാദം നൽകേണ്ട അധികാരി നിശ്ചയിക്കേണ്ടത് ആവശ്യമാണ്. ഇപ്രകാരം പഴയകാല വായ്പകളിന്മേൽ ഉപാധികളും നിബന്ധനകളും നിശ്ചയിച്ചിട്ടില്ലായെങ്കിൽ അവ താമസംവിനാ നിശ്ചയിക്കണമെന്നും, ഇതിൽ വീഴ്ച വരുത്തരുതെന്നും ഈ സർക്കുലറുകളിൽ ധന വകുപ്പ് പ്രത്യേകം നിർദ്ദേശം നൽകിയിട്ടുണ്ട്.</p> <p>വായ്പയും പലിശയും വസൂലാക്കുന്നത് എങ്കോകിപ്പിക്കുകയും കാര്യക്ഷമമായി നിരീക്ഷിക്കുകയും ചെയ്യുന്നതിന് ധനകാര്യ വകുപ്പിൽ പ്രത്യേക കേന്ദ്രീകൃത നിശ്ചിത സർക്കാർ സംവിധാനം കൊണ്ടുവരുന്നതിന്റെ ഭാഗമായി വായ്പ അനുവദിച്ച ഓഹരികളുള്ള സർക്കാർ ഉത്തരവുകളുടെ പകർപ്പുകൾ ഈ വകുപ്പിൽ ലഭ്യമാക്കണമെന്നും, മാർച്ച് മാസം 31 വരെ വായ്പ സെപ്റ്റംബർ മാസം 30 വരെയുള്ള വായ്പ തിരിച്ചടവ് സംബന്ധിച്ചുള്ള അർദ്ധ വാർഷിക റിവരണ പത്രിക നിർദ്ദേശിച്ച മാതൃക രൂപത്തിൽ എല്ലാ വർഷവും ഏപ്രിൽ 30 നും ഒക്ടോബർ 31 നും മുൻപായി ലഭ്യമാക്കണമെന്നും എല്ലാ പൊതുമേഖലാ സ്ഥാപനങ്ങളോടും മേൽ സർക്കുലറുകൾ പ്രകാരം പ്രത്യേകം നിർദ്ദേശിച്ചിട്ടുണ്ട്.</p> <p>09/08/2011-ലെ സർക്കുലർ നമ്പർ 52/ജി.ഐ.എം.സി/11/ധന പ്രകാരം മുൻ സർക്കുലറുകളിൽ പ്രതിപാദിച്ച നിർദ്ദേശങ്ങൾ കർശനമായി പാലിക്കണമെന്ന് വീണ്ടും</p>

<p>ഇക്കാര്യത്തിൽ അവർ വീഴ്ച നടത്തിയിട്ടുണ്ട്. 23/11/2012, 02/05/2013, 20/11/2013, 30/04/2014 എന്നീ തീയതികളിലെ 95370/ ജി.ഐ.എം.സി 2/12/ഗവ നമ്പർ കത്തുകൾ പ്രകാരം അർദ്ധ വാർഷിക വിവരണ പത്രിക കാല വിളംബം കൂടാതെ സമർപ്പിക്കണമെന്നും, വായ്പയുടെയും അതിന്മേൽ നൽകേണ്ട പലിശയുടെയും തവണകളുടെ തിരിച്ചടവിനായും സത്യാര നടപടികൾ ആരംഭിക്കണമെന്നും എല്ലാ പൊതുജനങ്ങളും സ്വാഗതങ്ങളേയും അറിയിച്ചിട്ടുണ്ട്. 08/06/2015-ലെ ഇ-ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി-2/5/2015/ഗവ കത്ത് പ്രകാരം, കൃഷി വയാക്ടർ സഹകരണ സംഘങ്ങളുടെ ജേസ്മാർ എന്നിവയേയും ഇക്കാര്യം അറിയിച്ചിട്ടുണ്ട്. വായ്പയുടെ തിരിച്ചടവ് സംബന്ധിച്ച മുതൽ പിരിവ് ബാക്കി പത്രിക കേരള ഫിനാൻഷ്യൽ കോഡിന്റെ 264-എ വകുപ്പ് പ്രകാരമുള്ള സാക്ഷ്യ പത്രത്തോടൊപ്പം എല്ലാ മാസവും 10-നു മുൻപായി അത്തരവ് വകുപ്പ് മേധാവികൾക്ക് ലഭ്യമാക്കണമെന്ന് വായ്പ വിതരണം ചെയ്യുന്ന ഉദ്യോഗസ്ഥരോട് നിർദ്ദേശിച്ചിട്ടുണ്ട്.</p>	<p>നിർദ്ദേശിച്ചിട്ടുണ്ട്. 23/11/2012, 02/05/2013, 20/11/2013, 30/04/2014 എന്നീ തീയതികളിലെ 95370/ ജി.ഐ.എം.സി 2/12/ഗവ നമ്പർ കത്തുകൾ പ്രകാരം അർദ്ധ വാർഷിക വിവരണ പത്രിക കാല വിളംബം കൂടാതെ സമർപ്പിക്കണമെന്നും, വായ്പയുടെയും അതിന്മേൽ നൽകേണ്ട പലിശയുടെയും തവണകളുടെ തിരിച്ചടവിനായും സത്യാര നടപടികൾ ആരംഭിക്കണമെന്നും എല്ലാ പൊതുജനങ്ങളും സ്വാഗതങ്ങളേയും അറിയിച്ചിട്ടുണ്ട്. 08/06/2015-ലെ ഇ-ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി-2/5/2015/ഗവ കത്ത് പ്രകാരം, കൃഷി വയാക്ടർ സഹകരണ സംഘങ്ങളുടെ ജേസ്മാർ എന്നിവയേയും ഇക്കാര്യം അറിയിച്ചിട്ടുണ്ട്. വായ്പയുടെ തിരിച്ചടവ് സംബന്ധിച്ച മുതൽ പിരിവ് ബാക്കി പത്രിക കേരള ഫിനാൻഷ്യൽ കോഡിന്റെ 264-എ വകുപ്പ് പ്രകാരമുള്ള സാക്ഷ്യ പത്രത്തോടൊപ്പം എല്ലാ മാസവും 10-നു മുൻപായി അത്തരവ് വകുപ്പ് മേധാവികൾക്ക് ലഭ്യമാക്കണമെന്ന് വായ്പ വിതരണം ചെയ്യുന്ന ഉദ്യോഗസ്ഥരോട് നിർദ്ദേശിച്ചിട്ടുണ്ട്.</p>	<p>16/07/2015-ലെ ഇ-ഓഫീസ് നമ്പർ ജി.ഐ.എം.സി-2/17/2015/ഗവ അർദ്ധ വാർഷിക കത്ത് പ്രകാരം സംസ്ഥാന സമ്പദ് വ്യവസ്ഥാമന്ത്രാലയത്തിൽ 2013, 2014 & 2015 എസ്. വർഷങ്ങളിലെ മാർച്ച് 31-ന് അവസാനിച്ച ഇന്ത്യയുടെ കംപ്യൂട്ടർ ആൻഡ് ഓഡിറ്റ് ജനറലിന്റെ റിപ്പോർട്ടുകളിലെ യഥാക്രമം പബ്ലിക് 1.9.4-ന്റെ ഉപഖണ്ഡിക 1.9.4.1, പബ്ലിക് 1.8-ന്റെ ഉപഖണ്ഡിക 1.8.3.1, പബ്ലിക് 1.9.2-ന്റെ ഉപഖണ്ഡിക 1.9.2.1 എന്നിവയുടെ മേൽ പരാമർശിക്കുന്ന വായ്പ തിരിച്ചടവിൽ വരുത്തിയ വീഴ്ച സംബന്ധിക്കുന്ന പ്രസ്താവ ഭാഗം ബന്ധപ്പെട്ട ഭരണ വകുപ്പ് സെക്രട്ടറിമാർക്ക് അയച്ചുകൊടുക്കുകയും ഇതിന്മേൽ സിപിഐ സെക്ഷൻ അടിയന്തിരമായി ആവശ്യപ്പെടുകയും ചെയ്തിട്ടുണ്ട്. 18/01/2016, 01/06/2016 എന്നീ തീയതികളിലെ ഇതേ നമ്പർ അനൗദ്യോഗിക കഠിനപ്രകാരം, താമസംവിനാ മറ്റുപടി ലഭ്യമാക്കണമെന്നും ബന്ധപ്പെട്ട ഭരണ നിർദ്ദേശ വകുപ്പുകളെ ഓർമ്മപ്പെടുത്തിയിട്ടുണ്ട്. ഗതാഗത(എ) വകുപ്പിന്റെ നോർഡ് (618.24 കോടി), കേരള സംസ്ഥാന കടവുവെട്ടി കേരള സംസ്ഥാന റോഡ് ട്രാൻസ്പോർട്ട് ട്രോംപ്രോജക്ടിൽ പുനരുദ്ധനം റോഡ് കോർപ്പറേഷൻ (648.97 കോടി), കേരള സംസ്ഥാന ഭവന നിർമ്മാണ നോർഡ് (618.24 കോടി), കേരള സംസ്ഥാന കടവുവെട്ടി വികസന കോർപ്പറേഷൻ (295.64 കോടി) എന്നിവയുടെതായിരുന്നു. തിരിച്ചടവിൽ കടിയുണ്ടായിരിക്കുമ്പോഴും നട്ടു വർഷത്തിൽ 23</p>	<p>23</p>
---	--	---	-----------

<p>സ്ഥാപനങ്ങൾക്ക് / സംഘടനകൾക്ക് കോടി രൂപ വായ്പ നൽകിയിരുന്നു. ഇതിൽ കേരള സംസ്ഥാന ഭവന നിർമ്മാണ ബോർഡ് (296.10 കോടി), കേരള വാട്ടർ അതോറിറ്റി (193.67 കോടി), കേരള സംസ്ഥാന റോഡ് ട്രാൻസ്പോർട്ട് കോർപ്പറേഷൻ (425 കോടി) എന്നിവ ഉൾപ്പെടുന്നു.</p>	<p>1018.05 1991-92 മുതൽ 2013-14 വരെയുള്ള തിരിച്ചടവുകളുടെ നിബന്ധനകളാണെന്നും നിശ്ചയിക്കാതെ സ്ഥാപനങ്ങൾക്ക് സംഘടനകൾക്ക് സർക്കാർ 165.59 കോടി രൂപയുടെ 99 വായ്പകൾ നൽകിയിരുന്നു. സർക്കാരിന്റെ കണക്കുകളുടെ ബാക്കിപത്രത്തിന് ശരിയായതും വിശ്വസനീയവുമായ നൽകുന്നതിനായി ചെയ്യാതെ ഇത്തരം ആസൂരികൾ കറയ്ക്കുന്നതിന് പാലവുമായ നടപടികൾ കൈക്കൊള്ളണം.</p>	<p>ഭവന നിർമ്മാണ (സി) വകുപ്പിന്റെ 01/07/2016-ലെ 403611/സി/16/ഭവന അനുസംഗ്രഹ കഠിന പ്രകാരം ദുർബല വരുമാന വിഭാഗക്കാർക്കുള്ള വിവിധ പദ്ധതികളായ ROMHS, മെത്രീ എന്നീ സർക്കാർ നിർദ്ദേശിത പദ്ധതികൾ നടപ്പിലാക്കാനാണ് സർക്കാർ നിർദ്ദേശ പ്രകാരം ബോർഡ് ഹഡ്കോയിൽ നിന്ന് വായ്പയായി ധനസഹായം നൽകിയിട്ടുള്ളതെന്നും ഈ പദ്ധതി പ്രകാരമുള്ള വായ്പകൾ പലിശ സഹിതം 2014 മാർച്ചിനകം ഹഡ്കോയ്ക്ക് തിരിച്ചടയ്ക്കേണ്ടതിനാലും ബോർഡിന് ഹഡ്കോ തിരിച്ചടവിനു വേണ്ടി വരുന്ന തുക കടമെത്താൻ കഴിയാത്തതിനാലുമാണ് വർക്കിംഗ് ക്യാമ്പിന്റേൽ ലോണായിട്ട് സർക്കാർ, ഹഡ്കോ തിരിച്ചടവിനു വേണ്ട തുക നടപ്പു വർഷം അനുവദിച്ചതെന്നും 23/09/2013-ലെ G.O(Ms) No. 25/2013/Hsg നമ്പർ സർക്കാർ ഉത്തരവ് പ്രകാരം മുൻകാലങ്ങളിൽ വിവിധ സർക്കാർ ഉത്തരവുകൾ പ്രകാരം ഹഡ്കോ തിരിച്ചടവിനു വേണ്ടി സംസ്ഥാന ഭവന നിർമ്മാണ ബോർഡിന് വായ്പയായി നൽകിയിട്ടുള്ള തുകകൾ വർക്കിംഗ് ക്യാമ്പിന്റേൽ ഫോണ്ട് ആയി പരിഗണിക്കുന്നതായി സർക്കാർ ഉത്തരവായിട്ടുണ്ടെന്നും അറിയിച്ചിരിക്കുന്നു. കൂടാതെ സംസ്ഥാന ഭവന നിർമ്മാണ ബോർഡ് സർക്കാരിനു നൽകാവാനുള്ള 1212.63 കോടി രൂപയിൽ നിന്നും സർക്കാർ ഭവന നിർമ്മാണ ബോർഡിന് നൽകാവാനുള്ള തുകയും ആനിറ്റി ഡെവലപ്മെന്റ് ഇനത്തിലുള്ള 22.12 കോടി രൂപയും കിഴിച്ച് ബുക്ക് അഡ്വൈസ്മെന്റ് നടത്തി ധനകാര്യ വകുപ്പിന്റെ അനുമതിയോടു കൂടി ബാക്കി തുക പലിശ രഹിത വായ്പയായി അനുവദിക്കുന്നതിനും ആയതിന്റെ തിരിച്ചടവിന് 5 വർഷത്തെ മൊറട്ടോറിയം അനുവദിക്കുന്നതിനുമായി ഭവന നിർമ്മാണ വകുപ്പ് സമർപ്പിച്ച പ്രൊപ്പോസൽ പരിശോധിച്ച ധനവകുപ്പ് ആവശ്യപ്പെട്ടതിൽ പ്രകാരം ധനകാര്യ പരിശോധനാ വിഭാഗം റിപ്പോർട്ടിലേയും ബോർഡ് സമർപ്പിച്ച കണക്കുകളിലേയും വൈരുദ്ധ്യം പരിശോധിച്ച ബോർഡിന്റെ ധനകാര്യ സ്ഥിതി സംബന്ധിച്ച ഓഡിറ്റഡ് അക്കൗണ്ടിന് സഹിതം മൊറട്ടോറിയം ലഭ്യമാക്കുന്നതിനാവശ്യമായ വ്യക്തമായ പ്രൊപ്പോസൽ സമർപ്പിക്കുവാനും കൂടാതെ മെത്രീ ഭവന പദ്ധതിയുടെ ആനിറ്റി ഡെവലപ്മെന്റ് സ്കീമുമായി ബന്ധപ്പെട്ട് പഞ്ചായത്ത്/നഗര സഭകൾക്ക് യിരികെ നൽകാനുള്ള തുക കണക്കാക്കി ആയതിൽ, ഗുണഭോക്തൃ വിഹിതം, ബുക്ക് അഡ്വൈസ്മെന്റിലൂടെ ക്രമീകരിക്കാവാനുള്ള തുക എന്നിവ സംബന്ധിച്ച വിശദാംശങ്ങൾ ഉൾപ്പെടുത്തി ഇതു സംബന്ധിച്ച ഉത്തരവ് പുറപ്പെടുവിക്കുന്നതിനായി തദ്ദേശ സ്വയംഭരണ വകുപ്പിൽ സമർപ്പിക്കുവാനുള്ള പ്രൊപ്പോസൽ ലഭ്യമാക്കണമെന്നും കേരള ഭവന നിർമ്മാണ ബോർഡിനോട് ആവശ്യപ്പെട്ടിട്ടുണ്ടെന്നും പ്രസ്തുത പ്രൊപ്പോസൽ ലഭ്യമാകുന്ന മുറയ്ക്ക് തുടർ നടപടികൾ സ്വീകരിക്കുമെന്നും 01/12/2016-ലെ 403611/സി/2016/ഭവന അനുസംഗ്രഹ കഠിന വഴി ഭവന നിർമ്മാണ</p>
---	--	---

നിർമ്മാണ (സി) വകുപ്പ് അറിയിച്ചിട്ടുണ്ട്:

മറ്റുപടി നൽകുന്നതിൽ വീഴ്ച വരുത്തുന്നത് പബ്ലിക് അക്കൗണ്ട്സ് കമ്മിറ്റിയുടെ കടുത്ത നിരസവും താക്കീതം ഘഷണിച്ചുവരുത്തുന്നതിന് ഇടയാക്കുമെന്നും ആയതിനാൽ ഇക്കാര്യത്തിൽ സമയ ബന്ധിതമായി നടപടിയെടുത്ത് അറിയിക്കണമെന്നും 22/11/2016-ലെ ജി.ഐ.എം.സി -2/7/2015-ധന നമ്പർ അനുദ്യോഗിക കത്തിന്റെ രൂപത്തിൽ ജലവിഭവം, വ്യവസായം, കൃഷി, പാർ എന്നിവയുമായി ബന്ധപ്പെട്ട ഭരണ നിർവ്വഹണ വകുപ്പുകൾക്ക് ഓർമ്മക്കുറിപ്പ് അയച്ചിട്ടുണ്ട്. പ്രസ്തുത വകുപ്പുകളിൽ നിന്നും ഭവന നിർമ്മാണ വകുപ്പിൽ നിന്നും അന്തിമ മറ്റുപടി കിട്ടുന്ന മുറയ്ക്ക് ശുപാർശകളിന്മേൽ നടപടി സ്വീകരിക്കുന്നതാണ്.

- k u

STATEMENT OF ACTION TAKEN ON AUDIT PARAS CONTAINED IN THE REPORT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA ON STATE FINANCES FOR THE YEAR ENDED 31ST MARCH, 2014.

Para No.	Recommendations	Action Taken																																												
	<p>1.8.4 Cash balances and investment of cash balances</p> <p>The cash balances and investments made by the State Government out of the cash balances during the year are shown in Table 1.28.</p> <p>Table 1.28: Cash balances and investment of cash balances (Rs in crore)</p> <table border="1" data-bbox="384 784 961 1329"> <thead> <tr> <th>Particulars</th> <th>As on 31 March 2013</th> <th>As on 31 March 2014</th> <th>Increase/Decrease(-)</th> </tr> </thead> <tbody> <tr> <td>Cash balances</td> <td>4692.73</td> <td>2279.82</td> <td>(-2412.91)</td> </tr> <tr> <td>Investments from cash</td> <td>3201.71</td> <td>764.31</td> <td>(-2437.40)</td> </tr> <tr> <td>a. GOI Treasury Bills</td> <td>3194.48</td> <td>757.08</td> <td>(-2437.40)</td> </tr> <tr> <td>b. GOI Securities</td> <td>7.23</td> <td>7.23</td> <td>...</td> </tr> <tr> <td>Fund-wise break-up of investments from earmarked balances (a to d)</td> <td>1402.19</td> <td>1511.72</td> <td>109.53</td> </tr> <tr> <td>a. Reserve funds bearing interest</td> <td></td> <td></td> <td>...</td> </tr> <tr> <td>b. Reserve funds not bearing interest</td> <td>1402.19</td> <td>1511.72</td> <td>109.53</td> </tr> <tr> <td>c. Deposit bearing interest</td> <td></td> <td></td> <td>...</td> </tr> <tr> <td>d. Deposit not bearing interest</td> <td></td> <td></td> <td>...</td> </tr> <tr> <td>Interest realised during the year on investment of cash balances</td> <td>123.38</td> <td>78.39</td> <td>(-44.99)</td> </tr> </tbody> </table>	Particulars	As on 31 March 2013	As on 31 March 2014	Increase/Decrease(-)	Cash balances	4692.73	2279.82	(-2412.91)	Investments from cash	3201.71	764.31	(-2437.40)	a. GOI Treasury Bills	3194.48	757.08	(-2437.40)	b. GOI Securities	7.23	7.23	...	Fund-wise break-up of investments from earmarked balances (a to d)	1402.19	1511.72	109.53	a. Reserve funds bearing interest			...	b. Reserve funds not bearing interest	1402.19	1511.72	109.53	c. Deposit bearing interest			...	d. Deposit not bearing interest			...	Interest realised during the year on investment of cash balances	123.38	78.39	(-44.99)	<p>The cash balance of the State above the required minimum is invested in 14- day intermediate treasury bills by the Central Accounts Section of Reserve Bank of India. During the financial year 2014-15, State was undergoing severe financial crisis, as a result of which the cash balances were low throughout the course of the year. Even the funds invested in treasury bills had to be rediscounted before maturity due to the reduction in cash balance. Consequently, the investment from cash balance and interest therefrom were less compared to the previous FY.</p>
Particulars	As on 31 March 2013	As on 31 March 2014	Increase/Decrease(-)																																											
Cash balances	4692.73	2279.82	(-2412.91)																																											
Investments from cash	3201.71	764.31	(-2437.40)																																											
a. GOI Treasury Bills	3194.48	757.08	(-2437.40)																																											
b. GOI Securities	7.23	7.23	...																																											
Fund-wise break-up of investments from earmarked balances (a to d)	1402.19	1511.72	109.53																																											
a. Reserve funds bearing interest			...																																											
b. Reserve funds not bearing interest	1402.19	1511.72	109.53																																											
c. Deposit bearing interest			...																																											
d. Deposit not bearing interest			...																																											
Interest realised during the year on investment of cash balances	123.38	78.39	(-44.99)																																											

Source: Finance Accounts of the State Government

During the year, though investments in Reserve Funds (not bearing interest) increased by Rs 109.53 crore, State's cash balance investment in GOI Treasury Bills reduced by Rs 2437.40 crore. Consequently, substantial decrease was noticed in State's cash balance at the end of the year.

- Cash balance as on 31 March 2014 was Rs 2,279.82 crore, decrease of Rs 2,412.91 crore over the previous year.
- The interest received during the year on investment of cash balances also decreased by Rs 44.99 crore as compared to the previous year.

1.9.1 Fiscal liabilities

(b) Consolidated sinking fund

The State Government had set up a Consolidated Sinking Fund with effect from the financial year 2007-08, according to which the Fund was to be utilised as an Amortisation Fund for redemption of all outstanding liabilities of the Government commencing from the financial year 2012-13. The Fund was to be credited with contributions from revenue at the prescribed rate and interest accrued on investments made out of the Fund. Only the interest accrued and credited in the Fund was to be utilised for redemption of the outstanding liabilities of the Government. As per paragraph 5 of revised model scheme for the constitution and administration of Consolidated Sinking Fund of Kerala, the rate of contribution to the Consolidated Sinking Fund was 0.5 per cent of the outstanding liabilities as at the end of the previous year. According to this, the State Government had to contribute Rs 542.38 crore during 2013-14 to the Consolidated Sinking Fund.

However the State Government did not contribute any amount to the

As the State is continuously in Revenue Deficit, the contribution to CSF has to be made from the borrowed funds. The yield on CSF investments as against the cost of borrowings gives a negative carry and hence it is not prudent to contribute to CSF, given the high cost of borrowings. Moreover, the appropriation for contribution to CSF, is a Revenue Expenditure which would contribute to the Revenue Deficit of the State, making it difficult to avail the State-specific grants and benefits under debt-relief schemes. The cash balance of the state is only transitory in nature and will not be sufficient to meet obligations that have not been disclosed in the State Government's accounts maintained on cash basis, which the accrual accounting system would have revealed. So the transfer to CSF and investments there-from cannot be considered as a viable choice of investment in the present situation. The enhancement of provision for transfer to the CSF in 2014-15 to the required level was therefore not found desirable and it will be difficult for the State like Kerala which has been consistently in Revenue Deficit to contribute to CSF till such time the revenue account is balanced and the contribution is treated as capital expenditures. Central Account Section of Reserve Bank of

Fund, during the current year. The balance outstanding in the Sinking Fund as on 31 March 2014 was Rs.497.16 crore.

India has been entrusted by the State for the investment/reinvestment of balance of CSF. Accordingly RBI may hold on the reinvestment considering the favourability of money market conditions.

The Scheme is modified vide GO(Ms) No.225/2016/Fin dated 10.06.2016. Though the modified scheme allows to invest CSF in Treasury Bills, Special Securities of the Government of India and State Development Loans of other States *in addition to existing Government of India securities*, the return from such investments vis-a-vis cost of borrowings has to be assessed. Thereafter a prudent stand will be taken in respect of CSF investments.

PREETHA B.S.

JOINT SECRETARY(FINANCE)



GOVERNMENT OF KERALA
Abstract

Finance Department – The Consolidated Sinking Fund of Government of Kerala - Amendments
-issued.

FINANCE (SECRET SECTION) DEPARTMENT

G.O (Ms) No. 225/2016/Fin.

Dated, Thiruvananthapuram, 10th June 2016.

- Read: 1. G.O.(P) No. 384/2007/Fin dated 23.08.2007.
2. G.O (Ms) No. 353/2014/Fin. Dated 21.08.2014.
3. Letter No. IDMD.Res.2137/10.18.013/2015-16 dated 21.03.2016 of the Director,
Internal Debt Management Department, Reserve Bank of India, Mumbai.

ORDER

In pursuance to the consultation with the Reserve Bank of India, the Government of Kerala is pleased to make the following Amendment to the Consolidated Sinking Fund Scheme hereinafter referred to as the Scheme notified vide G.O.(P) No. 384/2007/Fin dated 23.08.2007.

Amendment 1 of clause 4 (d)

such that the availment of SDF under this provision does not exceed the Normal WMA limit fixed by the Bank - to be deleted.

Amendment 2 of clause 8

The accretions to the Fund shall be invested in Government of India Dated Securities, Treasury Bills, Special Securities of the Government of India and State Development Loans of other States of such maturities as the Bank may determine from time to time in consultation with the Government.

Amendment 3 of clause 8 (b)

(b) The Bank will make available the securities for investment (*either from its own investment portfolio or - to be deleted*) by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 10.

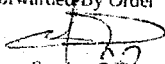
By order of the Governor

Dr. K. M. ABRAHAM,
Additional Chief Secretary (Finance).

To

The Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram.
The Principal Accountant General (A&E), Kerala, Thiruvananthapuram.
The Accountant General (E&RSA), Kerala, Thiruvananthapuram.
The Director of Public Relations, Thiruvananthapuram.
Finance (BW-A/CSFC/Planning -A) Department.
Nodal Officer, www.finance.kerala.gov.in
The Stock file Office Copy.

Forwarded By Order


Section Officer

24

Scheme	Audit observation	Reply
<p>State Disaster Response Fund [Para 1.9.2 (a)]</p>	<p>The State Disaster Response Fund (SDRF) was set up on 1st April 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹112.20 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2013-14 fixed by the Th FC was ₹151.74 crore, 75 per cent (₹113.81 crore) of which was to be contributed by the Central Government and 25 percent (₹37.93 crore) by the State Government. During the year, the State Government credited ₹258.02 crore to the Fund. This includes ₹151.74 crore (being the contribution fixed by ThFC) and ₹10.27 crore (Gol share Rs.7.70 crore and State share ₹2.57 crore) pertaining to 2012-13. In addition, ₹61.74 crore and ₹34.27 crore from National Disaster Response Fund for the years 2013-14 and 2012-13 respectively. After setting off the expenditure for disaster relief operations to the extent of ₹292.49 crore, the balance in SDRF as on 31st March 2014 was ₹77.73 crore.</p> <p>According to the guidelines issued by the Government of India, the accretion to SDRF were to be invested in Central Government dated securities and/or Auctioned Treasury Bills and/or interest earning deposits and Certificates of deposits with Scheduled Commercial Banks. However, no such investments were made by the State Government so far. The interest payable on the uninvested balances of earlier years has also not been estimated.</p>	<p>As per the utilization statement for the year 2013-14, the opening balance for the year was ₹11,734.56 lakh and the state share was ₹3793 lakh. In addition to the above an additional amount has been received under National Disaster Response Fund (NDRF) for ₹6174 lakh. The total available fund was ₹33082.56 lakh. Out of this an amount of ₹29515.26 lakh expended and hence the balance at the end of 31st March 2014 was ₹3567.30 lakh. As per G.O.(MS) No.447/2011/Fin. Dated 17/10/2011, the Government have instructed that the periodic contribution to the SDRF as well as the other income of the SDRF shall be kept in the Public Account of the State on which the State Government should pay interest to the fund at the rate applicable to overdrafts under the Overdrafts Regulations Scheme of RBI. The interest will be credited on a half yearly basis. Hence the accretions to the SDRF were not invested in Central Government Securities and/or Auctioned treasury bills and / or interest earning deposits and Certificate of deposits with Scheduled Commercial Banks.</p>

ACTION TAKEN STATEMENT

Sl No.	Para No.	Recommendation of PAC	Action Taken
1	1.9.3	<p>1. <u>Study on Government Guarantees-contingent liabilities.</u></p> <p>(i) <u>Introduction</u> Article 293 of the Constitution of India empowers the State Governments to give guarantee on the security of the consolidated fund of the state within such limits as may be fixed by the State legislature. According to 'The Kerala Ceiling on Government Guarantees Act, 2003 (KCGG Act), the total outstanding Government guarantees as on 1 April of each year shall not exceed Rs.14000 crore. Government gives guarantee on funds raised by Government companies, public sector undertakings, statutory bodies and cooperative bodies, from financial institutions and the nature of debt may be Term loans, Cash credit, overdraft, Bonds, fixed deposits, etc. The guarantee is liable to be invoked if the principal debtor fails to repay loans, bonds, etc., so guaranteed. According to the KCGG Act, the Government shall charge a minimum of 0.75 per cent of the actual outstanding balance of loan as on 31 March of the preceding year, as guarantee commission and this shall not be waived under any circumstances.</p> <p>The maximum amount guaranteed and the outstanding amount on guarantees at the</p>	

end of the year from 2009-10 to 2013-14 are given in Table 1.30.

ii Table 1.30 Guarantees given by Government of Kerala (Rupees in Crore)

Guarantees	2009-10	2010-11	2011-12	2012-13	2013-14
Maximum amount guaranteed during the year	10225.78	12625.07	11332.11	111482.25	12275.21
Outstanding of amount of guarantees at the end of the year	7495.00	7425.79	8277.44	9099.50	9763.36
Percentage of Maximum amount guaranteed to total revenue	39	41	30	26	25
Maximum amount of ceiling as per Kerala Ceiling on	14000	14000	14000	14000	14000

<p>Government guarantees Act, 2003</p>					<p>According to data furnished by Finance Department, the Government stood guaranteed to 35 institutions (as on 31 March 2014) and the outstanding guarantee for 11 institutions were more than Rs.100 crore. Out of the total outstanding guarantee of Rs.9763.36 crore, 62 per cent (Rs.6087.55 crore) pertains to Kerala State Financial Enterprises (KSFE)(outstanding Rs.3000 crore) and Kerala State Co-operative Agricultural and Rural Development Bank (Outstanding Rs.3087.55 crore). Audit conducted a study covering the Finance Department, five administrative departments and 20 beneficiary institutions to ascertain the efficiency of the system relating to management of guarantee and audit observations are summarized below:</p>	<p><u>Guarantee management</u> Whenever Government Guarantee is provided to PSUs or other institutions all</p>
<p><u>(iii) Guarantee Management</u> All matters involving financial implications are sanctioned by Finance Department and therefore, Finance Department is required to maintain a record of the Government's commitment towards guarantee extended to various institutions.</p>						

<p>further, based on the recommendations of Public Accounts Committee, Finance Department issued (July 2011) detailed guidelines to Administrative Departments for the maintenance of registers for monitoring of Government Guarantee and recording of transactions relating to guarantee commission.</p> <p>Audit observed that National University of Advanced Legal Studies (NUALS) obtained a loan of Rs 20 crore (2012) from Kerala State Co-operative Bank and Kerala State Handicapped Persons Welfare Corporation Limited, obtained a loan of Rupees eight crore from National Handicapped Finance and Development Corporation (March 2013) on Government guarantee without the concurrence of Finance department. Hence the Guarantee Commission was not collected from the institutions as the details of the guarantee given to these institutions were not available with the Finance Department. Audit also noticed that the administrative departments were not keeping registers as mentioned in the Government circular (July 2011) for monitoring guaranteees. This indicates lapse in internal control mechanism which resulted in loss of revenue on account of guarantee commission.</p> <p>The Finance Department accepted (October 2014) the observations of audit and stated that the Administrative departments sanctioned the Government guarantee without consulting Finance Department and assured that necessary corrective measures would be taken to avoid such instances in future. It was also stated that the Finance Department is on the process of developing software for monitoring of guarantee and guarantee commission.</p>	<p>pertinent details with respect to guaranteees will invariably be recorded in the Register for Government Guaranteees for effective monitoring by Finance Department. In certain cases, as observed, Government stood guarantee to the mentioned institutions overruling the disapproval by Finance Department with the approval of Cabinet. Necessary precautionary measures have been taken to avoid occurrence of such instances in future. Instructions were given to all sections in Finance Department to transmit all the proposals received, if any regarding Govt Guarantee to Fin(PU B) Department.</p>
---	---

<p>Finance Department had collected the details of Govt Guarantee & Guarantee Commission from NUALS who had availed a loan from Kerala State Co-operative Bank and from Kerala State Handicapped Persons Welfare Corporation Limited and we have instructed them to clear the arrears in Guarantee Commission at the earliest. Development of software for the effective monitoring of Government Guarantee and Guarantee Commission is in its implementing stage.</p> <p><u>Guarantee Commission</u></p> <p>Finance Department is taking earnest efforts to get the</p>	<p><u>(iv) Guarantee Commission</u></p> <p>During the year an amount Rs.72.85 crore was received as guarantee commission and an amount of Rs 239.30 crore was outstanding as on 31 March 2014. As per the information furnished by the Finance Department the major</p>
---	--

<p>defaulters of Guarantee Commission were Kerala State Housing Board (KSHB) (Rs 89.95 crore), Kerala Water Authority (Rs. 28.04 crore), Kerala State Electricity Board (Rs 76.07 crore) and Kerala State Co-operative Hospital and Centre for advanced medical studies Limited (Rs 26.23 crore). Audit scrutiny revealed the following:</p> <ul style="list-style-type: none"> • Government did not receive any Guarantee Commission for the last four years from eight out of 36 institutions • An interest from loan of Rs 125.23 crore was sanctioned (August 2010) to Kerala State Co-operative Agriculture and Rural Development Bank for payment of GC dues towards the State Government, to avail fresh loan on Government guarantee. This loan was subsequently waived (March 2013) by the Government, thereby indirectly waived the GC dues, which was not permissible under KCGG Act. • According to Government Order (October 2004) interest including penal interest payable on the guaranteed amount as on 31 March of the preceding year should also be considered for the computation of GC. But Kerala State Financial Enterprises Ltd did not take the interest element in the computation of GC which resulted in short remittance of Rs 8.37 crore (2006-2012). • GC due (Rs. 89.95 crore) to the Government, remains unadjusted in the accounts of KSHB (March 2014) when the liability of Rs 1122.68 crore was taken over by the Government. 	<p>guarantee commission dues cleared from those institutions which have defaulted the same. In the case of Kerala State Co-operative Agriculture and Rural Development Bank an interest free loan of Rs 125.3 crore was sanctioned (August 2010) to clear the guarantee commission dues. As such the same was cleared. However the interest free loan was subsequently waived by Government. Hence it can be seen that Guarantee Commission has not been waived. In the case of KSFE guarantee given is as a coverage for their deposits. Hence the payment of Guarantee</p>
--	--

	<p>• The Finance Department accepted the views of audit and stated (October 2014) that directions were given to the institutions to clear the guarantee commission dues and if failed the dues would be adjusted from the budgetary provisions of the respective institutions.</p> <p>In the case of KSHB, the MD has informed that in the meeting of Hon'ble Minister(Finance, Law & Housing) held on 09.12.2014, it was decided to adjust the Guarantee Commission dues. In the case of Kerala Water Authority and other defaulters Finance Department has already directed to clear the Guarantee Commission dues. In the case of KSEB, it is seen that an amount to the tune of Rs 63.22 Crore as Guarantee Commission dues has been included in the GO(Ms) No 17/2015/PD. dated</p>	<p>Commission for the interest portion is not warranted.</p>
--	--	--

13.05.2015 regarding the position of netting off as on 31.03.2008. Govt has decided to take over Kerala State Co-operative Hospital and Centre For Advanced Medical Studies Limited and hence the Guarantee Commission dues in r/o them may be decided later.

In the meeting convened by Additional Chief Secretary(Finance) on 20.01.2014, directions were given to the institutions to clear the Guarantee Commission dues and if failed the dues would be adjusted from the budgetary provisions of the respective institutions. A number of defaulters are

<p>seen remitting the guarantee commission, as a result of this.</p>	
<p>Guarantee becoming liabilities</p> <p>Currently there is no mechanism to monitor the loan repayment by the institutions. Strict directions were given to make the defaulters clear the loan arrears in a meeting convened by Additional Chief Secretary (Finance) on 20.01.2014.</p> <p>Finance Department has already taken steps for making them clear the loan by obtaining half yearly loan remittance details from the institutions. In addition to this Finance Department is on the</p>	<p>(v) Guarantees becoming liabilities</p> <p>Guarantees become liabilities of the guarantor if the debtor fails to repay the amount. As guarantees result in increase in liability, they should be examined in the same manner as a proposal for a loan, taking into account, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, the justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities, etc. Instances of guarantees that became liabilities of the State are detailed below:</p> <ol style="list-style-type: none"> 1. According to Finance Accounts (2013-14), the State Government sanctioned loan amounting to Rs 61.69 crore (15 institutions) loans invoking guarantee. The institutions have not made any repayment so far. 2. Based on Government guarantee (2003), Kerala State Housing Board (KSHB) availed (Rs 1184.42 crore) two loan packages from Housing and Urban Development Corporation for implementation of housing schemes. As KSHB failed to repay the loan, State Government had to take over the liability and Government released an amount of Rs 1122.68 crore as loan to KSHB to settle the dues.

<p>3. Data furnished by the Finance Department showed that nine institutions did not repay any loan amount (loans availed against Government guarantee) to financial institutions during the past four years and the total outstanding for these institutions was Rs 134.02 crore as on 31 March 2014.</p> <p>4. Invocation process for Rs 19.47 crore was initiated against the Government by the banks as Marketed (Rs. 12 crore), National University of Advanced Legal Studies (Rs 2.04 crore) and Kerala automobiles Limited (Rs. 5.43 crore) failed to repay the loans taken by them.</p> <p>Thus, decision of the Government to stand as guarantor without ensuring the financial capacity of the institution resulted in a liability of Rs 1184.37 crore (items (i) and (ii)). An amount of Rs 136.06 crore (items (iii) and (iv)) would also become a liability in the near future as the banks initiated invocation process.</p> <p>The Finance Department admitted the audit observations and stated (October 2014) that currently there is no mechanism to monitor the loan repayment by the institutions. It was also stated that strict directions are given to the defaulters to clear the loan arrears and that the department would ensure the clearance of the loan by obtaining half yearly remittance details from the institutions in future.</p>	<p>a process of developing software for monitoring the loan repayment, default status of loan, Guarantee Commission etc by the beneficiary institutions, which is in its implementing stage.</p> <p>Fresh Government Guarantee to institutions are given only after evaluating the loan repayment capacity so as to avoid recurring of cases involving guarantee invocation.</p> <p>While sanctioning Government Guarantee strict instructions are being given to Administrative Department regarding the monitoring and prompt remittance of guarantee commission, furnishing half yearly reports</p>
--	--

along with copy of chalangans etc. Finance Department also insists of the clearance of guarantee commission dues, while proposals for fresh guarantee commission dues, while proposals for fresh guarantees are receive. - Orders were issued vide G.O(Ms)No. 487/04/Fin dated 16.10.2004, Circular No. 66/2007/Fin dated 18.08.2007, Circular No. 44/2011/Fin dated 16.07.2011 in this regard. Whenever Government Guarantee is provided to PSUs or other institutions all pertinent details with respect to guarantees will invariably be recorded in the Register for Government Guarantees for

<p>effective monitoring by Finance Department.</p> <p>Being an advisory body, Finance Department can not directly involve in these issues and the concerned Administrative Departments can make direct involvement. All Administrative Departments were entrusted to clearly monitor the PSUs with regard to Govt Guarantee, payment of Guarantee Commission and repayment of loans.</p>	<p><u>Guarantee Redemption Fund</u></p> <p>Draft Guarantee Redemption Fund has been formulated and it is with the Accountant General for vetting.</p>
<p><u>(vi) Guarantee Redemption Fund</u></p> <p>As per Section 6 of the Act, the Government was to constitute a Guarantee Redemption Fund. The guarantee commission charged under Section 5 of the Act was to form the corpus of the Fund. However, the Fund had not been constituted and consequently, guarantee commission of Rs 583.13 crore collected during 2003-04 to 2013-14 had not been credited to the Fund but was treated as non-tax revenue in the</p>	

		relevant years and used for meeting the revenue expenditure of the Government. As per Finance Accounts 2013-14, Rs 257.44 crore was outstanding from various entities towards guarantee commission since the inception of the Act. This amount would also have to be part of the Fund.


P. A. SHYAM
Joint Secretary
Finance
Government of Karnataka

കേരള നിയന്ത്രണ പരിഷ്കരണ കമ്മിറ്റി (2016-19) - 15/11/2017 ലെ സമിതി റിപ്പോർട്ട് അനുസരിച്ച അധിക വിവരങ്ങൾ
 ധനകാര്യ(പി.എ.എ) വകുപ്പ്
 Finance Accounts 2015-16 Statement No. 20 പ്രകാരമുള്ള വിവരങ്ങൾ

Para No.	വിവരങ്ങൾ നൽകി സഹസ്രസ്ഥിച്ച് വിവരങ്ങൾ നിലവിലുണ്ട്									
	Kerala Ceiling on Government Guarantees Act, 2003 (2015 അംഗീകൃത) പ്രകാരം ₹21000 കോടി രൂപയാണ് ഗുറന്റേജി പരിധി. നിലവിൽ 39 സാഹസരങ്ങൾക്കാണ് സർക്കാർ ഗുറന്റേജി നൽകുന്നത്. 31/03/2017 പ്രകാരം നിലവിലെ സർക്കാർ ഗുറന്റേജി ₹16245.55 കോടി രൂപയാണ്. ആഴ്ച പ്രകാരം നിലവിലെ സർക്കാർ ഗുറന്റേജി 0.75% ഗുറന്റേജി കമ്മിഷൻ 2 ഗുറന്റേജിയിൽ അടയാലം കണിയിക്കുക ചെയ്യുന്നതാണ്. ₹100.10 കോടി രൂപ 31/03/2017 പ്രകാരം ഗുറന്റേജി ഇനത്തിൽ സർക്കാരിന് ലഭിക്കേണ്ടിയിട്ടുണ്ട്. ഈ ഇനത്തിൽ ₹196.17 കോടി രൂപ സർക്കാരിന് ലഭിക്കാനുണ്ട്. ആയത് നിലവിലുള്ള നിലവിലുള്ള സർക്കാർ സാഹസരങ്ങൾക്ക് നൽകിയിട്ടുണ്ട്. 2018-19 ചെയ്യേണ്ട ബഡ്ജറ്റ് വികാസപരമായ പരിഷ്കരണങ്ങൾ IV അനുസരിച്ച് 30/09/2017 പ്രകാരം ₹17582.57 കോടി രൂപയ്ക്ക് സർക്കാർ ഗുറന്റേജി നൽകാനാണ്.									
1.9.3	Table 1.30 Guarantees given by Govt (₹ in Crores)									
Guarantees	2012-13	2013-14	2014-15	2015-16	2016-17					
Total Revenue (R)	44137.30	49176.94	57950.47	69032.66	79444.11					
Maximum amount guaranteee during the year (A)	11482.25	12275.21	13123.3	13712.77	20204.1					
Outstanding amount of guarantee at the end of the year	9099.5	9763.36	11126.87	12438.52	16245.55					
Percentage of Maximum amount guaranteed to total revenue= A/R*100	26 %	25 %	22.65 %	19.86 %	25.43 %					
Maximum amount of ceiling as per KCCG Act, 2003 (amendment 2015)	14000	14000	14000	21000	21000					

P. K. K. P.
 പി. കെ. കെ. പി.
 ഡി. പി. എസ്.
 ഓഫീസ് സെക്രട്ടറി
 ധനകാര്യ(പി.എ.എ) വകുപ്പ്

**STATEMENT OF ACTION TAKEN ON AUDIT PARAS OF THE COMPTROLLER AND AUDITOR GENERAL
REPORT OF THE YEAR ENDED 31ST MARCH 2014 ON STATE FINANCES**

Sl. No.	Para No.	Audit Observation	Action Taken
1	2.2	The overall savings of Rs.15,718.63 crore was the result of savings of Rs.16279.31 crore in 40 grants and 17 appropriations under the Revenue Section and 27 grants and seven appropriation under the Capital Section, offset by excess of Rs.560.68 crore in four grants and four appropriations under the Revenue Section and two grants under the Capital Section. Compared to previous year, savings increased to 18 percent of the total Grant/Appropriation from 15 percent indicating deficiency in budgetary process. Further, Audit analysed the savings (Rs 8893.44Crore) in voted category and observed the following. In the revenue section savings (Rs 3157.63 Crore) was mainly under plan schemes of eight grants (Rs 2666.95 Crore) and under non-plan schemes of two Grants (Rs 490.68 Crore). In the capital section it (Rs 5145.40 Crore) was under the plan schemes of five grants (Rs 1761.57crore) and non-plan schemes of five Grants (Rs3383.83 crore).	Chapter 8 of KBM contains provisions for control of appropriation for ensuring financial accountability and prudent budget management. However it has been noticed that several spending departments do not strictly adhere to these provisions thus paving the way for occurrence of variation between budgetary appropriation and actual expenditure. To ensure appropriation control and prudent execution of budget, Govt. issues necessary instructions to all departments time to time reiterating the need for adherence to the relevant provisions in the KBM to avoid recurrence of such instances in the ensuing years. In the budget circular issued every year, all heads of departments and controlling officers are given specific instructions to personally ensure that estimates are prepared with utmost care and accuracy taking into account all aspects that are normally available at the time of estimation so as to avoid instances of huge variations between estimates and actuals. Vide Circular No.72/2015/Fin dated 05/08/2015, instructions to this effect was given in 2015 also. This department will also issue stringent instructions to all controlling officers and Heads of departments for taking urgent measures to rectify the errors and to prevent the recurrence of these instances in future.
4	2.3.10	The State Legislature had passed the Appropriation Bill for the financial year 2013-14 and it became an Act on 17.7.2013. Consequently, the budget allocations were	A practice of drawing huge amounts of advance both as cash and demand draft during the closing days of the financial year is seen resorted to some Drawing and Disbursing Officers of various Departments. The main

available to departmental officers for utilization for the purposes earmarked in the budget. Paragraph 91(2) of Kerala Budget Manual states that rush of expenditure in the closing month of the financial year should be avoided. The departmental officers are required to regulate the flow of expenditure in such a manner that there is no rush of expenditure, particularly during the closing month of the financial year. Audit analysed the trend in withdrawal of plan funds (2013-14) provided in the budget and observed that more than 50 per cent of the funds were drawn during the last quarter (and 27 per cent during last month). Further, Audit analysed the plan expenditures of March 2014 and observed that majority of the plan expenditure incurred during March 2014 was under four major heads, viz. 2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backwards classes and Minorities (Rs.570.28 crore), 2202-General Education (Rs.358.93 crore), 2401-Crop Husbandry (Rs.164.25 crore) and 2230-Labour and Employment (Rs.135.41 crore). Further scrutiny of expenditure under the above major heads revealed that plan expenditures were for activities/ schemes continuing from the previous year and therefore the flow of expenditure could have been regulated throughout the year and year end rush of expenditure could have been avoided.


intention behind the practice of advance drawal is to avoid lapsing of budget provisions. Such drawals are made in respect of incomplete works and purchases in violation of the rules pertaining to financial propriety, to be observed by each and every Drawing and Disbursing Officer. To avoid rush of expenditure at the close of the financial year, Govt. have fixed quarterly targets of plan expenditure to be achieved by Departments against budget allocation. To ensure early presentation of bills, cheques, chalan by departments to treasuries, specific time limit have been prescribed, thereby the bunching of expenditure at the fag end of the financial year can be avoided. Instructions are given to controlling Officers to ensure that copies of letters of allotment are reached to sub controlling officers on time. Treasuries were also instructed to comply strictly the guidelines issued time to time by the Government to this effect. Government have introduced Electronic Ledger Account system (ELA) which provides facility to Administrative Departments to utilize the inevitable items of expenditure in respect of new/spill over schemes in the succeeding years without any hindrance. This system will prevent the rush of expenditure to a great extent.

GOVERNMENT OF KERALA

Finance (Budget Wing-D) Department

STATEMENT SHOWING THE ACTION TAKEN ON THE AUDIT PARA 2.3.4 OF THE C & AG REPORT ON STATE FINANCES FOR THE YEAR ENDED 31ST MARCH 2014

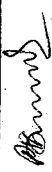
Para No	Department	Particulars of the recommendation	Action Taken
2.3.4	Finance	<p>As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over Grants/Appropriations regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). Excess expenditure occurred under 27 Grants and three Appropriations amounting to ₹ 1258.18 crore for the years 2011-12 and 2012-13 was to be regularized.</p>	<p>The Demands for Excess Grants for regularizing the excess expenditure over Voted Grants/Charged Appropriations for the years 2011-12 and 2012-13 as recommended by the 100th Report of the Public Accounts Committee (2014-16) has been regularized by the Legislature and the connected Appropriation Acts (Appropriation Acts Numbers 4 and 5 of 2015) have been published as the Kerala Extraordinary Gazette (Numbers 2883 and 2884) vide Notification No.28243(1) /Leg.A1/ 2015/Law & No.28243(2) /Leg.A1/ 2015/Law dated 23.12.2015.Total excess expenditure regularized comes to Rs 1193.25 crore. The remaining portion of the excess expenditure incurred shall be regularized as and when recommendation of PAC is received.</p>


A. SHIBU
 Joint Secretary
 Finance Department

**STATEMENT OF ACTION TAKEN ON PARA 2.3.12 & 2.9 OF THE COMPTROLLER AND AUDITOR GENERAL
REPORT OF THE YEAR ENDED 31ST MARCH 2014 ON STATE FINANCES**

Sl. No	Para No.	Audit Observation	Action Taken
1	2.3.12	<p>Paragraph 86(3) of the Kerala Budget Manual lays down that the authority sanctioning re appropriations should satisfy itself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as 'based on trend of expenditure', 'based on trend of actual expenditure', 'expenditure is less than that was anticipated', etc. as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 Grants issued by the Finance Department revealed that in respect of 322 out of 574 items (56 per cent), the reasons given for withdrawal of provision/ additional provision in re-appropriation orders were general nature like 'expenditure is less than anticipated', 'reduced provision is sufficient to meet the expenditure', etc. Thus proper/ detailed reasons for re-appropriations were not explained by various departments which is violative of the provisions of paragraph 86(3) of Kerala Budget Manual.</p>	<p>As per Para 86(3) of the Kerala Budget Manual re-appropriation proposals furnished by the Chief Controlling Officers and Heads of Department shall be explained with full frank and forthright reasons. Government have from time to time issued instructions to Controlling Officers and Heads of Department for strict compliance of the relevant provisions in the Kerala Budget Manual. However it has come to notice of the Government also that some of the CCOs/HODs still fail to furnish re-appropriation proposals in line with the stipulations in the KBM. Such discrepancies are seen in the proposals furnished for final re-appropriation. Most of the re-appropriation proposals are received in the finance Department during the lag end of financial year for sanctioning and due to severe time constraints, Finance Department is often compelled to accept the reasons furnished by CCOs as such and otherwise it would ultimately result in unnecessary savings/excess in respective Demands for Grants. Finance Department never intends to circumvent the stipulations in Para 86(3) of the Kerala Budget Manual or to encourage such defective re-appropriation proposals from CCOs/HODs. With the introduction of BAMS, a centralized system has now emerged so that CCOs and HODs can monitor the expenditure status in real time and they could effectively assess the reasons for more requirement/saving under each unit of appropriation. Finance Department expects that present on-line expenditure monitoring system would facilitate CCOs and HODs to furnish re-appropriation proposals explained with accurate and specific reasons. This department will make necessary instructions to all CCOs and HODs to strictly comply with Para 86(3) of the Kerala Budget Manual while furnishing re-appropriation to prevent the recurrence of these instances in future.</p>

2	<p>The Finance Department may be guided by reports pointing out persistent savings in past years to make their budget more realistic. The expenditure statements/ warning slips issued by the Accountant General (A&E) to the Controlling Officers should be used effectively to control appropriation during the year.</p>	<p>Budget estimates of a financial year are formulated generally on the basis of trend in expenditure of the previous financial years and also taking into account of the emerging necessities of under each function of the Government. Utmost care is given to make estimates as realistic as possible. Finance dept expects that introduction of BMS (Budget Monitoring System) for online data collection for budget estimates would help to collect accurate data from CCOs and HODs so as to make estimates of Non-plan budget as realistic as possible. Finance Department has also taken steps to link BMS with SPARK DATA SYSTEM, Payroll monitoring system for disbursing Pay and allowances to government employees and teachers so that disparities if any, in the staff strength reported by the controlling officers can be rectified and thereby budget estimates can be made more realistic. In the case of persistent savings/excess noted under Plan heads State Planning Board has requested to look into the situation and requested that provisions need be made in the Annual Plan to the extent of minimum requirement while preparing plan estimates. Finance (Budget) Department will take utmost care and earnest efforts to make budget estimates realistic by analyzing the instances of persistent savings/excess in a case to case manner. All Heads of Departments will also be apprised of the situation and separate instructions will be issued in the Budget Circular to look into instances of persistent savings/excess while furnishing proposals for Budget estimates to Finance Department. Government have introduced Budget Allocation Monitoring System (BAMS) from April 2016 onwards with an objective to monitor and control the day-to-day financial position of the State by restricting the departments to incur expenditure within the budget allocation by the Finance Department. This system enables the monitoring of expenditure more effectively and efficiently by the Finance Department.</p>
2.9		



**GOVERNMENT OF KERALA
FINANCE (STREAMLINING) DEPARTMENT**

**STATEMENT OF ACTION TAKEN ON THE AUDIT PARA CONTAINED IN THE REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL FOR THE YEAR ENDED ON 31.03.2014.**

Sl. No.	Para No.	Audit Para	Statement of Action Taken on the Audit Para
1	2.4.1	<p><u>Pendency-in submission of Detailed Countersigned Contingent bills against Abstract Contingent bills.</u></p> <p>According to Rule 187 (d) of the Kerala Treasury Code, all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the Drawing and Disbursing Officer (DDO) from the treasury by presenting Abstract Contingent bills in the prescribed form (Form TR 60). Abstract Contingent (AC) bills can be drawn only by an authorised officer for the items of expenditure listed in Appendix 5 to the Kerala Financial Code. The DDO should maintain a register of AC bills and monitor submission of detailed bills there against. The Detailed Contingent (DC) bills in respect of such claims should be submitted to the controlling authority for countersignature not later than the 10th of the month succeeding that to which they relate. The detailed bills pertaining to a month's claim should reach the Principal Accountant General (A&E), Kerala not later than the 20th of the succeeding</p>	<p>As per the latest report of Accountant General (A&E) on 12.8.2015, two Abstract Contingent bills related to District Police Office, Thrissur and District Police Office, Thrissur (Rural) alone were pending for settlement for the year ended on 31.3.2014.</p> <p>The Accounts Officer, District Police Office, Thrissur (Rural) has reported that the two Abstract Contingent (AC) bills drawn for the year 2013-14 have been adjusted and corresponding Detailed Contingent (DC) bills sent to AG (A&E) for verification.</p> <p>Thus all the pending Detailed Contingent</p>

(DC) bills up to 31.3.2014 have been cleared.

month.

According to the records maintained by the Principal Accountant General (A&E), Kerala, 56 AC bills drawn by 31 DDOs up to March 2014 involving ₹1.79 crore were not adjusted as of June 2014 due to non-receipt of DC bills, details of which are enumerated in Appendix 2.13. Year-wise details are given in Table 2.11. Non-submission of DC bills leads to retention of advance amount drawn with the drawing officer and the advance drawn remains unaccounted under the proper heads of account.

Table 2.11: Pendency in submission of Detailed Countersigned contingent bills against Abstract Contingent bills.

Year	AC bills		Outstanding AC bills	
	Number of Items	Amount	Number of Items	Amount
2011-12	384	4.04	1	0.15
2012-13	417	3.84	2	0.22
2013-14	402	5.48	53	1.42
Total	1203	13.36	56	1.79

Source: Information compiled by Principal Accountant General (A&E), Kerala

Audit noticed that two AC bills for Rs. 30 lakh (Rs.15 lakh each drawn during 2011-12 and 2012-13) drawn by Principal Agricultural Officer, Thrissur and one AC bill for Rs. 6.89 lakh (2012-13) drawn

2	<p>by Accounts Officer, City Police Office, Kochi were pending for more than one year.</p>	<p>Director of Treasuries has reported that excess cash balance noticed in 90 treasuries/sub treasuries on 825 occasions, has been regularized.</p>
2.6.2	<p><u>Retention of excess cash balance</u></p> <p>According to Rule 309 of Kerala Treasury Code Volume. I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next Financial Year. The District Treasury Officer in turn, fixes the cash balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. Moreover excess retention of cash balance in treasuries may cause loss of revenue to the state by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 90 treasuries/sub treasuries on 825 occasions during the financial year. The Director of Treasuries admitted the facts and stated that circular instructions were issued to the District Treasury Officers/Sub Treasury Officers to avoid retention of excess cash.</p>	<p>Director of Treasuries has reported that excess cash balance noticed in 90 treasuries/sub treasuries on 825 occasions, has been regularized.</p>



GOVERNMENT OF KERALA

FINANCE (INSPECTION) DIVISION DEPARTMENT

ACTION TAKEN STATEMENT ON THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON STATE FINANCES FOR THE YEAR ENDED 31 MARCH 2014.

SL. NO.	Para No.	Department	Recommendation	Action Taken
1	2.4.2	Finance	<p>Unreconciled Expenditure</p> <p>To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Paragraph 74 of the Kerala Budget Manual stipulates that the expenditure reported in their books should be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General(A&E), Kerala. During the year reconciliation for 70.72 percent of the total receipts (₹26,610.19 crore out of ₹37,727.44 crore) and 67.10 percent of the total expenditure (₹38,122.72 crore out of ₹56,810.69 crore) were completed. However, Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by Principal Accountant General(A&E). The details are shown in Appendix 2.4.2. This was not only violative of the provisions of paragraph 74 of Kerala Budget Manual but also indicative of doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by Principal Accountant General(A&E), Kerala.</p>	<p>1. Finance (Inspection-NTK) Department has taken timely action and issued D.O.Letter dated 11/03/14 to all HODs/District Collector/Secretaries requesting to complete reconciliation of figures both under expenditure and receipt relating to each Department upto 31st March 2014 on a war footing basis and furnish the certificate to the Office of the Accountant General under intimation to Finance Department.</p> <p>2. In addition to the periodical circular dated 28/03/12 and 13/03/13, this Department has issued G.O.(P)No.476/13/fm dated 13/09/13 in which it was strictly directed to take immediate action to clear all pending reconciliation of receipts and expenditure during the previous years. Further all COs/CCOs/HODs have been directed to forward a quarterly progress report of reconciliation both receipt and expenditure directly to Finance Inspection NTK Department. Moreover (Finance -NTK) Department conducts periodical inspection at maximum offices where pending reconciliation is on the higher side and initiate better performance of the Departments. Further direction has also been given to all District Finance Inspecting Officers to monitor the performance of reconciliation at District level Officer.</p> <p>3. Due to the intervention by Finance (Inspection- NTK) Department, there has been considerable decrease in the pendency of reconciliation.</p> <p>4. In view of the report of the C&AG, 20 C.C.O who were reported as defaulters, as they did not reconcile their expenditure with the accounts maintained by the Principal Accountant General(A&E), have already been strictly directed through D.O.letters to complete the reconciliation as pointed out by the Principal Accountant General(A&E).</p>

Details of pending reconciliation certificate is as shown in the table below:

Sl. No	Year	Pendency as on 02-05-14 as reported by AG		Pendency as on 10-03-15 as reported by AG	
		Receipt	Expenditure	Receipt	Expenditure
1	2006-07	-	45	-	45
2	2007-08	-	100	-	100
3	2008-09	-	82	-	82
4	2009-10	191	366	179	345
5	2010-11	248	656	248	608
6	2011-12	353	722	313	646
7	2012-13	366	1053	315	814
8	2013-14	804	1976	338*	1031*
	Total	1962	5000	1393	3671

* However as per the report of AG dated 24/07/2015 the pendency during 2013-14 has been considerably reduced as 289 Nos (Receipt) and 937 No.s (Expenditure) which is due to the active intervention of Finance Department.

Wahem

V.P. CHANDRAN, IAS (Retd.)
Additional Secretary to Govt.
Finance Department
Govt. Secretariat, Tirupur.

STATEMENT OF ACTION TAKEN ON PARA 2.5 OF THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL ON STATE FINANCES OF

THE YEAR ENDED 31ST MARCH 2014

Sl No	Para No.	Audit Observation	Action Taken
1.	2.5	<p>Review of Grant Number XXII-Urban Development - Budget allocations are made in excess of the annual requirement sought by department/implementing agencies. Persistent savings have been noticed under Demand No.XXII-Urban Development in</p>	<p>Demand No.XXII-Urban Development comprises of Centrally Sponsored Schemes including schemes supported with Additional Central Assistance for externally aided projects. Plan outlays for these schemes were fixed based on the guidelines of Planning Commission as allocation to these schemes were not available from Government of India at the time of resource estimation of Annual Plan. The outlay of External Aided Projects(EAP) were fixed on the basis of proposals furnished by various implementing agencies and taking into account of overall resource base for External Aided Projects in order to arrive at the size of Annual Plan. Hence forecasting of Government of India assistance for the above schemes cannot be</p>

<p>ascertained exactly at the time of budget formulation. However budget allocations have to be provided for these schemes in order to accommodate the Government of India assistance receivable for Centrally Sponsored/ACA/EAP schemes along with the corresponding state shares based on the funding pattern of respective schemes. Therefore provisions for such schemes are earmarked in anticipation of Central assistance with corresponding State share for avoiding delay in implementation of schemes which have to be completed within a specific time frame. Moreover the funds provided were for several developmental activities in urban areas, which were necessary for the proper upkeep of urban areas. But the schemes could not be implemented mainly because of practical difficulties faced by implementing Agencies in acquiring the land in urban areas, public protests in collection and transportation of waste, traffic disruption problems, delay in utility shifting, lack of co-ordination between implementing agencies, lack of experienced contractors etc. Moreover a good number of the</p>	<p>the last three years which indicates lack of adequate budgetary control and oversight from the Department</p>
---	--

		<p>schemes were implemented through urban and rural local bodies. In most of the cases the local bodies fails to prepare Detailed Project Reports in time. Detailed Instructions will be issued to all the Implementing Agencies to envisage practical ways to utilize the budget allocations earmarked so that the scenario of surrendering substantial provisions at the end of the financial year can be avoided.</p>
--	--	--

12/11

REMEDIAL MEASURES TAKEN STATEMENT ON THE REPORT OF THE C&AG ON STATE FINANCES FOR THE YEAR ENDED MARCH 2014 Para No. 2.6 (2.6.1, 2.6.2, 2.6.3)

FINANCE (ESTABLISHMENT - C) DEPARTMENT

Sl.No	Para.No	Recommendation	Action Taken																																																						
1.	2.6.1 (Page No. 65 of C&AG report-2014)	<p>Excess Payment of Pension – During the course of Treasury inspection, excess payment on account of pension /family pension amounting to ₹1.01 crore was noticed in 1979 cases. The main reason for these excess payment were errors in calculation of revised pension, continuance of higher rate of family pension after expiry of authorized period, non-deduction of commuted portion of pension from basic pension, payment of ineligible festival allowance and medical allowance to family pensioners who are also in receipt of regular pension, and incorrect calculation of dearness relief. Out of the above excess payment, ₹ 0.18 crore involved in 680 cases have already been recovered.</p> <p align="center">(TABLE 2.16)</p>	<p>The excess payment on account of pension /family pension for the year 2013-14 amounts to ₹ 1,01,42,652/- Of this ₹ 97,71,315/- has been recovered (as on 01.10.2016) and ₹ 3,71,337/- is yet to be recovered. Action is being taken to recover the balance amount.</p>																																																						
<table border="1"> <thead> <tr> <th rowspan="2">Sl. No</th> <th rowspan="2">Details of Excess paid pension</th> <th colspan="2">Excess paid</th> <th colspan="2">Recovered</th> <th colspan="2">Balance</th> </tr> <tr> <th>No. of cases</th> <th>Amount</th> <th>No. of cases</th> <th>Amount</th> <th>No. of cases</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Excess payment of pension</td> <td>268</td> <td>33.32</td> <td>106</td> <td>7.99</td> <td>162</td> <td>25.33</td> </tr> <tr> <td>2</td> <td>Excess payment of family pension</td> <td>91</td> <td>22.71</td> <td>17</td> <td>1.33</td> <td>74</td> <td>21.38</td> </tr> <tr> <td>3</td> <td>Excess payment of festival allowance and Medical allowance</td> <td>1596</td> <td>26.64</td> <td>554</td> <td>8.26</td> <td>1042</td> <td>18.38</td> </tr> <tr> <td>4</td> <td>Excess payment of Inter-state pension</td> <td>24</td> <td>18.76</td> <td>3</td> <td>0.30</td> <td>21</td> <td>18.46</td> </tr> <tr> <td></td> <td>Total</td> <td>1979</td> <td>101.43</td> <td>680</td> <td>17.88</td> <td>1299</td> <td>83.55</td> </tr> </tbody> </table>				Sl. No	Details of Excess paid pension	Excess paid		Recovered		Balance		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	1	Excess payment of pension	268	33.32	106	7.99	162	25.33	2	Excess payment of family pension	91	22.71	17	1.33	74	21.38	3	Excess payment of festival allowance and Medical allowance	1596	26.64	554	8.26	1042	18.38	4	Excess payment of Inter-state pension	24	18.76	3	0.30	21	18.46		Total	1979	101.43	680	17.88	1299	83.55
Sl. No	Details of Excess paid pension	Excess paid				Recovered		Balance																																																	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount																																																		
1	Excess payment of pension	268	33.32	106	7.99	162	25.33																																																		
2	Excess payment of family pension	91	22.71	17	1.33	74	21.38																																																		
3	Excess payment of festival allowance and Medical allowance	1596	26.64	554	8.26	1042	18.38																																																		
4	Excess payment of Inter-state pension	24	18.76	3	0.30	21	18.46																																																		
	Total	1979	101.43	680	17.88	1299	83.55																																																		

2.	<p>2.6.2 (Page No. 66 of C&AG report-2014)</p> <p>Retention of excess cash balance- According to Rule 309 of Kerala Treasury Code Vol.I, every year in January, Government fixes the maximum cash balance for each District Treasury for the next Financial year. The DTO in turn fixes the cash balance for each Sub Treasury in the district. The actual cash balance in treasury should ordinarily be kept much below the normal maximum balance fixed for a treasury so that Government's credit balance in the Reserve Bank of India may be as large as possible. Moreover excess retention of cash balance in treasuries may cause loss of revenue to the State by way of loss of interest on investment, payment of interest on ways and means advances, etc. Excess retention of cash balance was noticed in 90 treasuries/sub treasuries on 825 occasions during the financial year. The Director of Treasuries admitted the facts and stated that circular instructions were issued to the District Treasury Officers/Sub Treasury Officers to avoid retention of excess cash.</p>	<p>All cases of retention of excess cash balance (825 occasions in 90 Treasuries) have already been rectified by the DT.</p>
3.	<p>2.6.3 (Page No. 66 of C&AG report-2014)</p> <p>Short recovery of rent of residential quarters- House rent at the rate of two per cent of basic pay (as per paragraph 14 of GO (P) 85/2011/Fin. dated 16 February 2011) is to be recovered with effect from the date of coming over to the revised scale in the case of employees residing in Government quarters and whose scale of pay is 21240-37040 and above. In the case of employees covered under UGC/AICTE scale of pay, rent at the rate of four per cent of their basic pay is to be recovered (paragraph 14 of the Pay Revision Orders 2009). During the year, short/non-recovery of house rent were noticed in 80 cases amounting ₹ 4.29 lakh in 50 treasuries.</p>	<p>Recovery of the all amount pointed out (₹ 4,29,203/-) has been completed by 30.09.2016.</p>


 Director of Treasuries
 Government of Kerala
 Thiruvananthapuram

APPENDIX - III

Appendices from NSS Report

Appendices

Appendix 1.1 State Profile

(Reference: Page 1, Paragraphs 1.3; Page 12 and 1.6.1; Page 19)

A. General Data		
Sl. No.	Particulars	Figures
1.	Area	38863 sq. km.
2.	Population	
	a. As per 2001 Census	3.18 crore
	b. As per 2011 Census	3.34 crore
3.	a. Density of Population (as per 2001 Census) (All India Density = 325 persons per sq.km)	819 persons per sq. km.
	b. Density of Population (as per 2011 Census) (All India Density = 382 persons per sq.km)	860 persons per sq. km.
4.	⁴² Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)	7.05 per cent
5.	a. Literacy (as per 2001 Census) (All India Average = 64.8 per cent)	90.92 per cent
	b. Literacy (as per 2011 Census) (All India Average = 74.04 per cent)	93.91 per cent
6.	Infant mortality ⁴³ (per 1000 live births)(All India Average = 40 per 1000 live births)	13
7.	Life Expectancy at birth ⁴⁴ (All India Average = 65.8 years)	74.2 years
8.	Gini Coefficient ⁴⁵	
	a. Rural (All India = 0.29)	0.42
	b. Urban (All India = 0.38)	0.50
9.	Gross State Domestic Product (GSDP) 2013-2014 at current prices	₹4,02,972 crore
	Per capita GSDP Compounded Annual Growth Rate (2004-05 to 2013-14)	
	Kerala	13.88 per cent
	General Category States	14.88 per cent
10.	GSDP Compounded Annual Growth Rate (2004-05 to 2013-14)	
	Kerala	14.49 per cent
	General Category States	15.49 per cent
11.	Population Growth (2003-04 to 2012-13)	
	Kerala	4.86 per cent
	General Category States	12.94 per cent
12.	Per capita income at current prices(2012-13)	
	Kerala	₹99,977
	All India	₹68,757

B. Financial Data

Compounded Annual Growth Rate	Particulars		
	2004-05 to 2012-13		2004-05 to 2013-14
	General Category States	Kerala	Kerala
	(In per cent)		
a. Revenue Receipts	16.93	15.96	15.45
b. Own Tax Revenue	16.42	16.34	15.19
c. Non Tax Revenue	12.49	22.66	23.75
d. Total Expenditure	15.37	16.01	15.54
e. Capital Expenditure	17.01	26.96	22.69
f. Revenue Expenditure on Education	17.44	15.74	15.31
g. Revenue Expenditure on Health	16.50	16.93	16.45
h. Salary and Wages	14.73	15.81	15.35
i. Pension	18.34	16.57	16.10

⁴² Source of General Data: Planning Commission Poverty Estimates for 2011-12, 23rd July 2013 press release.

⁴³ Infant mortality rate (SRS Bulletin September 2014).

⁴⁴ Economic Survey 2012-13 (Office of the Registrar General of India, Ministry of Home Affairs)

⁴⁵ Gini Coefficient (Unofficial estimates of Planning Commission, 2009-10 URP; 66th Round)

Gini Coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.

Appendix I.2
Part A : Structure and form of Government Accounts
 (Reference: Paragraph I.1; Page 2)

Structure of Government Accounts: The accounts of the State Government are kept in three parts: (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of the State' established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

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

Part B : Layout of Finance Accounts

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

Statement No.	Details of Statements
1.	Statement of Financial Position.
2.	Statement of Receipts and Disbursements.
3.	Statement of Receipts in Consolidated Fund.
4.	Statement of Expenditure in Consolidated Fund.
5.	Statement of Progressive Capital Expenditure.
6.	Statement of Borrowings and other Liabilities.
7.	Statement of Loans and Advances given by the Government.
8.	Statement of Grants-in-aid given by the Government.
9.	Statement of Guarantees given by the Government.
10.	Statement of Voted and Charged Expenditure.
11.	Detailed Statement of Revenue and Capital Receipts by minor heads.
12.	Detailed Statement of Revenue Expenditure by minor heads.
13.	Detailed Statement of Capital Expenditure.
14.	Detailed Statement of Investments of the Government.
15.	Detailed Statement on Borrowings and Other Liabilities.
16.	Detailed Statement on Loans and Advances made by Government.
17.	Detailed Statement on Sources and Application of funds for expenditure other than on revenue account.
18.	Detailed Statement on Contingency Fund and Public Account transactions.
19.	Detailed Statement on Investments of earmarked funds.

Appendix 1.3

Part A : Methodology adopted for assessment of fiscal position
(Reference: Paragraph 1.1; Page 2)

The norms/ceilings prescribed by the Twelfth Finance Commission (TFC) for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

	2009-10	2010-11	2011-12	2012-13	2013-14
GSDP ⁴⁶ (₹ in crore)	2,31,999	2,63,773	3,07,906	3,49,338	4,02,972
Growth rate of GSDP	14.41	13.70	16.73	13.46	15.35

Source : Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2011-12 are provisional and that for 2012-13 are Quick Estimates. The figures for 2013-14 are adopted from the budget documents for 2014-15.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] \times 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] \times 100$
Interest spread	GSDP growth rate - Average Interest Rate
Quantum spread	Debt stock x Interest spread
Interest received as per cent to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] \times 100$
Revenue Deficit	Revenue Receipts - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit - Interest payments
Balance from Current Revenues (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 - Appropriation for reduction of Avoidance of debt
Domar Gap	Nominal GSDP Growth Rate - Average interest Rate

⁴⁶ Base year 2004-05

Appendix 1.3**Part B : The Kerala Fiscal Responsibility Act**

The State Government enacted the Kerala Fiscal Responsibility Act, 2003 which came into force on 5 December 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or thereto.

The Thirteenth Finance Commission has prescribed a fiscal consolidation map which required the State to eliminate revenue deficit by 2014-15 and to achieve fiscal deficit of 3 per cent of GSDP by 2013-14. The State was also required to amend their Fiscal Responsibility Act to conform to the above fiscal reform path. Accordingly, the State Government passed the Kerala Fiscal Responsibility (Amendment) Act, 2011 (Act 17 of 2011) on 8 November 2011. According to the Act, the Government is committed to

- reduce the revenue deficit to 'nil' within a period of four years commencing on the 1 April 2011 and ending with the 31 March 2015 by reducing the revenue deficit in the years 2011-12, 2012-13, 2013-14 and 2014-15 in the order of 1.4 per cent, 0.9 per cent, 0.5 per cent and zero per cent, respectively, of the gross state domestic product,
- build up surplus amount of revenue and utilise such amount for discharging liabilities in excess of assets;
- reduce the fiscal deficit to 3 per cent of the estimated gross state domestic product within a period of three years commencing on the 1 April, 2011 and ending with the 31 March, 2014 by maintaining the fiscal deficit at a level not exceeding 3.5 per cent of the gross state domestic product in the years 2011-12 and 2012-13 and reducing it to 3 per cent in 2013-14;
- reduce the State's total debt liabilities to 29.8 per cent of the estimated gross domestic product within a period of four years commencing on the 1 April, 2011 and ending with the 31 March, 2015 by reducing the total debt liability in the years of 2011-12, 2012-13, 2013-14 and 2014-15 to the order of 32.3 per cent, 31.7 per cent, 30.7 per cent and 29.8 per cent respectively of the gross state domestic product;

Outcome indicators given in the Medium Term Fiscal Plan for 2013-14 to 2015-16 are given in the following table.

**Outcome indicators set out in the Medium Term Fiscal Plan for the years
2013-14 to 2015-16**

Sl. No.	Item	2010-11 Accounts	2011-12 Accounts	2012-13 Revised Estimates	2013-14 Budget Estimates	Forward estimates	
						2014-15	2015-16
1.	Revenue Receipts	30991	38010	48269	58058	68075	81337
1 (a)	State's Own Tax Revenue	21722	25719	31702	38771	46525	55830
1 (b)	Non Tax Revenue	1931	2592	4458	4922	5660	6509
1 (c)	Resources from Centre	7338	9700	12108	14365	16520	18998
2.	Revenue Expenditure	34665	46045	51676	60328	68609	81294
2 (a)	Non-interest Revenue Expenditure	28975	39751	44630	52654	59873	71442
2 (b)	Interest	5690	6294	7045	7673	8736	9852
2 (c)	Salaries	11032	16029	16753	19662	22449	27281
2 (d)	Pensions	5767	8700	8467	9438	10570	13781
2 (e)	Non - SPI Revenue Expenditure	12176	15022	19410	23554	26854	30380
2 (e) (i)	Subsidies	624	1002	1085	953	1048	1153
2 (e) (ii)	Power Subsidy	0	0	0	0	0	0
2 (e) (iii)	Maintenance and repair	734	755	1049	805	885	974
2 (e) (iv)	Devolution to LSGs	2971	3897	4878	6099	7653	9259
2 (e) (v)	Administrative Expenditure	1315	1633	1981	2403	2643	2907
2 (e) (vi)	Other Revenue Expenditure	6533	7736	10416	13296	14625	16088
3.	Revenue Surplus/Deficit	-3674	-8034	-3406	-2270	96	43
4.	Effective Revenue Surplus/Deficit	-1326	-5263	-609	-1202		
5.	Capital Expenditure	4126	4851	3059	3749	14699	16757
5 (a)	Capital outlay	3364	3853	6903	8635	13474	15410
5 (b)	Loan disbursements (Net)	762	999	1155	1113	1225	1347
5 (c)	Non Debt Capital Receipts	69	71	120	146	160	176
6.	Fiscal Deficit/Surplus	-7731	-12815	-11345	-11873	-14442	-16538
7.	Primary Fiscal Deficit/Surplus	-2841	-4521	-4300	-4199	-5786	-6686
8.	End of the period Debt	74821	84046	95333	107684	121343	136833
9.	Debt Service	5965	6304	7045	7673	8736	9852
10.	Salary + Pension + Interest	22489	31023	32266	36773	41755	50914
11.	Explicit Power subsidy	0	0	0	0	0	0
12.	Debt Stock	78673	89418	101248	114121	128564	145102
13.	Government Guarantees	7426	8277	8894			
14.	Interest/ Revenue (per cent)	18.36	16.56	14.60	13.22	12.72	12.11
15.	Debt/ Revenue (per cent)	253.86	235.25	209.76	196.56	187.12	178.40
16.	(Salary + Pension + Interest)/ Revenue (per cent)	72.57	81.62	66.85	63.34	60.77	62.60
17.	(Salary + Pension + Interest)/ GSDP (per cent)	8.35	9.84	8.88	8.75	8.67	9.24
18.	(Salary + Pension)/ GSDP (per cent)	6.23	7.85	6.94	6.92	6.86	7.45
19.	Revenue Deficit/ Revenue Receipt (per cent)	11.86	21.14	7.06	3.91	-0.14	-0.05
20.	RD/GSDP (per cent)	1.36	2.55	0.94	0.54	-0.02	-0.01
21.	FD/GSDP (per cent)	2.87	4.07	3.12	2.82	3.00	3.00
22.	Effective RD as percentage of GSDP	0.49	1.67	0.17	-0.29		
23.	Debt stock / GSDP (per cent)	29.20	28.37	27.87	27.14	26.70	26.32
24.	GSDP	269474	315206	363305	420479	481448	551258
25.	Nominal GSDP Growth Rate (per cent)	15.96	16.97	15.26	15.74	14.50	14.50
26.	Average Interest rate (per cent)	7.60	7.49	7.39	7.13	7.20	7.20
27.	Domar Gap	8.36	9.48	7.87	8.61	7.30	7.30

Appendix 1.4

Part A : Abstract of receipts and disbursements for the year 2013-14
(Reference: Paragraph 1.1.1; Page 2)

(₹ in crore)

Receipts				Disbursements				2013-14	
2012-13			2013-14	2012-13	Non-Plan	Plan	Total	2013-14	
Section - A: Revenue									
44137.30	I. Revenue Receipts		49176.93	53488.74	I. Revenue Expenditure	53411.84	7073.66	60485.50	60485.50
30076.61	Own Tax Revenue	31995.01		22786.61	General Services	26478.44	126.65	26605.09	
4198.51	Non-Tax Revenue	5575.03		18877.49	Social Services	16333.95	4645.93	20979.88	
6840.65	State's share of Union Taxes and Duties	7468.68		10532.02	Education, Sports, Art and Culture	10711.80	998.05	11709.85	
657.46	Non-Plan Grants	1679.40		3112.82	Health and Family Welfare	2780.54	727.00	3507.54	
1163.46	Grants for State Plan Schemes	1154.23		948.14	Water Supply, Sanitation, Housing and Urban Development	407.98	500.80	908.78	
1200.61	Grants for Central Plan and Centrally Sponsored Plan Schemes	1304.58		64.77	Information and Broadcasting	46.78	10.08	56.86	
				1217.91	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	263.46	1376.35	1639.81	
				662.52	Labour and Labour Welfare	265.96	366.81	632.77	
				2281.59	Social Welfare and Nutrition	1802.14	666.84	2468.98	
				57.72	Others	55.29		55.29	
				7808.42	Economic Services	5627.98	2301.08	7929.06	
				3787.15	Agriculture and allied activities	2613.76	1279.14	3892.90	
				540.68	Rural Development	322.94	317.76	640.70	
				94.33	Special Areas Programmes		102.68	102.68	
				482.69	Irrigation and Flood control	427.28	24.48	451.76	
				151.80	Energy	206.12	19.58	225.70	
				373.12	Industry and Minerals	163.28	185.85	349.13	
				1836.75	Transport	1666.59	83.68	1750.27	
				118.05	Science, Technology and Environment	40.06	72.07	112.13	
				423.85	General Economic Services	187.95	215.84	403.79	
				4016.22	Grants-in-aid and Contributions	4971.47		4971.47	
9351.44	II. Revenue Deficit carried over to Section B		11308.57		Revenue Surplus carried over to Section B				
53488.74	Total - Section A		60485.50	53488.74	Total - Section A	53411.84	7073.66	60485.50	60485.50

Appendix 1.4 Part A - Contd.

(₹ in crore)

Receipts		Disbursements						
2012-13		2012-13	2012-13		Non-Plan	Plan	Total	2013-14
	Section B: Others							
3793.46	III. Opening Cash Balance including Permanent Advances, Cash Balance Investment and Investment of earmarked funds	4692.73	0.00	III. Opening Overdraft from Reserve Bank of India				0
14.81	IV. Miscellaneous Capital Receipts	19.19	4603.29	IV. Capital Outlay	796.71	3497.62	4294.33	4294.33
			146.91	General Services	63.58	84.45	148.03	
			561.89	Social Services	1.50	615.62	617.12	
			138.21	Education, Sports, Art and Culture		199.28	199.28	
			130.65	Health and Family Welfare		130.32	130.32	
			114.79	Water Supply, Sanitation, Housing and Urban Development	1.50	73.86	75.36	
				Information and publicity		1.89	1.89	
			30.50	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		33.28	33.28	
			2.61	Social Welfare and Nutrition		38.74	38.74	
			145.13	Other Social Services		138.25	138.25	
			3894.49	Economic Services	731.63	2797.55	3529.18	
			217.75	Agriculture and allied activities	73.80	171.90	245.70	
			10.50	Other rural development programmes	0.25	27.89	28.14	
			340.60	Irrigation and Flood Control	76.00	266.39	342.39	
			0.00	Power projects		3.40	3.40	
			273.94	Industry and Minerals		342.24	342.24	
			2986.36	Transport	73.74	1861.70	1935.44	
			0.20	Science, Technology and Environment		0.25	0.25	
			65.14	General Economic Services	507.84	123.78	631.62	

Appendix I.4 Part A – Concl'd.

		Receipts		Disbursements		(₹ in crore)
2012-13			2013-14	2012-13		2013-14
73.61	V. Recoveries of Loans and Advances		103.75 ⁴⁷	1136.15	V. Loans and Advances Disbursed	1464.17
--	From Power Projects			0.00	For Power Projects	--
40.34	From Government Servants	59.87		151.06	To Government Servants	207.39
33.27	From Others	43.88		985.09	To Others	1256.78
	VI. Revenue Surplus brought down			9351.44	VI. Revenue Deficit brought down	11308.57
13261.19	VII. Public Debt Receipts		14461.18	2804.08	VII. Repayment of Public Debt	3244.81
12708.89	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	13950.24		2477.88	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	2774.30
	Net transactions under Ways and Means Advances excluding overdraft	118.93			Net transactions under Ways and Means advances excluding overdraft	118.93
552.30	Loans and Advances from Central Government	392.01		326.20	Repayment of Loans and Advances to Central Government	351.58
	VIII. Appropriation from the Consolidated Fund				VIII. Appropriation to Contingency Fund	
20.80	IX. Amount transferred to Contingency Fund				IX. Expenditure from Contingency Fund	67.39
105879.64	X. Public Account Receipts		124374.44	100455.82	X. Public Account Disbursements	120992.30
23820.83	Small Savings, Provident Funds, etc.	29472.54		20135.29	Small Savings, Provident Funds, etc.	25240.68
382.37	Reserve Funds	385.01		527.95	Reserve Funds	307.00
7839.67	Deposits and Advances	9865.64		6698.74	Deposits and Advances	9678.20
64132.05	Suspense and Miscellaneous	75728.65		63419.6	Suspense and Miscellaneous	76675.24
9704.72	Remittances	8922.60		9674.23	Remittances	9091.08
	XI. Closing Overdraft from Reserve Bank of India			4692.73	XI. Cash Balance at end	2279.82
				9.28	Cash in Treasuries	2.69
				0.63	Local Remittances	1.07
				76.23	Deposits with Reserve Bank	-2.23
				2.69	Departmental cash balance including Permanent Advance	2.26
				3201.71	Cash Balance Investment	764.31
				1402.19	Investment from earmarked funds	1511.72
123043.51	Total – Section B		143651.29	123043.51	Total – Section B	143651.29

⁴⁷ Includes ₹0.06 crore written off

Appendix 1.4
Part B : Summarised financial position of the Government of Kerala
as on 31 March 2014

(Reference: Paragraphs 1.1.1; Page 2 and 1.9.J; Page 34)

As on 31 March 2013	Liabilities		(₹ in crore) As on 31 March 2014
65628.40	Internal Debt		76804.34
48809.86	Market Loans bearing interest	60183.33	
0.05	Market Loans not bearing interest	0.05	
2777.13	Loans from Life Insurance Corporation of India	2501.88	
296.30	Loans from General Insurance Corporation of India	274.48	
1807.12	Loans from National Bank for Agriculture and Rural Development	2027.39	
108.98	Loans from National Co-operative Development Corporation	165.34	
506.19	Loans from other institutions	370.70	
11322.77	Special securities issued to National Small Savings Fund of the Central Government	11281.17	
6621.79	Loans and Advances from Central Government		6662.22
1.16	Pre 1984-85 Loans	1.16	
26.16	Non-Plan Loans	24.08	
6594.47	Loans for State Plan Schemes	6636.98	
(*)	Loans for Central Plan Schemes	(*)	
-	Loans for Centrally Sponsored Plan Schemes		
100.00	Contingency Fund(Net)		32.61
31310.65	Small Savings, Provident Funds, etc.		35542.51
4514.95	Deposits		4702.40
1803.14	Reserve Funds		1881.16
2093.53	Suspense and Miscellaneous		1146.95
112072.46	Total		126772.19

(*) ₹ 7,000 only.

Audit Report (State Finances) for the year ended 31 March 2014

Appendix 1.4 – Part B Concl.d.

As on 31 March 2013	Assets		As on 31 March 2014
29562.40⁴⁸	Gross Capital Outlay on Fixed Assets -		33837.54
5043.91	Investments in shares of Companies, Corporations, etc.	5623.61	
24518.49	Other Capital Outlay	28213.93	
10360.71⁴⁸	Loans and Advances -		11721.13
2661.64	Loans for Power Projects	2661.64	
7349.52	Other Development Loans	8562.38	
349.55	Loans to Government servants and Miscellaneous loans	497.11	
0.32	Advances		0.34
433.91	Remittance Balances		602.39
89.37	Adjustment on account of retirement/disinvestment		108.55⁴⁹
4692.73	Cash -		2279.82
9.91	Cash in Treasuries and Local Remittances	3.76	
76.23	Deposits with Reserve Bank	-2.23	
2.36	Departmental Cash Balance	1.93	
0.33	Permanent Advances	0.33	
3201.71	Cash Balance Investments	764.31	
1402.19	Reserve Fund Investments	1511.72	
66933.02	Deficit on Government Account -		78222.42
57936.23	Accumulated deficit at the beginning of the year	66933.02	
9351.44	Add: (i) Revenue Deficit of the current year	11308.57	
-339.84	(ii) Miscellaneous Government account	0.02	
14.81	Less: Miscellaneous Capital Receipts	19.19	
112072.46	Total		126772.19

Explanatory Notes

The abridged accounts in Appendix 1.4 have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable, depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and others pending settlement, etc. There was a difference of ₹12.15 lakh (net credit) between the figures reflected in the accounts (₹223.09 lakh) and that communicated by the Reserve Bank of India (₹235.24 lakh). Out of the difference an amount of ₹0.06 lakh (net debit) has been cleared in 2014-15. The balance difference (₹12.09 lakh) is under investigation.

⁴⁸ Balance as on 31 March 2013 differ from those shown in the previous year's account due to *pro forma* adjustment of ₹96.22 crore for conversion of loans into share capital which were explained in foot notes (b) and (c) of Statement no.1 of Finance Accounts 2013-14.

⁴⁹ Represents the adjustments consequent on reducing the capital outlay due to retirement of capital *vide* foot note (m) of Statement no.17 of Finance Accounts 2013-14.

Appendix 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3; Page 11 and Paragraph 1.9.2; Page 34)

		(₹ in crore)				
Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Part A: Receipts						
1.	Revenue Receipts	26109	30991	38010	44137	49177
(i)	Tax Revenue	17625 (67)	21722 (70)	25719 (67)	30077 (68)	31995 (65)
	Taxes on Agricultural Income	28 ⁵⁰	47 ⁵⁰	43 ⁵⁰	19 ⁵⁰	22 ⁵⁰
	Taxes on Sales, Trade, etc.	12771 (72)	15833 (73)	18939 (74)	22511 (75)	24885 (78)
	State Excise	1515 (9)	1700 (08)	1883 (8)	2314 (8)	1942 (7)
	Taxes on Vehicles	1131 (6)	1331 (06)	1587 (6)	1925 (6)	2161 (7)
	Stamps and Registration fees	1896 (11)	2552 (12)	2987 (12)	2938 (10)	2593 (8)
	Land Revenue	54 ⁵⁰	56 ⁵⁰	61 ⁵⁰	122 ⁵⁰	89 ⁵⁰
	Other Taxes	230 (01)	203 (01)	219 (1)	248 (1)	303 (1)
(ii)	Non Tax Revenue	1852 (7)	1931 (6)	2592 (7)	4198 (10)	5575 (11)
(iii)	State's share in Union taxes and duties	4399 (17)	5142 (17)	5990 (16)	6841 (15)	7469 (15)
(iv)	Grants in aid from Government of India	2233 (9)	2196 (7)	3709 (10)	3021 (7)	4138 (9)
2.	Miscellaneous Capital Receipts	49	25	16	15	19
3.	Recovery of Loans and Advances	38	44	55	74	104
4.	Total revenue and Non debt capital receipts (1+2+3)	26196	31060	38081	44226	49300
5.	Public Debt Receipts	6616	7189	9799	13261	14461
	Internal Debt (excluding Ways & Means Advances and Overdraft)	6053	6828	9392 (96)	12709 (96)	13950 (96)
	Net transactions under Ways and Means Advances excluding Overdraft	...	...	...	...	119
	Loans and advances from Government of India	563	361	407 (4)	552 (4)	392 (3)
6.	Total receipts in the Consolidated Fund (4+5)	32812	38249	47880	57487	63761
7.	Contingency Fund Receipts	6	26	34	21	
8.	Public Account receipts	61314	73754	95830	105880	124374
9.	Total receipts of State (6+7+8)	94132	112029	143744	163383	188135
Part B: Expenditure/Disbursement						
10.	Revenue Expenditure	31132 (91)	34665 (89)	46045 (90)	53489 (90)	60486 (91)
	Plan	4179 (13)	4196 (12)	5327 (12)	6849 (13)	7074 (12)
	Non-Plan	26953 (87)	30469 (88)	40718 (88)	46640 (87)	53412 (88)
	General Services (incl. Interest payment)	13935 (45)	15418 (44)	20300 (44)	22787 (43)	26605 (44)
	Social Services	10467 (34)	12111 (35)	16224 (35)	18878 (35)	20980 (35)
	Economic Services	4241 (14)	4358 (13)	6132 (13)	7808 (15)	7929 (13)
	Grants-in-aid and Contributions	2489 (8)	2778 (8)	3389 (8)	4016 (7)	4972 (9)
11.	Capital Expenditure	2059 (6)	3364 (9)	3853 (8)	4603 (8)	4294 (6)
	Plan	1902 (92)	2766 (82)	3398 (88)	3466 (75)	3497 (81)
	Non-Plan	157 (8)	598 (18)	455 (12)	1137 (25)	797 (19)
	General Services	67 (3)	119 (4)	162 (4)	147 (3)	148 (3)
	Social Services	363 (18)	479 (14)	579 (16)	562 (12)	617 (15)
	Economic Services	1629 (79)	2766 (82)	3096 (80)	3894 (85)	3529 (82)
12.	Disbursement of Loans and Advances	877 (3)	762 (2)	998 (2)	1136 (2)	1464 (2)
13.	Total (10+11+12)	34068	38791	50896	59228	66244

⁵⁰ Insignificant

Figures in brackets represent percentages (rounded) to total of each sub-heading.

Audit Report (State Finances) for the year ended 31 March 2014

Appendix 1.5- Contd.

		(₹ in crore)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Part B: Expenditure/Disbursement						
14.	Repayment of Public Debt	1765	1975	2893	2804	3245
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	1499	1667	2522	2478	2774
	Net transactions under Ways and Means Advances excluding Overdrafts	...	...	...	...	119
	Loans and Advances from Government of India	266	308	371	326	352
15.	Appropriation to Contingency Fund	...	...	...	...	...
16.	Total disbursement out of Consolidated Fund (13+14+15)	35833	40766	53789	62032	69489
17.	Contingency Fund disbursements	26	34	21	...	67
18.	Public Account disbursements	57272	70558	91200	100456	120992
19.	Total Disbursement by the State (16+17+18)	93131	111358	145010	162488	190548
Part C: Deficits						
20.	Revenue Deficit (1-10)	5023	3674	8035	9352	11309
21.	Fiscal Deficit (4-13)	7872	7731	12815	15002	16944
22.	Primary Deficit (21+23)	2580	2041	6521	7797	8679
Part D: Other data						
23.	Interest Payments (included in revenue expenditure)	5292	5690	6294	7205	8265
24.	Financial Assistance to local bodies, etc.	8616	9798	12099	13716	16138
25.	Ways & Means Advances/Overdrafts availed (days)	18	Nil	Nil	Nil	1
	Ways and Means Advances availed (days)	18	Nil	Nil	Nil	1
	Overdraft availed (days)	Nil	Nil	Nil	Nil	Nil
26.	Interest on WMA/Overdraft	0.54	Nil	Nil	Nil	0.02
27.	Gross State Domestic Product (GSDP) at current prices ⁵¹	231999	263773	307906	349338	402972
28.	Outstanding Fiscal Liabilities (year-end)	74223	82420	93132	108477	124081
29.	Outstanding guarantees (year-end)	7495	7426	8277	9099	9763
30.	Maximum amount guaranteed (during the year)	10226	12625	11332	11482	12275
31.	Number of incomplete projects/works	187	241	263	215	228
32.	Capital blocked in incomplete projects/works ⁵²	973	1117	484	539	759

Figures in brackets represent percentages (rounded) to total of each sub-heading.

⁵¹ GSDP figures are communicated by the Director of Economics and Statistics Department of Government of Kerala. The figures for 2011-12 are provisional and that for 2012-13 are Quick Estimates. The figures for 2013-14 are adopted from the Budget documents 2014-15.

⁵² Represents progressive amount blocked in incomplete projects/works at the end of the year based on figures collected from departmental heads.

Appendix 1.5- Concl'd.

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14	
Part E: Fiscal Health Indicators						
I	Resource Mobilisation					
	Own Tax revenue/GSDP	7.6	8.2	8.4	8.6	7.9
	Own non-tax revenue/GSDP	0.8	0.7	0.8	1.2	1.4
	Central Transfers/GSDP	2.9	2.8	3.1	2.8	2.9
II	Expenditure Management					
	Total Expenditure/GSDP	14.7	14.7	16.5	17.0	16.4
	Total Expenditure/Revenue Receipts	130.5	125.2	133.9	134.2	134.7
	Revenue Expenditure/Total Expenditure	91.4	89.4	90.5	90.3	91.3
	Revenue Expenditure on Social Services/Total Expenditure	30.7	31.2	31.9	31.9	31.7
	Revenue Expenditure on Economic Services/Total Expenditure	12.4	11.2	12.0	13.2	12.0
	Capital Expenditure/Total Expenditure	6.0	8.7	7.6	7.8	6.5
	Capital Expenditure on Social and Economic Services/Total Expenditure.	5.8	8.4	7.3	7.5	6.3
III	Management of Fiscal Imbalances					
	Revenue deficit/GSDP	(-2.2)	(-1.4)	(-2.6)	(-2.7)	(-2.8)
	Fiscal deficit/GSDP	(-3.4)	(-2.9)	(-4.2)	(-4.3)	(-4.2)
	Primary Deficit /GSDP	(-1.1)	(-0.8)	(-2.1)	(-2.2)	(-2.2)
	Revenue Deficit/Fiscal Deficit	63.8	47.5	62.7	62.3	66.7
IV	Management of Fiscal Liabilities					
	Fiscal Liabilities/GSDP	32.0	31.2	30.2	31.1	30.8
	Fiscal Liabilities/RR	284.3	265.9	245.0	245.8	252.3
	Primary deficit vis-à-vis quantum spread	1981	2709	1309	(-1837)	325
	Debt Redemption (Principal + Interest)/ Total Debt Receipts (in per cent)	88.8	91.9	88.8	82.3	86.5
V	Other Fiscal Health Indicators					
	Return on Investment	0.8	2.0	1.6	1.1	1.8
	Balance from Current Revenue	(-2155)	(-910)	(-4974)	(-4867)	(-6694)
	Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

Figures in brackets represent percentages (rounded) to total of each sub-heading.

Appendix 1.6

Gross collection in respect of major taxes and duties vis-à-vis budget estimates and the expenditure incurred on their collection

(Reference: Paragraph 1.3.3; Page 16)

(₹ in crore)

Sl. No.	Head of revenue	Year	Budget Estimate	Collection	Expenditure on collection of revenue	Percentage of expenditure to gross collection	All India average percentage of expenditure to gross collection
1.	Tax on sales, trade etc.	2009-10	12733.94	12770.89	126.01	0.99	0.96
		2010-11	15125.69	15833.11	115.61	0.73	0.75
		2011-12	19427.90	18938.83	166.55	0.88	0.83
		2012-13	23450.52	22511.09	162.05	0.72	0.73
		2013-14	28456.62	24885.25	178.23	0.72	Not available
2.	Stamps (non-judicial) and registration fees	2009-10	2630.30	1812.89	100.70	5.55	2.47
		2010-11	2095.43	2477.19	101.56	4.10	1.60
		2011-12	3148.42	2906.90	144.85	4.98	1.89
		2012-13	3775.71	2862.06	128.73	4.50	3.25
		2013-14	4086.44	2504.04	135.34	5.4	Not available
3.	State excise	2009-10	1440.52	1514.81	83.31	5.50	3.64
		2010-11	1836.21	1699.54	92.51	5.44	3.05
		2011-12	2059.05	1883.18	144.69	7.68	2.98
		2012-13	2550.65	2313.95	146.81	6.34	2.96
		2013-14	2801.75	1941.72	164.32	8.46	Not available
4.	Taxes on vehicles	2009-10	958.63	1131.10	33.96	3.00	3.07
		2010-11	1301.88	1331.37	35.55	2.67	3.71
		2011-12	1410.73	1587.13	53.26	3.36	2.96
		2012-13	1694.49	1924.62	58.30	3.03	4.17
		2013-14	2570.65	2161.09	74.61	3.45	Not available

Appendix 2.1
Details showing savings in Grants/Appropriation during the year
(Reference: Paragraph 2.2: Page 50)

(₹ in crore)

Sl. No.	Grant number and Name	Total Grant/Appropriation	Expenditure	Savings
Revenue - Voted				
1.	II Heads of States, Ministers and Headquarters Staff	396.67	349.06	47.61
2.	III Administration of Justice	428.87	413.63	15.24
3.	V Agricultural Income Tax and Sales Tax	201.87	197.49	4.38
4.	VI Land Revenue	413.99	387.84	26.15
5.	VII Stamps and Registration	155.08	136.81	18.27
6.	VIII Excise	182.55	164.36	18.19
7.	IX Taxes on Vehicles	75.45	74.64	0.81
8.	X Treasury and Accounts	185.84	184.85	0.99
9.	XI District Administration and Miscellaneous	444.06	397.63	46.43
10.	XII Police	2,135.50	2,074.61	60.89
11.	XIV Stationery and Printing and Other Administrative Services	369.15	343.49	25.66
12.	XV Public Works	2,169.10	2,023.86	145.24
13.	XVII Education, Sports, Art and Culture	12,151.84	11,845.39	306.45
14.	XVIII Medical and Public Health	3,264.57	3,166.91	97.66
15.	XIX Family Welfare	500.30	354.73	145.57
16.	XX Water Supply and Sanitation	764.91	580.61	184.30
17.	XXI Housing	148.61	114.42	34.19
18.	XXII Urban Development	1,341.11	216.07	1,125.04
19.	XXIII Information and Publicity	63.63	56.94	6.69
20.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	827.25	635.27	191.98
21.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1,927.50	1,644.93	282.57
22.	XXVI Relief on Account of Natural Calamities	585.93	553.92	32.01
23.	XXVII Co-operation	290.00	265.44	24.56
24.	XXVIII Miscellaneous Economic Services	129.82	126.10	3.72

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
25.	XXIX Agriculture	2,041.78	1810.63	231.15
26.	XXX Food	967.45	950.78	16.67
27.	XXXI Animal Husbandry	425.96	420.66	5.30
28.	XXXII Dairy	159.32	138.99	20.33
29.	XXXIII Fisheries	277.94	249.56	28.38
30.	XXXIV Forest	451.53	393.62	57.91
31.	XXXV Panchayat	306.47	258.18	48.29
32.	XXXVI Rural Development	456.38	397.89	58.49
33.	XXXVII Industries	416.10	351.87	64.23
34.	XXXVIII Irrigation	378.86	307.34	71.52
35.	XXXIX Power	259.80	239.26	20.54
36.	XL Ports	47.42	35.13	12.29
37.	XLI Transport	51.13	44.10	7.03
38.	XLII Tourism	148.85	143.95	4.90
39.	XLIII Compensation and Assignments	5,347.79	4,997.42	350.37
40.	XLVI Social Security and Welfare	2,503.36	2,230.83	272.53
Total		43,393.74	39,279.21	4,114.53
Revenue - Charged				
1.	II Heads of States, Ministers and Headquarters Staff	117.15	101.06	16.09
2.	III Administration of Justice	78.32	73.97	4.35
3.	V Agricultural Income Tax and Sales Tax	1.28	1.23	0.05
4.	VI Land Revenue	0.01	0.01	(*)
5.	VIII Excise	0.10	0.00	0.10
6.	IX Taxes on Vehicles	(*)	(*)	(*)
7.	XI District Administration and Miscellaneous	1.09	1.07	0.02
8.	XII Police	0.12	0.10	0.02
9.	XIV Stationery and Printing and Other Administrative Services	(*)	0.00	(*)
10.	XVIII Medical and Public Health	0.14	0.07	0.07
11.	XXI Housing	0.02	0.02	(*)
12.	XXIX Agriculture	0.17	0.04	0.13
13.	XXX Food	0.18	0.18	(*)

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
14.	XXXIV Forest	0.05		0.05
15.	XXXVIII Irrigation	0.15	0.06	0.09
16.	XLI Transport	38.74	38.73	0.01
17.	XLVI Social Security and Welfare	0.02	(*)	0.02
Total		237.54	216.54	21.00
Capital Voted				
1.	XII Police	30.95	0.02	30.93
2.	XXIV Stationery and Printing and Other Administrative Services	4.00	1.82	2.18
3.	XVII Education, Sports, Art and Culture	393.73	200.73	193.00
4.	XVIII Medical and Public Health	189.51	130.32	59.19
5.	XX Water Supply and Sanitation	368.50	255.17	113.33
6.	XXI Housing	352.21	322.47	29.74
7.	XXII Urban Development	4.52	3.20	1.32
8.	XXIII Information and Publicity	12.21	1.89	10.32
9.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	144.50	138.27	6.23
10.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	115.60	33.28	82.32
11.	XXVII Co-operation	261.40	52.42	208.98
12.	XXVIII Miscellaneous Economic Services	2813.03	391.84	2421.19
13.	XXIX Agriculture	225.62	168.92	56.70
14.	XXX Food	88.18	67.42	20.76
15.	XXXI Animal Husbandry	30.82	13.09	17.73
16.	XXXIII Fisheries	157.95	136.52	21.43
17.	XXXIV Forest	44.75	35.08	9.67
18.	XXXV Panchayat	60.87	28.58	32.29
19.	XXXVI Rural Development	2.00	2.00	(*)
20.	XXXVII Industries	747.54	582.16	165.38
21.	XXXVIII Irrigation	603.41	206.95	396.46
22.	XXXIX Power	46.82	3.40	43.42
23.	XL Ports	373.83	150.28	223.55
24.	XLI Transport	1861.72	809.98	1051.74

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant number and Name	Total Grant/ Appropriation	Expenditure	Savings
25.	XLII Tourism	143.65	140.43	3.22
26.	XLV Miscellaneous Loans and Advances	211.74	208.32	3.42
27.	XLVI Social Security and Welfare	63.10	38.74	24.36
Total		9352.16	4123.30	5228.86
Capital-Charged				
1.	XV Public Works	75.00	22.40	52.60
2.	XVIII Medical and Public Health	(*)	0.00	(*)
3.	XXVIII Miscellaneous Economic Services	100.00	99.50	0.50
4.	XXIX Agriculture	1.98	0.71	1.27
5.	XXXIII Fisheries	0.02	0.02	(*)
6.	XXXVIII Irrigation	8.30	7.23	1.07
7.	Public Debt Repayment	10,104.30	3,244.81	6,859.49
Total		10,289.60	3,374.67	6,914.93
Grand Total		63,273.05	46,993.74	16,279.31

(*) insignificant/token provision

Appendix 2.2
Details of Grant-wise Plan/Non-plan savings during the year
 (Reference: Paragraph 2.2: Page 50)

(₹ in crore)						
Sl. No	Grant No.	Original Grant	Supplementary Grant	Final Expenditure	Savings	% of Saving
Revenue - Plan (Voted)						
1.	XVII	1341.06	104.25	1070.98	374.33	25.9
2.	XIX	370.34	0	267.08	103.26	27.9
3.	XX	555	0	370.15	184.85	33.3
4.	XXII	1238.26	0.75	118.3	1120.71	90.5
5.	XXIV	504.87	5.69	366.87	143.69	28.1
6.	XXV	1540.56	95.38	1377.27	258.67	15.8
7.	XXIX	1082.49	9.24	893.51	198.22	18.2
8.	XLVI	900.86	50.34	667.98	283.22	29.8
Total		7533.44	265.65	5132.14	2666.95	
Revenue - Non-Plan (Voted)						
9.	XV	2059.29	27.80	1946.78	140.31	6.7
10.	XLIII	5198.09	149.70	4997.42	350.37	6.6
Total		7257.38	177.50	6944.20	490.68	
Total Revenue		14790.82	443.15	12076.34	3157.63	
Capital - Plan (Voted)						
11.	XX	364	0	253.67	110.33	30.31
12.	XXVII	61.9	199.50	52.42	208.98	79.95
13.	XXVIII	848.03	0	5	843.03	99.41
14.	XXXVII	530.95	216.59	582.16	165.38	22.12
15.	XXXVIII	563.41	25	154.56	433.85	73.73
Total		2368.29	441.09	1047.81	1761.57	
Capital - Non-Plan (Voted)						
16.	XV	248.32	8.48	115.47	141.33	55.04
17.	XVII	140.01	0	0	140.01	100
18.	XXVIII	1965.00	0	386.84	1578.16	80.31
19.	XL	302.00	0	0	302	100
20.	XLJ	1625.4	25	428.07	1222.33	74.06
Total		4280.73	33.48	930.38	3383.83	
Total Capital		6649.02	474.57	1978.19	5145.40	
Grand Total		21439.84	917.72	14054.53	8303.03	

Audit Report (State Finances) for the year ended 31 March 2014

Appendix 2.3
Sub-heads (under Grants having more than ₹100 crore savings) in which substantial savings was occurred

(Reference: Paragraph 2.3.1: Page 52)

(₹ in crore)

Sl. No.	Grant No.	Head of account	amount of saving	Reasons for saving
Revenue - Voted				
1.	XIX	2211-101-99- Sub Centres (100% CSS)	42.73	Not furnished
2.		2211-003-98- Training of Health Visitors, ANMs and DAIs (100% CSS)	36.65	Not furnished
3.		2211-101-96- Rural Family Welfare Centres and Post Partum Centres (Block PHCs)	36.10	Not furnished
4.	XX	2215-01-800-67-Add-on project of Jalandhi	93.92	Not furnished
5.		2215-01-190-99-Grant-in-Aid to the Kerala Water Authority	70.00	Savings was due to direct release of GOI share to KWA
6.	XXII	2217-05-800-89-Jawaharlal Nehru National Urban Renewal Mission (Central Assistance)	446.17	Not furnished
7.		2217-80-800-91-Kerala Sustainable Urban Development Project	200.00	Not furnished
8.		2217-03-191-74-Urban Infrastructure Development Scheme for Small and Medium Towns(ACA)	162.49	Savings was due to non-implementation of the scheme
9.		2217-80-800-70-Rajiv Awas Yojana (50% CSS)	130.69	Not furnished
10.		2217-05-800-83-Basic Services to the Urban Poor	72.03	Not furnished
11.	XXIV	2230-01-103-31-Rashtriya Swasthya Bima Yojana (75% CSS)	92.62	Savings was due to direct release of premium amount to implementing agency CHIAK
12.		2230-02-198-50-Block Grant for Revenue Expenditure	31.40	Not furnished
13.		2230-03-101-87-Modernisation of ITIs	18.04	Savings was due to non-completion of procurement of tools and equipments
Capital - Voted				
14.	XVII	4202-02-800-85-Projects under LACADF	129.15	Savings was due to non-completion of works
15.		4202-01-202-91-Infrastructure-Higher Secondary Education	56.00	Savings was due to slow progress of works
16.		4202-02-104-95-Construction of Women's Hostel in Polytechnics (100% CSS)	14.53	Savings was due to non-completion of works

Sl. No.	Grant No.	Head of account	amount of saving	Reasons for saving
17.	XX	6215- 01-190- 98-Loans to the Kerala State Water Authority for implementing JBIC Assisted Water Supply Project	106.33	Not furnished
18.	XXVII	4425-107- 85-Share capital contribution to District Co-operative Banks	129.50	Not furnished
19.		4425-107-86-Share capital contribution to Kerala State Co-operative Bank	70.00	Not furnished
20.	XXVIII	5475- 800-89-Investment in Major Capital Projects	1250.00	Not furnished
21.		5475-800-92-Major Infrastructural Development Projects	841.03	Not furnished
22.		5475-800-91-Projects under Legislative Assembly Constituency Asset Development Scheme	315.00	Not furnished
23.	XXXVII	4859- 02-190- 99-Kerala State Electronic Development Corporation-Investments	96.19	Savings was due to providing of budget provision for proforma adjustment, it was unnecessary.
24.		6885- 60-190-99-Loans to Kerala Industrial Infrastructure Development Corporation	50.00	Savings was due to re-classification of budget provision
25.		4885-01-190- 99-The Kerala State Industrial Development Corporation	19.00	Not furnished
26.		4851- 101- 91-Infrastructure Development-Construction of Multi-storied Industrial Estate	10.50	Not furnished
27.	XXXVIII	4711- 01-103-90 Kuttanad Package(75% CSS)	169.32	Not furnished
28.		4701-80-800-82-Accelerated Irrigation Benefits Programme	91.47	Not furnished
29.		4701-80-800-80-AIBP-Assistance for MI class I Scheme	50.00	Not furnished
30.		4701-80-800-79-AIBP-Support for other need based programme	50.00	Savings was due to non-sanctioning of projects
31.	XL	5051-01-001-98-Investments in Major Capital Projects (Ports)	300.00	Not furnished
32.	XLI	5075-60-800-79-Investment in Major Capital Projects (other Transport Services)	1500.00	Savings was due to non-implementation of major projects

Appendix 2.4
Statement of persistent savings for the last three years
(Savings of ₹ five crore and above in each case)
(Reference: Paragraph 2.3.2, Page 52)

(₹ in croor

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
1	II	3451-00-101-87- Kerala State Information Technology Mission (P)	2011-12	30.48	20.35	10.13
			2012-13	56.64	26.31	30.33
			2013-14	50.50	30.23	20.27
2	III	2014-00-800-86- Improvement of Justice Delivery – 13 th Finance Commission Recommendation (NP)	2011-12	28.01	2.78	25.23
			2012-13	21.78	2.51	19.27
			2013-14	21.78	10.24	11.54
3	VI	2029-00-102-95- Preparation of Land records for the implementation of Land reforms-resurvey of areas where the records are in bad condition (Cadastral Survey) (NP)	2011-12	90.20	80.47	9.73
			2012-13	90.11	82.66	7.45
			2013-14	105.91	93.54	12.37
4		2029-00-102-99- Survey Department (General) (NP)	2011-12	13.14	6.85	6.29
			2012-13	13.80	7.27	6.53
			2013-14	14.36	8.61	5.75
5	XII	2055-00-104-99- Armed Police (NP)	2011-12	202.44	188.14	14.30
			2012-13	258.91	230.70	28.21
			2013-14	295.02	260.52	34.50
6	XIV	2070-00-108-98- Protection and control (NP)	2011-12	92.44	71.71	20.74
			2012-13	98.50	74.22	24.27
			2013-14	118.88	94.14	24.74
7		2059-80-001-97- Execution (NP)	2011-12	93.98	88.43	5.55
			2012-13	103.82	90.08	13.74
			2013-14	120.68	98.60	22.08
8	XV	3054-03-103-98- Maintenance and Repairs of State Highways (XIII FC Recommendation) (NP)	2011-12	50.00	35.29	14.71
			2012-13	75.00	55.79	19.21
			2013-14	81.00	59.59	21.41
9		3054-04-105-98- Maintenance and Repairs (XIII FC Recommendation) (NP)	2011-12	170.00	111.87	58.13
			2012-13	157.00	126.39	30.61
			2013-14	163.00	111.24	51.76
10		5054-03-337-97- Kerala State Transport Project (World Bank aided) (P)	2011-12	250.00	234.61	15.39
			2012-13	25.00	5.09	19.91
			2013-14	280.28	171.96	108.32
11	XVI	2071-01-102-99- Payments in India (NP)	2011-12	1050.01	994.43	55.58
			2012-13	900.01	890.70	9.31
			2013-14	1042.14	988.98	53.16

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
12	XVII	2202-02-107-91- Incentive to Girls for Secondary Education (100% CSS) (P)	2011-12	7.00	0.00	7.00
			2012-13	6.79	0.00	6.79
			2013-14	7.00	0.00	7.00
13		2202-02-109-78- Government Vocational Higher Secondary Schools (NP)	2011-12	119.17	93.05	26.12
			2012-13	120.61	100.13	20.48
			2013-14	139.44	113.12	26.32
14		2202-02-109-86- Higher Secondary Education (Plus Two Courses) (NP)	2011-12	579.06	402.20	176.85
			2012-13	525.01	460.37	64.64
			2013-14	646.56	518.62	127.94
15	XVII	2202-03-104-99- Salaries to the Staff under the Direct Payment system (NP)	2011-12	957.48	754.08	203.40
			2012-13	854.66	829.04	25.62
			2013-14	1035.67	986.29	49.38
16		3425-60-200-71- State Council for Science, Technology and Environment (P)	2011-12	48.25	40.17	8.08
			2012-13	62.75	52.29	10.46
			2013-14	64.70	44.86	19.84
17		4202-02-800-95- ITI Buildings Works (P)	2011-12	11.25	1.73	9.52
			2012-13	15.00	7.07	7.93
			2013-14	15.00	6.49	8.51
18		2210-01-102-98- Dispensaries (NP)	2011-12	100.92	77.47	23.45
			2012-13	106.48	85.37	21.11
			2013-14	116.64	92.50	24.14
19		2210-01-110-96- Allopathy Medical College Hospital, Kottayam (NP)	2011-12	31.74	18.33	13.41
			2012-13	31.46	18.69	12.77
			2013-14	37.17	24.58	12.59
20	XVIII	2210-01-110-97- Allopathy Medical College Hospital, Kozhikode (NP)	2011-12	47.31	40.04	7.27
			2012-13	50.16	43.88	6.28
			2013-14	57.72	49.54	8.18
21		2210-05-105-96- Allopathy Medical College, Kottayam (NP)	2011-12	65.34	55.86	9.48
			2012-13	80.87	59.76	21.11
			2013-14	90.96	71.80	19.16
22		2210-06-101-91- Leprosy Control Scheme (NP)	2011-12	31.85	9.25	22.60
			2012-13	32.61	10.29	22.32
			2013-14	19.10	10.85	8.25
23	XIX	2211-00-101-96- Rural Family Welfare Centres and Post Partum Centres (Block PHCs) (NP)	2011-12	61.34	47.21	14.13
			2012-13	75.62	48.94	26.68
			2013-14	94.75	58.65	36.10
24	XX	2215-01-800-67- Add-on project of 'Jalanidhi' (P)	2011-12	112.50	25.00	87.50
			2012-13	109.82	40.00	69.82
			2013-14	193.92	100.00	93.92
25		6215-01-190-98- Loans to the Kerala Water Authority for implementing	2011-12	500.00	232.33	267.67
			2012-13	300.00	256.91	43.09

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Saving
		JBIC Assisted Water Supply Project (P)	2013-14	300.00	193.67	106.33
26		2217-03-191-74- Urban Infrastructure Development Scheme for Small and Medium Towns (ACA) (P)	2011-12	70.30	0.06	70.24
			2012-13	129.21	0.00	129.21
			2013-14	162.49	0.00	162.49
27		2217-05-191-80- Integrated Housing and Slum Development Programme (State Scheme) (P)	2011-12	16.50	0.00	16.50
			2012-13	12.00	0.00	12.00
			2013-14	15.00	0.00	15.00
28		2217-05-192-81- Integrated Housing and Slum Development Programme (State Scheme) (P)	2011-12	38.50	6.75	31.75
			2012-13	28.00	13.90	14.10
			2013-14	35.31	12.84	22.47
29	XXII	2217-05-192-82- Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	2011-12	9.46	2.36	7.10
			2012-13	12.00	3.00	9.00
			2013-14	18.00	0.00	18.00
30		2217-05-800-83- Basic Services to the Urban Poor (BSUP) (P)	2011-12	121.00	0.83	120.17
			2012-13	57.28	43.14	14.14
			2013-14	72.03	0.00	72.03
31		2217-05-800-89- Jawahar Lal Nehru National Urban Renewal Mission (Central Assistance) (P)	2011-12	175.60	108.18	67.42
			2012-13	374.67	66.62	308.05
			2013-14	471.17	25.00	446.17
32		2217-80-800-91- Kerala Sustainable Urban Development Project (P)	2011-12	105.00	50.00	55.00
			2012-13	273.00	100.00	173.00
			2013-14	250.00	50.00	200.00
33	XXIV	2230-02-198-50- Block grants for revenue expenditure (NP)	2011-12	46.26	30.17	16.09
			2012-13	45.26	29.77	15.49
			2013-14	45.26	13.86	31.40
34	XXV	2225-01-197-50- Block grants for revenue expenditure (P)	2011-12	40.58	27.35	13.23
			2012-13	40.58	22.54	18.04
			2013-14	91.15	84.18	6.97
35		4225-02-277-51- Construction of Ashramam Schools and Model Residential Schools (P)	2011-12	24.08	5.28	18.80
			2012-13	30.57	0.42	30.15
			2013-14	34.97	0.55	34.42
36	XXVI	2245-01-101-99- Supply of seeds, fertilizers and agricultural implements (NP)	2011-12	14.02	0.00	14.02
			2012-13	6.19	0.53	5.66
			2013-14	27.21	15.99	11.22
37		2245-02-101-94- Other Items (NP)	2011-12	17.17	2.80	14.37
			2012-13	25.19	7.71	17.48
			2013-14	19.47	8.05	11.42
38	XXVII	2425-00-001-98- District Administration (NP)	2011-12	49.04	43.28	5.76
			2012-13	50.95	44.71	6.24
			2013-14	55.63	48.67	6.96

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
39	XXIX	2401-00-001-96- Strengthening of agricultural administration and introduction of training and visiting system of extension (NP)	2011-12	192.93	178.29	14.64
			2012-13	190.16	183.39	6.77
			2013-14	214.35	207.40	6.95
40		2401-00-800-32- XIII Finance Commission Award (P)	2011-12	75.00	55.06	19.94
			2012-13	75.00	56.83	18.17
			2013-14	75.00	49.17	25.83
41	XXIX	2401-00-800-37- Rashtriya Krishi Vikas Yojana (ACA) (P)	2011-12	225.00	211.34	13.66
			2012-13	258.75	252.55	6.20
			2013-14	340.76	236.81	103.95
42	XXIX	2415-03-277-98- Infrastructure development of Kerala Veterinary and Animal Sciences University - RIDF XVI (P)	2011-12	10.00	4.25	5.75
			2012-13	20.00	0.00	20.00
			2013-14	20.00	12.18	7.82
43		2702-01-001-99- Establishment (NP)	2011-12	65.47	57.32	8.16
			2012-13	67.52	52.90	14.62
			2013-14	77.59	59.90	17.69
44	XXXV	4515-00-800-98- State Support for Prime Minister's Gram Sadak Yojana (P)	2011-12	70.05	25.05	45.00
			2012-13	46.35	8.50	37.85
			2013-14	51.87	25.89	25.98
45	XXXVI	2515-00-001-49- Recurring expenditure on personnel retained on NES pattern(NP)	2011-12	119.95	98.82	21.13
			2012-13	113.68	103.98	9.70
			2013-14	128.86	116.52	12.33
46	XXXVII	4885-60-800-96- Provision for revival/diversification of State Public Sector Undertakings lump sum provision (P)	2011-12	54.10	0.00	54.10
			2012-13	70.20	0.54	69.66
			2013-14	80.00	0.00	80.00
47		6885-60-190-99- Loans to Kerala Industrial Infrastructure Development Corporation (P)	2011-12	57.00	39.79	17.21
			2012-13	80.00	75.00	5.00
			2013-14	141.68	91.68	50.00
48		2701-80-799-99- Stock (NP)	2011-12	7.00	0.08	6.92
			2012-13	7.00	0.91	6.09
			2013-14	7.00	1.00	6.00
49	XXXVIII	4700-29-800-97- Dam and Appurtenant Works (P)	2011-12	5.00	0.00	5.00
			2012-13	15.00	0.00	15.00
			2013-14	15.00	0.01	14.99
50		4701-80-800-77- Dam Rehabilitation and Improvement Project (DRIP) (P)	2011-12	34.00	0.00	34.00
			2012-13	42.50	0.01	42.49
			2013-14	40.00	2.49	37.51
51		4701-80-800-79- AIBP - Support for other need based programme (P)	2011-12	114.50	0.00	114.50
			2012-13	141.50	0.00	141.50
			2013-14	50.00	0.00	50.00

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant	Head of Account	Year	Budget	Expenditure	Savings
52		4701-80-800-80- AIBP – Assistance for MI Class I Scheme (P)	2011-12	7.50	0.00	7.50
			2012-13	7.50	0.00	7.50
			2013-14	50.00	0.00	50.00
53	XXXVIII	4711-01-103-90- Kuttanadu Package (75% CSS) (P)	2011-12	350.00	2.78	347.22
			2012-13	200.00	100.96	99.04
			2013-14	200.00	30.68	169.32
54	XXXIX	6801-00-190-86- Dam safety works including Dam Rehabilitation and Improvement Programme – DRIP (Externally Aided Project) (P)	2011-12	36.00	0.00	36.00
			2012-13	18.75	0.00	18.75
			2013-14	41.42	0.00	41.42
55		3056-00-001-98- Operation (NP)	2011-12	35.62	25.25	10.38
			2012-13	31.96	25.04	6.92
			2013-14	36.50	28.88	7.62
56	XLI	5075-60-800-84- Priority Scheme under XIII Finance Commission (P)	2011-12	50.00	0.90	49.10
			2012-13	50.00	3.19	46.81
			2013-14	50.00	19.66	30.34
57		5075-60-800-86- Development of Feeder Canals connecting the National Water Way III (RIDF Scheme) (P)	2011-12	40.00	4.75	35.25
			2012-13	40.00	11.62	28.38
			2013-14	40.00	9.97	30.03
58	XLVI	2235-02-102-69- Supplementary Nutrition Programme for children (100% CSS) (P)	2011-12	100.00	92.17	7.83
			2012-13	100.00	54.15	45.85
			2013-14	100.00	47.81	52.19
59	Debt Charges	2049-01-115-96- Interest on special ways and means advance from Reserve Bank of India (NP)	2011-12	20.00	0.00	20.00
			2012-13	12.00	0.00	12.00
			2013-14	5.00	0.00	5.00
60		6003-00-110-96- Overdrafts (NP)	2011-12	1000.00	0.00	1000.00
			2012-13	1000.00	0.00	1000.00
			2013-14	1000.00	0.00	1000.00
61	Public Debt	6003-00-110-97- Shortfall in Cash Balances (NP)	2011-12	25.00	0.00	25.00
			2012-13	25.00	0.00	25.00
			2013-14	25.00	0.00	25.00
62	Repayment	6003-00-110-98- Special ways and means advances (NP)	2011-12	2500.00	0.00	2500.00
			2012-13	3000.00	0.00	3000.00
			2013-14	3000.00	5.19	2994.81
63		6003-00-110-99- Ways and means advances (NP)	2011-12	3000.00	0.00	3000.00
			2012-13	3000.00	0.00	3000.00
			2013-14	3000.00	113.74	2886.26

Appendix 2.5
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 53)

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (in ₹)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	13 Grants	Revenue-V	2,69,07,419	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-VIII	4,74,89,272	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XI	8,28,23,107	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XII	1,04,47,42,687	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIII	1,03,42,841	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XVI	5,70,16,88,879	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XIX	48,86,93,678	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XXVIII	2,27,91,084	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-XLI	14,90,73,882	Initial notes not received. Not discussed by PAC
		Capital-XII	11,81,652	Notes considered by PAC. Appropriation Act not yet passed.
		Capital-XIV	41,04,486	Final copies of the notes received. Not discussed by PAC
		Capital-XLII	9,58,81,595	Initial notes not received. Not discussed by PAC
		Capital-XLVI	1,15,740	Notes considered by PAC. Appropriation Act not yet passed.
	2 Appropriations	Revenue-II	2,55,30,919	Notes considered by PAC. Appropriation Act not yet passed.
	Revenue-XII	3,01,000	Notes considered by PAC. Appropriation Act not yet passed.	

Audit Report (State Finances) for the year ended 31 March 2014

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess (In ₹)	Stage of consideration by Public Accounts Committee (PAC)
2012-13	14 Grants	Revenue-I	21,53,117	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-V	9,77,56,867	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue-IX	80,65,569	Initial notes not received. Not discussed by PAC
		Revenue - X	1,19,80,020	Final copies of the notes received. Not discussed by PAC
		Revenue - XII	1,56,15,14,343	Final copies of the notes not received. Not discussed by PAC
		Revenue - XIII	51,88,792	Final copies of the notes not received. Not discussed by PAC
		Revenue-XVI	2,62,56,55,607	Notes considered by PAC. Appropriation Act not yet passed.
		Revenue - XVII	29,71,81,076	Initial notes not received. Not discussed by PAC
		Revenue -XXXI	4,79,92,489	Initial notes not received. Not discussed by PAC
		Revenue - XLII	3,92,53,979	Initial notes not received. Not discussed by PAC
		Capital- XVII	1,18,49,442	Initial notes not received. Not discussed by PAC
		Capital - XIX	40,760	Final copies of the notes not received. Not discussed by PAC
		Capital-XX	16,91,06,000	Notes considered by PAC. Appropriation Act not yet passed.
		Capital - XXVIII	17,04,318	Final copies of the notes not received. Not discussed by PAC
	one Appropriation	Revenue - I	6,73,466	Final copies of the notes received. Not discussed by PAC
			12,58,17,84,086	

Appendix 2.6

Cases where supplementary provision (₹ one crore or more in each case) proved unnecessary
(Reference: Paragraph 2.3.5, Page 54)

(₹ in crore)

Sl. No.	Number and name of Grant	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
Revenue - Voted					
1.	II Heads of States, Ministers and Headquarters Staff	391.62	349.06	42.56	5.05
2.	III Administration of Justice	425.67	413.63	12.04	3.21
3.	V Agricultural Income Tax and Sales Tax	199.69	197.49	2.20	2.18
4.	VI Land Revenue	408.23	387.85	20.38	5.77
5.	XI District Administration and Miscellaneous	399.99	397.63	2.36	44.07
6.	XII Police	2122.40	2074.61	47.79	13.10
7.	XIV Stationery and Printing and Other Administrative Services	367.12	343.49	23.63	2.03
8.	XV Public Works	2071.29	2023.86	47.43	97.80
9.	XVII Education, Sports, Art and Culture	12003.87	11845.39	158.48	147.98
10.	XXII Urban Development	1269.86	216.07	1053.79	71.25
11.	XXIV Labour, Labour Welfare and Welfare of non-Residents	768.22	635.27	132.95	59.03
12.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1831.10	1644.94	186.17	96.40
13.	XXIX Agriculture	2032.54	1810.63	221.92	9.24
14.	XXXII Dairy	153.77	138.99	14.78	5.55
15.	XXXIV Forest	438.71	393.62	45.08	12.83
16.	XXXVI Rural Development	400.23	397.89	2.34	56.14
17.	XXXVII Industries	384.61	351.87	32.74	31.49

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Number and name of Grant		Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
18.	XLI	Transport	47.61	44.10	3.50	3.52
19.	XLIII	Compensation and Assignments	5198.09	4997.42	200.67	149.70
Capital - Voted						
20.	XII	Police	1.01	0.02	0.99	29.94
21.	XVII	Education, Sports, Art and Culture	304.56	200.73	103.83	89.17
22.	XVIII	Medical and Public Health	173.01	130.32	42.69	16.50
23.	XXVII	Co-operation	61.90	52.42	9.48	199.50
24.	XXXI	Animal Husbandry	26.90	13.09	13.81	3.92
25.	XXXIII	Fisheries	146.10	136.52	9.58	11.84
26.	XXXVIII	Irrigation	578.41	206.95	371.46	25.00
27.	XL	Ports	367.90	150.28	217.62	5.93
28.	XLI	Transport	1836.72	809.98	1026.74	25.00
29.	XLV	Miscellaneous Loans and Advances	210.37	208.32	2.05	1.37
Capital - Charged						
30.	XV	Public Works	50.00	22.40	27.60	25.00
Total			34671.50	30594.84	4076.66	1249.51

Appendix 2.7
Cases of excessive supplementary Grants/Appropriations
(Savings of ₹ one crore and above)
(Reference: Paragraph 2.3.5, Page 54)

(₹ in crore)

Sl. No.	Grant/Appropriation	Original provision	Final Expenditure	Additional funds required	Supplementary obtained	Excess supplementary
Revenue - Voted						
1.	XVIII Medical and Public Health	3164.15	3166.91	2.76	100.43	97.67
2.	XXI Housing	111.81	114.42	2.61	36.80	34.19
3.	XXIII Information and Publicity	55.12	56.94	1.82	8.51	6.69
4.	XXVI Relief on account of Natural Calamities	310.58	553.92	243.34	275.35	32.01
5.	XXVII Co-operation	219.75	265.44	45.69	70.26	24.57
6.	XXVIII Miscellaneous Economic Services	116.57	126.10	9.53	13.25	3.72
7.	XXX Food	906.21	950.78	44.57	61.23	16.66
8.	XXXI Animal Husbandry	410.09	420.66	10.57	15.87	5.30
9.	XXXIII Fisheries	234.00	249.56	15.56	43.94	28.38
10.	XXXIX Power	105.80	239.26	133.46	154.00	20.54
11.	XLII Tourism	143.48	143.95	0.47	5.37	4.90
12.	XLVI Social Security and Welfare	2159.48	2230.83	71.35	343.83	272.53
Capital - Voted						
13.	XXI Housing	310.62	322.47	11.85	41.59	29.74
14.	XXIX Agriculture	163.19	168.92	5.73	62.42	56.69
15.	XXX Food	43.17	67.41	24.24	45.01	20.77
16.	XXXVII Industries	530.95	582.16	51.21	216.59	165.38
17.	XLII Tourism	111.70	140.43	28.73	31.95	3.22
Capital - Charged						
18.	XXIX Agriculture	0.05	0.71	0.66	1.93	1.27
19.	XXXVIII Irrigation	1.00	7.23	6.23	7.30	1.07
Total		9097.72	9808.10	710.38	1535.68	825.30

Appendix 2.8
Unnecessary/Excessive/ Insufficient re-appropriation of funds
(Reference: Paragraph 2.3.6: Page 55)

(₹ in crore)

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
Unnecessary re-appropriation				
2851-00-103-40-Revival, Reform and Restructural package for Handloom sector (80%CSS)	25.00	12.95	7.95	-20.00
2404-00-001-97-Extension Service Units	24.07	20.25	0.11	-3.93
2210-01-110-91-Other T.B.Clinics	10.14	7.32	0.09	-2.91
2203-00-104-97-Private Polytechnics	21.46	21.41	2.53	-2.58
3054-01-001-99-Chief Engineer, National Highway	5.09	3.54	0.05	-1.60
2013-00-104-98-Household establishment of Ministers, Chief Whip and Leader of Opposition	4.40	3.50	0.13	-1.03
2406-01-105-92-Teak Wood	4.05	3.78	0.75	-1.02
5054-05-101-99-CRF Bridges (Ordinary Allocation)	1.00	0.04	0.04	-1.00
2013-00-800-99-Other Expenditure-Office Expenses	1.76	1.03	0.20	-0.93
2058-00-101-99-Purchase and Supply of Stationery Stores	18.29	18.09	0.49	-0.69
2406-01-101-90-Transfer to the fund for teak under the Kerala Forest Revolving Fund for Teak and Pulpwood Rules,1999	7.27	7.24	0.63	-0.66
2202-02-001-92-Regional Deputy Directorate - Higher Secondary Education	2.42	1.82	0.03	-0.63
2012-03-103-99-Household Establishment	2.36	1.75	0.01	-0.62
2203-00-112-88-Government College of Engineering, Kannur	12.96	12.81	0.46	-0.61
Excessive re-appropriation				
2055-00-109-99-District Force	1425.51	1436.29	30.29	-19.51
2202-03-800-47-Interest Subsidy to unemployed BPL Students who availed loan for Professional Education during 2004-2009	0.00 ⁵³	30.14	36.44	-6.30
5054-04-101-96-Works having NABARD assistance - construction and improvement of bridges	82.66	87.23	8.65	-4.08
2702-01-800-94-Minor Irrigation Projects Maintenance	64.06	69.44	7.29	-1.91
6860-60-190-94-Loans to Kerala Ceramics Limited	0.00 ⁵³	6.89	8.61	-1.72
2225-01-277-99-Pre-Matriculation Studies - Scholarships and Stipends	23.75	28.55	6.13	-1.33
2245-02-101-95-Supply of Seeds, Fertilizers and other Agricultural Implements	26.28	37.92	12.86	-1.22

⁵³ No budget provision or only token provision

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
2225-01-277-89-Model Residential Schools	0.00 ⁵⁴	2.13	3.31	-1.18
2217-01-800-95-Assistance to Attukal Development Project	0.00 ⁵⁴	3.58	4.58	-1.00
6860-01-190-95-Loans to Kerala State Textile Corporation	14.42	18.39	4.92	-0.95
2054-00-097-98-Sub Treasury Establishment	70.93	75.07	5.02	-0.88
2070-00-107-99-Home Guards	27.08	31.25	5.00	-0.83
4702-00-101-87-Renovation of Ponds	5.00	7.02	2.84	-0.82
2202-02-001-94-Directorate of Higher Secondary Education (Plus Two)	39.53	46.66	7.94	-0.81
2052-00-090-90-Modernisation of Finance Department and Training of Staff	1.14	1.41	0.89	-0.62
2245-01-102-99-Water Supply	65.96	96.57	31.18	-0.57
2702-02-005-99-Ground water Investigation and Development	31.33	33.11	2.31	-0.53
Insufficient re-appropriation				
2075-00-103-97-Distribution of prizes	1264.00	1520.26	12.61	243.65
2202-03-104-99-Salaries to the staff under the Direct Payment System	1035.67	986.29	-267.48	218.10
2202-01-101-99-Lower Primary Schools	672.49	802.26	-0.77	130.54
2071-01-104-99-Gratuities	598.13	774.09	46.09	129.87
2210-05-105-52-Regional Cancer Centre	0.00	68.81	0.00	68.81
2210-01-110-99-Hospitals and Dispensaries	431.95	491.46	-2.28	61.79
2202-01-101-98-Upper Primary Schools	572.93	628.91	-0.70	56.68
2202-02-110-94-Aided Higher Secondary Schools - Teaching Grant	631.57	687.34	-0.69	56.46
5054-04-337-83-Projects under Anti-Recession Stimulus Package - Public Works (Roads)	0.00 ⁵⁴	55.99	0.00	55.99
2202-01-102-99-Teaching Grant	2463.46	2513.32	-3.29	53.15
2049-03-108-99-State Life Insurance Official Branch	100.00	145.20	0.00	45.20
2202-03-103-99-Arts and Science Colleges	236.92	237.06	-38.93	39.07
2049-03-115-98-Fixed Time Deposits	460.00	496.05	0.00	36.05
4711-01-103-90-Kuttanad Package (75% CSS)	200.00	30.68	-196.93	27.61
2551-01-800-90-Hill Area Development Authority	42.50	39.50	-30.50	27.50
2515-00-001-92-Engineering wing for Local Self Government Institutions - Execution	121.05	117.63	-29.51	26.09
2049-03-108-95-Kerala State Government Employees Group Insurance Scheme	62.00	86.90	0.00	24.90
4851-00-195-99-Investment In Capex as Share Capital Contribution	0.00 ⁵⁴	24.30	0.00	24.30

⁵⁴ No budget provision or only token provision

Audit Report (State Finances) for the year ended 31 March 2014

Scheme/Activity	Budget allocation	Final expenditure	Net Re-appropriation	Excess(+)/ Savings(-)
2210-03-103-99-Primary Health Units and Health Centres	246.25	265.97	-4.41	24.13
5054-03-337-98-Developments and Improvements	76.57	97.02	0.00	20.45
2401-00-103-87-Coconut Development	50.00	66.86	-1.60	18.46
2049-03-115-99-State Savings Bank Deposits	80.00	96.47	0.00	16.47
2403-00-101-98-Hospitals and Dispensaries	99.84	113.79	-0.12	14.07
2401-00-001-96-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	214.35	207.40	-19.43	12.48
3054-01-337-99-Urgent repairs to National Highway stretches in the State	0.00 ⁵⁵	11.60	0.00	11.60
2052-00-090-99-Administrative Secretariat	78.61	89.66	0.38	10.66
2049-04-101-99-Block Loans for State Plan Schemes	175.79	196.38	10.24	10.34

⁵⁵ No budget provision or only token provision

Appendix 2.9
Heads in which entire budget provision (₹ one crore and above) was surrendered
during the year
(Reference: Paragraph 2.3.7; Page 55)

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
1.	VIII	2039-00-001-93-Upgrade of wireless system in excise department (P)	1.10	Non-implementation of scheme due to non-completion of administrative formalities
2.	XII	4055-00-211-97-Modernisation of police force (P)	29.94	Non-receipt of administrative sanction
3.	XVII	2202-02-107-91-Incentive to Girls for Secondary education (100% CSS) (P)	7.00	Reasons for surrender not furnished
4.		2202-02-107-92-Means cum Merit Scholarship (100% CSS) (P)	2.50	Reasons for surrender not furnished
5.		3435-03-101-92-National Plan for Conservation of Aquatic Ecosystem (P)	3.00	Non-implementation of the scheme on account of non-formulation of guidelines
6.		4202-01-202-92-Vocational Higher Secondary Education (P)	4.00	Non-completion of construction work
7.		4202-01-202-93-Infrastructure – School Education (P)	4.00	Non-completion of construction work
8.		4202-01-203-84-Annuity scheme –one time ACA(P)	5.00	Non-completion of construction work
9.		4202-01-203-85-Accreditation of colleges with National Assessment and Accreditation council (NAAC) – One time ACA (P)	3.00	Non-completion of construction work
10.		4202-01-203-86-Construction of Women's Hostels in Government Colleges – one time ACA (P)	3.00	Non-completion of construction work
11.		4202-01-203-87- Development of Laboratories and Libraries in Government Colleges – one time ACA (P)	4.00	Non-completion of construction work
12.		4202-01-800-88-Projects under LACADF (NP)	8.61	Non-completion of construction work
13.		4202-02-104-94-Polytechnic Buildings (One time ACA) (P)	5.00	Non-completion of construction work
14.		4202-02-105-94-Building (One time ACA) (P)	3.00	Non-completion of construction work
15.		4202-02-105-95-College of Engineering Thiruvananthapuram (One time ACA) (P)	1.00	Non-completion of construction work

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
16.		4202-02-800-85-Projects under LACADF (P)	129.15	Non-completion of construction work
17.		4202-03-102-99- Projects under LAC-ADF (NP)	2.24	Non-completion of construction work
18.		2210-04-102-93-Opening new Homoeo Dispensaries (ACA) (P)	3.50	Reasons for surrender not furnished
19.		4210-01-110-69-Pain, Palliative and Elderly Health care centres (XIII Finance Commission award) (P)	1.00	Non-arrangement of works in time
20.		4210-02-110-81-Modernisation of Government hospital, Pala (NP)	6.00	Non-arrangement of works in time
21.		4210-02-110-83-Capital Fund for maintenance and renovation of Homoeopathic institutions (ACA) (P)	2.00	Non-arrangement of works in time
22.		4210-02-800-95- Projects under LAC ADF (NP)	21.00	Non-arrangement of works in time
23.		4210-03-101-85-Ayurveda Mental Hospital, Kottakkal (ACA) (P)	1.00	Non-arrangement of works in time
24.		4210-03-101-86-Assistance to Kerala Ayurvedic Studies and Research Society, Kottakkal (ACA) (P)	1.00	Non-arrangement of works in time
25.	XVIII	4210-03-101-87-Ayurveda College, Kannur (ACA) (P)	2.00	Non-arrangement of works in time
26.		4210-03-101-88- Ayurveda College, Thrippunithura (ACA) (P)	2.00	Non-arrangement of works in time
27.		4210-03-102-93-Government Homoeopathic Medical College, Kozhikode (ACA) (P)	2.00	Non-arrangement of works in time
28.		4210-03-102-94- Government Homoeopathic Medical College, Thiruvananthapuram (ACA) (P)	1.00	Non-arrangement of works in time
29.		4210-03-102-98- Homoeo medical college, College hospitals, College hostels, Kozhikode - Land Acquisition and Buildings (P)	1.00	Non-arrangement of works in time
30.		4210-03-105-50-Hostel for UG and PG students in Government Medical College, Thrissur (P)	1.00	Non-arrangement of works in time
31.		4210-03-105-52-New Dental College at Alappuzha and Thrissur (P)	1.50	Non-arrangement of works in time

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
32.		4210-03-200-99-Prakrithi Chikilsa (Nature Cure) Hospital, Varkala (P)	1.00	Non-arrangement of works in time
33.		2215-01-190-96-Manufacturing units for bottled water(P)	1.00	Reasons for surrender not furnished
34.		2215-01-800-59-Water Supply Scheme to Malabar Cancer Centre Thalassery (P)	1.00	Reasons for surrender not furnished
35.	XX	4215-01-101-99-Comprehensive Water Supply Scheme to Kalliyoer, Venganoor, Vizhinjam (Corporation area) and Kovalam Tourism area – State Share (P)	2.00	Reasons for surrender not furnished
36.		4215-01-800-93- Projects under LAC ADF (NP)	3.00	Reasons for surrender not furnished
37.		2217-03-191-74-Urban Infrastructure Development scheme for small and medium towns (ACA) (P)	162.49	Non-implementation of the scheme
38.		2217-05-191-80-Integrated Housing and Slum development programme (State Scheme) (P)	15.00	Non-implementation of the scheme
39.	XXII	2217-05-191-86-Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	12.00	Not furnished
40.		2217-05-192-82- Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) (75% CA) (P)	18.00	Not furnished
41.		2217-05-800-83-Basic Services to the Urban Poor (BSUP) (P)	72.03	Not furnished
42.	XXIII	4220-60-101-64-Modernisation of Tagore Theatre (P)	9.00	Belated submission of bills and non-receipt of sanction orders
43.		2230-03-101-73-Establishment of ITI in Linguistic Minority area (P)	6.00	Not furnished
44.	XXIV	2230-03-101-83- Upgradation of ITIs into centre of excellence (CSS 75%) (P)	5.34	Not furnished
45.		2225-03-800-86-Assistance to Voluntary Organisation (90% CSS) (P)	15.00	Not furnished
46.	XXV	4225-02-277-87-Model Residential School, Pookot, Wayanad District (100% CSS) (P)	1.10	Not furnished
47.		4225-03-277-97-Construction of Hostels (Girls, Boys) (OBC) (50% CSS) (P)	8.00	Enforcement of strict economy measures and less number of claims

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Amount of Surrender	Reasons for surrender
48.		4425-00-107-85-Share Capital Contribution to District Co-operative Banks (P)	129.50	Not furnished
49.	XXVII	4425-00-107-86- Share Capital Contribution to Kerala State Co-operative Banks (P)	70.00	Not furnished
50.		4425-00-108-89-Apex processing societies investments – consumer co-operatives (P)	2.00	Not furnished
51.	XXVIII	5475-00-800-89-Investment in Major Capital Projects (NP)	1250.00	Not furnished
52.	XXIX	4551-01-800-99-Hill area development authority (RIDF) (P)	25.00	Non-sanction of the project by NABARD
53.	XXX	2408-01-800-88-Integrated Project on Consumer Protection for Stengthening the Infrastructure of Consumer Fora (100% CSS)(P)	2.00	Not furnished
54.	XXXI	4403-00-102-96-Strengthening of Department Farms (P)	5.00	Not furnished
55.	XXXII	2404-00-190-89-Assistance to Kerala Livestock Development Board (P)	14.00	Re-classification of provision to the head of account '2403-00-190-83'
56.	XXXIV	2406-02-110-45-Kottiyoor Wildlife Sanctuary (50% CSS) (P)	1.40	Non-release of central assistance
57.	XXXVI	2515-00-197-36-Office building for Block Panchayats(P)	2.10	Non-commencement of construction of buildings and non-acquisition of land by block panchayats
58.	XXXVIII	4700-29-800-87-NABARD assisted (RIDF) Mullaperiyar Project (P)	35.00	Not furnished
59.	XLVI	4235-02-103-99-Construction of Nirbhaya Homes (P)	3.00	Not furnished
60.		4235-02-800-99-Modernisation of Social Justice Department (P)	4.00	Not furnished
61.		6003-00-110-97-Shortfall in Cash Balances (NP)	25.00	
Total			2161.50	

Appendix 2.10

Surrender (₹ one crore or more in each case) in excess of actual savings
(Reference: Paragraph 2.3.8; Page 56)

Sl. No.	Number and name of the Grant	Total Grant/	Savings	₹ in crore)	
				Amount surrendered	Amount surrendered in excess
Revenue - Voted					
1.	III Administration of Justice	428.87	15.24	20.36	5.12
2.	V Agricultural Income Tax and Sales Tax	201.87	4.38	11.18	6.80
3.	VI Land Revenue	414.00	26.15	30.08	3.93
4.	VIII Excise	182.55	18.19	30.22	12.03
5.	XI District Administration and Miscellaneous	75.45	0.81	2.48	1.67
6.	XII Police	2135.50	60.89	63.44	2.55
7.	XIV Stationery and Printing and Other Administrative Services	369.15	25.66	29.56	3.90
8.	XVII Education, Sports, Art and Culture	12151.84	306.45	459.56	153.11
9.	XXIV Labour, Labour Welfare and Welfare of Non-residents	827.25	191.97	196.30	4.33
10.	XXV Welfare of Scheduled Castes and Scheduled Tribes, Other Backward Classes and Minorities	1927.50	282.57	284.48	1.91
11.	XXVII Co-operation	290.00	24.56	35.11	10.55
12.	XXVIII Miscellaneous Economic Services	129.82	3.72	6.05	2.33
13.	XXX Food	967.45	16.67	19.36	2.69
14.	XXXI Animal Husbandry	425.97	5.30	24.03	18.75
15.	XXXIV Forest	451.53	57.91	61.09	3.18
16.	XXXV Panchayat	306.47	48.28	62.46	14.18
17.	XXXVI Rural Development	456.37	58.49	66.44	7.95
Total		21741.59	1147.24	1402.22	254.98
Capital - Voted					
18.	XVIII Medical and Public Health	189.51	59.19	60.86	1.67
19.	XXXVIII Irrigation	603.41	396.46	414.10	17.64
Total		792.92	455.65	474.96	19.31
Capital - Charged					
Public Debt Repayment		10104.30	6859.49	6868.48	8.99
Grand Total		32638.81	8462.38	8745.66	283.28

Appendix 2.11
Details of saving of ₹ one crore and above not surrendered
(Reference: Paragraph 2.3.9, Page 56)

(₹ in crore)

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Revenue - Voted				
1.	II Heads of States, Ministers and Headquarters Staff	47.61	3.08	44.53
2.	VII Stamp and Registration	18.27	15.64	2.63
3.	XI District Administration and Miscellaneous	46.43	9.91	36.53
4.	XV Public Works	145.24	0.00	145.24
5.	XVIII Medical and Public Health	97.66	72.42	25.25
6.	XIX Family Welfare	145.57	22.21	123.36
7.	XX Water Supply and Sanitation	184.30	169.22	15.08
8.	XXI Housing	34.19	27.79	6.40
9.	XXII Urban Development	1125.04	1121.34	3.71
10.	XXVI Relief on Account of Natural Calamities	32.01	29.36	2.66
11.	XXIX Agriculture	231.15	223.38	7.77
12.	XXXII Dairy	20.34	14.34	6.00
13.	XXXVII Industries	64.23	50.37	13.87
14.	XXXVIII Irrigation	71.52	66.82	4.69
15.	XXXIX Power	20.54	19.10	1.44
16.	XL Ports	12.29	10.50	1.79
17.	XLIII Compensation and Assignments	350.37	43.54	306.83
18.	XLVI Social Security and Welfare	272.53	237.51	35.02
Total		2919.29	2136.53	782.80
Revenue -Charged				
19.	II Heads of States, Ministers and Headquarters staff	16.09	3.91	12.18
Total		16.09	3.91	12.18

Sl. No.	Number and name of the Grant/Appropriation	Savings	Amount surrendered	Savings which remained to be surrendered
Capital -Voted				
20.	XIV Stationery and Printing and Other Administrative Services	2.17	0.00	2.17
21.	XVII Education, Sports, Art and Culture	193.00	191.95	1.05
22.	XX Water Supply and Sanitation	113.33	111.33	2.00
23.	XXI Housing	29.74	12.87	16.87
24.	XXII Urban Development	1.32	0.10	1.22
25.	XXIV Labour, Labour Welfare and Welfare of Non-residents	6.23	0.98	5.25
26.	XXVIII Miscellaneous Economic Services	2421.19	2380.63	40.56
27.	XXIX Agriculture	56.70	37.74	18.96
28.	XXX Food	20.76	3.60	17.16
29.	XXXI Animal Husbandry	17.73	15.07	2.67
30.	XXXV Panchayat	32.29	27.29	5.00
31.	XXXVII Industries	165.38	24.32	141.06
32.	XXXIX Power	43.42	0.00	43.42
33.	XL Ports	223.55	214.51	9.04
34.	XLV Miscellaneous Loans and Advances	3.42	2.07	1.36
35.	XLVI Social Security and Welfare	24.36	14.80	9.56
Total		3354.59	3037.26	317.35
Capital-Charged				
36.	XV Public Works	52.60	32.90	19.70
Total		52.60	32.90	19.70
Grand Total		6342.57	5210.60	1132.03

Appendix 2.12

Cases of surrender of funds in excess of ₹10 crore on 31 March 2014
(Reference: Paragraph 2.3.9, Page 56)

(₹ in crore)

Sl. No.	Grant number and major head	Amount of surrender	Percentage of total provision	
1.	III 2014 Administration of Justice	24.80	4.89	
2.	V 2040 Taxes on Sales, Trade etc.	10.74	5.89	
3.	VI 2029 Land Revenue	28.48	7.41	
4.	VII 2030 Stamps and Registration	15.64	10.09	
5.	VIII 2039 State Excise	30.32	16.60	
6.	XII 2055 Police	63.47	2.97	
7.		4055 Capital Outlay on Police	30.93	99.94
8.	XIV 2070 Other Administrative Services	23.20	8.96	
9.	XV 5054 Capital Outlay on Roads and Bridges	32.90	2.27	
10.	XVII 2202 General Education	368.98	3.35	
11.		2203 Technical Education	62.88	8.98
12.		2204 Sports and Youth Services	10.00	7.20
13.		2205 Art and Culture	14.50	9.83
14.		4202 Capital outlay on Education, Sports, Art and culture	191.95	48.93
15.	XVIII 2210 Medical and Public Health	72.48	2.22	
16.		4210 Capital Outlay on Medical and Public Health	60.86	32.11
17.	XIX 2211 Family Welfare	22.21	4.44	
18.	XX 2215 Water Supply and Sanitation	169.22	22.12	
19.		6215 Loans for Water supply and Sanitation	106.33	35.44
20.	XXI 2216 Housing	27.79	18.70	
21.		4216 Capital outlay on Housing	12.87	41.37
22.	XXII 2217 Urban Development	1121.34	83.61	
23.	XXIII 4220 Capital outlay on Information and Publicity	10.32	84.49	
24.	XXIV 2230 Labour and Employment	196.30	23.73	
25.	XXV 2225 Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	284.48	14.76	
26.		4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	81.67	70.74

Sl. No.	Grant number and major head	Amount of surrender	Percentage of total provision	
27.	XXVI 2245 Relief on account of Natural Calamities	29.36	5.01	
28.	XXVII 2425 Co-operation	35.11	12.11	
29.		4425 Capital outlay on Co-operation	203.87	87.84
30.	XXVIII 5475 Capital outlay on Other General Economic Services	2381.13	81.74	
31.	XXIX 2401 Crop Husbandry	176.86	14.15	
32.		2551 Hill Areas	33.72	27.45
33.		4551 Capital outlay on Hill Areas	25.00	100.00
34.		4702 Capital Outlay on Minor Irrigation	11.81	8.33
35.	XXX 3456 Civil Supplies	11.41	32.04	
36.	XXXI 2403 Animal Husbandry	24.05	5.65	
37.		4403 Capital Outlay on Animal Husbandry	15.07	73.76
38.	XXXII 2404 Dairy Development	14.34	9.00	
39.	XXXIII 2405 Fisheries	27.45	9.88	
40.		4405 Capital Outlay on Fisheries	20.69	14.78
41.	XXXIV 2406 Forestry and Wildlife	61.12	13.53	
42.	XXXV 2515 Other Rural Development Programmes	62.46	20.38	
43.		4515 Capital Outlay on Other Rural Development Programmes	27.29	44.83
44.	XXXVI 2501 Special programmes for Rural Development	15.59	12.74	
45.		2505 Rural Employment	25.72	47.17
46.		2515 Other Rural Development Programmes	25.13	8.99
47.	XXXVII 2851 Village and Small Industries	47.71	12.35	
48.		4851 Capital Outlay on Village and Small Industries	19.70	44.82
49.	XXXVIII 2700 Major Irrigation	39.38	22.68	
50.		2701 Medium Irrigation	17.10	11.83
51.		2711 Flood control and drainage	10.37	17.06
52.		4700 Capital Outlay on Major Irrigation	51.94	51.26
53.		4701 Capital Outlay on Medium Irrigation	174.21	63.68
54.		4711 Capital Outlay on Flood Control Projects	188.04	79.41
55.	XXXIX 2810 New and Renewable Energy	19.10	40.24	
56.	XL 3051 Ports and Light Houses	10.50	22.14	
57.		5051 Capital Outlay on Ports and Light Houses	214.51	57.38

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Grant number and major head		Amount of surrender	Percentage of total provision
58.	XLI	5075 Capital Outlay on Other Transport Services	1043.86	64.55
59.	XLIII	3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	43.54	0.81
60.		2235 Social Security and Welfare	237.51	9.49
61.	XLVI	4235 Capital Outlay on Social Security and Welfare	14.80	23.46
62.		6003 Internal Debt of the State Government	6868.45	70.35
Total			15302.56	

Appendix 2.13
Pendency in submission of Detailed Contingent bills against Abstract
Contingent (AC) bills drawn from 2011-12 to 2013-14
(Reference: Paragraph 2.4.1, Page 60)

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
1.	Regional Officer, Kerala Public Service Commission, Ernakulam	February 2014	175000
		March 2014	12000
2.	Accounts Officer, City Police Office, Kochi	January 2013	688850
3.	Accounts Officer, District Police Office, Ernakulam Rural, Aluva	October 2013	2030500
4.	Accounts Officer, District Police Office, Thrissur City	October 2013	400000
		December 2013	1000000
		February 2014	150000
		September 2013	500500
5.	District Police Officer, Thrissur (Rural)	October 2013	2952000
		October 2013	230000
		December 2013	105000
		December 2013	433720
		March 2014	1027940
6.	Superintendent, District Jail, Thiruvananthapuram	September 2013	50000
		February 2014	389461
7.	Superintendent, Special Sub Jail, Thiruvananthapuram	October 2013	100000
		December 2013	50000
		January 2014	50000
		January 2014	100000
8.	Superintendent, Special Sub Jail, Neyyattinkara	October 2013	550000
9.	Superintendent, Sub Jail, Neyyattinkara	November 2013	50000
10.	Superintendent, Sub Jail, Attingal	September 2013	30000
		September 2013	10000
		November 2013	10000
		March 2014	80000
11.	Superintendent, District Jail, Ernakulam	March 2014	80000
12.	Superintendent, Sub Jail, Alathur	February 2014	50000
		March 2014	75000
		February 2014	60000
13.	Superintendent, Special Sub Jail, Palakkad	February 2014	60000
14.	Superintendent, Special Sub Jail, Irinjalakuda	February 2014	50000
15.	Superintendent, Special Sub Jail, Chittur	February 2014	50000
16.	Superintendent, Sub Jail, Ottappalam	March 2014	50000
17.	Joint Director, Curriculum Development Centre, Kalamassery	March 2014	240000
18.	Tribal Development Officer, Palakkad	February 2014	500000

Audit Report (State Finances) for the year ended 31 March 2014

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
19.	Veterinary Surgeon, Veterinary Dispensary, Vellachira	March 2014	97125
20.	Veterinary Surgeon, Veterinary Dispensary, Venginissery	March 2014	100050
21.	Tribal Extension Officer, Palakkad	January 2014	20000
		February 2014	20000
22.	Superintendent, Asramam School, Malampuzha	February 2014	60000
		February 2014	25000
		March 2014	100000
23.	Superintendent, Model Residential School, Attapady	February 2014	50000
24.	Child Development Project Officer, ICDS Project, Kodakara(Additional)	December 2013	75000
		December 2013	75000
25.	Child Development Project Officer, ICDS Project, Ottappalam (Additional)	January 2014	40000
		February 2014	166000
26.	Child Development Project Officer, ICDS Project, Palakkad (Additional)	March 2014	214900
		March 2014	149000
27.	Child Development Project Officer, ICDS Project, Attapady	December 2013	43800
		January 2014	88000
28.	Senior Superintendent, District Level, ICDS, Palakkad	January 2014	68000
29.	Principal Agricultural Officer, Thrissur	February 2012	1500000
		February 2013	1500000
		November 2013	106667
		February 2014	863000
30.	Principal Agricultural Officer, Palakkad	March 2014	70000
31.	Deputy Director, RATT Centre, Malampuzha	March 2014	182400
Total			17863913

Appendix 2.14
List of controlling officers where amounts exceeding ₹50 crore in each case
remained unreconciled during 2013-14
(Reference: Paragraph 2.4.2, Page 60)

Sl. No.	Name of the controlling officer	Amount not reconciled (₹ in crore)
1.	The Director, Public Instruction, Jagathy, Thiruvananthapuram	7465.35
2.	The Secretary, Revenue Department, Thiruvananthapuram	803.02
3.	The Secretary to Government, Higher Education Department, Government Secretariat, Thiruvananthapuram	464.35
4.	The Commissioner, Rural Development, LMS Compound, Thiruvananthapuram	452.54
5.	The Director of Urban Affairs, Thiruvananthapuram	240.69
6.	The Secretary, Transport Department, Secretariat, Thiruvananthapuram	236.40
7.	The Director, Vocational Higher Secondary Education, Housing Board Building, Santhi Nagar, Thiruvananthapuram	236.30
8.	The Secretary to Government, Power Department, Thiruvananthapuram	214.80
9.	The Secretary, Local Self Government Department, Thiruvananthapuram	193.06
10.	The Secretary to Government, Information Technology Department, Secretariat, Thiruvananthapuram	170.95
11.	The Director of Ports, Valiathura, Vallakadavu, Thiruvananthapuram	152.41
12.	The Chief Engineer, Public Office Compound, Thiruvananthapuram	116.51
13.	The Director, Survey and Land Records, Thiruvananthapuram	103.40
14.	The Secretary to Government, Science and Technology Department, Thiruvananthapuram	90.58
15.	The Director of Homoeopathy, Thiruvananthapuram	89.41
16.	The Secretary, Planning and Economic Affairs Department, Secretariat, Thiruvananthapuram	78.16
17.	The Director, Municipal Administration, Thiruvananthapuram	74.31
18.	The Director, Regional Cancer Centre, Thiruvananthapuram	69.08
19.	The Director, Directorate of State Water Transport Department, Alappuzha	56.59
20.	The Director, Kerala Sustainable Urban Development Project, Trans Towers, Vazhuthacaud, Thiruvananthapuram	52.77
	Total	1360.68