



सत्यमेव जयते

**STATE FINANCE AUDIT REPORT  
OF  
THE COMPTROLLER  
AND AUDITOR GENERAL OF INDIA  
for the year ended March 2018**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Kerala**  
Report No.1 of the year 2019



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OF  
THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**for the year ended 31 March 2018**

**Government of Kerala  
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## **PREFACE**

1. This Report is prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for being placed in the State Legislature.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2018. Information has also been obtained from the Government of Kerala, wherever necessary.
3. Chapter III on ‘Financial Reporting’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.





**EXECUTIVE  
SUMMARY**



## EXECUTIVE SUMMARY

### Background

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area-wise, Kerala is ranked 22<sup>nd</sup> in the country with an area of 38,863 sq.km. The State has a population of 3.60 crore (12<sup>th</sup> in the country) and it is ranked as the third most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was 6.0 *per cent* (3.40 crore in 2008 to 3.60 crore in 2017), which is the second lowest rate among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest among the Indian states. Gross State Domestic Product (GSDP) of the State in 2017-18 at current prices was ₹6,86,116 crore.

### About the Report

This Report of the Finances of the Government of Kerala is being brought out with a view to assess objectively, the financial performance of the State during 2017-18 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort is made to compare the achievements with the targets envisaged by the State Government in the budget estimates of 2017-18. Based on the audited accounts of the Government of Kerala for the year ended March 2018, this Report provides an analytical review of the Annual Accounts of the State Government. This Report is structured in three Chapters.

**Chapter 1** is based on the audit of Finance Accounts and makes an assessment of the Kerala Government's fiscal position as on 31 March 2018. It provides an insight into trends in committed expenditure, borrowing pattern and quality of expenditure, besides giving comparison on State's expenditure with other General Category States.

**Chapter 2** is based on the audit of Appropriation Accounts and gives a Grant-by-Grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

**Chapter 3** is an inventory of the Kerala Government's compliance with various reporting requirements and financial rules. The report also compiles the data compiled from various Government departments/organizations in support of the findings.

### Audit findings and recommendations

#### Chapter I: Finances of the State Government

##### Overall financial status

Revenue deficit increased from ₹15,484 crore in 2016-17 to ₹16,928 crore in 2017-18 and fiscal deficit increased from ₹26,448 crore in 2016-17 to ₹26,838 crore in 2017-18. The ratio of fiscal deficit to GSDP improved from 4.3 *per*

cent in 2016-17 to 3.9 per cent in 2017-18. State did not achieve any of the targets fixed in its Medium Term Fiscal Plan or Kerala Fiscal Responsibility Act during 2017-18. As per the recommendation of the Fourteenth Finance Commission, Fiscal deficit to GSDP ratio was to be anchored at 3 per cent but it was 3.9 per cent during 2017-18.

### **Revenue resources of the State**

Revenue receipts of the State increased from ₹49,177 crore in 2013-14 to ₹83,020 crore in 2017-18 recording a growth rate of 69 per cent during last five years. Share of State's own tax revenue being the main source of revenue in revenue receipts decreased from 65 per cent in 2013-14 to 56 per cent in 2017-18 indicating low growth rate of tax revenue when compared to other components of revenue receipts. Though the receipts under State Lotteries was ₹9,034 crore (81 per cent of Non-tax revenue) an equally high expenditure of ₹7,628 crore on distribution of prizes, agent commission, etc. reduced the net yield to ₹1,406 crore during the year.

### **Revenue expenditure of the State**

Revenue Expenditure of the State increased from ₹91,096 crore in 2016-17 to ₹99,948 crore in 2017-18 recording a growth of 9.72 per cent over the previous year. Revenue expenditure as a percentage of total expenditure increased during 2017-18 indicating low priority of Government towards capital expenditure. Share of committed expenditure in revenue expenditure increased from 63 per cent in 2016-17 to 69 per cent in 2017-18. Interest payments and pension payments consumed 18 per cent and 24 per cent respectively of revenue receipts and is a matter of concern for the State Government.

### **Quality of expenditure**

Capital expenditure decreased by ₹1,377 crore during the year and its share in total expenditure decreased from 10 per cent in 2016-17 to 8 per cent in 2017-18. State's share of expenditure on health and education sector in total expenditure was more than General Category States, but the share of capital expenditure and development expenditure in total expenditure was less than that of General Category States. The average return on investment made by State Government was 1.44 per cent in the last five years while the Government paid an average interest rate of 7.24 per cent on its borrowings during the same period. The interest receipt on loans and advances given by State Government was 0.25 per cent during 2017-18 against the average cost of borrowing of 7.48 per cent.

### **Reserve Funds and liabilities**

Consolidated Sinking Fund was constituted with the aim to amortize the outstanding liabilities of Government, but Government did not contribute to the fund during 2017-18. Similarly, Government has to constitute a Guarantee Redemption Fund for crediting guarantee commission collected for meeting future liability arising out of guarantees given by the Government. This fund

has not been constituted so far. The accumulated balance in State Disaster Response Fund, at the end of March 2018 was ₹287.08 crore. As per the guidelines, Government has to credit interest to the fund equal to the amount of interest rate applicable to overdraft under overdraft regulation scheme of Reserve Bank of India. However, this was not done. Interest payable on the un-invested balances of the fund of earlier years was also not estimated by the Government.

### **Debt management**

Open market borrowings have a major share (54 *per cent*) in total fiscal liabilities of the State. The net debt available with State for development activities was only ₹6164 crore (26 *per cent* of public debt receipts) during 2017-18. Maturity profile of the State shows that about 50.14 *per cent* of the debt (₹71,698.62 crore) is to be repaid by March 2025.

### **Implementation of National Pension System**

State Government implemented National Pension System (NPS) for the All India Service Officers (July 2009) recruited to Kerala cadre on or after 1.1.2004 and for the State Government employees (January 2013) appointed on or after 1.4.2013. Deficiencies like non providing of interest by State Government towards the matching Government share for the backlog contribution in respect of State Government employees, delay ranging from 27 to 41 months in transfer of NPS backlog contribution in respect of AIS officers to NSDL, non-deduction of NPS subscription from the pay revision arrears disbursed to employees etc were noticed in the implementation of the NPS.

### **Receipt and utilisation of Fourteenth Finance Commission Award for the first three years of award period (2015-2018)**

State received ₹13,308.28 crore out of the award amount of ₹13,560.08 crore during 2015-16 to 2017-18 resulting in short receipt of ₹251.80 crore from Government of India. The short release was noticed under 'Grants to local bodies'.

## **Chapter II: Financial Management and Budgetary Control**

The overall savings of ₹11,424.97 crore (7.89 *per cent*) in 2017-18 against the total budget allocation of ₹1,44,881.94 crore was 7.60 *per cent* less than the savings noticed during 2016-17 (15.49 *per cent*). Persistent savings exceeding ₹100 crore were noticed in eight Grants under revenue section and five Grants and one Appropriation under capital section. Excess expenditure of ₹3,545.44 crore occurred during 2017-18 under six Grants and three Appropriations is to be regularized under Article 205 of the Constitution along with excess expenditure of ₹1,189.56 crore relating to previous years (2011-12 to 2016-17). Supplementary provisions aggregating to ₹2,417.30 crore obtained in 12 Grants/Appropriations proved unnecessary as the expenditure did not come up to the level of even the original provisions. During 2017-18, 11 *per cent* of the total budget allocation was surrendered at the end of the financial year, which includes five grants having surrender more than ₹1,000 crore.

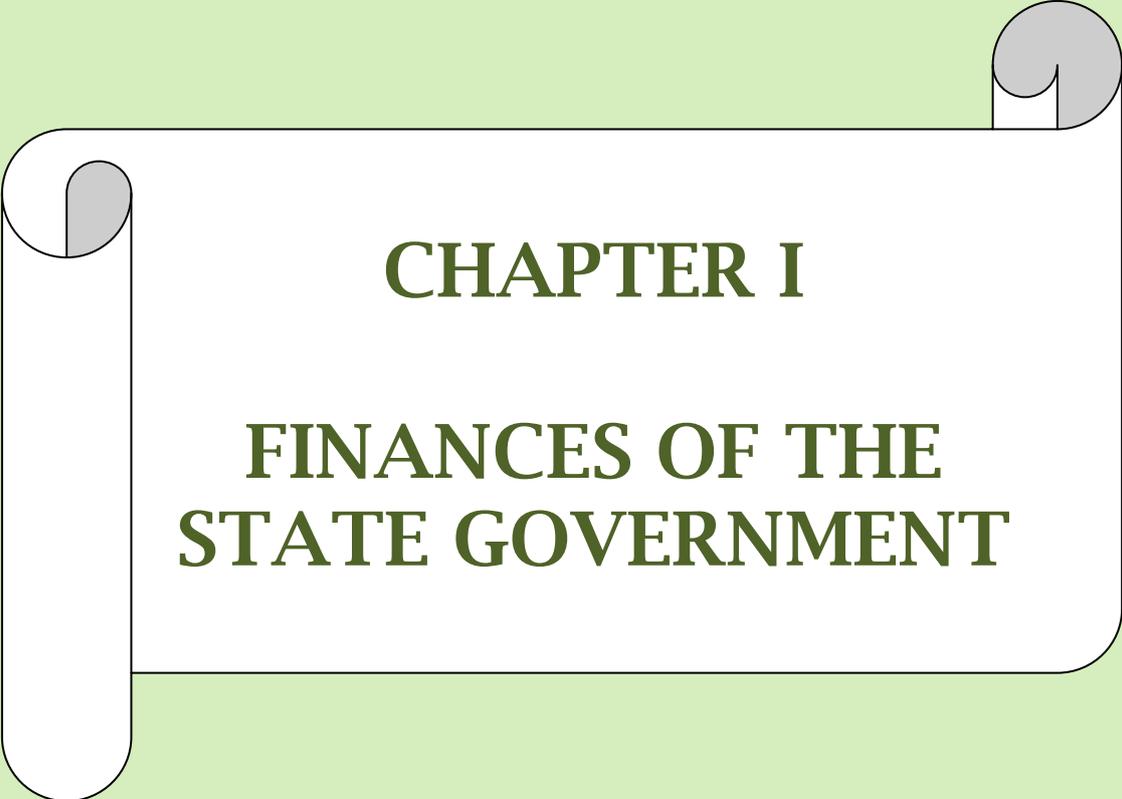
Unnecessary and injudicious re-appropriations indicated that departmental officers failed in assessing actual requirement of funds in heads of account under their control. Excess payment of pension and non-settlement of advances by drawing and disbursing officers were noticed in Inspection of Treasuries.

### **Chapter III: Financial Reporting**

The audit of accounts of District Legal Services Authorities, Ernakulam and Kasaragod, which was entrusted to the Comptroller and Auditor General of India under Sections 19 (2), 19 (3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, were pending for five years (from 2012-13).

#### **Long pending recovery in respect of cases of defalcation/misappropriation, theft, losses, etc.**

There were delays in initiating departmental action, fixing liability, issuing orders of recovery, etc., in respect of cases of misappropriation/loss of public money.



**CHAPTER I**

**FINANCES OF THE  
STATE GOVERNMENT**



# CHAPTER I

## FINANCES OF THE STATE GOVERNMENT

### Profile of Kerala

The State is located at the southern end of the country, sharing borders with Tamil Nadu and Karnataka. Geographical area-wise, Kerala is ranked 22<sup>nd</sup> in the country with an area of 38,863 sq.km. The State has a population of 3.60 crore (12<sup>th</sup> in the country) and is ranked as the third<sup>1</sup> most densely populated State with a density of 860 persons per sq.km. The decadal growth rate of population was 6.0 *per cent* (3.40 crore in 2008 to 3.60 crore in 2017), which is the second lowest<sup>2</sup> among Indian states. The literacy rate of Kerala (94 *per cent*) is the highest<sup>3</sup> among the Indian states. Gross State Domestic Product (GSDP) in 2017-18 of the State at current prices was ₹6,86,116 crore. General data relating to the State is given in **Appendix 1.1**.

### Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognized final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's GDP and that of the State at current prices are indicated below:

**Table 1.1: Trends in annual growth of GDP and GSDP (at current prices)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
India's GDP (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (percentage)	12.97	10.99	10.40	10.82	9.96
State's GSDP (₹ in crore)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116
Growth rate of GSDP (percentage)	12.79	10.22	9.56	10.71	10.36

Source: Figures furnished by Economics and Statistics Department, Government of Kerala

Though the growth rate of GSDP declined from 10.71 *per cent* in 2016-17 to 10.36 *per cent* in 2017-18, growth rate of GSDP was higher as compared to the growth rate of GDP during the last year.

## 1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment of the fiscal position of the Government of Kerala as on 31 March 2018. It provides a broad perspective of the finances of the State during 2017-18 along with analysis of the critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure and form of Government Accounts are explained in **Appendix 1.2 Part A** and the layout of the Finance Accounts is shown in **Appendix 1.2 Part B**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.3 Part A**. As per the Kerala Fiscal Responsibility Act, 2003, the State Government has to present a

<sup>1</sup> As per Census Info India 2011 Final Population Totals (furnished by Economic Adviser, Office of the C&AG of India, New Delhi)

<sup>2</sup> Furnished by Economic Adviser

<sup>3</sup> Economic Survey 2017-18 (January 2018), Vol.II, Page A 155 (furnished by Economic Adviser)

Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan, along with the budget document. The Medium Term Fiscal Plan for 2017-18 to 2019-20 was presented in the State Legislature in March 2017. It is included as **Appendix 1.3 Part B** of this Report.

### 1.1.1 Summary of Fiscal Transactions during the current year

**Table 1.2** presents the summary of the State Government's fiscal transactions during the current year (2017-18) *vis-à-vis* the previous year (2016-17). **Appendix 1.4 (Part A and Part B)** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

**Table 1.2: Summary of fiscal operations in 2017-18 (₹ in crore)**

Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18		
Section –A: Revenue					Non-plan	Plan	Total
<b>Revenue Receipts</b>	<b>75611.72</b>	<b>83020.14</b>	<b>Revenue Expenditure</b>	<b>91096.31</b>	<b>83766.61</b>	<b>16181.74</b>	<b>99948.35</b>
Tax Revenue	42176.37	46459.61*	General Services	41195.33	45105.47	418.30	45523.77
Non-tax Revenue	9699.98	11199.61	Social Services	33764.72	23450.43	12425.84	35876.27
Share of Union Taxes/ Duties	15225.02	16833.08**	Economic Services	10655.35	8013.48	3337.60	11351.08
Grants from Government of India	8510.35	8527.84***	Grants-in-aid and Contribution	5480.91	7197.23		7197.23
<b>Section-B : Capital and Others</b>							
<b>Miscellaneous Capital Receipts</b>	<b>30.24</b>	<b>29.28</b>	<b>Capital Outlay</b>	<b>10125.95</b>	<b>755.19</b>	<b>7993.68</b>	<b>8748.87</b>
Recoveries of Loans and Advances	292.24	350.98	Loans and Advances Disbursed	1160.29	159.77	1380.82	1540.59
Public Debt Receipts	23857.89	30233.77	Repayment of Public Debt	7706.01			13132.10
Contingency Fund	0.00	0.00	Contingency Fund	0.00			0.00
Public Account Receipts	190627.84	215992.46	Public Account Disbursements	179910.43			207174.17
Opening Cash Balance	3229.39	3650.33	Closing Cash Balance	3650.33			2732.88
<b>Total</b>	<b>293649.32</b>	<b>333276.96</b>	<b>Total</b>	<b>293649.32</b>			<b>333276.96</b>

Source: Finance Accounts for 2016-17 and 2017-18

\* including SGST ₹12,007.69 crore, \*\* including CGST ₹239.88 crore & IGST ₹1,699.96 crore, \*\*\*including compensation for loss of revenue arising out of implementation of GST ₹1,772 crore

Following are the significant changes noticed during 2017-18 compared to the previous year.

- During 2017-18, the revenue receipts of the State increased by ₹7,408.42 crore with a growth rate of 9.80 per cent when compared to previous year. This was mainly due to increase in receipts under 'State's own tax revenue' (₹4,283.24 crore), 'non- tax revenue' (₹1,499.63 crore) and 'State's share of Union taxes and duties' (₹1,608.06 crore) compared to last year.
- Revenue expenditure of the State recorded an increase of ₹8,852.04 crore (increase of 9.72 per cent over the previous year), due to the increase in expenditure on General Services by ₹4,328.44 crore, Social Services by ₹2,111.55 crore, Grants-in-aid and Contributions to

Panchayat Raj Institutions by ₹1,716.32 crore and Economic Services by ₹695.73 crore.

- Capital expenditure decreased by ₹1,377.08 crore showing a decline in growth of 13.60 *per cent* over the previous year.
- Recoveries of Loans and Advances increased by ₹58.74 crore (20.10 *per cent*) and Disbursement of Loans and Advances increased by ₹380.30 crore (32.78 *per cent*).
- Public Account receipts and disbursements increased by ₹25,364.62 crore (13.31 *per cent*) and ₹27,263.74 crore (15.15 *per cent*) respectively.
- Cash balance position of the State decreased from ₹3,650.33 crore at the end of 2016-17 to ₹2,732.88 crore at the end of 2017-18.

The trends of Revenue Receipts (RR)/Revenue Expenditure (RE)/Capital Expenditure (CE) relative to GSDP at current prices (with base year 2011-12) are presented in **Table 1.3**.

**Table 1.3: Trends in Revenue Receipts/Revenue Expenditure/Capital Expenditure relative to GSDP**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Average
<b>GSDP</b>						
GSDP at current prices (₹in crore)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116	
<b>Revenue receipts (RR) relative to GSDP</b>						
RR (₹in crore)	49,177	57,950	69,033	75,612	83,020	
Rate of growth of RR ( <i>per cent</i> )	11.42	17.84	19.13	9.53	9.80	13.54
RR/GSDP	10.57	11.31	12.29	12.16	12.10	11.69
<b>Revenue expenditure (RE) relative to GSDP</b>						
RE (₹in crore)	60,486	71,746	78,690	91,096	99,948	
Rate of growth of RE ( <i>in per cent</i> )	13.08	18.62	9.68	15.77	9.72	13.37
RE/GSDP	13.01	14.00	14.01	14.65	14.57	14.05
<b>Capital expenditure (CE) relative to GSDP</b>						
CE (₹in crore)	4,294	4,255	7,500	10,126	8,749	
Rate of growth of CE ( <i>in per cent</i> )	(-).6.71	(-).0.91	76.26	35.01	(-).13.60	18.01
CE/GSDP	0.92	0.83	1.34	1.63	1.28	1.2

Source: Finance Accounts of respective years

Revenue receipts, revenue expenditure and capital expenditure as a percentage of GSDP increased from 2013-14 to 2016-17 but decreased thereafter in 2017-18 indicating their lower growth in 2017-18 when compared to growth of GSDP.

### 1.1.2 Review of fiscal situation

The State Government enacted the Kerala Fiscal Responsibility Act, 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. This Act came into force on 5 December 2003. The State Government amended its Fiscal Responsibility Act from time to time keeping in view the fiscal parameters prescribed by successive Finance Commissions.

Based on the recommendations of the Fourteenth Finance Commission, the State Government amended Kerala Fiscal Responsibility Act by enacting the Kerala Fiscal Responsibility (Amendment) Act, 2018 on 31 March 2018 with revised fiscal targets for the Finance Commission period. According to the Act, the Government shall eliminate revenue deficit completely during the period from 2017-18 to 2019-20 and shall maintain the fiscal deficit to 3 per cent of GSDP during the period from 2017-18 to 2019-20.

Major fiscal variables provided in the budget based on the recommendations of the Fourteenth Finance Commission (FFC) and as targeted in Kerala Fiscal Responsibility (Amendment) Act, 2018 along with actuals thereof are given in **Table 1.4**.

**Table 1.4: Comparison of fiscal variable targets**

Fiscal variables	Targets for 2017-18				Actuals
	FFC	KFR Act <sup>4</sup>	MTFP <sup>5</sup>	Revised BE	
Revenue Deficit (₹in crore)		0 <sup>6</sup>	16,043	13,080	16,928
Fiscal Deficit/GSDP (in per cent)	3.00	3.00	3.44	3.31	3.9
Total outstanding debt of the Government to GSDP (in per cent)	30.40	30.40	27.68	30.71	31.27
Interest payment/revenue receipts	14.37		14.57	15.32	18.21

Source: Fourteenth Finance Commission Report and Budget documents

The above table shows that the State could not achieve the targets fixed in KFR Act or in MTFP or the revised target fixed subsequently. Increase in revenue deficit indicates that the State may not be able to eliminate revenue deficit by 2019-20 as prescribed in KFR Act. Non achievement of the fiscal targets needs to be attended by the State Government.

### 1.1.3 Accuracy of estimation in Budget documents

The estimated statement of receipts and expenditure for a financial year mentioned in the Constitution as the ‘Annual Financial Statement’, commonly known as ‘Budget’, is prepared according to Article 202 of the Constitution of India and placed before the State Legislature by the Government. The budget is Government’s most important economic policy tool, that translates Government’s policies, commitments, goals into decisions on plans to raise the estimated revenue and how to use these funds to meet the State’s competing needs. A budget system that functions well is crucial in developing sustainable fiscal policies and economic growth.

Comparison of State’s budget estimates *vis-à-vis* actuals for the year 2017-18 is detailed in **Table 1.5**.

<sup>4</sup> Kerala Fiscal Responsibility (Amendment) Act, 2018

<sup>5</sup> Medium Term Fiscal Plan 2017-18

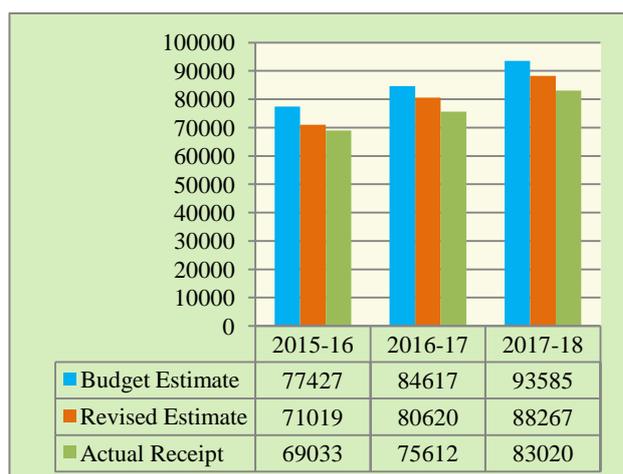
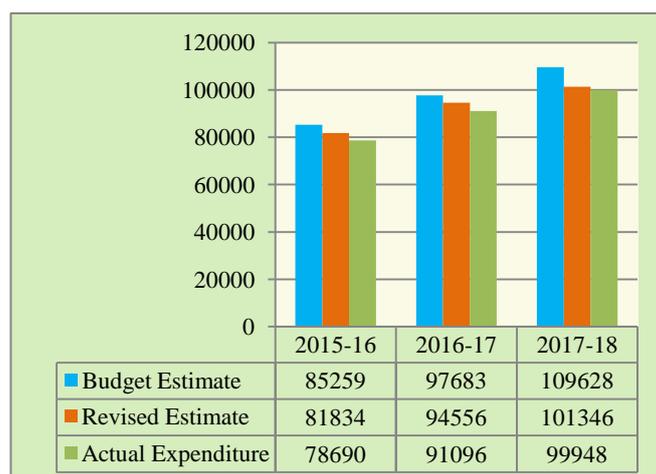
<sup>6</sup> Eliminate revenue deficit during 2017-18 to 2019-20

**Table 1.5: Budget estimates and actuals for 2017-18 (₹ in crore)**

Particulars	Budget Estimate	Revised Estimate	Actual
Revenue Receipts	93,584.74	88,266.85	83,020.14
Revenue Expenditure	1,09,627.88	1,01,346.49	99,948.35
Revenue Deficit	16,043.14	13,079.64	16,928.21
Capital Expenditure	9,057.48	8,668.19	8,748.87
Loans and Advances (Net)	692.71	1,061.60	1,189.61
Public Debt (Net)	21,227.95	20,404.00	17,101.67
Public Account (Net)	4,050.70	1,677.54	9,739.36

Source: Budget in brief for 2018-19 and Finance Accounts for 2017-18

The revised estimate needs to be more accurate than the original budget estimate as it was done after analysing the receipts and expenditure of the first six months of the financial year. However, it was observed that actual revenue receipts was short by ₹5,246.71 crore with respect to revised estimate and short by ₹10,564.60 crore with respect to original estimate. Apart from revenue receipts, substantial variation was noticed in the case of net Public Account accretions. Against the revised estimation of ₹1,677.54 crore, net accretions under ‘Public Accounts’ was ₹9,739.36 crore mainly due to increase in net accretions under ‘Small Savings, PF etc.’ (₹3,275.32 crore) and ‘Suspense and Miscellaneous’ (₹4,558.05 crore) when compared to revised estimates. The comparison of last three years budget estimates, revised estimates, actuals in respect of revenue receipt and revenue expenditure is given in **Chart 1.1**.

**Chart 1.1 : Comparison of budget estimates and actuals****Revenue Receipts (₹ in crore)****Revenue Expenditure (₹ in crore)**

#### 1.1.4 Status of implementation of new initiatives announced in the budget speech

State Government introduced a Special Investment Plan scheme while presenting the budget speech for the year 2016-17 with the objective to finance large projects like roads, bridges, buildings and infrastructure parks and others by raising funds through Kerala Infrastructure Investment Fund Board (KIIFB). KIIFB came into existence on 11.11.1999, under Section 4 of Kerala Infrastructure Investment Fund Act 1999 (Act 4 of 2000), to manage

the Kerala Infrastructure Investment Fund. The Fund was constituted for investments in various infrastructure projects in the State. The Kerala Infrastructure Investment Fund (Amendment) Act, 2016 came into force on 19 August 2016. As per the Amendment Act State Government will make budget provisions in the annual budget towards the fund to defray the expenses incurred for payment of annuity or other repayment obligation and to meet operational and administrative expenses of KIIFB.

Funding for eight schemes with an outlay of ₹615 crore was to be made from Special Investment Plan Scheme during 2016-17. It was announced in the Budget Speech 2017-18 that construction works worth ₹20,000 crore were being announced from KIIFB during the year 2017-18. No projects were funded through KIIFB during 2016-17 as the projects were in planning stage. Audit analysed the new initiatives announced in the budget speech for the years 2016-17 and 2017-18 which were proposed to be funded through KIIFB. The status of implementation of the schemes to be funded through KIIFB are given in **Table 1.6**.

**Table 1.6: New initiatives to be funded through KIIFB**

(₹ in crore)

Year	Schemes announced in the Budget Speech		Scheme for which project proposals were submitted to KIIFB by departments concerned		Projects approved by KIIFB		Funds released by KIIFB during 2017-18	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2016-17	8	615	6	1,192.13	4	722.78	1	47.47
2017-18	18	14,960	11	6,553.58	6	4,228.61	1	0.36
<b>Total</b>	<b>26</b>	<b>15,575</b>	<b>17</b>	<b>7,745.71</b>	<b>10</b>	<b>4,951.39</b>	<b>2</b>	<b>47.83</b>

Source: Information furnished by KIIFB

Even though 26 schemes estimating to cost ₹15,575 crore were proposed to be funded through KIIFB during 2016-17 and 2017-18, funds amounting to ₹47.83 crore in respect of two schemes alone has been released by KIIFB during the period.

Apart from the above schemes, 182 road works, 69 bridges and flyovers and 41 Water Supply schemes were also intended to be implemented with the investment from KIIFB amounting to ₹9,881 crore during 2017-18. Of these 292 works, the implementing institutions submitted project proposals for 55 works. Out of 55 works, three were sanctioned by KIIFB for ₹175.91 crore and ₹21.08 crore has been released (November 2018) till date.

Audit also scrutinised nine new schemes under seven departments for which ₹162.50 crore was announced in the budget speech 2017-18, which were to be funded through the State Budget. Audit observed that an amount of ₹109.92 crore was incurred in respect of five<sup>7</sup> schemes (out of nine) during 2017-18.

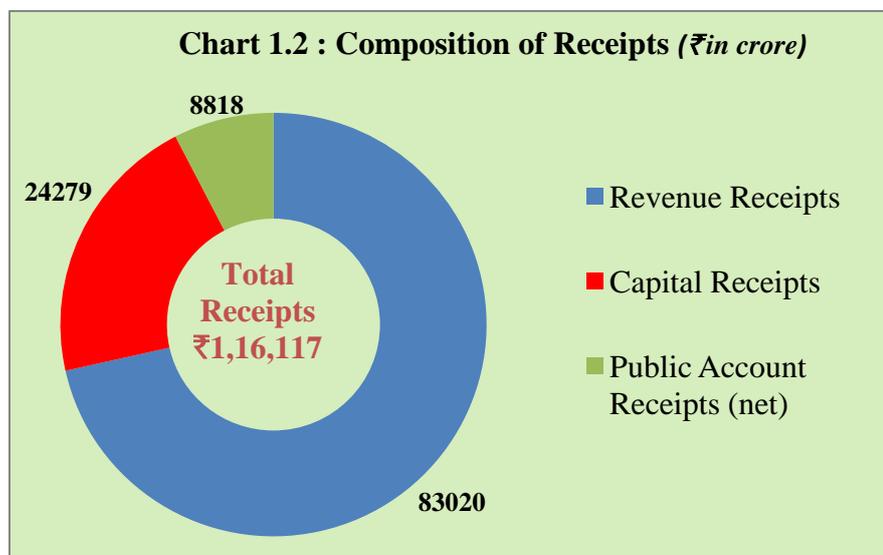
<sup>7</sup> i. Barrier free scheme to introduce facilities in offices to enable differently abled persons (Social Justice Department), ii. Biometric instruments in ration shops (Civil Supplies Department), iii. Valsalyanidhi – a social security scheme linked with insurance policy for girls belonging to Scheduled Caste (Scheduled Caste/Scheduled Tribes Development Department), iv. Health Insurance Scheme for Government employees and pensioners (Finance Department) and v. Formation of ‘Loka Kerala Sabha’ (Cultural Affairs Department)

Four<sup>8</sup> other schemes were not implemented due to reasons such as non availability of suitable land, waiting for model plan for implementing the scheme, etc.

## 1.2 Resources of the State

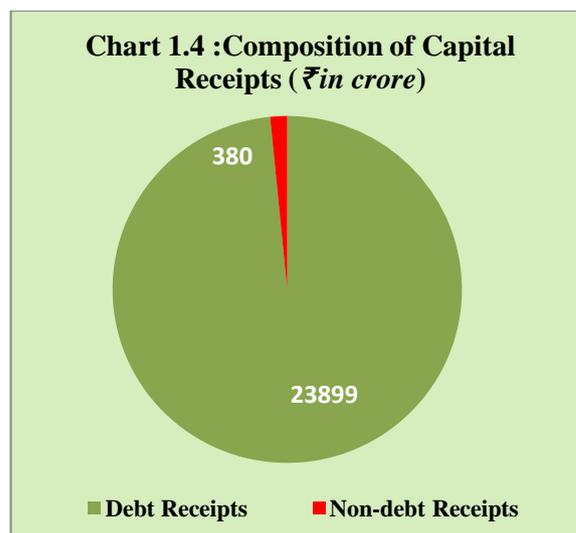
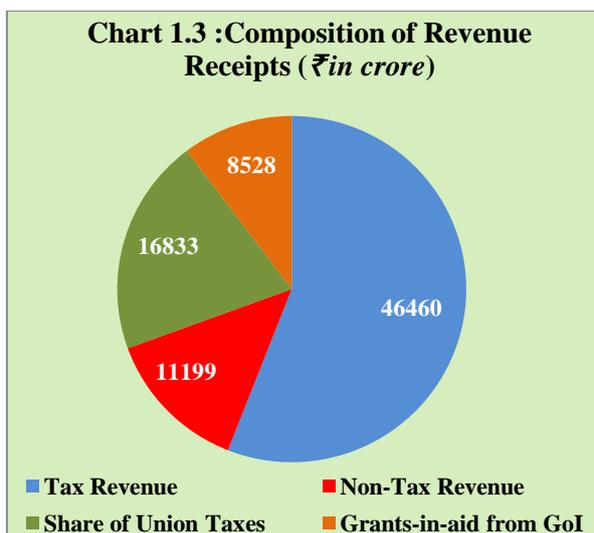
### 1.2.1 Resources of the State as per the Annual Finance Accounts

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 of 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 1.2, 1.3 and 1.4** depict the composition of resources of the State during the current year.



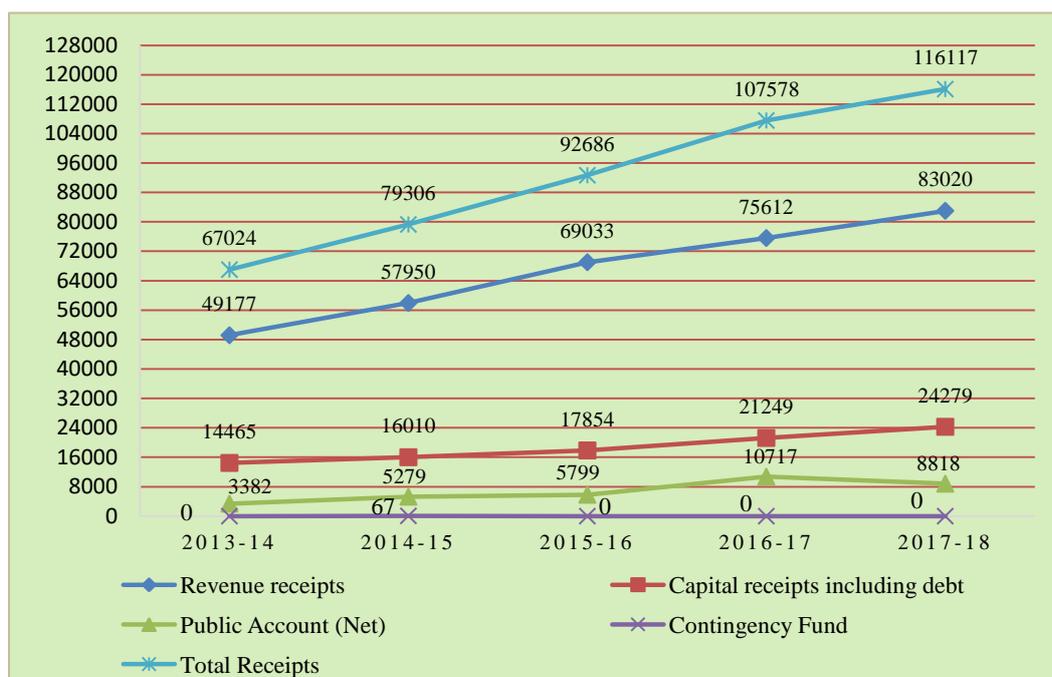
Note: Under Capital Receipts, transactions under 'Ways and Means advances' was excluded and under Public Accounts only net receipts was considered.

<sup>8</sup> i. Autism Park for extending support to children suffering from difficulties of autism (General Education Department), ii. Starting of a school at Edamalakkudy (SC/ST Development Department), iii. Construction of Cultural Complex in memory of ONV (Cultural Affairs) and iv. 'Aswas' rental housing scheme (Housing Department)



Capital Receipts of the State includes Debt Receipts and Non-debt receipts. Debt receipts consist of loans raised by the State from various sources (open market sources and financial institutions) and loans received from Government of India. Non-Debt receipts are receipts from Miscellaneous capital receipts (disinvestment of shares) and recovery of Loans and Advances disbursed by the State Government. Total receipts<sup>9</sup> of the State Government increased from ₹67,024 crore in 2013-14 to ₹1,16,117 crore in 2017-18, showing an increase of 73.24 per cent during the last five years. Trend in total receipts and its components during the last five years are given in **Chart 1.5**.

**Chart 1.5: Trends in total receipts during the last five years (₹in crore)**



<sup>9</sup> Consists of Revenue receipts, Capital receipts (including Debt receipts but excluding Ways and Means advances) and Public Account net receipts.

### 1.2.2 Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budget)

Though the system of direct release of funds to state level implementing agencies of GoI flagship programme was dispensed by GoI from 2014-15 onwards, GoI continues transferring funds directly to the State implementing agencies for implementation of various schemes/programmes which are recognized as critical. As these funds are not routed through the State Budget, the Annual Finance Accounts do not capture the flow of these funds and to that extent the State's receipts and expenditure as well as other fiscal variables/parameters derived from them are understated.

To present a holistic picture on the availability of aggregate resources, details of funds directly transferred to the State Implementing agencies during 2015-16 to 2017-18 for seven GoI schemes are presented in **Table 1.7**. The details of funds transferred directly to State Implementing Agencies outside State Budget are included in Appendix VI of Finance Accounts by capturing data from the website of Controller General of Accounts (CGA) (unaudited figures).

**Table 1.7: Funds transferred directly to State Implementing Agencies**

(₹ in crore)

Sl. No.	Name of GoI scheme	Implementing Agency/ Recipient in the State	2015-16	2016-17	2017-18
1.	Metro Projects	Kochi Metro Rail Limited	643.96	634.00	303.91
2.	Food subsidy for decentralized Procurement of food grains under NFSA	Kerala State Civil Supplies Corporation Limited	...	...	782.06
3.	e-courts- Phase II	Registrar General, High Court of Kerala	...	...	313.74
4.	National Aids and STD control	Kerala State AIDS Control Society	...	26.40	26.76
5.	Swadesh Darshan	Kerala Tourism Development Corporation	...	38.49	56.03
6.	National Mission on Food Processing	Kerala Industrial Infrastructure Development Corporation, Kerala State Industrial Development Corporation, Meat Products of India Limited, etc.	4.43	34.18	30.64
7.	Mahatma Gandhi National Rural Employment Guarantee Scheme	Mahatma Gandhi National Rural Employment Guarantee Fund Society, Kerala	364.98	1,797.61	1,652.04
8.	Others		1,498.33	1,192.28	2,077.21
	<b>Total</b>		<b>2,511.70</b>	<b>3,722.96</b>	<b>5,242.39</b>

Source: Finance Accounts for the year 2017-18

### 1.3 Revenue Receipts

Statement No.14 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.

During the last five years (2013-14 to 2017-18), revenue receipts of the State increased from ₹49,177 crore in 2013-14 to ₹83,020 crore in 2017-18, recording a growth of 69 per cent. Over these years State's own receipts (tax

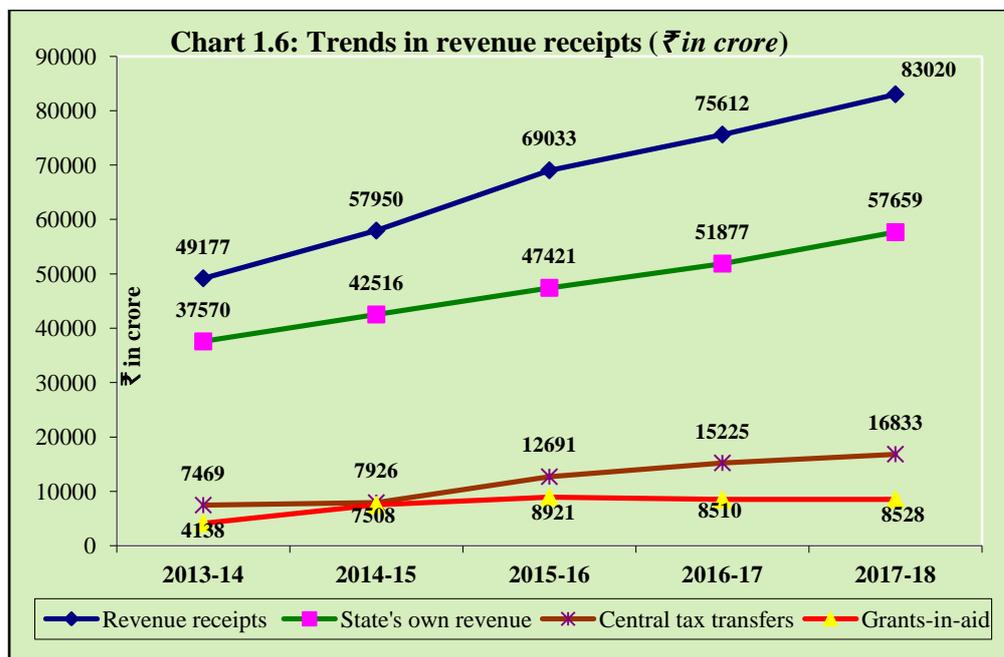
and non-tax) was the major component of the revenue receipts, but there was a decline in its share in revenue receipts during the last five years from 76 per cent in 2013-14 to 70 per cent in 2017-18. This was due to reduced growth rate of State's own tax revenue, compared to the growth rate of revenue receipts. Share of own tax receipts in revenue receipts also showed decreasing trend during the last five years (decreased from 65 per cent in 2013-14 to 56 per cent in 2017-18-Table 1.9). The trend of revenue receipts over the period 2013-14 to 2017-18 is presented in Appendix 1.5 and also depicted in Chart 1.6.

As per Medium Term Fiscal Plan (MTFP) (Appendix 1.3 Part B), projected revenue receipts of the State during 2017-18 was ₹93,584 crore but the actual realisation was ₹83,020 crore. Variations in components of revenue receipts are shown in the Table 1.8.

**Table 1.8: Comparison of MTFP projections with amount realized (₹in crore)**

Components	Own Tax Revenue	Non-tax Revenue	Resources from GoI
MTFP projection	53,411	12,038	28,135
Amount realised	46,460	11,199	25,361

Table 1.8 shows that the State could not collect/receive revenue as estimated in the MTFP and the major shortfall occurred in the realisation of State's own taxes.



Compounded annual growth rate of the State for the period 2008-09 to 2016-17 and 2016-17 to 2017-18 in respect of revenue receipts was compared with General Category States and it was observed that though State's growth rate was equal to that of General Category States during 2008-09 to 2016-17, it was below the General Category States' growth rate during 2016-17 to 2017-18. (Details are given in Appendix 1.1).

The trends in revenue receipts relative to GSDP are presented in Table 1.9

**Table 1.9: Trends in revenue receipts relative to GSDP during 2013-2018**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹ in crore)	49,177	57,950	69,033	75,612	83,020
Rate of growth of RR (per cent)	11.42	17.84	19.13	9.53	9.80
State's own tax revenue (₹ in crore)	31,995	35,232	38,995	42,177	46,460
Rate of growth of own tax revenue (per cent)	6.38	10.12	10.68	8.16	10.15
Percentage of own tax revenue in RR	65	61	57	56	56
GSDP (₹ in crore)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116
Rate of Growth of GSDP	12.79	10.22	9.56	10.71	10.36
RR/GSDP (per cent) *	10.57	11.31	12.29	12.16	12.10
State's own tax/GSDP (per cent)	6.88	6.87	6.94	6.78	6.77
Revenue buoyancy w.r.t GSDP*	0.89	1.75	2.00	0.89	0.95
State's Own Tax Buoyancy w.r.t GSDP*	0.50	0.99	1.12	0.76	0.98

Source: Finance Accounts and information furnished by the Economics and Statistics Department, Government of Kerala. \*Change in ratio with respect to the previous Report was due to adoption of revised GSDP figures

- The above table shows that the growth rate of revenue receipts during 2017-18 was 9.80 per cent when compared to the growth rate of 11.42 per cent in 2013-14. Percentage of own tax revenue in revenue receipts steadily decreased from 65 per cent in 2013-14 to 56 per cent in 2017-18. This indicated reduced growth rate of own tax revenue compared to other components of revenue receipts.
- Revenue receipts as a percentage of GSDP declined during the last two years. Buoyancy of revenue receipts with GSDP was less than one in 2016-17 and 2017-18 which indicated that revenue receipts of the State is not growing in pace with GSDP in the last two years.
- Buoyancy of own tax revenue with GSDP was also less than one during the period 2013-2018 (except during 2015-16) indicating low growth rate of own tax revenue when compared to the growth in GSDP.
- Own tax revenue as percentage of GSDP was better for Kerala State (6.77 per cent) during 2017-18 when compared to the neighbouring States of Tamil Nadu (6.57 per cent) and Karnataka (6.65 per cent).

### 1.3.1 Own resources of the State

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

Taxes collected and grants-in-aid received from GoI during the last five years are given in **Table 1.10**.

**Table 1.10: Resources of the State during last five years (₹ in crore)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue	31,995	35,232	38,995	42,177	46,460
Non-tax Revenue	5,575	7,284	8,426	9,700	11,199
Share of Union taxes /Duties	7,469	7,926	12,691	15,225	16,833
Grants-in-aid from Government of India	4,138	7,508	8,921	8,510	8,528
<b>Total Revenue Receipts</b>	<b>49,177</b>	<b>57,950</b>	<b>69,033</b>	<b>75,612</b>	<b>83,020</b>

Source: Finance Accounts of respective years

Table 1.10 shows that all the revenue resources (except State's own tax revenue) of the State doubled during the five year period. However, State's own tax revenue increased only by 45 *per cent* during the same period. State Government need to address this reduced growth as own tax revenue is the main source of revenue of the State.

### 1.3.1.1 Tax Revenue

The State's own tax revenue increased from ₹42,177 crore in 2016-17 to ₹46,460 crore in 2017-18, recording a growth rate of 10.15 *per cent*. This was higher than the growth rate (8.16 *per cent*) in 2016-17. Various components of State's own tax revenue are given in **Table 1.11**.

**Table 1.11: Components of own tax revenue (₹in crore)**

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Sales, Trade etc.	24,885	27,908	30,737	33,453	24,578
State Goods and Services Tax					12,008
Stamps and Registration fees	2,593	2,659	2,878	3,007	3,453
State Excise	1,942	1,777	1,964	2,019	2,240
Taxes on Vehicles	2,161	2,365	2,814	3,107	3,663
Land Revenue	89	139	182	124	162
Taxes on Agricultural income	22	9	2	2	3
Other Taxes	303	375	418	465	353
<b>Total</b>	<b>31,995</b>	<b>35,232</b>	<b>38,995</b>	<b>42,177</b>	<b>46,460</b>

Source: Finance Accounts of respective years

**Goods and Services Tax (GST):** State Government implemented the Goods and Services Tax (GST) Act which became effective from 1 July 2017. According to GST (Compensation to States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. A base year (2015-16) revenue figure of taxes subsumed under GST was finalized for each state under GST Act. In case of the State of Kerala, the revenue was ₹16,821.37 crore during the base year (2015-16).

The projected revenue for the year in a State shall be calculated by applying the projected growth rate (14 *per cent* per annum) over the base year revenue of that State. For the State of Kerala, the projected revenue for the year 2017-18 (1 July 2017 to 31 March 2018) in accordance with the base year figure was ₹16,398 crore (₹21,861.05 crore for the year 2017-18). Revenue figure under GST for the year 2017-18 has been depicted in Finance Accounts as per nature of receipts i.e., State Goods and Services Tax (SGST), Input Tax Credit cross utilization of SGST and IGST (Integrated Goods and Services Tax), Apportionment of IGST-transfer-in of Tax component to SGST and Advance apportionment from IGST. Against the projected revenue of ₹16,398 crore, the revenue receipt of the State Government under GST during the year 2017-18 is given in **Table 1.12**.

**Table 1.12: Pre-GST and SGST collected, provisional apportionment of IGST and compensation of IGST received from Government of India against the projected revenue of the State for the period from July 2017 to March 2018**

(₹ in crore)

Month	Revenue to be projected	Pre GST taxes collected <sup>10</sup>	SGST collected <sup>11</sup>	Provisional apportionment of IGST	Total amount received	Compensation received <sup>12</sup>	Deficit(+)/ Surplus(-)
	1	2	3	4	5 (2+3+4)	6	7=[1-(5+6)]
July and August 2017	3644	1793.08	535.72	...	2328.80	810	505.20
September and October 2017	3644	288.53	1546.84	2037.85	3873.22	395	-624.22
November and December 2017	3644	227.17	1192.92	1597.33	3017.42	0	626.58
January and February 2018	3644	237.50	1311.56	2371.72	3920.78	567	-843.78
March 2018	1822	-85.97	619.60	794.16	1327.79	0	494.21
<b>Total</b>	<b>16398</b>	<b>2460.31</b>	<b>5206.64</b>	<b>6801.06</b>	<b>14468.01</b>	<b>1772</b>	<b>157.99</b>

Source: Data furnished by AG(ERSA)

As seen from Table 1.12, against the projected revenue of ₹16,398 crore during July 2017 to March 2018, the receipt was ₹16,240.01 crore under the new tax regime, which worked out to a growth of 12.90 per cent as against the projected growth of 14 per cent.

**Advance apportionment of IGST and its adjustment against GST compensation:** According to Section 7 of the Goods and Services Tax (Compensation to States) Act, 2017, the compensation payable to a State for the loss of revenue due to implementation of GST has to be provisionally calculated and released at the end of every two months period, and shall be finally settled for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. The GoI has to also apportion Integrated Goods and Service Tax (IGST)<sup>13</sup> to State Governments under Section 17 of the IGST Act, 2017.

The State Tax Division, Department of Revenue, Ministry of Finance (GoI) released (February 2018) ₹736 crore to Kerala towards advance apportionment of IGST from the balances in IGST account lying with Government of India with the condition that this amount would be adjusted in the year 2018-19 from the regular apportionment of IGST in ten equal installments starting from April 2018. However, instead of adjusting the IGST advance apportionment of ₹736 crore with the next year's regular IGST apportionment, GoI adjusted the amount against the bi-monthly compensation due to the State for November and December 2017 and did not release compensation for this bi-monthly period. The lump sum adjustment of apportionment amount against the compensation payable to the State negated the advantage of advance apportionment of ₹736 crore to the State.

<sup>10</sup> Includes VAT&CST (net of refund) and revenue from the taxes subsumed in GST by excluding VAT and CST on petroleum products and liquor. Figures are based on data available in Finance Accounts 2017-18.

<sup>11</sup> Figures are based on VLC data/ Finance Accounts

<sup>12</sup> Figures for compensation are provisional

<sup>13</sup> IGST would be levied and collected by Government of India on inter-state supply of goods and services. IGST shall be apportioned between Union and States.

### 1.3.1.2 Non-tax Revenue

Receipts under 'State Lotteries' is the major source of non-tax revenue of the State for the last five years and its share in non-tax revenue increased from 68 per cent in 2013-14 to 81 per cent in 2017-18. During the five year period, receipts from State Lotteries also recorded an increase of 138 per cent. Major sources of non-tax revenue of the State are given in **Table 1.13**.

**Table 1.13: Components of non-tax revenue (₹ in crore)**

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest receipts	149	102	105	144	144
Dividends and profits	101	74	90	96	126
State Lotteries	3,796	5,445	6,271	7,283	9,034
Forestry and Wildlife	330	300	283	297	245
Other non-tax receipts	1,199	1,363	1,677	1,880	1,650
<b>Total</b>	<b>5,575</b>	<b>7,284</b>	<b>8,426</b>	<b>9,700</b>	<b>11,199</b>

Source: Finance Accounts of respective years

Though the receipts under State Lotteries was ₹9,034 crore, an equally high expenditure of ₹7,628 crore on distribution of prizes, agent commission, etc. reduced the net yield to ₹1,406 crore during the year.

### 1.3.2 Grants-in-aid from Government of India

Grants-in-aid from the GoI increased marginally by ₹18 crore from ₹8,510 crore in 2016-17 to ₹8,528 crore in 2017-18 as detailed in **Table 1.14**.

**Table 1.14: Status of Grants-in-aid received from Government of India (₹ in crore)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-plan grants*	1,679	1,984	5,178	5,250	...
Grants for State plan schemes*	1,154	4,929	3,406	2,727	...
Grants for central plan schemes*	87	158	170	71	...
Grants for Centrally sponsored plan schemes*	1,218	437	167	462	...
Centrally sponsored schemes**	...	...	...	...	3,213
Finance Commission Grants**	...	...	...	...	3,182
Other Transfer/Grants to States**	...	...	...	...	2,133
<b>Total</b>	<b>4,138</b>	<b>7,508</b>	<b>8,921</b>	<b>8,510</b>	<b>8,528</b>

Source: Finance Accounts of respective years

\* Not operational from 1.4.2017 consequent on merger of Plan and non-plan classification by GoI

\*\* New sub major heads opened for fresh transactions w.e.f.1.4.2017

As part of structural reforms GoI had dispensed distinction between Plan and Non-plan classification from the year 2017-18 onwards and introduced new sub major heads and minor heads for accounting grant-in-aid. State Government received ₹1,529 crore as 'Post Devolution Revenue Deficit Grant' based on the recommendations of Fourteenth Finance Commission to cover the revenue deficit of the State Government during 2017-18. State also received ₹1,772 crore under 'Other Transfer/Grants to States' as compensation of loss of revenue arising out of implementation of GST.

### 1.3.3 Efficiency in Tax collection

The average expenditure on tax collection in respect of four major revenue sources of the State compared with all India average, during the last five years,

is given in **Appendix 1.6**. It shows that in respect of two major revenue sources, viz. Stamps (Non-judicial) and Registration fees and State Excise, the average tax collection expenditure of the State was much higher than the all India average from 2013-14 to 2016-17. Expenditure on collection in respect of Taxes on Vehicles was better than the All India average of expenditure on tax collection except during 2016-17.

#### 1.4 Receipt and utilization of Fourteenth Finance Commission Award for the first three years of award period (2015-2018)

The Fourteenth Finance Commission (FFC) was constituted by the President of India under Article 280 of the Constitution to make recommendations on i) the distribution between the Union and the States of the net proceeds of taxes, ii) the sums to be paid to the States which are in need of assistance by way of grants-in-aid and iii) the measures needed to augment the Consolidated Fund of a State to supplement the resources of Local Bodies for the period 2015-2020. The Finance Commission had recommended grants-in-aid amounting to ₹17,966.71 crore for three purposes viz., Local Self Government, Disaster Management and Post-devolution Revenue Deficit during the award period 2015-2020. A review of the receipt and utilisation of FFC award amount for the period 2015-16 to 2017-18 was conducted to assess whether: -

- the stipulated award amount has been released by Government of India (GoI) year-wise, if not, reasons for the shortfall
- the amount received has been utilised in full and for the intended purposes

Grants recommended by FFC and funds actually received by State Government are shown in **Table 1.15**.

**Table 1.15: Grants recommended by Fourteenth Finance Commission and actually received by State Government**

Particulars	(₹ in crore)			
	Award amount for 2015-2020	Award amount for the first three years 2015-2018	Amount released for the first three years	Shortfall in release
Local Self Government	7681.96	3603.83	3352.03	251.80
Disaster Management	765.75	437.25	437.25	Nil
Post-devolution Revenue deficit grant	9519	9519	9519	Nil
<b>Total</b>	<b>17966.71</b>	<b>13560.08</b>	<b>13308.28</b>	<b>251.80</b>

Source: Report of FFC and GoI release orders

During the period 2015-16 to 2017-18, State Government received an amount of ₹13,308.28 crore out of the award amount of ₹13,560.08 crore resulting in short release of ₹251.80 crore.

#### Audit findings

##### 1.4.1 Delay in release/non-release of Grant for LSGIs

FFC recommended financial assistance to Local Self Government Institutions (LSGIs) in the form of Basic Grant and Performance Grant. Basic Grant is provided to support LSGIs for delivering basic civic services including water supply, sanitation including septic management, sewage and solid waste management, storm drainage, maintenance of community assets, roads,

footpaths, street lighting, burial and cremation grounds and any other basic services within the functions assigned to LSGIs under relevant legislations. Performance Grant was designed to serve the purpose of ensuring reliable audited accounts and data of receipts and expenditure and improvement in own revenues of LSGIs. Audit noticed delay in release of grant/non-release of basic as well as performance grant as detailed below:

- GoI releases basic grant in two equal instalments in the month of June and October every fiscal year for LSGIs. According to the guidelines issued (October 2015) by GoI for the release and utilization of grants for local bodies, the first instalment of basic grant was to be released unconditionally and subsequent instalments were to be released on receipt of the Utilization Certificates (UC) for the previous instalments in the prescribed format. Audit noticed delay in release of basic grant by GoI and delay in furnishing UC by State Government in the first two years 2015-16 and 2016-17 as detailed in **Table 1.16**.

**Table 1.16: Delay in releasing basic grants and furnishing UC by State Government**

	Release of basic grant by GoI		Date of furnishing UC
	Date	Amount (₹in crore)	
<b>2015-16</b>			
1 <sup>st</sup> instalment	13.07.2015	392.71	30.3.2016
2 <sup>nd</sup> instalment	02.06.2016	392.71	16.08.2016
<b>2016-17</b>			
1 <sup>st</sup> instalment	16.01.2017 (RLBs <sup>14</sup> )	300.30	02.03.2017
	17.02.2017 (ULBs <sup>15</sup> )	243.47	27.03.2017
2 <sup>nd</sup> instalment	31.03.2017 (RLBs)	300.31	19.05.2017
	21.06.2017 (ULBs)	243.47	18.07.2017

Source: Information collected from Finance Department

As shown in Table 1.16 State Government submitted UC for the first instalment of basic grant for 2015-16 only on 30 March 2016. Subsequently, the second instalment of basic grant of ₹392.71 crore was released by GOI only in June 2016 instead of October 2015 resulting in delay of seven months.

In 2016-17 also, the release of first installment of basic grant was delayed by six and seven months for RLBs (₹300.30 crore) and ULBs (₹243.47 crore) respectively. The release of second installment was delayed by four and seven months for RLBs (₹300.31 crore) and ULBs (₹243.47 crore) respectively. The delay in furnishing UC by State Government in 2015-16 delayed the release of basic grant for the first two years 2015-16 and 2016-17.

Finance Department replied (July 2018) that procedural delay involved in preparation and approval of UCs resulted in the delay in furnishing UC.

- As per the guidelines, performance grant for the year 2016-17 was to be released by GoI in October 2016. Performance Grant of ₹222.49

<sup>14</sup> Rural Local Bodies

<sup>15</sup> Urban Local Bodies

crore for 2016-17 due for release in October 2016 was released by GoI in January 2017 for ULBs (₹143.71 crore) and in March 2017 for RLBs (₹78.78 crore). Further, as per guidelines, the State Government has to design a detailed procedure/scheme for disbursement of the Performance Grant and notify it by March 2016 and furnish the details of the scheme to GoI. However, the State Government issued the notification and furnished the information to GoI only in October 2016. Due to delay in issuing the notification, the release of Performance Grant for 2016-17 was delayed by five months and three months for RLBs and ULBs respectively. Local Self Government (FM) Department replied (August 2018) that delay in notification was due to the delay in completion of annual audit of accounts of LSGIs for the year 2013-14 and 2014-15.

- Ministry of Panchayati Raj, GoI forwarded a revised scheme (September 2017) for disbursement of Performance Grant for the period 2017-18 to 2019-20 under FFC to State Government for notifying the same by State Government. The State Government was also directed to collect data towards the performance of LSGIs in the State and to send the information to GoI by 31 October 2017 for receipt of Performance Grant for 2017-18. However, the State Government notified the revised scheme and furnished the requisite information to GoI only by the end of March 2018. Hence, Performance Grant amounting to ₹251.80 crore for the year 2017-18 due for release in October 2017 has not been released by GoI during the year. Local Self Government (FM) Department replied (August 2018) that the delay occurred due to modifications suggested by GoI in the scheme/guidelines.

#### **1.4.2 Incorrect allotment of Performance Grant to LSGIs**

The FFC recommended that 10 *per cent* and 20 *per cent* of the allocated amount be released to RLBs and ULBs respectively as Performance Grant, on fulfillment of stipulated conditions such as submission of audited accounts relating to the year not earlier than two years preceding the year in which the RLBs/ ULBs seek to claim the Performance Grant, increase in own revenue over the preceding year, etc. In addition, ULBs must measure and publish the Service Level Benchmarks relating to basic urban services each year for the award period and make it publicly available. After disbursement of Performance Grant to the eligible RLBs or ULBs, the undisbursed amount, if any, should be distributed on equitable basis among all the eligible RLBs or ULBs.

During the year 2016-17, GoI released Performance Grant of ₹222.49 crore to LSGIs. It was observed that the State Government authorized (April, November 2016 and January 2017) the Performance Grant for the year 2016-17 to all RLBs and ULBs without insisting on compliance with the eligibility criteria.

As per FFC recommendation, the Performance Grant due for the ineligible local bodies was to be distributed among eligible ones. Since the State Government released the amount of Performance Grant to all the RLBs and ULBs, without insisting on conditions of eligibility, it was later found that the

eligible LSGIs received lesser amounts than their due share. In order to compensate them, Government released an amount of ₹33.26 crore from Consolidated Fund to eligible RLBs and ULBs in April 2017 and July 2017 respectively.

Thus, the release of Performance Grant to all the RLBs and ULBs without following the FFC guidelines resulted in an extra expenditure of ₹33.26 crore for the State Government.

The Finance Department replied (September 2018) that the State Government had already authorized the Performance Grant to LSGIs during 2016-17 before the receipt of instructions from GoI regarding eligibility. The reply is not acceptable as the instructions regarding eligibility criteria for release of Performance Grant were clearly stated in the guidelines for release and utilization of FFC grant issued by GoI in October 2015.

### 1.4.3 Under-utilisation of funds by LSGIs

The State Government received an amount of ₹3,352.02 crore as FFC grant from GoI for LSGIs during 2015-16 to 2017-18. Out of this, an amount of ₹2,906.18 crore was utilised by LSGIs leaving an unspent balance of ₹445.84 crore with State Government as shown in **Table 1.17**.

**Table 1.17: Funds remaining unutilized by LSGIs** (₹in crore)

Year	Grant released by FFC	Expenditure incurred by LSGIs	Funds remaining unutilised
2015-16	392.71	940.16	(-)547.45
2016-17	1,702.74	782.59	920.15
2017-18	1,256.57	1,183.43	73.14
<b>Total</b>	<b>3352.02</b>	<b>2906.18</b>	<b>445.84</b>

Source: GoI release orders and Detailed Appropriation Accounts

The funds remaining unutilised had lapsed at the end of each financial year. As per orders of Government of Kerala (March 2015) the allotted funds not drawn by 31 March of a particular year was to be provided to LSGIs through additional authorization/supplementary demands for grants (SDG) along with the second allotment in July of the subsequent year. However, it is seen that the lapsed amount has not been authorized to LSGIs till date.

The Finance Department replied (July 2018) that the unspent balances were not reauthorised under SDG as the LSGIs failed to utilise even the budget provision of respective years. The reply is not acceptable as retention of GoI grants by State Government will defeat the purpose of local bodies grants.

### 1.4.4. Utilisation of State Disaster Response Fund for inadmissible works

State Disaster Response Fund (SDRF) was created under Section 48(1) (a) of the Disaster Management Act, 2005 and is managed by State Government. The objective of SDRF is to provide immediate relief to victims of natural disasters. As per guidelines issued by Ministry of Home Affairs (MoHA) (July 2015), 12<sup>16</sup> disasters were eligible for assistance from SDRF. Lightning, coastal erosion and strong wind were declared as state-specific disasters eligible for assistance from SDRF from 1 April 2015. Paragraph 18 of the

<sup>16</sup> Drought, flood, cyclone, earthquake, fire, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost/cold wave

guidelines stipulates that the provision for preparedness/mitigation should not be part of SDRF and the same is to be met from normal budgetary heads/State Plan funds. However, scrutiny of records<sup>17</sup> revealed that SDRF was utilised for events which did not conform to the SDRF guidelines/norms as detailed below:

#### 1.4.4.1 Road works under flood relief

As per the revised list of items for assistance from SDRF issued by MoHA (April 2015), only repair/restoration work of damaged roads (immediate nature) such as filling up of breaches and potholes, use of pipe for creating waterways, etc., can be met from SDRF. A total of 816 road works amounting to ₹41.76 crore were carried out in Thiruvananthapuram and Kollam Districts using funds from SDRF during the period from 2015-16 to 2017-18. Audit scrutinized records of 81 out of 816 road works involving ₹3.92 crore. Audit scrutiny revealed that the entire expenditure of ₹3.92 crore was inadmissible as the works done were regular road maintenance/improvement works like conversion of earthen road to concrete road, metaling and tarring of roads, repair of roads damaged due to cabling work, concreting of footpath etc., and not for the type of urgent works permissible under SDRF norms like filling up of breaches and potholes etc. The details are shown in **Appendix 1.7**.

Government replied (October 2018) that SDRF was utilized for repairs and restoration of roads damaged during floods. The reply is not acceptable as the expenditure incurred was for regular maintenance works of roads, restoration of damages caused by routine inundation due to rain etc and not for repair works of immediate nature permitted under SDRF guidelines and norms.

#### 1.4.4.2 Works executed under drought relief

As per the revised list of items for assistance from SDRF issued by MoHA (April 2015), emergency supply of drinking water as part of relief measure and repairs/restoration (immediate nature) of damaged infrastructure can be met from SDRF. However, audit scrutiny revealed that SDRF was utilised for inadmissible drought relief activities in selected districts during 2015-16 as detailed in **Table 1.18**.

**Table 1.18: Inadmissible drought relief activities** (₹in lakh)

Sl. No.	Name of Collectorate	Amount spent from SDRF	Purpose for which spent
1	Thiruvananthapuram	30.70	Drought preparedness activities such as pond renovation, setting up of water Kiosks, well renovation, rain water recharge pit etc.
2	Kollam	45.21	
3	Thiruvananthapuram	48.89	New pipeline works, pipeline extension and inter connection works, re-laying of pipeline and other maintenance works.

Source: Information collected from respective District Collectorates

Government replied (October 2018) that the funds released under SDRF were utilised for providing relief to the drought affected people and meeting the urgent relief measures due to the onset of drought in the Districts and not for drought preparedness activities alone. The reply is not acceptable as SDRF

<sup>17</sup> Government Secretariat, Thiruvananthapuram Collectorate and Kollam Collectorate

could not be utilized for drought preparedness activities. Expenditure incurred for new pipeline works, pipe line extension and inter-connection works, etc., are also inadmissible as these are new works and not assets damaged due to any notified disaster.

#### **1.4.5 Non-provision of interest by the State Government**

As per guidelines on Constitution and Administration of SDRF issued by MoHA, State Governments shall constitute SDRF in the Public Account under the Reserve Fund bearing interest under the major head '8121-General and other Reserve Fund.' The guidelines stipulate that immediately upon receipt of Government of India's share, the State Government would transfer the amount, along with their share to the Public Account Head within 15 days of receipt of GoI share. Any delay will require the State Government to release the amount, with interest, at Bank rate of RBI, for the number of days of delay. It is seen that there was delay ranging from 41 to 132 days in issuing Government Orders by Disaster Management Department for transferring the funds received from GoI along with State share to SDRF account.

However, the State had not provided any interest for the delay in transferring GoI funds to SDRF Account. The interest liability works out to ₹6.64 crore calculated at average bank rate of RBI of seven *per cent* prevailing during the period.

Disaster Management Department replied (September 2018) that earnest efforts would be taken to issue Government Orders on time to transfer credit the GoI fund to SDRF account in future. The existing interest liability is yet to be credited to SDRF.

### **1.5 Capital Receipts**

Capital receipts comprise of Miscellaneous Capital Receipts, Recovery of Loans and Advances released to Government institutions and Public Debt Receipts. Trends in receipts under capital sector are detailed in **Table 1.19**.

**Table 1.19: Trends in growth and composition of capital receipts (₹ in crore)**

Sources of Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Capital Receipts (CR)</b>					
<b>Miscellaneous Capital Receipts</b>	<b>19</b>	<b>28</b>	<b>28</b>	<b>30</b>	<b>29</b>
<b>Recovery of Loans and Advances</b>	<b>104</b>	<b>124</b>	<b>153</b>	<b>292</b>	<b>351</b>
<b>Public Debt Receipts<sup>18</sup></b>	<b>14,342</b>	<b>15,858</b>	<b>17,673</b>	<b>20,927</b>	<b>23,899</b>
Internal Debt Receipts	13,950	15,106	17,142	20,075	23,454
Loans and Advances from GoI	392	752	531	852	445
<b>Total CR</b>	<b>14,465</b>	<b>16,010</b>	<b>17,854</b>	<b>21,249</b>	<b>24,279</b>
Rate of growth of debt capital receipts (per cent)	8.15	10.57	11.45	18.41	14.20
Rate of growth of CR (per cent)	8.35	10.68	11.52	19.02	14.26
Rate of Growth of GSDP (per cent) <sup>(*)</sup>	12.79	10.22	9.56	10.71	10.36
Buoyancy of Debt receipts w.r.t GSDP	0.64	1.03	1.20	1.72	1.37

Source: Finance Accounts of respective years

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

Table 1.19 shows that total capital receipts increased from ₹14,465 crore in 2013-14 to ₹24,279 crore in 2017-18. Debt receipts had a predominant share in capital receipts which ranged between 98 and 99 per cent during 2013-14 to 2017-18. The growth rate of debt receipts decreased from 18.41 per cent in 2016-17 to 14.20 per cent in 2017-18. The buoyancy of debt receipts with reference to GSDP was 1.37 during 2017-18 which indicated that the growth rate of Governments borrowings was greater than the growth rate of GSDP.

### 1.5.1 Proceeds from disinvestment

As of March 2018, the State Government invested ₹8,211.47 crore in Statutory Corporations, Government Companies, Joint Stock companies and Co-operatives and received ₹29.28 crore from retirement of capital/disinvestment of shares of co-operative societies/banks and accounted for under Miscellaneous Capital Receipts.

### 1.5.2 Recoveries of loans and advances

During the year, the State Government released an amount of ₹1,540.59 crore as loans and advances to various institutions and an amount of ₹15,066.84 crore was outstanding under this head at the end of March 2018. Against this balance, principal amount recovered was ₹350.68 crore, which was around two per cent of the outstanding balance under loans and advances.

### 1.5.3 Public Debt receipts

Public Debt receipts of the State Government consist of funds raised from internal sources and loans and advances from GoI. As shown in Table 1.19, internal debt receipts was the main source of public debt receipts and it was around 97 per cent during the last five years. Internal Debt includes Open Market Borrowings, other borrowings from financial institutions like National Bank for Agriculture and Rural Development (NABARD), National Co-operative Development Corporation (NCDC), etc. and Special Securities issued to National Small Savings Fund (NSSF). Composition of Internal Debt during the last five years is given in **Table 1.20**.

<sup>18</sup>Transactions under 'Ways and Means Advances' are excluded as they are not actual capital receipts.

**Table 1.20: Composition of Internal Debt (₹ in crore)**

Sources of Internal Debt	2013-14	2014-15	2015-16	2016-17	2017-18
Open Market Borrowings	12,800.00	13,200.00	15,000.00	17,300.00	20,500.00
NABARD	501.25	551.37	600.00	827.89	600.00
NCDC	0.00	222.16	39.13	47.79	180.42
NSSF	565.14	1,132.10	1,455.20	1,861.22	2,123.08
Others	83.85	0.00	47.25	37.72	50.00
<b>Total</b>	<b>13,950.24</b>	<b>15,105.63</b>	<b>17,141.58</b>	<b>20,074.62</b>	<b>23,453.50</b>

Source: Finance Accounts of respective years

Though open market borrowings was the main source for borrowing of the State, there was considerable increase in the loans raised from other sources like NCDC and NSSF. Consequently, share of open market borrowings in Internal Debt reduced from 92 per cent in 2013-14 to 87 per cent in 2017-18.

## 1.6 Public Account 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/trustee for custody of public money, since these transactions are mere pass-through transactions. The net transactions under Public Account covering the period 2013-14 to 2017-18 are indicated in **Table 1.21**.

**Table 1.21: Net receipts under Public Account heads (₹ in crore)**

Resources under various heads	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Public Account receipts</b>					
a. Small Savings, Provident Fund etc.	4,231.86	3,764.77	8,332.07	12,931.64	7,206.84
b. Reserve Fund	78.02	66.00	64.90	162.22	308.98
c. Deposits and Advances	187.43	1,364.50	(-)3,280.29	105.65	265.91
d. Suspense and Miscellaneous	(-) 946.60	57.90	774.28	(-) 2,169.09	1,202.53
e. Remittances	(-) 168.48	25.95	(-) 92.19	(-) 313.01	(-) 165.97
<b>Total</b>	<b>3,382.23</b>	<b>5,279.12</b>	<b>5,798.77</b>	<b>10,717.41</b>	<b>8,818.29</b>

Source: Finance Accounts of respective years

The Table 1.21 shows that during 2017-18, an amount of ₹8,818.29 crore was added to the existing balance of the Public Account. Substantial net addition of ₹7,206.84 crore under the sector 'Small Savings, Provident Fund, etc.', was mainly due to the accumulations of ₹2,023.45 crore occurred under '8031-102-State Savings Bank Deposits' and ₹4,272.75 crore under '8009-State Provident Fund'. These accumulations under public account are utilised by the State Government for covering their fiscal deficit.

## 1.7 Application of Resources

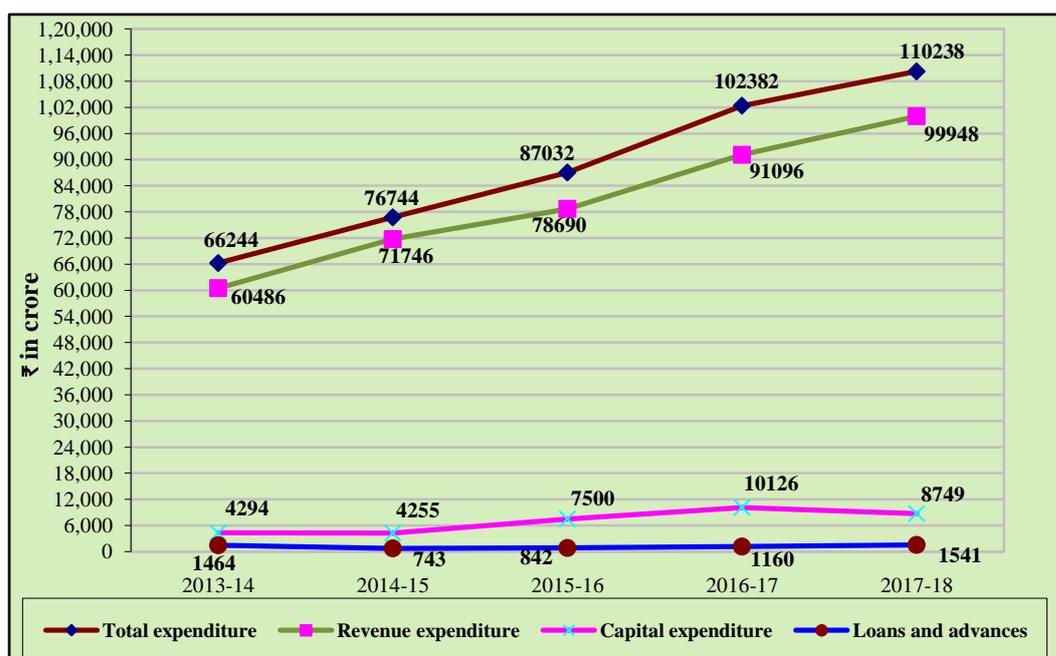
Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit 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.

### 1.7.1 Growth and Composition of Expenditure

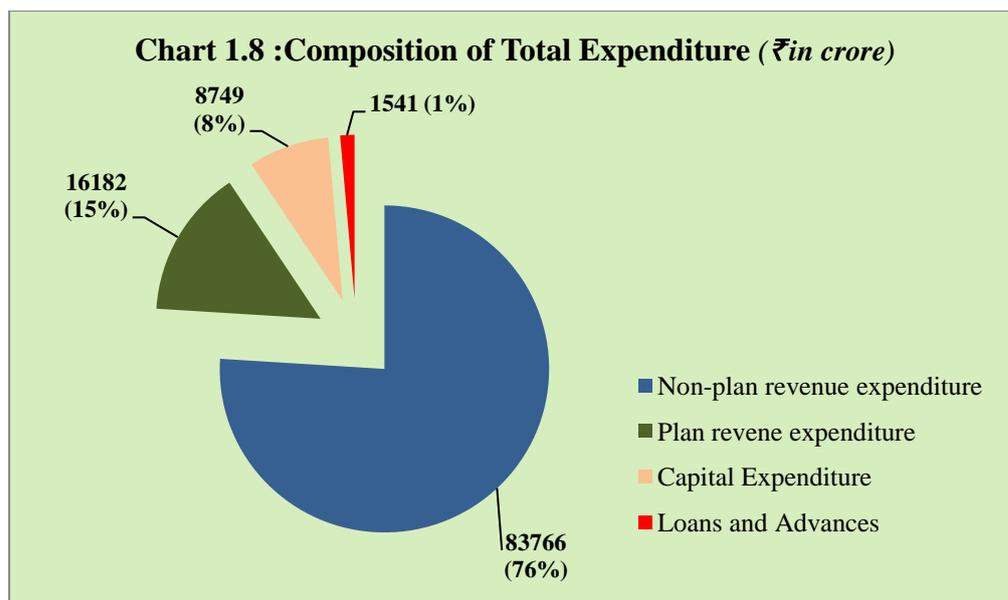
The trends in total expenditure (aggregate of revenue, capital and loans and advances expenditure) and various components of total expenditure-Plan and Non-Plan revenue expenditure, committed expenditure such as salaries and wages, interest payments, pension payments and subsidies, financial assistance 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 (2013-14 to 2017-18).

**Chart 1.7: Total expenditure: trends and composition**



During the last five years, the total expenditure of the State increased by 66 per cent from ₹66,244 crore in 2013-14 to ₹1,10,238 crore in 2017-18. While revenue expenditure recorded a growth of 65 per cent, capital expenditure recorded a growth of 104 per cent during the same period.

Total expenditure of the State for 2017-18 was ₹1,10,238 crore, out of which, ₹99,948 crore (91 per cent) was revenue expenditure. Composition of total expenditure during 2017-18 is given in **Chart 1.8**.



The total expenditure, its annual growth rate, the ratio of expenditure to the GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are given in **Table 1.22**.

**Table 1.22: Total expenditure – basic parameters**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Total expenditure (TE) (₹ in crore)	66,244	76,744	87,032	1,02,382	1,10,238
Rate of growth ( <i>per cent</i> )	11.85	15.85	13.41	17.64	7.67
Revenue Receipts (RR) (₹ in crore)	49,177	57,950	69,033	75,612	83,020
Rate of growth of RR ( <i>per cent</i> )	11.42	17.84	19.13	9.53	9.80
GSDP (₹ in crore)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116
Rate of growth of GSDP	12.79	10.22	9.56	10.71	10.36
TE/GSDP ratio ( <i>per cent</i> ) <sup>(*)</sup>	14.24	14.97	15.50	16.47	16.07
Revenue Receipt/TE ratio ( <i>per cent</i> )	74.24	75.51	79.32	73.85	75.31
<b>Buoyancy of TE with reference to:</b>					
GSDP (ratio) <sup>(*)</sup>	0.93	1.55	1.40	1.65	0.74
RR (ratio)	1.04	0.89	0.70	1.85	0.78

Source: Finance Accounts of respective years

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

Table 1.22 shows that

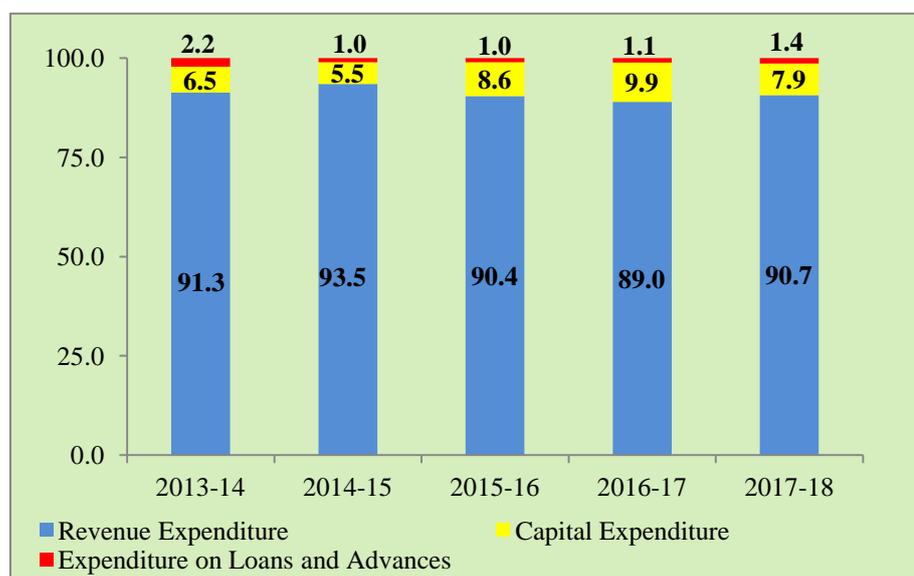
- Growth rate of total expenditure in 2017-18 was the lowest during the last five-year period. The lower growth rate was mainly due to negative growth rate (-14 *per cent*) in Capital Expenditure in 2017-18.
- Ratio between revenue receipt and total expenditure indicate the sufficiency of revenue receipt for meeting total expenditure. In 2016-17, revenue receipt of the State was sufficient to meet 73.85 *per cent* of the total expenditure which improved marginally to 75.31 *per cent* in 2017-18 due to increased growth of revenue receipts when compared to the growth rate of total expenditure.
- The Buoyancy of the total expenditure with respect to GSDP also declined in 2017-18. It was also the lowest during the five year period. In 2017-18, it was less than one, which indicated lower growth rate of total expenditure compared to GSDP.

- Buoyancy of total expenditure with revenue receipt also declined in 2017-18.

Compounded annual growth rate of total expenditure of the State for the periods 2008-09 to 2016-17 and 2016-17 to 2017-18 was higher than that of General Category States. (Details are given in **Appendix 1.1**)

Trend in share of various components of total expenditure is given in **Chart 1.9**.

**Chart 1.9: Share of various expenditure in total expenditure**



### 1.7.2 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 different components of total expenditure are given in **Table 1.23**.

**Table 1.23: Components of expenditure – relative shares (in per cent)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>General Services</b>	<b>40.39</b>	<b>41.13</b>	<b>41.76</b>	<b>40.44</b>	<b>41.54</b>
<i>of which, Interest Payments</i>	12.48	12.73	12.77	11.84	13.72
<b>Social Services</b>	<b>32.60</b>	<b>32.05</b>	<b>32.91</b>	<b>34.24</b>	<b>33.82</b>
<b>Economic Services</b>	<b>17.30</b>	<b>17.51</b>	<b>19.88</b>	<b>18.83</b>	<b>16.71</b>
<b>Grants-in-aid</b>	<b>7.51</b>	<b>8.34</b>	<b>4.45</b>	<b>5.36</b>	<b>6.53</b>
<b>Loans and Advances</b>	<b>2.20</b>	<b>0.97</b>	<b>0.97</b>	<b>1.13</b>	<b>1.40</b>

Source: Finance Accounts of respective years

Table 1.23 reveals that:

- While relative share of General Services in total expenditure increased, share of Social Services and Economic Services decreased during 2017-18 when compared to 2016-17. Similarly, share of Grants-in-aid also increased from 5.36 per cent in 2016-17 to 6.53 per cent in 2017-18.

- During 2017-18, share of interest payments in total expenditure was the highest during the five-year period.
- Relative share of loans and advances in total expenditure increased during 2017-18 due to increase in release of loans and advances by the State Government.

### 1.7.3 Revenue Expenditure

During 2017-18, revenue expenditure recorded an increase of ₹8,852 crore (9.72 per cent), compared to the previous year. The increase in revenue expenditure was mainly due to increase in expenditure under the major heads 'Pension and Other Retirement Benefits' (₹4,661 crore), 'Interest Payments' (₹3,003 crore), 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions' (₹1,716 crore), 'General Education' (₹1,355 crore), 'Roads and Bridges' (₹986 crore) and 'Social Security and Welfare' (₹893 crore) etc.

#### 1.7.3.1 Incidence of revenue expenditure

During the last five years, the share of revenue expenditure in total expenditure, to maintain the current level of services and payment for past obligations was between 89 and 93 per cent and it showed an increasing trend during 2017-18. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.24**.

**Table 1.24: Revenue expenditure – basic parameters (₹ in crore)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue expenditure (RE)	60,486	71,746	78,690	91,096	99,948
Non-plan revenue expenditure (NPRE)	53,412	61,464	66,611	77,604	83,766
Plan revenue expenditure (PRE)	7,074	10,282	12,079	13,492	16,182
<b>Rate of Growth of</b>					
RE (per cent)	13.08	18.62	9.68	15.77	9.72
NPRE (per cent)	14.52	15.08	8.37	16.50	7.94
PRE (per cent)	3.29	45.35	17.48	11.70	19.94
Revenue expenditure as percentage to TE	91.31	93.49	90.42	88.98	90.67
NPRE/GSDP (per cent) <sup>(*)</sup>	11.49	11.99	11.86	12.48	12.21
NPRE as percentage of TE	80.63	80.09	76.54	75.80	75.99
NPRE as percentage of RR	108.61	106.06	96.49	102.63	100.90
<b>Buoyancy of revenue expenditure with</b>					
GSDP (ratio) <sup>(*)</sup>	1.02	1.82	1.01	1.47	0.94
Revenue receipts (ratio)	1.15	1.04	0.51	1.65	0.99

Source: Finance Accounts of respective years

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

**Table 1.24** reveals the following:

- There was considerable decrease in growth rate of NPRE in 2017-18 compared to previous year which attributed to onward decrease in the growth rate of RE, whereas growth rate of PRE increased considerably.
- Revenue expenditure as a percentage of total expenditure ranged between 89 per cent and 93 per cent during the five year period which

indicated inadequacy of resources for expansion of services and creation of assets.

- The share of Revenue expenditure in Total Expenditure increased from 88.98 *per cent* in 2016-17 to 90.67 *per cent* in 2017-18 indicating lower priority assigned for capital expenditure during the year.
- NPRE as a percentage of RR was above 100, which indicated that State's revenue receipts were not sufficient to meet its NPRE for 2017-18

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

The trends of the committed expenditure of the State Government during 2013-14 to 2017-18 is given in **Table 1.25**.

**Table 1.25: Components of committed expenditure** (₹ in crore)

Components of committed expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	
					Budget estimate	Actual Expenditure
Salaries* and Wages	19,554	21,621	23,757	28,373	32,397	32,243
Interest payments (MH 2049)	8,265	9,770	11,111	12,117	13,632	15,120
Expenditure on pensions (MH 2071)	9,971	11,253	13,063	15,277	18,174	19,938
Subsidies	1,279	1,252	1,372	1,731	1,967	1,584
<b>Total</b>	<b>39,069</b>	<b>43,896</b>	<b>49,303</b>	<b>57,498</b>	<b>66,170</b>	<b>68,885</b>
Revenue Expenditure	60,486	71,746	78,690	91,096	1,09,628	99,948
Revenue Receipts	49,177	57,950	69,033	75,612	93,585	83,020
Percentage of committed expenditure to Revenue expenditure	65	61	63	63	60	69
Percentage of committed expenditure to Revenue receipts	79	76	71	76	71	83
* Salaries include teaching grant paid to aided educational institutions like schools and colleges to meet the salaries of their teaching and non-teaching staff.						

Source: Finance Accounts of respective years

The share of committed expenditure in revenue expenditure increased from 63 *per cent* in 2016-17 to 69 *per cent* in 2017-18 and it was highest during the five year period. Similarly, the percentage of committed expenditure with respect to revenue receipts at 83 *per cent* during 2017-18 was also the highest during the five year period. The high proportion of committed expenditure to revenue receipts indicates that the State has limited flexibility in allocation of its resources for new schemes. Medium term correction on the expenditure side is required to moderate such committed expenditure

While interest payments showed a growth rate of 25 *per cent* in 2017-18 when compared to 9 *per cent* growth in previous year, pension payments increased by 31 *per cent* compared to previous year's 17 *per cent*. Interest payments and pension payments consumed 18 *per cent* and 24 *per cent* of revenue receipts respectively which is a matter of concern for the State Government.

### 1.7.4 Implementation of National Pension System

Government of India introduced (August 2003) National Pension System (NPS) for new entrants to Central Government service, replacing the then

existing system of defined benefit pension, General Provident Fund and gratuity.

The GoI established Pension Fund Regulatory and Development Authority (PFRDA) on 10 October 2003 to develop and regulate the Pension Funds under the NPS. PFRDA has appointed National Securities Depository Limited (NSDL) as the Central Record Keeping Agency to maintain the records of contribution and its deployment in various pension fund schemes for the employees and to issue Permanent Retirement Account Number (PRAN) to NPS subscribers.

State Government introduced National Pension System in July 2009 to All India Service (AIS) officers recruited to Kerala Cadre on or after 01.01.2004 and to the State Government employees in January 2013 appointed on or after 01.04.2013. According to the scheme, the employees have to contribute 10 per cent of the basic pay and dearness allowance and Government has to make an equal contribution to the pension account.

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

#### ***1.7.4.1 Non- payment of backlog contribution by AIS officers***

State Government implemented National Pension System (NPS) in July 2009 to the All India Service (AIS) Officers recruited to Kerala cadre on or after 01.01.2004.

Even though National Pension System has been made effective from 01.01.2004 for the AIS officers, the deduction of contribution commenced only from the month of February 2014 for want of setting up of required infrastructure for online transfer of the contribution amounts to the trustee bank and data transfer to NSDL. Government issued guidelines and accounting procedure only in January 2015 for the realisation of backlog contribution in respect of the AIS officers recruited to Kerala Cadre from 1.1.2004 to 31.5.2014.

As per the provisions and modalities for the realisation of backlog contribution in respect of AIS Officers issued in May 2016, the officers concerned were to submit service details, pay particulars, details of NPS contributions already remitted etc. to Finance Department. Service particulars would be verified by the Administrative Departments concerned and pay particulars and NPS remittance details would be verified by the Director of Treasuries. After scrutiny of the details and verification reports, State Nodal Officer of Finance (NPS Cell) would issue orders for the realisation of backlog contribution in respect of each officer.

As per the records maintained in the Government Secretariat, Government of Kerala, there are 82 AIS officers in Kerala cadre who joined service during the backlog period from 1.1.2004 to 31.5.2014, and are hence eligible for backlog contribution of NPS arrears. Government issued final Orders for the realisation of backlog contribution in respect of 33 officers and information received from 13 officers are pending scrutiny with Finance Department.

Details in respect of the remaining 36 All India service officers for backlog contribution have not been submitted to Finance department till date as shown in **Appendix 1.8**.

The matter was brought to the notice (November 2018) of the Finance Department and the reply is awaited (February 2019).

***1.7.4.2 Non- payment of interest for the matching Government share for backlog contribution in respect of State Government Employees***

State Government implemented National Pension System (NPS) in January 2013 to the State Government employees appointed on or after 01.04.2013. However, the deduction towards NPS commenced only from February 2014.

Government vide GO issued in January 2015 allowed interest applicable as per GPF (Kerala) Rules 2011 to the State Government Employees for the matching Government Contribution in respect of the backlog contribution made by the Employees with effect from 1.4.2013 to 31.5.2014 subject to their date of appointment. However, it was seen that State Government had not given any interest towards the matching Government share in respect of eligible Government employees till date.

Finance department replied that no interest was given to backlog contribution of employees as none of the DDOs have submitted any document to the concerned treasuries for claiming interest on Government contribution.

The reply is not tenable as department failed to take any further action for payment of interest on the matching Government contribution.

***1.7.4.3 Delay in transfer of funds to NSDL and non-payment of interest for the delay in respect of AIS Officers***

As per Government instructions issued in December 2013, the Treasury Officer has to transfer the funds credited under 8342-00-117 to the trustee bank of NSDL on the same day of credit.

Government issued final orders for realisation of back log contribution, in case of 33 AIS officers in the state, of which 10 cases pertained to four treasuries of Thiruvananthapuram District. Audit scrutinized two out of seven cases in two treasuries (District Treasury Thiruvananthapuram and Sub Treasury Vellayambalam) and observed that there was delay of 27 to 41 months in transfer of funds to NSDL as shown in **Appendix 1.9**.

However, no interest was paid for the delayed transfer of funds to NSDL in both these cases.

In the light of the above observations in the two test checked cases audit could not rule out the possibility of similar deficiencies in the remaining cases.

The Finance Department replied (September 2018) that the delay in transfer of funds was due to administrative reasons and interest was paid only up to May 2014 as per instructions in G.O dated 14 January 2015. The reply is not tenable as Government is required to pay interest to the Officers till the date of transfer of funds to NSDL.

#### **1.7.4.4 Non recovery of NPS subscription from the pay revision arrears**

Consequent on the implementation of Tenth Pay Revision Commission recommendations State Government Employees were given pay revision arrears in four instalments during 2017-19. As per the Government instructions contained in G.O dated 07.01.2013, the NPS contributions were to be recovered from the pay and DA of employees at the rate of 10 per cent. However, a scrutiny of the records relating to recovery of NPS subscription from the pay revision arrears disbursed up to April 2018 (first three instalments), conducted in the offices of the Sub Treasury Officer, Vellayambalam, Thiruvananthapuram (Treasury Department), Commissioner of Land Revenue, Thiruvananthapuram and the Assistant Commissioner of State Goods and Services Tax Department, Thiruvananthapuram revealed that subscription towards NPS was not deducted from the bill for the drawal of Pay revision arrears of employees.

Similarly, a scrutiny of records in three offices test checked<sup>19</sup>, relating to the payment of pay revision arrears to AIS Officers, consequent on the implementation of Seventh Central Pay Commission recommendations, revealed that NPS contributions were not recovered from pay revision arrears paid to three AIS Officers.

Finance Department replied (August 2018) that NPS contributions were not recovered from Pay revision arrears of State Government employees as the Pay revision arrears were credited to GPF account of employees as per the instructions contained in G.O dated 13.10.2014.

The reply is not tenable as the pay revision arrears should have been credited to GPF after deducting NPS subscription at prescribed rates.

Short transfer to NSDL would inevitably lead to bankruptcy of the NPS corpus and eventual failure of the scheme itself. Similar irregularity in management of employee provident fund by a private company would render them liable to penal action.

#### **1.7.4.5 Mismatch between Government contribution and employee contribution credited to the deposit head**

The amount deducted from the salary in respect of officials would be transfer credited to the Head of account '8342-00-117' under the relevant sub heads. The Treasury Officer would draw the amount of matching Government contribution equivalent to the contribution in respect of officials by debiting the Head of account '2071-01-117' and transfer credit the same to the relevant sub heads under Head of account '8342-00-117'.

On a scrutiny, it is observed that there is mismatch between Government servant's contribution credited to the relevant sub head under '8342-00-117' and matching Government contribution debited to the Major head '2071-01-117' during the period. It is also observed that there is mismatch in the amount of Government contribution debited to the head of account '2071-01-117' and the amount transfer credited to the corresponding public account head '8342-00-117' as shown in **Table 1.26**.

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<sup>19</sup> Police Headquarters, Thiruvananthapuram; Government Secretariat, Thiruvananthapuram and Corporation of Thiruvananthapuram

**Table 1.26: Mismatch between employee contribution and matching Government contribution**  
(₹ in lakh)

Category	Period to which subscription relates	Employee/ AIS Officers contribution credited to 8342-00-117	Matching Government contribution debited to 2071-01-117	Matching Government contribution transfer credited to Public account 8342-00-117	Difference between employee contribution and matching Government contribution
1	2	3	4	5	6 (3-5)
AIS Officers	2010-18	247.86	244.65	217.67	30.19
State Government employees	2014-18	38939.51	38673.34	38967.07	27.56
Backlog contribution by State Government Employees	2014-18	4064.95	4251.09	4069.69	4.74

Source: Finance Accounts of respective years, VLC data

The Director of Treasuries attributed the mismatch in employee contribution and corresponding Government contribution to wrong debit afforded to the head of account '8342-00-117' by most of the treasuries instead of debiting the Government contribution under '2071-01-117'. It was also replied that action was being taken to reconcile the differences pointed out.

#### 1.7.4.6 Mismatch between debit and credit under the deposit head '8342-00-117' resulting in adverse balance

The employees' contribution and the matching Government contribution under NPS are initially credited under '8342-00-117' and subsequently transferred to the trustee bank of National Securities Depository Limited (NSDL) by clearing the deposit head '8342-00-117'.

An analysis of Treasury wise accumulation of balance under '8342-00-117' indicated mismatch between the amounts credited and debited under various sub heads below the head of account resulting in adverse balance under the deposit head of account in four treasuries as shown in **Table 1.27**.

**Table 1.27: Amount credited and debited under the deposit head 8342-00-117 up to the end of 2017-18 (in ₹)**

Name of Treasury	Credit	Debit	Balance
District Treasury, Kattakkada	21,38,43,985	21,38,53,827	-9,842
District Treasury, Alappuzha	28,17,08,411	28,18,74,891	-1,66,480
District Treasury, Kottayam	40,33,72,681	4,37,142,841	-3,37,70,160
District Treasury, Irinjalakuda	21,70,33,221	21,71,47,364	-1,14,143

Source: Information collected from Finance Department

The Director of Treasuries attributed the adverse balance to erroneous deduction of employee contribution and Government contribution from the same deposit head of account, instead of debiting the Government contribution under the revenue major head of account '2071-01-117'. It was also stated that action was being taken to rectify the mismatch in figures.

#### 1.7.4.7 Non- subscription under NPS

A registration for Permanent Retirement Account Number (PRAN) is mandatory to avail benefits of NPS. Unique Permanent Retirement Account

Number (PRAN) is allocated to each subscriber under the NPS Scheme at the time of joining the scheme.

The officers appointed on or after 1.4.2013 and who are under the purview of NPS have to apply to the District Treasury Officer (DTO) concerned for allotment of PRAN. The DTO will generate the PRAN forms of the officer concerned. After verification, the official will submit the duly filled/signed PRAN form in duplicate to the DTO who will affix his seal and signature in the form and forward it to NSDL. On receipt of PRAN kit from NSDL, the DTO would forward the kit to the respective DDO/Appointing authority. The DDO/Appointing authority will make necessary entry of the PRAN in SPARK<sup>20</sup> and distribute the kit to the employee concerned

Audit scrutiny of SPARK data base revealed that 1,09,657 employees had joined service during the period from April 2013 to July 2018. Out of the employees who joined service, 34,262 employees have not been allotted with PRAN as on 31.07.2018. It was also seen that NSDL had allotted PRAN to 79,806 State Government employees, rejected 1938 applications and 768 applications were pending as on 31.10.2018.

The Finance Department has been requested to reconcile the difference between the SPARK database and figures furnished by NSDL. It was also found that there is no mechanism in Treasuries Department to watch the prompt recovery of NPS contribution from the due dates in respect of AIS Officers and State Government Employees covered under the scheme.

It was further observed that no monthly statement on the yield derived from the investment of the fund is being received from the National Pension Trust.

The finance department replied that instructions had been issued to the Director of Treasuries to take necessary steps to create a fruitful mechanism in the department to watch the prompt recovery of NPS contribution. It was further replied that request had been given to National Pension Trust, New Delhi to furnish monthly statement on the yield delivered from the investment of the fund.

### **1.7.5 Subsidies**

The subsidies (₹1,584 crore) given during 2017-18 were ₹147 crore less than the subsidies (₹1,731 crore) given in the previous year. The main items of subsidies given during 2017-18 included amount given to Food Corporation of India in respect of reimbursement of price difference of ration rice and wheat (₹784 crore), for Paddy procurement through Kerala State Civil Supplies Corporation (₹325 crore), grant to Kerala State Civil Supplies Corporation Limited for market intervention operations (₹200 crore), State Investment Subsidy (₹54 crore) and subsidy to Co-operatives for conducting festival markets (₹52 crore).

### **1.7.6 Financial assistance to Local Bodies and Other Institutions**

The assistance provided by the Government as grants and loans to local

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<sup>20</sup> SPARK (Service and Payroll Administrative Repository for Kerala) is an integrated personnel, payroll and accounts information system for all the employees in Government of Kerala. The system caters to the personnel Administration, Pay roll and other Accounts activities of Government Establishments.

bodies, educational institutions, Government companies, Welfare Fund Boards, etc., during the current year relative to the previous years is presented in **Table 1.28**.

**Table 1.28: Financial assistance to local bodies, educational institutions, etc.**

<i>(₹ in crore)</i>					
Financial Assistance to Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	6,934.56	7,769.01	8,409.89	9,602.98	16,511.23
Municipal Corporations and Municipalities	1,358.09	1,836.39	1,405.77	2,756.55	3,178.62
Zilla Parishads and Other Panchayati Raj Institutions	6,421.60	8,423.74	7,767.62	7,775.98	11,335.87
Development Agencies	6.42	6.23	5.91	14.73	20.91
Hospitals and Other Charitable Institutions	94.19	305.76	407.60	812.18	686.29
Other Institutions <sup>21</sup>	1,323.46	1,602.60	2,104.35	2,927.71	3,196.28
<b>Total</b>	<b>16,138.32</b>	<b>19,943.73</b>	<b>20,101.14</b>	<b>23,890.13</b>	<b>34,929.20</b>
Assistance as percentage of revenue expenditure	27	28	26	26	35

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

The financial assistance to local bodies and other institutions increased from ₹16,138.32 crore in 2013-14 to ₹34,929.20 crore in 2017-18. The table above shows that the percentage of assistance with reference to revenue expenditure at 35 per cent during 2017-18 was also highest in the five year period. Substantial increase was noticed in the release of Grants in respect of Educational institutions and Zilla Parishads and Other Panchayat Raj Institutions during 2017-18.

### 1.7.7 Non-compliance of existing Accounting Standards

Ministry of Finance, Government of India had notified three accounting standards viz., ‘Indian Government Accounting Standards (IGAS) 1 – Guarantees given by Government’, ‘IGAS 2 – Accounting and Classification of Grants-in-aid’ and ‘IGAS 3 – Loans and Advances made by Governments’.

IGAS 2 prescribes the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government. Paragraph 10 of IGAS 2 stipulates that Grants-in-aid that are in the form of pass-through grants, from the Union Government to the State Government to be disbursed to ultimate grantee shall be classified and accounted for as revenue expenditure in the Financial Statements of both Union Government and State Governments irrespective of the purpose for which such grants are to be spent by the ultimate grantee. Government of India (GoI) was transferring grants-in-aid for the scheme Pradhan Mantri Gram Sadak Yojana (PMGSY) directly to the implementing agency Kerala State Rural Roads Development Agency till 2013-14. From 2014-15 onwards, grants-in-aid from GoI for PMGSY were

<sup>21</sup> Major institutions under ‘Other institutions’ are Kerala State Road Transport Corporation (₹835 crore), Kerala Water Authority (₹531.44 crore), Kudumbasree (₹166 crore), Suchitwa Mission (₹136.61 crore), State Council for Science, Technology & Environment (₹133.91 crore), Kerala Road Fund Board (₹100 crore), Kerala Social Security Mission (₹99.56 crore), Kerala Industrial Infrastructure Development Corporation (₹66.36 crore), Kerala State Cashew Development Corporation (₹65 crore) & Kerala Urban Development Finance Corporation (₹55.70 crore).

routed through State budget for onward transfer to Kerala State Rural Roads Development Agency. State Government received ₹650.99 crore as grants-in-aid from GoI under the scheme during the period 2014-15 to 2017-18. However, the grants-in-aid received from GoI under PMGSY during the period 2014-2018 was classified as capital expenditure in the Financial Statement of State Government violating the provisions of IGAS 2.

Government replied (March 2019) that steps would be taken in 2019-20 to classify the expenditure of the grants-in-aid received from the Government of India pertaining to the PMGSY in the revenue side in the detailed budget estimates and demands for grants.

## 1.8 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 whether the fund was spent efficiently and effectively to achieve the intended objectives.

### 1.8.1 Adequacy of public expenditure

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 total expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.29** analyses the fiscal priority of the State Government with regard to Development Expenditure, Social Sector Expenditure and Capital Expenditure during 2013-14, 2016-17 and 2017-18.

**Table 1.29: Fiscal priority of the State in 2013-14, 2016-17 and 2017-18**

(in per cent)

Fiscal Priority by the State		TE/ GSDP	DE <sup>#</sup> / TE	SSE/ TE	CE/ TE	Education/ TE	Health/ TE
Kerala	2013-14	14.20	51.80	33.40	6.5	18.0	5.50
	2016-17	16.47	53.77	34.30	9.89	17.00	5.85
	2017-18	16.10	51.90	33.90	7.90	17.30	6.00
General Category States' Average	2013-14	14.70	66.50	37.60	13.60	17.20	4.50
	2016-17	17.30	70.80	35.70	15.30	15.20	4.50
	2017-18	16.10	67.90	36.70	14.40	15.50	4.90
Karnataka	2017-18	13.60	76.46	38.44	20.06	12.60	4.55
Tamil Nadu	2017-18	13.64	62.45	34.31	10.38	15.21	5.36

TE: Total Expenditure DE: Development Expenditure,  
SSE: Social Sector Expenditure CE: Capital Expenditure.

# Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed (Social and Economic sector).

Source: Information furnished Economic Adviser and based on Finance Accounts

**Table 1.29** shows that:

- In all the three years, 2013-14, 2016-17 and 2017-18, Development Expenditure (DE) as a proportion of Total Expenditure (TE) was lower

than General Category States' average. Development Expenditure consists of both Economic Sector Expenditure and Social Sector Expenditure.

- Adequate fiscal priority has not been given to Social Sector (except Health and Education Sector) during 2013-14, 2016-17 and 2017-18 when compared to General Category States.
- Even though Development Expenditure (DE) as percentage of Total Expenditure (TE) decreased in 2017-18 when compared to previous year Education Expenditure/TE and Health Expenditure / TE showed a marginal increase during the year. The decrease in DE/TE was mainly due to decrease in share of Economic Services in TE from 19.47 per cent in 2016-17 to 17.89 per cent in 2017-18.
- The proportion of Capital Expenditure in Total Expenditure has been much lower as compared to General Category States during all the three years. Government may consider enhancing the proportion of expenditure on capital sector in order to create much needed assets to stimulate growth and give priority to physical capital formation.
- Total Expenditure under 'Irrigation' and 'Agriculture and Allied Activities' decreased by 4 per cent and 7 per cent respectively during the year when compared to the previous year.

During 2017-18, Capital Expenditure as percentage of GSDP was lower for Kerala State (1.28 per cent) when compared to Tamil Nadu (1.42 per cent) and Karnataka (2.73 per cent).

### 1.8.2 Efficiency of expenditure

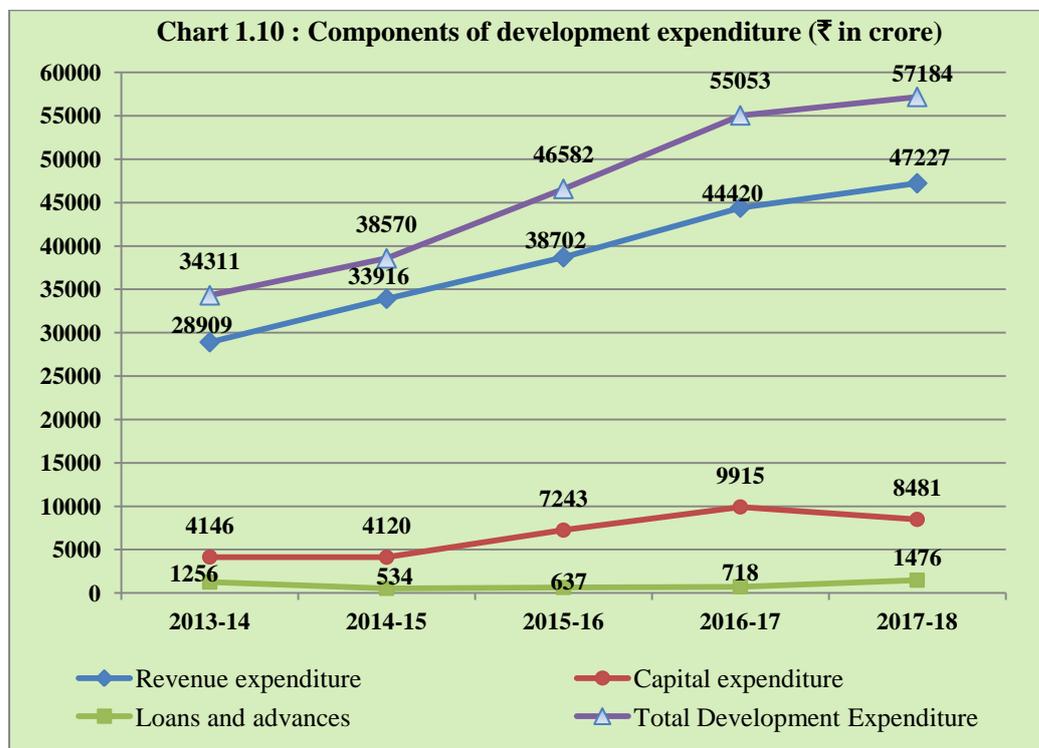
It is important for the State to take appropriate expenditure rationalisation measures and incur public expenditure on development heads from the point of view of social and economic development. Development expenditure comprised of revenue expenditure, capital expenditure and loans and advances in socio-economic services. **Table 1.30** presents the trends in development expenditure relative to the total expenditure of the State during last five years. **Chart 1.10** presents component-wise development expenditure during 2013-14 to 2017-18.

**Table 1.30: Development expenditure** (₹ in crore)

Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Development Expenditure (a to c)</b>					
a. Revenue expenditure	28,909 (43.64)	33,916 (44.19)	38,702 (44.47)	44,420 (43.39)	47,227 (42.84)
b. Capital expenditure	4,146 (6.26)	4,120 (5.37)	7,243 (8.32)	9,915 (9.68)	8,481 (7.69)
c. Loans and advances	1,256 (1.90)	534 (0.70)	637 (0.73)	718 (0.70)	1,476 (1.34)
<b>Total Development Expenditure</b>	<b>34,311</b> <b>(51.80)</b>	<b>38,570</b> <b>(50.26)</b>	<b>46,582</b> <b>(53.52)</b>	<b>55,053</b> <b>(53.77)</b>	<b>57,184</b> <b>(51.87)</b>
<b>Total Expenditure</b>	<b>66,244</b>	<b>76,744</b>	<b>87,032</b>	<b>1,02,382</b>	<b>1,10,238</b>

Source: Finance Accounts of respective years  
Figures in parenthesis are its share in total expenditure

During 2017-18, growth rate of total expenditure was 7.67 per cent but the growth rate of development expenditure was 3.87 per cent only, which is a matter of concern. Though 51.87 per cent of total expenditure was utilised for development expenditure, major share (82.58 per cent) was that of revenue expenditure, which indicated predominance of revenue expenditure items in development expenditure. However, capital expenditure in absolute terms and its share in total development expenditure during last year showed a declining trend, which is not a positive indicator on the development expenditure of the State (Table 1.30).



**Development expenditure** increased from ₹34,311 crore in 2013-14 to ₹57,184 crore in 2017-18, recording an increase of 67 per cent in five years. During the year, share of revenue expenditure in development expenditure increased whereas the share of capital expenditure decreased indicating low fiscal priority given to capital expenditure.

**Revenue expenditure on development** sector increased by 63 per cent during the last five years from ₹28,909 crore in 2013-14 to ₹47,227 crore in 2017-18 and it increased by ₹2,807 crore during 2017-18 over the previous year. The increase in 2017-18 was due to increase in expenditure under Social Services (₹2,111 crore) and under Economic Services (₹696 crore).

In Social Services, this increase was mainly under 'General Education' (₹1,355 crore), 'Social Security and Welfare' (₹893 crore), and 'Medical and Public Health' (₹380 crore).

**Capital expenditure on development** sector decreased by ₹1,434 crore mainly due to decrease of expenditure of ₹1547 crore under Economic sector in 2017-18 over the previous year partly offset by increase of expenditure of ₹113 crore under Social Sector. Decrease in Economic Sector was mainly under the sub-sectors 'Other General Economic Services' (₹1,265 crore),

‘Transport’ (₹143 crore), ‘Irrigation and Flood Control’ (₹130 crore) and ‘Other rural development programmes’ (₹100 crore). The development capital expenditure of ₹8481 crore, included ₹1043 crore released to KIIFB during 2017-18. Out of which only ₹444 crore was released by KIIFB for 22 projects during 2017-18 and the balance amount of ₹599 crore was retained by KIIFB.

### 1.8.3 Incomplete projects/works

Department-wise information pertaining to incomplete projects/works (each costing above ₹one crore) as on 31 March 2018 is given in **Table 1.31**.

**Table 1.31: 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 31 March 2018
1.	Irrigation Department – (Irrigation and Minor Irrigation Works)	13	140.18	88.65
2.	Public Works Department – (Roads including NH)	101	617.88	349.99
3.	Public Works Department – (Bridges)	54	706.36	503.97
4.	Public Works Department – (Buildings)	129	459.25	230.88
5.	Harbour Engineering Department	3	34.34	34.94
	<b>Total</b>	<b>300</b>	<b>1,958.01</b>	<b>1,208.43</b>

Source: Appendix IX of Finance Accounts 2017-18

As per the Finance Accounts 2017-18, there was a delay in completion of 300 projects/works and this would result in time overrun and cost overrun, besides denying the desired benefit to the beneficiaries.

## 1.9 Financial Analysis of Government Investments, Loans and Advances

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. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

### 1.9.1 Investment and returns

As of March 2018, the State Government had invested ₹8,211.47 crore in Statutory Corporations (3 nos.), Government Companies (working 101 nos., non working 17 nos.) Joint Stock Companies (39 nos.) and Co-operatives (**Table 1.32**). The average return on these investments was 1.44 *per cent* in the last five years while the Government paid an average interest rate of 7.24 *per cent* on its borrowings during 2013-14 to 2017-18.

**Table 1.32: Return on investments**

Investment/Return/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Amount of Investment (₹ in crore)	5,623.61	6,085.13	6,733.85	7,240.03	8,211.47
Return (₹ in crore)	100.58	74.18	90.23	96.37	126.48
Return ( <i>per cent</i> )	1.79	1.22	1.34	1.33	1.54
Average rate of interest on Government borrowing ( <i>per cent</i> )	7.11	7.35	7.35	6.92	7.48
Difference between interest rate and return ( <i>per cent</i> )	5.32	6.13	6.01	5.59	5.94

Source: Finance Accounts of the State Government

During 2017-18, State Government invested ₹38.46 crore in Statutory Corporations, ₹666.71 crore in Government Companies, ₹141.27 crore in Co-operative Banks and Societies. Progressive expenditure on investments was increased (due to conversion of loan into equity) by ₹22.13 crore under Government companies and decreased (due to proceeds of retirement of share capital transferred to capital receipts) by ₹29.28 crore under Co-operative banks and societies. Out of the total investment of ₹8,211.47 crore, ₹33.87 crore was in 17 non-working companies.

### 1.9.2 Loans and advances by the State

In addition to investments in Co-operative Societies, Statutory Corporations and Government Companies, the Government also provides loans and advances to many institutions. **Table 1.33** presents the outstanding loans and advances as on 31 March 2018 and interest receipts during the last five years.

**Table 1.33: Details of loans and advances during the last five years (₹ in crore)**

Quantum of Loans/Interest Receipts/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening balance	10,360 <sup>22</sup>	11,713 <sup>23</sup>	12,320 <sup>24</sup>	13,010	13,877
Amount advanced during the year	1,464	743	842	1,160	1,541
Amount repaid during the year	103	124	152	292 <sup>25</sup>	351
Closing balance	11,721	12,332	13,010	13,878	15,067
Net addition	1,361	619	690	868	1,190
Interest receipts	21	27	32	31	38

Source: Finance Accounts of the State Government.

The total outstanding loans and advances as on 31 March 2018 increased by ₹1,190 crore compared to those of the previous year. The major disbursement of loans and advances during the current year was to Pariyaram Medical College (₹116 crore), and to Kerala State Road Transport Corporation (₹835

<sup>22</sup> Difference of ₹96 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (p) of Statement no.16 of Finance Accounts 2013-14.

<sup>23</sup> Difference of ₹eight crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (o) of Statement no.18 of Finance Accounts 2014-15.

<sup>24</sup> Difference of ₹12 crore with reference to previous year's closing balance was on account of *pro forma* adjustments vide footnote (q) of Statement no.18 of Finance Accounts 2015-16.

<sup>25</sup> Includes ₹126 crore being the irrecoverable loans written off.

crore). Interest received against these loans remained less than one *per cent* during the period 2013-14 to 2017-18 and was 0.25 *per cent* during 2017-18 as against the average cost of borrowing of 7.48 *per cent* during the year.

### 1.9.2.1 Arrears in loan repayment

Government provides loan assistance to Statutory Corporations, Government Companies, Autonomous Bodies and Authorities etc., and the same was treated as assets in the Government accounts. As per Finance Accounts, an amount of ₹15,067 crore was outstanding as loan at the end of March 2018. Also, at the end of March 2018, repayment of loans advanced to 67 institutions were in arrears from 1960-61 to 2016-17 amounting to ₹12,604 crore (Principal: ₹8,015 crore and Interest: ₹4,589 crore). About 87 *per cent* of the above arrears pertained to six institutions *viz.*, Kerala Water Authority (₹4,313 crore), Kerala State Electricity Board Limited (₹1,762 crore), Kerala State Road Transport Corporation (₹2,031 crore), Kerala State Housing Board (₹1,608 crore), Kerala Industries Infrastructure Development Corporation (₹633 crore), and Kerala State Cashew Development Corporation Ltd (₹632 crore). During the year, State Government also released loans to 25 institutions amounting to ₹1,061 crore whose previous loan repayments are in arrears.

It was also observed that State Government released 81 loans to 19 institutions amounting to ₹84.55 crore during the period from 1991-92 to 2005-06, without specifying the terms and conditions for repayment. In order to provide a true and fair picture of the State Government accounts, Government needs to reduce the arrears in recovery of loans released.

### 1.9.3 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 1.34**.

**Table 1.34: Cash balances and Investment of cash balances (₹ in crore)**

Particulars	As on 31 March 2017	As on 31 March 2018	Increase(+)/ Decrease(-)
<b>(a) General Cash balances</b>			
Cash in Treasuries and other banks	37.23	34.16	(-)3.07
Deposit with Reserve Bank	(-)91.73	(-)80.81	10.92
Remittances in transit -Local	6.80	2.57	(-)4.23
<b>Total (a)</b>	<b>(-) 47.70</b>	<b>(-)44.08</b>	<b>3.62</b>
<b>(b) Investments from cash balances</b>			
GoI Treasury Bills	1,939.35	885.88	(-)1,053.47
GoI Securities	5.15	5.15	--
<b>Total (b)</b>	<b>1,944.50</b>	<b>891.03</b>	<b>(-) 1053.47</b>
<b>(c) Investments in earmarked funds</b>			
Reserve funds not bearing interest	1,751.94	1,885.66	133.72
<b>Total (c)</b>	<b>1,751.94</b>	<b>1,885.66</b>	<b>133.72</b>
<b>(d) Departmental cash balances including Permanent advances</b>	<b>1.59</b>	<b>0.27</b>	<b>(-)1.32</b>
<b>Total Cash Balance - (a) to (d)</b>	<b>3,650.33</b>	<b>2,732.88</b>	<b>(-)917.45</b>
Interest realised during the year on investment of cash balances	<b>78.32</b>	<b>47.66</b>	<b>(-)30.66</b>

Source: Finance Accounts of the State Government

**Table 1.34** shows that cash balance of the State, at the end of March 2018, decreased by ₹917.45 crore compared to the closing balance at the end of March 2017. This was due to the decrease in investments under GoI Treasury Bills (₹1,053.47 crore) partly offset by increase in investments in earmarked funds (₹133.72 crore). The interest realised on investment of cash balance also decreased by ₹30.66 crore, compared to the previous year.

### **1.9.3.1 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 31 March 2018, there was an outstanding balance (cumulative) of ₹1,263.29 crore. This represents expenditure originally booked under different major heads of Consolidated Fund, which did not result in any cash outflow till the end of March 2018.

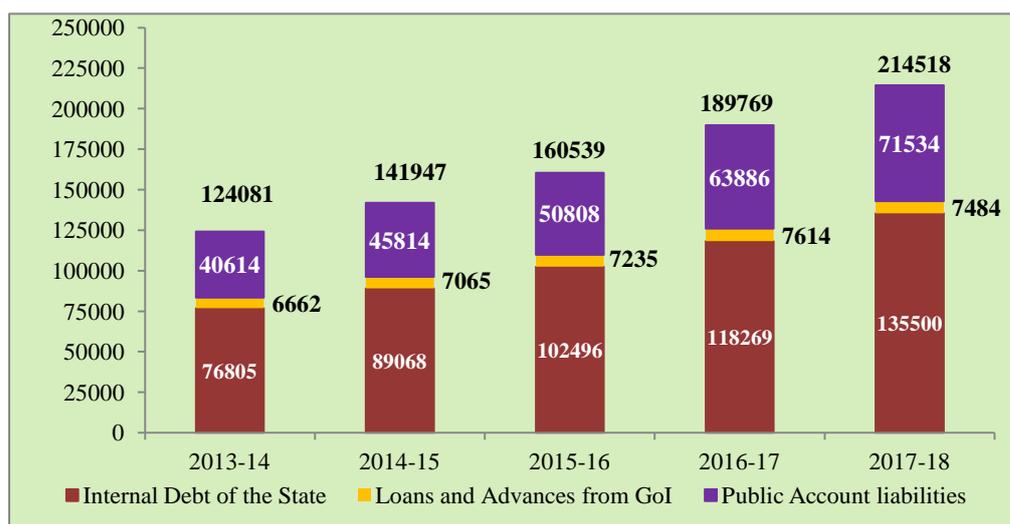
## **1.10 Assets and Liabilities**

### **1.10.1 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 1.4 Part B** gives an abstract of such liabilities and assets as on 31 March 2018, compared with the corresponding position as on 31 March 2017. 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.

### **1.10.2 Fiscal liabilities**

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.5**. The composition of fiscal liabilities during the last five years are presented in **Chart 1.11**.

**Chart 1.11: Composition of Fiscal Liabilities (₹ in crore)**

The overall fiscal liabilities of the State increased from ₹1,24,081 crore in 2013-14 to ₹2,14,518 crore in 2017-18, thus, recording an increase of 73 per cent during the five year period. During 2017-18, the growth rate of fiscal liabilities was 13.04 per cent and it was the lowest during the five-year period. However, the growth rate of fiscal liabilities was higher than the growth rate of GSDP (10.36 per cent) during the year, which is a matter of concern.

Fiscal liabilities of the State comprised of Consolidated Fund liabilities and Public Account liabilities. Consolidated Fund liabilities (₹1,42,984 crore) comprised of Market Loans (₹1,15,735 crore), Loans from the Government of India (₹7,484 crore) and Other Loans (₹19,765 crore). The Public Account liabilities (₹71,534 crore) comprised of liabilities under Small Savings, Provident Funds, etc., (₹67,778 crore)<sup>26</sup>, interest bearing obligations (₹288 crore) and non-interest bearing obligations like Deposits and other earmarked funds (₹3,468 crore).

### 1.10.3 Reserve Funds

The balances under Reserve Funds was ₹2,483.26 crore as on 31 March 2018. The details in respect of two of the major Reserve Funds (balance ₹2,159.35 crore) are given in succeeding paragraphs.

#### 1.10.3.1 State Disaster Response Fund

The State Disaster Response Fund (SDRF) was set up on 1 April 2010 replacing the existing Calamity Relief Fund. At the beginning of the year, there was ₹115.86 crore as opening balance in the Fund. The size of the Fund for Kerala for the year 2017-18 (fixed by the Fourteenth Finance Commission) was ₹204 crore, 75 per cent (₹153 crore) of which was to be contributed by the Central Government and 25 per cent (₹51 crore) by the State Government. During the year, an amount of ₹204 crore was credited to the Fund. An amount of ₹164.72 crore received from National Disaster Response Fund during the year was also credited to the fund. After setting off the expenditure

<sup>26</sup> This includes liabilities under Savings Bank Deposits (₹9,339 crore) and Fixed and Time Deposits (₹23,560 crore).

for disaster relief operations to the extent of ₹197.50 crore, the balance in SDRF as on 31 March 2018 was ₹287.08 crore.

According to the guidelines issued by the Government of India, SDRF shall be kept in the Public Account of the State on which the State should pay interest to the Fund at the rate applicable to overdrafts under the Overdrafts Regulation Scheme of RBI. This was not done and also interest payable on the un-invested balances of the earlier years was also not estimated by the Government and credited to the Fund so far. Non-transfer of interest amount resulted in under-statement of revenue expenditure and also reduced balance under SDRF.

### **1.10.3.2 Consolidated Sinking Fund**

The State Government 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 0.50 *per cent* of the outstanding liabilities at the end of the previous year. According to this, the State Government had to contribute ₹948.84 crore during 2017-18 to the Consolidated Sinking Fund. However, the State Government did not contribute any amount to the Fund, during the current year. Non-contribution resulted in under-statement of revenue expenditure to the extent of ₹948.84 crore and also reduced reserve fund for future amortization of loan liability.

As per the guidelines of the fund, the balance at credit of the Fund is required to be invested in the Government of India Securities. During the year, an amount of ₹134.89 crore was received as interest from the investment made out of the fund. At the beginning of the year, ₹1,737.38 crore was available and with the interest received on investment, the outstanding balance at the end of year was ₹1,872.27 crore.

### **1.10.4 Status of Guarantees – Contingent Liabilities**

Guarantees are contingent liabilities on the Consolidated Fund of the State in cases of default by borrowers for whom the guarantees have been extended. Section 3 of the Kerala Ceiling on Government Guarantees (Amendment) Act, 2015<sup>27</sup> stipulates that the total outstanding Government Guarantees as on the first day of April every year shall not exceed ₹21,000 crore. The maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2013-14 are given in **Table 1.35**.

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<sup>27</sup> Kerala Ceiling on Government Guarantees Act, 2003 was amended in 2015 and ceiling on outstanding Government guarantee at the end of the year was revised from ₹14,000 crore to ₹21,000 crore.

**Table 1.35: Guarantees given by the Government of Kerala (₹ in crore)**

Guarantees	2013-14	2014-15	2015-16	2016-17	2017-18
Maximum amount guaranteed	12,275.21	13,123.30	13,712.77	20,204.10	25,104.33
Outstanding amount of guarantees	9,763.36	11,126.87	12,438.52	16,245.56	17,356.47
Percentage of maximum amount guaranteed to total revenue receipts	25	23	20	27	30
Criteria as per Kerala Ceiling on Government Guarantees Act, 2003 (Outstanding amount of guarantees as on the first day of April)	14,000	14,000	21,000	21,000	21,000

Source: Finance Accounts of the State Government

The above table shows that there was steady increase in the outstanding guarantees at the end of each of last five years and it increased from ₹12,275.21 crore in 2013-14 to ₹25,104.33 crore in 2017-18. As a percentage of revenue receipts, the guaranteed amount increased from 27 per cent in 2016-17 to 30 per cent in 2017-18.

As per Section 6 of the Act, the Government has 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 was not constituted and consequently, guarantee commission of ₹975.29 crore collected during 2003-04 to 2017-18 was not 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. Non-constitution of Guarantee Redemption Fund resulted in under-statement of revenue expenditure to that extent.

During the year, an amount of ₹121.22 crore was received as guarantee commission and as of March 2018, ₹81.46 crore was due as arrears in this regard.

### 1.10.5 Off-budget borrowings

The borrowings of the State Government are governed by Article 293 (1) of the Constitution of India. The State Government stand as guarantor for loans availed by Government Companies/Corporations/Societies. These Companies/Corporations borrow funds from market/financial institutions for implementation of various State Plan programmes projected outside the State budget. The borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings'.

State Government resorted to off-budget borrowings through Kerala Infrastructure Investment Fund Board (KIIFB) for mobilising funds for various infrastructure projects in the State during 2017-18. The State Government guarantees the payment of principal and interest of the loans raised by KIIFB as per section 9(1) of Kerala Infrastructure Investment Fund Act, 1999. KIIFB borrowed funds amounting to ₹100.80 crore from NABARD during 2017-18 and paid an interest of ₹2.65 crore to NABARD. Though the off-budget borrowings amounting to ₹100.80 crore add to the liabilities of the State, it was not captured in the Finance Accounts of the State.

## 1.11 Debt Management

### 1.11.1 Debt Profile

The revenues of the Government are of two types viz., current revenues, which are termed as revenue receipts, realized through administration of taxes, user charges and grants received from GoI and capital receipts that comprise of borrowings, non-debt receipts and surplus from Public Accounts.

**Table 1.36** gives details of outstanding fiscal liabilities of the Government under Consolidated Fund and Public Account compared with the per capita liability.

**Table 1.36: Debt profile of the State** (₹ in crore)

Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Open market loans	60,183	71,960	84,846	99,532	1,15,735
Loans from financial institutions	4,804	4,735	4,670	4,777	4,625
Special securities issued to NSSF	11,281	11,806	12,537	13,509	14,557
Others	537	567	443	451	583
GoI loans	6,662	7,065	7,235	7,614	7,484
Public Account Borrowings	40,614	45,814	50,808	63,886	71,534
Total Fiscal Liabilities	1,24,081	1,41,947	1,60,539	1,89,769	2,14,518
Population (in crore)	3.34	3.34	3.56	3.58	3.60
Per capita debt (in ₹)	37,150	42,499	45,095	53,008	59,588

Source: Finance Accounts of respective years

The per capita debt ratio increased significantly from ₹37,150 in 2013-14 to ₹59,588 in 2017-18.

### 1.11.2 Debt sustainability

Debt sustainability implies State's ability to service the debt in future. Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section analyses sustainability of overall debt liability of the State Government in terms of growth rate of debt and GSDP, Debt-GSDP ratio, net debt available to the State etc. These indicators for the last five years are given in **Table 1.37**.

**Table 1.37: Debt sustainability: indicators and trends** (₹ in crore)

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Debt* of the State	83,467	96,133	1,09,731	1,25,883	1,42,984
Growth rate of Debt*	15.53	15.17	14.14	14.72	13.58
Gross State Domestic Product (GSDP)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116
Growth rate of GSDP	12.79	10.22	9.56	10.71	10.36
Debt*-GSDP ratio (per cent)	17.95	18.76	19.54	20.25	20.84
Debt-Revenue Receipt ratio	1.70	1.66	1.59	1.66	1.72
Average interest <sup>28</sup> paid on outstanding debt	10.62	10.88	10.79	10.29	11.25
Burden of Interest payments(Interest	16.81	16.86	16.10	16.03	18.21

<sup>28</sup> Average interest rate = Interest paid/average of opening and closing balance of debt for the year

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
payment/ Revenue Receipts) Ratio					
Debt Repayment/Debt Receipts**	21.80	20.12	23.06	22.82	28.44
Net Debt available ** (₹ in crore) <sup>29</sup>	5,065	5,366	5,240	6,736	6,164

\* excluding Public Account liabilities \*\*excluding Ways and Means Advances  
Source: Finance Accounts of respective years

The rate of growth of outstanding debt was 13.58 *per cent* in 2017-18 which was almost two *per cent* points lower than the growth rate for 2013-14.

Interest payment on debt totaling ₹15,120 crore constituted 18.21 *per cent* of revenue receipts during 2017-18 when compared to 16.03 *per cent* in the previous year. The increase in Interest Payment/Revenue Receipts ratio during 2017-18 was due to increased interest payment (24.78 *per cent*) when compared to increase in revenue receipts (9.80 *per cent*) during the year. Since significant portion of borrowed funds were used for repayment of borrowings and interest thereon, the net debt available with State for development activities was only ₹6164 crore (26 *per cent*) during 2017-18.

The maturity profile of the State Debt is shown in **Table 1.38**.

**Table 1.38: Maturity profile of Public Debt (₹in crore)**

Debt maturing	2013-14	2014-15	2015-16	2016-17	2017-18
Up to one year	2,674.90 (3.21)	3,289.26 (3.42)	3,751.61 (3.42)	5,682.54 (4.51)	6,980.49 (4.88)
One to three years	6,829.83 (8.18)	9,139.85 (9.51)	12,243.13 (11.16)	13,331.80 (10.59)	13,373.47 (9.35)
Three to five years	12,058.34 (14.45)	13,265.26 (13.80)	13,284.34 (12.11)	16,677.73 (13.25)	22,907.53 (16.02)
Five to seven years	13,165.08 (15.77)	16,667.64 (17.34)	22,808.05 (20.78)	26,786.58 (21.28)	28,437.13 (19.89)
Seven years and above	44,048.78 (52.77)	48,958.69 (50.93)	52,857.95 (48.17)	58,456.21 (46.44)	66,308.08 (46.38)
Maturity profile details not furnished by State Government	4,689.63 (5.62)	4,812.26 (5.00)	4,785.90 (4.36)	4,948.00 (3.93)	4,977.82 (3.48)

Source: Finance Accounts of respective years

The debt maturity profile of the State given in the **Table 1.38** shows that 30.25 *per cent* of the debt amounting to ₹43,261.49 crore has to be repaid within five years. Also, 50.14 *per cent* (₹71,698.62 crore) of the debt has to be repaid by March 2025 (within seven years). State Government has to ensure additional revenue resources and well thought out debt strategy to meet this debt burden.

## 1.12 Resumption of funds from Special Treasury Savings Bank Accounts during the fag end of 2017-18

As per Rule 37 of Kerala Treasury Code, Treasury Savings Bank Account is being maintained in the Treasuries. Kerala inherited the system of Treasury Savings Scheme from the erstwhile Travancore Administration. The object of the Government in establishing Treasury Savings Bank Scheme was to provide a ready means for the deposit of savings and to encourage thrift.

<sup>29</sup> Net Debt available to the State = Public debt receipt during the year - repayment of principal amount - payment of interest amount (excluding Ways and Means Advances)

Subsequently, funds released for various purposes from the Consolidated Fund such as grants-in-aid, loans and investments to State PSUs & Statutory Corporations, funds for Centrally Sponsored Schemes, funds set aside for specific purposes arising out of special enactment etc., were also credited to the Special Treasury Savings Bank Account (STSB) on the basis of various Government orders. The Government also instructed the Public Sector Undertakings/Autonomous Bodies/Institutions and Welfare Fund Boards to deposit their own funds in the Treasuries.

There are two categories of TSB accounts maintained in the Treasury viz., Individual TSB Accounts (Pensioners Savings Bank A/c, Employees Treasury Savings Bank A/c etc.) and Institutional TSB Accounts (Social Security Pension A/c, STSB A/c, Treasury Public A/c etc.). Over a period of time, large quantum of funds got accumulated in these TSB Accounts. At the beginning of the financial year 2017-18 the balance outstanding under the head Savings bank deposits (8031-00-102-99) was ₹15,534.64 crore. During 2017-18 an amount of ₹8,611.64 crore was resumed from STSB accounts of various Government Departments and State PSUs and credited to the Consolidated Fund by the State Government, of which audit identified lapsable funds of ₹2,542.56 crore and non-lapsable funds amounting to ₹485.64 crore. In respect of remaining ₹5,583.44 crore resumed, audit could not segregate lapsable and non-lapsable funds, as this was credited back to a single common Head of Account '2075-00-911-99' in the revenue section instead of crediting it back to the original heads from which they were drawn. Circumstances which led to the resumption of huge funds and its impact on State Finances are detailed below.

Government of India (GoI) determines the Net Borrowing Ceiling (NBC) of States for each year in line with the recommendations of Finance Commission. NBC covers all sources of borrowings including Open Market Borrowings, Negotiated Loans from financial institutions, National Small Savings Fund loans, Central Government loans and other liabilities arising out of public account transfers under small savings, provident funds, reserve funds, deposits, etc., as reflected in Statement 6 of State's Finance Accounts.

GoI determined ₹18,524 crore (March 2017) as provisional NBC for 2017-18 for the State of Kerala. GoI gave consent (April 2017) to State Government to raise OMB (Open Market Borrowings) amounting to ₹14,000 crore for the first three quarters of 2017-18 on the basis of Borrowing Statement<sup>30</sup> furnished by State Government (March 2017). Later, GoI determined (August 2017) the NBC for the State of Kerala for the year 2017-18 as ₹20,402 crore (3 per cent of revised GSDP estimates published by CSO as on 01 August 2017). On the basis of revised NBC, State Government requested (September 2017) for consent for raising an additional OMB of ₹2,000 crore for the first three quarters of 2017-18 and furnished a new Borrowing Statement to GoI. Government of India consent (September 2017) was not given for the above proposal as State Government did not have sufficient borrowing space available for first nine months of 2017-18 and also due to the fact that State

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<sup>30</sup> For getting consent of GoI for raising OMB, State Government has to furnish a Borrowing Statement showing estimates of liabilities arising out of all source of borrowings and repayments thereof in the format prescribed by GoI.

Government had over-borrowed ₹5,843<sup>31</sup> crore in 2016-17 beyond Net Borrowing ceiling of ₹18,524 crore fixed for that year. In order to get the consent of GoI for Open Market Borrowings for the last quarter of the Financial year, State Government revised (December 2017) the Borrowing Statement furnished in September 2017 by reducing Net Public Account accretions by ₹5,500 crore. This reduction in Public Account accretions was proposed by State Government by resuming funds parked in the Treasuries in Special Treasury Savings Bank Accounts (STSB)<sup>32</sup> by various Government Departments and State owned PSUs under ‘Other Public Accounts’ into the Consolidated Fund of the State. This enabled the State Government to depict a reduction in net accretions in the revised Borrowing Statement under Public Accounts from ₹3500<sup>33</sup> crore to (-)₹2000 crore thereby increasing the State’s entitlement for OMB to that extent.

As per the revised borrowing statement, State became eligible for Open Market Borrowings amounting to ₹6,500 crore for the last quarter of 2017-18. Overall, State Government raised ₹20,500 crore as Open Market Borrowings during 2017-18.

State Government resumed an amount of ₹8,611.64 crore (January 2018 and March 2018) to the Consolidated Fund during 2017-18 from Special Treasury Saving Bank Accounts under ‘Public Accounts’; of which an amount of ₹313.42 crore was refunded back to Government departments/ PSUs during 2017-18. The net resumption from Public Accounts to the Consolidated Fund was ₹8,298.22 crore, including ₹7,812.58 crore, ₹347.05 crore and ₹138.59 crore under Revenue, Capital and Loan heads respectively. Resumption of funds to the Consolidated Fund resulted in decrease of Revenue Deficit (₹7812.58 crore) Capital and Loan (₹485.64 crore) and Fiscal Deficit (₹8298.22 crore). A scrutiny of resumption of funds revealed the following.

### **1.12.1 Resumption and credit back of funds to a common head of account ‘2075-00-911-99’**

As per Para 3.10 and 4.3 of General Directions contained in List of Major and Minor Heads (LMMH) of Controller General of Accounts, Recoveries of Overpayments pertaining to previous year(s) under Revenue Expenditure are to be recorded under the distinct minor head ‘Deduct Recoveries of Overpayments (code 911)’, below the concerned Major/ Sub Major head and in the case of Capital Expenditure ‘Deduct-Receipts and Recoveries on Capital Account’ are to be opened, wherever necessary below the relevant minor head under various Capital Major/Sub Major heads where the expenditure was initially incurred. During the fag end of 2017-18, State Government resumed an amount of ₹5583.44 crore originally debited under various Revenue, Capital and Loan heads of account and credited back the resumed amounts to a common head of account ‘2075-00-911-99 Miscellaneous General Services-

<sup>31</sup> Due to over borrowing in 2016-17, NBC of State in 2017-18 was reduced by ₹5,843 crore from ₹20,402 crore to ₹14,559 crore (December 2017).

<sup>32</sup> Government departments and state owned PSUs parked their unutilised plan funds in STSB accounts under Public Account at the fag end of every financial year to avoid lapse of funds which in turn resulted in accumulation of funds in public account adversely affecting the borrowing capacity of State Government.

<sup>33</sup> ₹3500 crore was the net Public Accounts accretions as per the Borrowing Statement furnished by Government of Kerala in September 2017.

Deduct Recoveries of Overpayments' under the Revenue section by deviating from the prescribed accounting provisions. As such the amount resumed could not be shown against the original heads of accounts/ entities against which the expenditure was originally debited in Finance Accounts. Subsequently, the key financial indicators of the State for the year 2017-18, like Revenue Deficit, Liabilities, Plan/ Non Plan Expenditure etc., were artificially understated/ overstated to the extent of deviation in accounting.

#### 1.12.1.1 Resumption of funds originally debited under Loan Heads of account

A test check of records relating to resumption of funds revealed that funds amounting to ₹70.97 crore parked in STSB accounts of 11 PSUs originally debited under loan heads of account were resumed and credited back to the head of account '2075-00-911-99-Deduct Recoveries of Overpayments' as shown in **Table 1.39**.

**Table 1.39: Resumption of funds originally debited under loan head of account**

(₹ in crore)

Sl. No.	Name of PSU	Amount resumed	Head of account under which expenditure originally debited	Refunded later	
				Amount	Month of refund
1.	Kerala State Drugs and Pharmaceuticals Limited	13.65	6857-02-190-99	13.65	May, August 2018
2.	The Kerala Ceramics Limited	4.71	6860-60-190-94	4.71	June 2018
3.	Kerala State Textile Corporation Limited	9.56	6860-01-190-95	5.00	May, June 2018
4.	Traco Cable Company Limited	4.26	6858-01-190-98	4.26	June 2018
5.	Kerala State Co-operative Textile Federation Limited	22.19	6851-00-109-74	19.15	March, May, August 2018
6.	Steel Industrials Kerala Limited	4.61	6858-60-190-99	...	...
7.	Steel Industrial and Forgings Limited	2.11	6858-60-190-84	...	...
8.	Travancore Titanium Products Limited	5.41	6853-60-190-97	...	...
9.	United Electrical Industries Limited	1.40	6858-01-190-94	...	...
10.	Keltron Component Complex Limited	2.64	6885-60-190-95	...	...
11.	Handicrafts Development Corporation of Kerala Limited	0.43	6851-00-190-98	...	...
<b>Total</b>		<b>70.97</b>		<b>46.77</b>	

Source: Government orders and information collected from respective institutions

The resumption and credit back of funds originally debited under loan heads of account to the Revenue Expenditure head of account '2075-00-911-99-Deduct Recoveries of Overpayments' resulted in understating of Revenue Expenditure by ₹70.97 crore. The loan account of these PSUs were also overstated to that extent.

During 2018-19, State Government refunded ₹46.77 crore out of ₹70.97 crore to five PSUs by debiting loan heads of account.

### 1.12.1.2 Resumption of funds originally debited under Capital Heads of account

A test check of records relating to resumption of funds revealed that funds amounting to ₹87.97 crore parked in STSB accounts in 10 cases originally debited under Capital heads of account were resumed and credited back to the head of account '2075-00-911-99-Deduct Recoveries of Overpayments' as shown in **Table 1.40**.

**Table 1.40: Resumption of funds originally debited under Capital Heads of account**  
(₹ in crore)

Sl. No.	Name of PSU/scheme	Amount resumed	Head of account under which expenditure originally debited	Refunded later	
				Amount	Month of release
1.	Kerala Rail Development Corporation Limited	41.73	5075-60-190-93	25.98	August 2018
2.	Kerala Rapid Transit Corporation Limited	2.32	5075-60-190-95	...	...
3.	Kerala Small Industries Development Corporation	4.02	4851-00-101-90	1.32	September 2018
4.	Vision Varkala Infrastructure Development Corporation Limited	2.85	5452-01-190-05	2.24	April & July 2018
5.	Handicrafts Development Corporation of Kerala Limited	1.00	4851-00-104-99	...	...
6.	Kerala Irrigation Infrastructure Development Corporation Limited	0.98	4701-80-800-88 5452-01-101-99 4700-22-800-90	0.98	July 2018
7.	Kerala State Film Development Corporation Limited	2.33	4202-04-190-99	2.25	April 2018
8.	MLA SDF fund maintained by District Collector, Thiruvananthapuram	20.47*	4250-00-800-99	...	...
9.	MLA SDF fund maintained by District Collector, Kollam	7.77	4250-00-800-99	...	...
10.	Kerala State Co-operative Textile Federation Limited	4.50	4851-01-195-92 4860-01-195-92	...	...
	<b>Total</b>	<b>87.97</b>		<b>32.77</b>	

Source: Government orders and information collected from respective institutions

\*₹11.25 crore out of ₹20.47 crore resumed was credited back to '2053-00-911-99'

The resumption and credit back of funds originally debited under capital heads of account to the Revenue Expenditure head of account '2075-00-911-99-Deduct Recoveries of Overpayments' resulted in understating of Revenue Expenditure by ₹87.97 crore. The Capital account of these PSUs/schemes are also overstated to that extent.

During 2018-19, State Government refunded ₹32.77 crore out of ₹87.97 crore to four PSUs by debiting Capital heads of account.

### 1.12.2 Resumption of non-government funds of PSUs/Departments parked in STSB accounts

A test check of records relating to resumption of funds revealed that, State Government had resumed and credited back non-government funds amounting to ₹102.20 crore to the Consolidated Fund of State during 2017-18 as detailed

below. Crediting of Non-Government money to Consolidated Fund of State is irregular.

### 1.12.2.1 Resumption and credit back of non-government funds to Revenue Expenditure heads of account

Non-Government funds parked in STSB accounts of nine PSUs/departments amounting to ₹73.53 crore were resumed and credited back to Revenue expenditure head of account '2075-00-911-99 Deduct Recoveries of Overpayments' as shown in **Table 1.41**.

**Table 1.41: Credit back of non-government funds to head of account '2075-00-911-99' (₹ in crore)**

Sl. No.	Name of institution/particulars of fund	Amount resumed to '2075-00-911-99'	Refunded later	
			Amount	Month of release
1.	Kerala Plantation Corporation Limited	2.48	2.48	August 2018
2.	Oil Palm India Limited	3.28	3.28	May 2018
3.	Steel Industries Kerala Limited	0.90	...	...
4.	Balasanthwanam <sup>34</sup>	1.22	1.22	June 2018
5.	Puttingal Disaster Fund <sup>35</sup>	2.46 <sup>36</sup>	2.46	May 2018
6.	Group Personal Accident Insurance premium amount <sup>37</sup>	15.78 <sup>38</sup>	14.61	August 2018
7.	KINFRA	6.23	6.23	September 2018
8.	Kerala State Information Technology Mission	32.38 <sup>39</sup>	...	...
9.	Comprehensive Health Insurance Agency	8.80 <sup>40</sup>	7.62	May 2018
	<b>Total</b>	<b>73.53</b>	<b>37.90</b>	

Source: Government orders and information collected from respective institutions

During 2018-19, State Government refunded ₹37.90 crore<sup>41</sup> out of ₹73.53 crore to seven PSUs/departments by debit to revenue heads of account '2075-00-800-72 Refund of amounts resumed from the idling STSB accounts'.

### 1.12.2.2 Resumption and credit back of non-government funds to Capital expenditure heads of account

State Government resumed non-government funds amounting to ₹0.27 crore from STSB account held by Kerala Small Industries Development Corporation (SIDCO) and credited back to capital head of account '4851-00-190-05-Investment in Public Sector and Other Undertakings'. State Government later

<sup>34</sup> A scheme introduced for the treatment of child cancer patients in the Regional Cancer Centre, Thiruvananthapuram using the voluntary donation from employees of the State Government/ PSUs/Autonomous Bodies, etc.

<sup>35</sup> Maintained in a non-interest bearing Special Treasury Savings Bank Account in the name of Additional Chief Secretary, Finance Department for depositing the contributions received from the public and other organisations in connection with the 'Puttingal Temple Fire Tragedy' in Kollam District.

<sup>36</sup> ₹1.29 crore out of ₹2.46 crore resumed to '2052-00-911-99'.

<sup>37</sup> Maintained in STSB account held by Director of Insurance for depositing subscription collected towards payment of Group Personal Accident Insurance premium amount.

<sup>38</sup> ₹1.16 crore out of ₹15.78 crore resumed to '2235-60-911-99'.

<sup>39</sup> ₹20 crore out of ₹32.38 crore resumed to '3451-00-911-99'

<sup>40</sup> ₹7.62 crore out of ₹8.8 crore resumed to 2230-01-911-99

<sup>41</sup> Of this ₹6.23 crore relating to KINFRA was refunded through the Capital head '4885-60-800-89(P)-Implementation of Projects under ASIDE (Assistance to States for Developing Export Infrastructure and Allied Activities)'

refunded (September 2018) ₹0.27 crore to SIDCO in 2018-19 by wrongly debiting it under loan head of account '6851-00-190-88 – Loans to Kerala State Palmyrah Products Workers Welfare Corporation Limited' instead of booking the refund against the capital head of account of SIDCO.

### **1.12.2.3 Resumption and credit back of non- government funds to Loan heads of Account**

- During January 2018, State Government resumed non-government funds amounting to ₹17.81 crore parked in STSB accounts of two<sup>42</sup> PSUs and credited back to loan head of account. As no loan amounts were outstanding against these PSUs, Finance Accounts showed adverse balance against these entities in their loan accounts for the year 2017-18. State Government refunded ₹17.81 crore in 2018-19 to these PSUs (April 2018 and August 2018) by debiting revenue head of account '2075-00-800-72-(02)-Refund of amounts resumed from the idling STSB accounts' instead of debiting the loan head of the PSU concerned.
- Similarly, State Government resumed non-government funds amounting to ₹10.59 crore parked in STSB account of Kerala Industrial Infrastructure Development Corporation (KINFRA) and credited back to loan head of account. State Government refunded ₹10.59 crore to the PSU in 2018-19 (September 2018) under capital head of account - '4885-60-800-89(P) - Implementation of Projects under ASIDE (Assistance to States for Developing Export Infrastructure and Allied Activities)' instead of debiting the loan head of the PSU concerned which resulted in wrong depiction of capital expenditure in Government accounts.

### **1.12.3 Resumption of funds from River Management Fund and Quarry Safety Fund**

River Management fund<sup>43</sup> and Quarry Safety fund<sup>44</sup> are two funds maintained by District Collectors in Special Treasury Savings Bank accounts as stipulated in Kerala Protection of River Banks and Regulation of Removal of Sand Rules, 2002 and Kerala Minor Mineral Concession Rules, 2015 respectively. Revenue realized through sale of river sand, fines imposed for illegal sand mining, etc., are being credited to River Management Fund and the fund is being utilized for meeting expenditure connected with river bank protection works and for meeting establishment related activities. Revenue realized through royalty collected from every quarrying permit holder or lessee are being credited to Quarry Safety Funds. The fund is intended to be utilized for meeting expenditure in connection with protection work of abandoned quarries. As part of resumption of funds kept in STSB accounts, State

<sup>42</sup> Kerala Plantation Corporation Limited (₹4.5 crore) and Oil Palm India Limited (₹13.31 crore)

<sup>43</sup> As per Rule 22 (4) of the Kerala Protection of River Banks and Regulation of Removal of Sand Rules, 2002, all the amount available towards River Management Fund are to be kept in Treasury Savings Bank account of District Collectors.

<sup>44</sup> Rule 63(3) of Kerala Minor Mineral Concession Rules, 2015 stipulates that the entire amount available towards Quarry Safety Fund are to be kept in Treasury Savings Bank accounts of District Collectors.

Government resumed ₹129.24 crore from these two funds in March 2018 (₹108.47 crore from River Management Fund maintained by 10 District Collectorates and ₹20.78 crore from Quarry Safety fund maintained by nine District Collectorates) to the consolidated fund. The resumption of River Management Fund and Quarry Safety Fund maintained in Treasury Savings Bank accounts of District Collectors to the consolidated fund, in violation of provisions of relevant rules is irregular and defeated the intended objectives for which the funds were created.

#### **1.12.4 Resumption of GoI share released for Centrally Sponsored Scheme (CSS)**

State Government resumed an amount of ₹394 crore from STSB account of Cochin Smart Mission Limited including ₹194 crore being the GoI share released for Centrally Sponsored Scheme (CSS) 'Smart City Mission' for development of Kochi city by crediting back to head of account '2217-05-911-99- Deduct Recoveries of Overpayment' and '2075-00-911-99 Deduct Recoveries of Overpayments'. The resumption of grants received from GoI for implementation of Centrally Sponsored Schemes to Consolidated Fund of State is irregular.

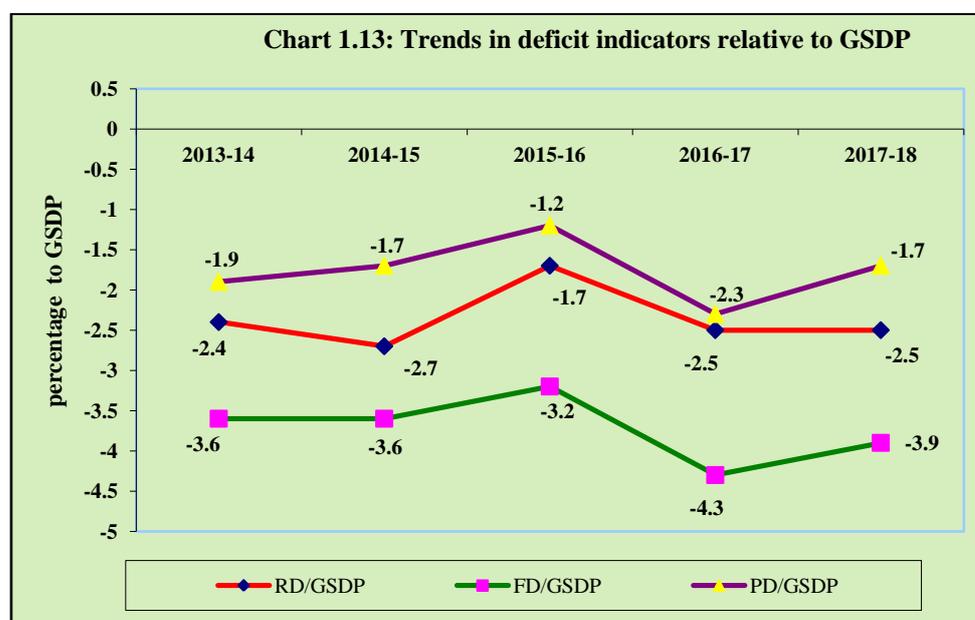
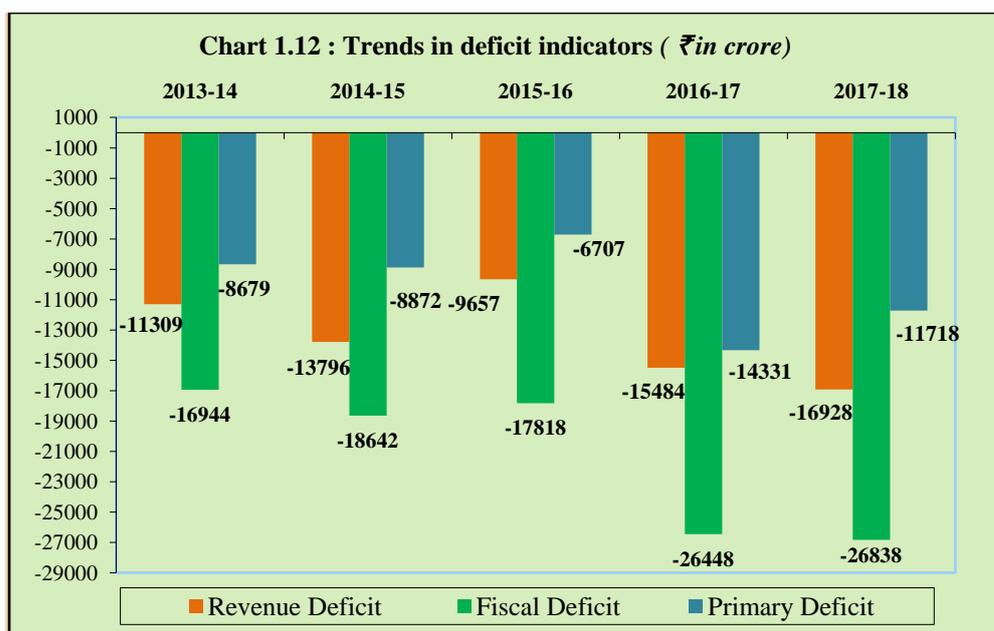
*Though the State Government resumed funds from the STSB accounts for increasing State's entitlement to open market borrowings during the last quarter of 2017-18, the consequent increased market borrowing was used mainly for financing the revenue expenditure. Decrease in capital expenditure (14 per cent) during the year 2017-18 compared to the previous year did not justify the requirement for enhancement in market borrowings.*

### **1.13 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. 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-à-vis* targets set under the Fiscal Responsibility Act/Rules for the financial year 2017-18

#### **1.13.1 Trends in deficits**

**Charts 1.12** and **1.13** present the trends in deficit indicators over the period 2013-18.



The revenue deficit of the State, which indicates the excess of its revenue expenditure over revenue receipts, increased steadily during 2013-18 (except during 2015-16) indicating increased growth of revenue expenditure over revenue receipts. Based on the recommendations of Fourteenth Finance Commission, during 2017-18, GoI released an amount of ₹ 1,529 crore as Post Devolution Revenue Deficit Grant. However, revenue deficit increased from ₹15,484 crore in 2016-17 to ₹16,928 crore in 2017-18. This indicates that State Government could not control revenue deficit even after receipt of substantial assistance from GoI. However, revenue deficit as percentage of revenue expenditure showed a marginal reduction from 17 per cent in 2016-17 to 16.94 per cent in 2017-18. Borrowings to meet revenue deficit year after year would not augur well for the State Finances in the long run.

The fiscal deficit, which represents the total borrowings of the Government increased during the last five years (except during 2015-16). It increased from

₹16,944 crore in 2013-14 to ₹26,838 crore in 2017-18. Fiscal deficit increased by ₹390 crore (1.50 per cent) during the year when compared to the previous year. The ratio of FD to GSDP showed an improvement from 4.3 per cent in 2016-17 to 3.9 per cent in 2017-18.

Primary deficit decreased from ₹14,331 crore in 2016-17 to ₹11,718 crore in 2017-18 mainly due to huge increase in interest payment (₹3,003 crore) during the year.

As per the targets contained in Kerala Fiscal Responsibility (Amendment) Act 2018, revenue deficit of the state would be eliminated completely during 2017-18 to 2019-20 and fiscal deficit would be maintained at three per cent of GSDP during 2017-18 to 2019-20. However, none of these targets could be achieved during the year.

### 1.13.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit had undergone a compositional shift as reflected in the **Table 1.42**. Receipts and disbursements under the components of financing the fiscal deficit during 2017-18 are given in **Table 1.43**.

**Table 1.42: Components of fiscal deficit and its financing pattern (₹ in crore)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Decomposition of fiscal deficit</b>					
1. Revenue deficit	11,309	13,796	9,657	15,484	16,928
2. Net capital expenditure	4,275	4,227	7,472	10,096	8,720
3. Net loans and advances	1,360	619	689	868	1190
<b>Total fiscal deficit</b>	<b>16,944</b>	<b>18,642</b>	<b>17,818</b>	<b>26,448</b>	<b>26838</b>
<b>Financing pattern of fiscal deficit*</b>					
1. Market borrowings	11,373	11,777	12,886	14,686	16,203
2. Loans from Government of India	40	402	169	379	(-)130
3. Special Securities Issued to National Small Savings Fund	(-)42	525	731	972	1,048
4. Loans from Financial Institutions	(-)77	(-)69	(-)64	107	(-)19
5. Small Savings, PF, etc.	4,231	3,765	8,332	12,932	7,207
6. Deposits and Advances	188	1,365	(-)3,280	105	266
7. Suspense and Miscellaneous	(-)946	58	774	(-)2,169	1,203
8. Remittances	(-)168	26	(-)93	(-)313	(-)166
9. Others	(-)68	164	(-)59	170	309
<b>10. Total (1 to 9)</b>	<b>14,531</b>	<b>18,013</b>	<b>19,396</b>	<b>26,869</b>	<b>25,921</b>
11. Increase (-)/Decrease (+) in Cash Balance	2,413	629	(-)1,578	(-)421	917
<b>12. Overall deficit</b>	<b>16,944</b>	<b>18,642</b>	<b>17,818</b>	<b>26,448</b>	<b>26,838</b>

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

Source: Finance Accounts of respective years

**Table 1.43: Receipts and disbursements under components financing the fiscal deficit during 2017-18 (₹ in crore)**

Sl. No.	Particulars	Receipt	Disbursement	Net
1.	Market borrowings	20,500	4297	16,203
2.	Loans from Government of India	445	575	(-)130
3.	Special Securities Issued to National Small Savings Fund	2,123	1,075	1,048
4.	Loans from Financial Institutions	830	849	(-)19

Sl. No.	Particulars	Receipt	Disbursement	Net
5.	Small Savings, PF, etc.	85,771	78,564	7,207
6.	Deposits and Advances	3,264	2998	266
7.	Suspense and Miscellaneous	1,22,352	1,21,149	1,203
8.	Remittances	4,089	4,255	(-)166
9.	Others	516	207	309
10.	<b>Total (1 to 9)</b>	<b>2,39,890</b>	<b>2,13,969</b>	<b>25,921</b>
11.	Increase (-)/Decrease (+) in Cash Balance	3,650	2733	917
12.	<b>Overall deficit</b>			<b>26,838</b>

Source: Finance Accounts of the State Government

**Table 1.43** 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 of the State Government to finance the fiscal deficit. During 2017-18, net market borrowings (₹16,203 crore) and net accretions in Small savings, PF, etc., (₹7,207 crore), were mainly used for financing the fiscal deficit of the State.

During 2017-18, the State Government raised ₹20,500 crore as market loans at a weighted average interest rate of 7.62 per cent, loans amounting to ₹600 crore from NABARD at an interest rate of 4.75 per cent to 5.0 per cent, ₹2123.08 crore from National Small Savings Fund at an interest rate of 8.40 per cent and ₹180.42 crore from NCDC at an interest rate of 10.29 per cent. The State Government also received loans amounting to ₹444.76 crore from the Government of India during the year.

The State Government mobilised deposits from its employees, pensioners, institutions and general public through treasuries and accounted it under '102-State Savings Bank Deposits' below '8031- Other Savings Deposits'. During 2017-18, the State Government received ₹60,519.46 crore as deposits through Treasury Savings Bank accounts at an average interest rate of 4.50 per cent and ₹14,414.12 crore as Treasury Fixed Deposits at interest rates ranging between 7.0 per cent and 9.0 per cent. The balance of such deposits as on 31 March 2018 was ₹32,900.10 crore. This is ₹2,023.45 crore more than the previous year's balance. These accumulations under Savings Bank Deposit was utilised by the State Government for financing their fiscal deficit.

### 1.13.3 Investment of borrowed funds in Government Treasury by PSUs

Government of Kerala has to maintain a minimum daily cash balance of ₹1.66 crore with Reserve Bank of India. Any shortfall in daily cash balance is made good by taking special and ordinary ways and means advances. If the cash balance falls below the stipulated minimum even after availing the special and ordinary ways and means advances, RBI extends overdrafts facility to the State Government. As per the Overdraft Regulation Scheme 2003, no State shall be allowed to run on overdraft for more than 14 consecutive working days.

According to the directions (November 1997) issued by the Finance Department, Government of Kerala all Public Sector Undertakings (PSUs) were to deposit their surplus/reserve funds in Government Treasuries. The interest rates fixed during 2017-18 for treasury savings bank deposit and treasury fixed deposits (for a period of below one year) were 4.5 per cent and 7.0 per cent respectively.

Audit scrutiny revealed that two PSUs invested funds in treasuries by borrowing from other banks as detailed below.

- The Finance Department directed (December 2017) Kerala State Beverages (Manufacturing and Marketing) Corporation Limited (Bevco) to set apart a liquidity reserve of ₹1000 crore and to deposit the same as fixed deposit in Government treasury. As Bevco did not have surplus funds to deposit in treasury, Bevco borrowed (December 2017) ₹1000 crore (₹750 crore from Canara Bank and ₹250 crore from Federal Bank) at an interest rate of 7.95 *per cent* and deposited (December 2017) in treasury as fixed deposit at the rate of seven *per cent* interest per annum for six months. The difference in interest was to be reimbursed by Government of Kerala. Based on further directions of the Finance Department, Bevco pre-closed (28 March 2018) the fixed deposit and deposited the proceeds with Kerala Transport Development Finance Corporation Limited till 2 April 2018. As directed (January 2018) by Government of Kerala, Treasury Director paid interest at the rate of 7.95 *per cent* for the deposits made by Bevco. Thereafter, the fund was re-deposited (3 April 2018) as fixed deposit in treasury. The fixed deposits were closed between May-June 2018 and loans availed from Canara Bank and Federal Bank were repaid.
- Similarly, based on Government directions, Kerala State Financial Enterprises Limited (KSFE) borrowed funds from different banks throughout the years from 2014-15 to 2017-18 and deposited the amounts in Government treasury for periods ranging from five days to 90 days. The details are given in **Table 1.44**.

**Table 1.44: Details of deposits in Treasuries by KSFE during 2014-2018**

Year	Amount borrowed (₹ in crore)	Interest rate (in per cent)	Period of deposit
2014-15	575	11.50 to 11.70	Five to 47 days
2015-16	885	11.25 to 13	15 to 85 days
2016-17	470	11 to 11.40	55 to 90 days
2017-18	1,705	7.25 to 8.90	90 days
<b>Total</b>	<b>3,635</b>		

Source: Information furnished by KSFE

KSFE replied (November 2018) that they had not incurred any monetary loss due to the above borrowings. Bevco replied (November 2018) that Government is reimbursing the interest incurred by the Corporation.

Audit observed that action of State Government in mobilising funds borrowed by PSUs for meeting the ways and means requirement is not in order. Further, Government had incurred additional burden by payment of interest at higher rates than those fixed by Government for treasury deposits.

#### 1.13.4 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 States' 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 1.45**) indicates the extent to which the deficit was increased on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

**Table 1.45: Primary deficit/surplus – bifurcation of factors (₹ in crore)**

Year	Non-debt receipts (NDR)	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2013-14	49,300	52,221	4,294	1,464	57,979	(-) 2,921	(-) 8,679
2014-15	58,102	61,976	4,255	743	66,974	(-) 3,874	(-) 8,872
2015-16	69,214	67,579	7,500	842	75,921	1,635	(-) 6,707
2016-17	75,934	78,979	10,126	1,160	90,265	(-) 3,045	(-) 14,331
2017-18	83,400	84,828	8,749	1,541	95,118	(-) 1,428	(-)11,718

Source: Finance Accounts of respective years

The bifurcation of the factors leading to primary deficit of the State revealed that during 2013-14 to 2017-18, non-debt receipts (NDR) of the State were not enough to meet the primary revenue expenditure<sup>45</sup> of the State (except during 2015-16). Primary deficit which was 8,679 crore in 2013-14 increased to ₹11,718 crore in 2017-18.

## 1.14 Conclusion and Recommendations

### Fiscal position of the State

Revenue deficit increased from ₹15,484 crore in 2016-17 to ₹16,928 crore in 2017-18 and fiscal deficit increased from ₹26,448 crore in 2016-17 to ₹26,838 crore in 2017-18. The ratio of fiscal deficit to GSDP improved from 4.3 per cent in 2016-17 to 3.9 per cent in 2017-18. State did not achieve any of the targets fixed in its Medium Term Fiscal Plan or Kerala Fiscal Responsibility Act during 2017-18. As per the recommendation of the Fourteenth Finance Commission, Fiscal deficit to GSDP ratio was to be anchored at 3 per cent but it was 3.9 per cent during 2017-18.

***State Government needs to control the revenue and fiscal deficit so as to achieve the targets fixed in KFRA and by Fourteenth Finance Commission.***

### Revenue resources

Revenue receipts of the State increased from ₹49,177 crore in 2013-14 to ₹83,020 crore in 2017-18, recording a growth of 69 per cent during last five years. State's own tax revenue, being the main source of revenue in revenue receipts increased by 45 per cent only during the period and its share in revenue receipts also decreased from 65 per cent in 2013-14 to 56 per cent in 2017-18 indicating low growth rate of tax revenue when compared to other components of revenue receipts. Receipts from State Lotteries was the main source of non-tax revenue and it constituted 81 per cent of non-tax revenue during 2017-18.

<sup>45</sup> Primary revenue expenditure represents revenue expenditure less expenditure on interest.

***Government needs to address the decreasing trend in growth of its own tax revenue and measures should be taken to improve the same.***

### **Revenue Expenditure**

Revenue Expenditure of the State increased from ₹60,486 crore in 2013-14 to ₹99,948 crore in 2017-18 recording a growth of 65 per cent during the five year period. Revenue expenditure as a percentage of total expenditure increased during 2017-18 indicating low priority of Government towards capital expenditure. Share of committed expenditure in revenue expenditure increased from 63 per cent in 2016-17 to 69 per cent in the current year and it consumed 83 per cent of the revenue receipts during the year. Interest payments and pension payments consumed 18 per cent and 24 per cent respectively of revenue receipts and is a matter of concern for the State Government.

### **Quality of expenditure**

Capital Expenditure of the State decreased by ₹1,377 crore during the year and its share in total expenditure decreased from 10 per cent in 2016-17 to 8 per cent in 2017-18. State's share of expenditure on health and education sector in total expenditure was more than General Category States, but the share of capital expenditure and development expenditure in total expenditure was less than that of General Category States. Though the State Government invested ₹8,211.47 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives, average return on these investments was 1.44 per cent in the last five years while the Government paid an average interest rate of 7.24 per cent on its borrowings during 2013-14 to 2017-18. The interest receipt on loans and advances given by State Government was 0.25 per cent during 2017-18 against the average cost of borrowing of 7.48 per cent. At the end of the year, repayment of loans advanced to 67 institutions were in arrears amounting to ₹12,604 crore (Principal: ₹8,015 crore and Interest: ₹4,589 crore).

***State needs to improve its expenditure on Capital section to match the status of General Category States. Also steps should be taken to reduce arrears in repayment of loan.***

### **Reserve Funds and liabilities**

Consolidated Sinking Fund was constituted with the aim to amortize the outstanding liabilities of Government, but Government did not contribute to the fund during 2017-18. Similarly, Government has to constitute a Guarantee Redemption Fund for crediting guarantee commission collected for meeting future liability arising out of guarantees given by the Government. Guarantee Redemption Fund has not been constituted so far and guarantee commission of ₹975.29 crore collected during 2003-04 to 2017-18 was not credited to the Fund. State Disaster Response Fund had accumulated balance of ₹287.08 crore by the end of March 2018. As per the guidelines, Government has to credit interest to the fund at the rate applicable to overdrafts under the Overdraft Regulation Scheme of RBI. This was not done and also interest

payable on the un-invested balances of the fund of earlier years was not estimated by the Government.

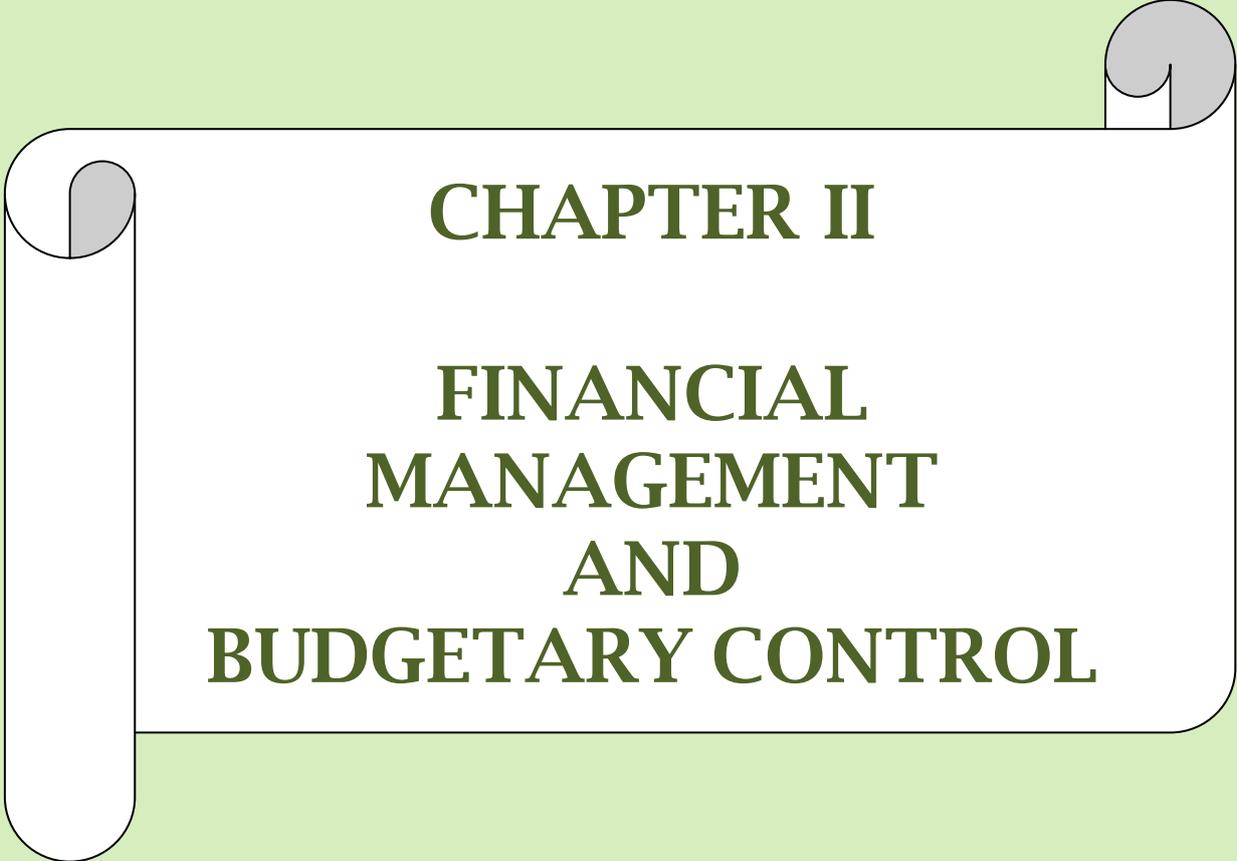
*Steps should be taken to credit the interest payable to State Disaster Response Fund without further delay.*

### **Debt Management**

Open market Loans had a major share (54 *per cent*) in the total fiscal liabilities of the State. The net debt available with State for development activities was only ₹6164 crore (26 *per cent* of public debt receipts) during 2017-18.

Maturity profile of the State showed that 30.25 *per cent* of the debt amounting to ₹43,261.49 crore has to be repaid within five years and 50.14 *per cent* (₹71,698.62 crore) by March 2025 (within seven years).





**CHAPTER II**

**FINANCIAL  
MANAGEMENT  
AND  
BUDGETARY CONTROL**



## CHAPTER II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

### 2.1 Introduction

**2.1.1** 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-à-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.

**2.1.2** 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 whether 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.

**2.1.3** As per the Kerala Budget Manual, the Finance Department is responsible for the 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 foresight in anticipating revenue and 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 it should not be over or under expenditure. 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 provisions of Budget Manual noticed in audit are discussed in the subsequent paragraphs.

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2017-18 against 47 Grants/Appropriations is given in **Table 2.1**.

**Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions***(₹ in crore)*

Nature of Expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Savings(-)/ Excess expenditure (+)	Percentage of savings/ excess expenditure
<b>Voted</b>							
I	Revenue	96,213.61	5,852.23	1,02,065.84	93,707.62	(-) 8,358.22	8.19
II	Capital	9,005.84	3,617.85	12,623.69	10,469.84	(-) 2,153.85	17.06
III	Loans and Advances	916.58	868.06	1,784.64	350.66	(-) 1,433.98	80.35
<b>Total Voted</b>		<b>1,06,136.03</b>	<b>10,338.14</b>	<b>1,16,474.17</b>	<b>1,04,528.12</b>	<b>(-)11,946.05</b>	<b>10.26</b>
<b>Charged</b>							
IV	Revenue	14,078.57	589.38	14,667.95	15,676.34	(+) 1,008.39	6.87
V	Capital	77.24	54.43	131.67	120.41	(-) 11.26	8.55
VI	Public Debt Repayment	13,606.02	2.13	13,608.15	13,132.1	(-) 476.05	3.50
<b>Total Charged</b>		<b>27,761.83</b>	<b>645.94</b>	<b>28,407.77</b>	<b>28,928.85</b>	<b>(+) 521.08</b>	<b>1.83</b>
<b>Appropriation to Contingency Fund (if any)</b>		Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total</b>		<b>1,33,897.86</b>	<b>10,984.08</b>	<b>1,44,881.94</b>	<b>1,33,456.97</b>	<b>11,424.97</b>	<b>7.89</b>

Source: Appropriation Accounts 2017-18 and Appropriation Acts

The overall savings of ₹11,424.97 crore was the result of savings of ₹14,970.41 crore in 40 Grants and 23 Appropriations under the Revenue Section and 25 Grants and seven Appropriations under the Capital Section (**Appendix 2.1**), offset by excess of ₹3,545.44 crore in four Grants and three appropriations under the Revenue Section and two Grants under Capital section. Though overall savings decreased (7.60 per cent) from 15.49 per cent in the last year to 7.89 per cent in 2017-18, deficiencies persisted in estimating budgetary requirements with respect to a few Grants (**Table 2.6**).

Audit further analysed utilisation of budget allocation under voted category in revenue and capital sections separately and observed that in 25 Grants (each having savings exceeding ₹100 crore) budget allocation of ₹16,391.98 crore remained un-utilised in plan and non-plan category as detailed in **Table 2.2**.

**Table 2.2: Savings under Plan and Non-plan category (₹ in crore)**

Category	Number of Grants	Original Budget	Supplementary	Final Expenditure	Savings
Revenue-Plan	9	15,483.65	517.72	8,268.72	7,732.65
Revenue-Non-Plan	6	18,821.48	976.58	15,111.60	4,686.46
Capital-Plan	7	4,029.02	1,864.06	3,339.57	2,553.51
Capital-Non-plan	3	1,312.85	430.00	323.49	1,419.36
<b>Total</b>	<b>25</b>	<b>39,647.00</b>	<b>3,788.36</b>	<b>27,043.38</b>	<b>16,391.98</b>

Source: Appropriation Accounts 2017-18

Grant-wise details for the above information are given in **Appendix 2.2**. Further, it was observed that 10 Grants in voted category had more than 50 per cent of the budget allocation remaining un-utilised as detailed in **Table 2.3**.

**Table 2.3: Grants having substantial savings (₹ in crore)**

Sl. No.	Grant number and name	Budget allocation	Expenditure	Savings	Percentage of savings
<b>Revenue –Plan</b>					
1	II Heads of States, Ministers and Headquarters Staff	286.47	115.23	171.24	60
2	XVII Education, Sports and Art and Culture	3,491.15	1,602.24	1,888.91	54
3	XXII Urban Development	1,569.90	406.65	1,163.25	74
4	XXXVI Rural Development	3,796.92	773.99	3,022.93	80
<b>Revenue-Non-Plan</b>					
5	XLVI Social security and Welfare	3,260.19	713.54	2,546.65	78
<b>Capital-Plan</b>					
6	XXIV Labour, Labour welfare and Welfare of Non-Residents	318.64	155.15	163.49	51
7	XXVIII Miscellaneous Economic Services	2,701.04	1,153.98	1,547.06	57
<b>Capital-Non-Plan</b>					
8	XV Public Works	859.10	249.52	609.58	71
9	XLI Transport	640.20	9.27	630.93	99
10	XLV Miscellaneous Loans and Advances	243.55	64.70	178.85	73

Source: Appropriation Accounts 2017-18

Further scrutiny revealed that 21 schemes of the above Grants had substantial savings in the voted category as detailed in **Table 2.4**.

**Table 2.4: Schemes having substantial savings under voted category (₹ in crore)**

Sl. No.	Grant No.	Scheme/activity	Budget allocation	Expenditure	Savings
1.	II	3451-00-101-62 National E-Governance Action Plan (NeGAP) (P)	42.69	0.00	42.69
2.		3451-00-101-39 Youth Entrepreneurship (P)	69.99	25.00	44.99
3.		3451-00-101-87 Kerala State Information Technology Mission (P)	99.43	37.96	61.47
4.	XVII	2202-03-103-57 Rashtriya Uchchar Shiksha Abhiyan – RUSA (60% CSS) (P)	207.00	17.82	189.18
5.		2202-02-109-64 Rashtriya Madhyamik Siksha Abhiyan – RMSA (60% CSS) (P)	265.00	29.66	235.34
6.		2202-03-105-97 Additional Skill Acquisition Programme (ASAP) (P)	429.63	100.00	329.63
7.		2202-01-111-98 Sarva Siksha Abhiyan (SSA) (60% CSS) (P)	504.68	147.76	356.92
8.	XXII	2217-05-191-74 Pradhan Mantri Awas Yojana (60% CSS) (P)	216.00	36.57	179.43
9.		2217-05-191-73 Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (60% CSS) (P)	250.00	63.32	186.68
10.		2217-05-191-72 Smart City Mission (60% CSS) (P)	250.00	13.20	236.80
11.	XXXVI	2501-06-197-48 Block Grants for CSS (P)	375.00	115.73	259.27
12.		2515-00-102-37 Pradhan Mantri Krishi Sinchai Yojana (PMKSY) Watershed component (P)	66.75	17.10	49.65

Sl. No.	Grant No.	Scheme/activity	Budget allocation	Expenditure	Savings
13.		2505-02-101-99 Mahatma Gandhi National Rural Employment Guarantee Programme (90% CSS) (P)	2,994	264.47	2,729.53
14.		2235-60-192-50 Block Grants for Revenue Expenditure (NP)	241.72	10.48	231.24
15.	XLVI	2235-02-198-50 Block Grants for Revenue Expenditure (NP)	382.22	50.78	331.44
16.		2235-60-198-50 Block Grants for Revenue Expenditure (NP)	1,757.86	73.73	1,684.13
17.	XXIV	4250-00-800-99 Special Development Fund for MLAs (P)	289.96	127.04	162.92
18.	XXVIII	5475-00-800-92 Major Infrastructural Development Projects (P)	1,552.00	0.00	1,552.00
19.	XV	5054-03-337-94 Projects under Legislative Assembly Constituency Asset Development Scheme (NP)	175	78.69	96.31
20.	XLI	7055-00-190-99 Loans to Kerala State Road Transport Corporation (NP)	630.00	0.00	630.00
21.	XLV	7610-00-201-98 State Service Officers (NP)	231.00	47.97	183.03

Source: Appropriation Accounts 2017-18

Audit further analysed savings under voted category in revenue and capital sections excluding salary/establishment expenses and observed savings of ₹15,586.05 crore (each having savings exceeding ₹100 crore) in 22 grants under plan and non-plan category as shown in **Table 2.5**.

**Table 2.5: Savings under Plan and Non-plan category excluding salary/establishment charges (₹in crore)**

Category	Number of Grants	Original Budget	Final Expenditure	Savings
Revenue-Plan	9	15,923.33	8,202.88	7,720.45
Revenue-Non-Plan	3	12,082.66	8,207.75	3,874.91
Capital-Plan	7	5,876.05	3,304.73	2,571.32
Capital-Non-plan	3	1,742.86	323.49	1,419.37
<b>Total</b>	<b>22</b>	<b>35,624.9</b>	<b>20,038.85</b>	<b>15,586.05</b>

Source: Appropriation Accounts 2017-18

The huge savings (excluding projections for salary/establishment charges) indicate failure of the State Government to utilise funds earmarked in budget for development expenditure/creation of assets.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities

Audit of Appropriation Accounts revealed that savings exceeded ₹100 crore and also more than 25 per cent of the total budget provision in twelve Grants/Appropriation as detailed in **Table 2.6**.

**Table 2.6: Grants/Appropriations showing substantial savings****(₹ in crore)**

Sl. No.	Grant Number and Name		Total Grant/ Appropriation	Expen- diture	Savings	Percentage of savings
<b>Revenue – Voted</b>						
1.	II	Heads of States, Ministers and Headquarters Staff	724.66	521.26	203.40	28
2.	XX	Water Supply and Sanitation	1,009.68	697.62	312.06	31
3.	XXII	Urban Development	1,665.33	550.86	1,114.47	67
4.	XXVII	Co-operation	472.32	326.62	145.70	31
5.	XXXVI	Rural Development	4,047.10	1,013.77	3,033.33	75
<b>Capital-Voted</b>						
6.	XX	Water Supply and Sanitation	506.00	319.90	186.10	37
7.	XXIV	Labour, Labour Welfare and Welfare of Non-residents	318.64	155.15	163.49	51
8.	XXVIII	Miscellaneous Economic Services	2,766.04	1,174.82	1,591.22	58
9.	XXIX	Agriculture	429.69	318.34	111.35	26
10.	XXXVIII	Irrigation	495.19	348.93	146.26	30
11.	XL	Ports	357.01	212.75	144.26	40
12.	XLV	Miscellaneous Loans and Advances	243.56	64.70	178.86	73
<b>Total</b>			<b>13,035.22</b>	<b>5,704.72</b>	<b>7,330.50</b>	<b>56</b>

Source: Appropriation Accounts 2017-18

Further, the savings under the above twelve Grants were 49 per cent of the total savings of all the Grants during 2017-18, indicating the gravity of the savings in these Grants.

Analysis of the savings in the above twelve Grants revealed that 51 schemes had savings more than ₹10 crore during 2017-18. Details are given in **Appendix 2.3**.

### 2.3.2 Persistent savings

Thirteen Grants and one Appropriation had savings more than ₹100 crore during the last three financial years as detailed in **Table 2.7**.

**Table 2.7: Grants/Appropriation having persistent savings during last three years****(₹ in crore)**

Sl. No.	Number and Name of Grant/Appropriation	Amount of savings (Percentage)		
		2015-16	2016-17	2017-18
<b>Revenue - Voted</b>				
1.	XII Police	515.75 (16)	180.43 (5)	278.20 (7)
2.	XVII Education, Sports, Art and Culture	2,384.74 (14)	337.73 (2)	1,198.33 (6)
3.	XXII Urban Development	645.83 (69)	631.20 (42)	1,114.46 (67)
4.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	405.68 (16)	277.20 (10)	400.82 (12)

Sl. No.	Number and Name of Grant/Appropriation	Amount of savings (Percentage)		
		2015-16	2016-17	2017-18
5.	XXIX Agriculture	498.24 (18)	308.75 (10)	763.22 (21)
6.	XXXVI Rural Development	740.04 (25)	2,270.10 (74)	3,033.33 (75)
7.	XLIII Compensation and Assignments	2,275.81 (35)	1,881.47 (25)	1,036.40 (13)
8.	XLVI Social Security and Welfare	632.93 (13)	1,136.67 (18)	574.88 (8)
<b>Capital-Voted</b>				
9.	XX Water Supply and Sanitation	174.90 (52)	299.38 (53)	186.10 (37)
10.	XXVIII Miscellaneous Economic Services	1,178.88 (56)	952.75 (29)	1,591.22 (58)
11.	XXIX Agriculture	149.22 (34)	280.41 (40)	111.36 (26)
12.	XXXVII Industries	133.35 (19)	236.17 (23)	267.28 (23)
13.	XLI Transport	559.08 (46)	179.35 (16)	233.69 (11)
<b>Capital-Charged</b>				
14.	Public Debt Repayment	8,917.24 (60)	6,268.77 (45)	473.92 (3)

Source: Appropriation Accounts for respective years.

Figures in parenthesis are percentage of savings with respect to budget allocation

Further analysis revealed that overall savings under the above 13 Grants and one Appropriation was due to persistent savings under a few sub-heads (schemes/activity), which indicated failure of the respective Controlling Officers and the Finance department in making a realistic assessment of the budget requirement based on the expenditure of the previous year and also the ability of the department to utilise the funds. Details of schemes, where persistent savings of ₹one crore or more was noticed, are given in **Appendix 2.4**.

### 2.3.3 Excess expenditure over provision during 2017-18

The Appropriation Accounts disclosed excess expenditure in four<sup>47</sup> grants and three<sup>48</sup> appropriations under Revenue Section amounting to ₹3,492.08 crore and two<sup>49</sup> grants under Capital Section amounting to ₹53.36 crore, which require regularisation under Article 205 of the Constitution. Further analysis revealed that 21 schemes under the above Grants had excess expenditure of more than ₹five crore. Details are given in **Appendix 2.5**.

It was also observed that in four schemes, expenditure was incurred without any budget allocation. Details are given in **Table 2.8**.

<sup>47</sup> Grant No. I State Legislature: ₹0.69 crore; Grant No. XV Public Works: ₹65.47 crore; Grant No. XVI Pensions and Miscellaneous: ₹2,273.73 crore and Grant No. XIX Family Welfare: ₹54.54 crore.

<sup>48</sup> Debt Charges: ₹1,097.61 crore; Grant No. XIX Family Welfare: ₹0.02 crore and Grant No. XXXIV Forest: ₹0.02 crore.

<sup>49</sup> Grant No. XIV - Stationery and Printing and other Administrative Services: ₹0.09 crore and Grant No. XVII Education, Sports, Art and Culture: ₹53.27 crore.

**Table 2.8: Expenditure incurred without budget allocation (₹ in crore)**

Sl. No.	Grant number and scheme name		Budget allocation	Expenditure	Excess
1.		2059-60-053-94-Electronic Maintenance-(NP)	0	0.21	0.21
2.	XV	3054-80-004-99-Kerala Highway Research Institute- (P)	0	0.49	0.49
3.		3054-80-198-39 Fourth SFC-Assistance to Grama Panchayat (NP)	0	0.09	0.09
4.	XIX	2211-00-800-95-Compensation/Damages to victim of FP operation (NP)	0	0.56	0.56

Source: Detailed Appropriation Accounts 2017-18

Scheme-wise analysis of remaining Grants/Appropriations also revealed incurring of expenditure after budget allocations were injudiciously re-appropriated/surrendered. Details of such 19 schemes are given in **Appendix 2.6**.

### 2.3.4 Persistent excess expenditure

Persistent excess expenditure was noticed in five schemes under Grant No.XIX Family Welfare during the financial years 2016-17 and 2017-18 as shown in **Table 2.9**.

**Table 2.9: Persistent excess expenditure for the last two financial years**

(₹ in crore)

Sl. No.	Scheme	Year	Budget allocation	Expenditure	Surrender	Reappropriation	Excess expenditure
1	2211-00-001-96 State Level Organisation CSS (60:40) (VP)	2016-17	5.60	4.75	0	-0.91	0.06
		2017-18	7.50	6.15	0	-2.75	1.40
2	2211-00-003-95-Training of Health visitors, ANMS and DAIs (CSS-60:40)-(V)-(P)	2016-17	1.81	2.58	0	0.27	0.50
		2017-18	2.50	2.97	0	0.39	0.08
3	2211-00-101-96-Rural Family Welfare Centres and Post Partum Centres-(V)-(NP)	2016-17	147.79	100.35	4.35	-72	28.91
		2017-18	134.01	98.24	0	-45.17	9.40
4	2211-00-101-95-Sub Centres-(CSS-60:40) (V)-(P)	2016-17	246.59	326.49	0	79.18	0.72
		2017-18	280	377.99	0	54.36	43.63
5	2211-00-200-94 Post Partum Centre Sub/division and Taluk level hospitals (V)-(NP)	2016-17	35.50	30.83	10.16	-0.04	5.53
		2017-18	39.54	35.49	0	-7.88	3.83

Source: Detailed Appropriation Accounts 2016-17 & 2017-18

Further analysis revealed that the excess expenditure was due to insufficient augmentation of provision through re-appropriation under the heads of account '2211-00-003-95' and '2211-00-101-95'. Injudicious surrender/re-appropriations of funds also attributed to excess expenditure under other heads of account.

Repeated excess expenditure over grants approved by the State Legislature is in violation of the will of the Legislature and the principle that no expenditure can be incurred without the approval of the Legislative Assembly and, therefore, this needs to be viewed seriously. All the existing cases of excess expenditure need to be got regularized at the earliest and, in future, such un-

voted expenditure may be completely stopped, except in case of dire and extreme emergency, the cost of which can be met from the Contingency Fund.

### 2.3.5 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 excesses 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 corresponding Audit Report by the Public Accounts Committee (PAC). Excess expenditure under 22 Grants and eight Appropriations amounting to ₹1,189.56 crore for the years 2011-12 to 2016-17 was to be regularised (December 2018) as summarized in **Table 2.10**. Government of Kerala has been incurring expenditure in excess of appropriation since 2011-12 i.e. for seven consecutive years. For the last seven years i.e. from 2011-12 to 2017-18, Government of Kerala has been persistently violating the intent of the legislature, which is a matter of serious concern. The year-wise and Grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in **Appendix 2.7**.

**Table 2.10: Excess over provisions relating to previous years requiring regularization**  
(₹ in crore)

Year	Number of		Amount of excess expenditure over provision
	Grant	Appropriation	
2011-12	2	..	24.50
2012-13	5	..	40.43
2013-14	6	4	560.68
2014-15	..	1	192.00
2015-16	1	3	230.78
2016-17	8	..	141.17
<b>Total</b>	<b>22</b>	<b>8</b>	<b>1,189.56</b>

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

### 2.3.6 Unnecessary/excessive Supplementary provision

Supplementary provisions aggregating to ₹2,417.30 crore, obtained in 12 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 2.8**. Since there was sufficient savings in the original budget allocation, the option of re-appropriation of funds between heads of account (where savings are noticed) within the Grant/Appropriation could have been resorted to by the Chief Controlling Officers (for heads of accounts, which require funds) instead of proposing Supplementary Demands for Grants (SDG).

Further scrutiny revealed that supplementary grants obtained in respect of a few schemes/activities proved wholly unnecessary as the funds were surrendered at the end of the year. Instances are detailed in succeeding paragraphs.

**(i) Grant number II – Heads of States, Ministers and Headquarters Staff (Revenue charged)**

The supplementary appropriation of ₹26 crore, obtained in February 2018 under the head of account ‘2051-102-99 Public Service Commission’ was to regularize the additional expenditure of ₹10 crore and to provide ₹16 crore to PSC for conducting examinations, various tests, interviews, for meeting the charges of examination centres, etc. But the final expenditure under the sub head (₹184.63 crore) was less than the original budget allocation (₹190.78 crore) and the final surrender (₹29.59 crore) from the head of account was more than the amount obtained through supplementary appropriation in February 2018.

**(ii) Grant number XII – Police (Revenue Voted)**

Supplementary grant of ₹3.94 crore obtained in February 2018 under the head of account ‘2055-116-98 Setting up of Cyber forensic Lab cum Training Centre’, remained unutilised and was surrendered at the end of the year.

**(iii) Grant number XIV - Stationery and Printing and other Administrative Services (Revenue Voted)**

Entire Supplementary grant of ₹ 2.26 crore obtained in August 2017 under the head of account ‘2070-106-96 Civil Defence Institute’ remained unutilised and was surrendered at the end of the year.

**(iv) Grant number XXVII – Co-operation (Revenue Voted)**

The supplementary grant of ₹ 90 crore, obtained in August 2017 to provide fund to Consumerfed for effective market intervention operations, under the head of account ‘2425-108-80 Subsidy to Co-operatives for conducting Festival Markets’ proved unnecessary as the final expenditure under the sub head (₹52 crore) was less than the original budget allocation (₹60 crore) and the final surrender (₹95.82 crore) from the head of account was more than the amount obtained through supplementary grant in August 2017.

**(v) Grant number XXX – Food (Revenue Voted)**

The supplementary grant of ₹ 125 crore, obtained in May 2017 to provide fund to meet the expenditure towards Paddy procurement as announced in the Budget speech 2017-18 under the head of account ‘2408-01-101-96 Paddy Procurement through Kerala State Civil Supplies Corporation and other agencies’ proved unnecessary as the final expenditure under the sub head (₹325.14 crore) was less than the original budget allocation (₹400 crore) and the final surrender (₹199.86 crore) from the head of account was more than the amount obtained through supplementary grant in May 2017.

**(vi) Grant number XXXV – Panchayat (Revenue Voted)**

The supplementary grant of ₹0.40 crore obtained in August 2017 for satisfying ‘New Service procedure’ and to provide fund under the head of account ‘2515-101-54 Assistance to ‘Thanal’ for supporting the activities of Carbon Neutral Wayanad’ as announced in the Budget speech 2017-18 remained unutilised and was surrendered at the end of the year.

**(vii) Grant number XXXV – Panchayat (Capital Voted)**

Rupees six crore obtained in August 2017 under the head of account ‘4515-800-94 Completion of construction and land acquisition activities of convention centre at Pinarayi Grama Panchayat’ for providing fund towards land acquisition and construction activities of Convention Centre at Pinarayi Grama Panchayat, remained unutilised and was surrendered at the end of the year.

Further, in 21 Grants/Appropriation, against the additional requirement of ₹4,794.06 crore, supplementary budget allocation of ₹6,819.39 crore obtained during the year proved excessive (**Appendix 2.9**) by ₹2,025.33 crore which resulted in avoidable savings to that extent.

**2.3.7 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. Sub-heads in which augmentation was done through re-appropriation (exceeding ₹one crore) but no part was utilised are given in **Appendix 2.10**.

Failure of the departmental officers in assessing the actual requirement of funds also resulted in excess withdrawal of funds from units of appropriation, which finally led to excess expenditure over provision in certain sub-heads. Cases of such injudicious re-appropriations noticed in 18 schemes/activities are given in **Appendix 2.11**. It was also observed that even though augmentation through re-appropriation was done in 22 schemes/activities, the final expenditure exceeded the budget allocation available under the heads of account by more than ₹one crore. Details are given in **Appendix 2.12**.

**2.3.8 Surrender of budget allocations**

As per Paragraph 91 of the Kerala Budget Manual, the Administrative Departments should surrender all anticipated savings before the close of the financial year to Finance Department as and when they are foreseen, unless they are required to meet the excesses under other units of appropriation.

During 2017-18, ₹15,709.26 crore (11 *per cent*) out of the total budget allocation (₹1,44,882 crore) was surrendered at the end of the financial year. More than ₹1,000 crore was surrendered in five Grants as detailed in **Table 2.11**.

**Table 2.11: Grants in which more than ₹1000 crore was surrendered**  
(₹ in crore)

Grant number		Budget allocation	Amount surrendered	Percentage of surrender
<b>Revenue – Voted</b>				
XVII	Education, Sports, Art and Culture	20,024.91	2,246.78	11
XXII	Urban Development	1,665.33	1,130.57	68
XXXVI	Rural Development	4,047.10	3,038.99	75
XLIII	Compensation and Assignments	8,247.19	1,035.09	13
<b>Capital Voted</b>				
XXVIII	Miscellaneous Economic Services	2,766.04	1,592.06	58

Source: Appropriation Accounts 2017-18

Further scrutiny revealed that in 20 schemes/activities (**Table 2.12**) the final surrenders were more than ₹100 crore which included 14 schemes/activities of the above mentioned Grants.

**Table 2.12: Schemes in which more than ₹100 crore was surrendered** (₹ in crore)

Sl. No.	Grant number and name of the scheme	Budget allocation	Surrender	Expenditure
1.	XII 2055-00-109-99 District Force (NP)	2,634.21	144.76	2,410.08
2.	2202-01-112-90 Mid Day Meal (60% CSS) (P)	640.53	173.70	466.82
3.	2202-03-103-57 Rashtriya Uchcharat Shiksha Abhiyan - RUSA (60% CSS) (P)	207	178.94	17.82
4.	XVII 2202-03-103-99 Arts and Science Colleges (NP)	346.08	107	322.93
5.	2202-03-104-99-Salaries to the staff under the Direct Payment System (NP)	1,280.48	379.39	1,117.57
6.	2202-03-105-97-Additional Skill Acquisition Programme (ASAP) (P)	429.63	329.63	100
7.	2217-05-191-72-Smart City Mission (40% State Share)	250	240	13.20
8.	XXII 2217-05-191-73-Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (60% CSS) (P)	250	186.68	63.32
9.	2217-05-191-74-Pardhan Mantri Awas Yojana (60% CSS) (P)	216	179.42	36.57
10.	2217-05-192-72- Pardhan Mantri Awas Yojana (PMAY) (60% CSS) (P)	244	132.62	111.37
11.	XXVIII 5475-00-800-92-Major Infrastructural Development Projects (P)	1,552	1,543.95	0
12.	XXIX 2435-01-101-80-Rubber Production incentive scheme (NP)	500	359.14	125
13.	XXX 2408-01-101-96-Paddy Procurement through Kerala State Civil Supplies Corporation and other agencies (NP)	525	199.86	325.14
14.	2501-06-197-48-Block Grants for CSS (P)	375	259.26	115.73
15.	XXXVI 2505-02-101-99-Mahatma Gandhi National Rural Employment Guarantee Program (90% CSS) (P)	2,994	2,641.08	264.47
16.	3604-00-200-86-Funds for Development Expenditure – 5 <sup>th</sup> SFC Recommendations (NP)	4,654.61	637.91	3,818.44
17.	XLIII 3604-00-200-90-Expansion and Development under XIV Finance Commission Recommendations (NP)	1,507.89	287.33	1,183.43

Sl. No.	Grant number and name of the scheme	Budget allocation	Surrender	Expenditure
18.	XLV 7610-00-201-98-State Service Officers (NP)	231	176.36	47.97
19.	XLVI 2235-02-102-47-Integrated Child Development Service (60% CSS) (P)	499	143.18	364.74
20.	Public Debt Repayment 6003-00-110-96-Overdrafts (Charged) (NP)	2,000	418.32	0

Source: Detailed Appropriation Accounts 2017-18

Further analysis revealed substantial surrenders (surrenders involving more than 50 per cent of the total allocation and more than ₹one crore in each case) in 278 sub-heads, amounted to ₹9,441.70 crore. In 182 sub-heads, entire budget allocation (above ₹one lakh) amounting to ₹803.99 crore was surrendered and in 30 cases, this was ₹five crore and above as detailed in **Appendix 2.13**.

In three schemes of Grant number XXIX (2401-00-789-89 (voted-plan) - ₹2.33 crore), and Grant No. XLVI (2235-02-103-55 (voted-Plan) - ₹10 crore and 4235-02-102-87 (voted plan) - ₹2.00 crore), the budget allocation was provided through re-appropriation (no allocation was made through original or supplementary budget), but the entire allocation remained unutilised and was surrendered at the end of the year.

Besides this, in one scheme of Grant No. XXXVIII (4701-14-800-97 Dam and Appurtenant Works (Voted-Plan)) an allocation of ₹5 crore was made through re-appropriation and the entire amount was surrendered. An amount of ₹5 crore was booked under the head during 2017-18, resulting in an excess expenditure of ₹5 crore requiring regularisation.

### 2.3.9 Surrender in excess of actual savings

In 40 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 ₹10,262.39 crore, the amount surrendered was ₹11,772.99 crore, resulting in excess surrender of ₹1,510.60 crore under these Grants/Appropriations. Details are given in **Appendix 2.14**. Further, Audit analysed the budget management of Departmental officers in respect of schemes/activities under their control and observed that injudicious surrender of budget allocation led to final excess expenditure (in excess of ₹one crore) in 69 schemes/activities as detailed in **Appendix 2.15**. Final expenditure in respect of all the above 69 schemes were less than the original budget allocation provided for implementation of the schemes. However, injudicious surrender led to final excess expenditure under these schemes.

### 2.3.10 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 490 out of 1105 items (44 *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.

## 2.4 Non-reconciliation of departmental figures

### 2.4.1 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 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 10<sup>th</sup> of the month succeeding to which they relate. The DC bills pertaining to a month’s claim should reach the AG (A&E), Kerala not later than the 20<sup>th</sup> of the succeeding month for accounting and monitoring of the AC Bills posing higher risk of fraud and misappropriation of funds.

As per the records maintained by the AG (A&E) Kerala, 11 AC bills drawn by 6 DDOs up to March 2018 involving ₹0.09 crore were not adjusted as of November 2018 due to non-receipt of DC bills as detailed in **Appendix 2.16**. Year-wise details are given in **Table 2.13**. Non-submission of DC bills would lead to retention of advance amount drawn with the drawing officers without final settlement.

**Table 2.13: Pendency in submission of Detailed countersigned Contingent bills against Abstract Contingent bills (₹ in crore)**

Year	AC bills		Outstanding DC bills	
	Number of items	Amount	Number of items	Amount
2017-18	129	1.18	11	0.09
<b>Total</b>	<b>129</b>	<b>1.18</b>	<b>11</b>	<b>0.09</b>

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

### 2.4.2 Un-reconciled receipts and expenditure

According to Paragraph 74 of the Kerala Budget Manual, the expenditure recorded in the books of the Controlling Officer of the department should be reconciled every month with that recorded in the books of the AG (A&E), Kerala to exercise effective control over expenditure and to keep it within the budget grants and also to ensure accuracy of their accounts. During the year, reconciliation for 64.28 *per cent* of the total receipts (₹45,175.59 crore out of ₹70,277.68 crore) and 87.69 *per cent* of the total expenditure (₹1,09,138.5 crore out of ₹1,24,466.5 crore) were completed. However, 20 Chief Controlling Officers, whose total transactions exceeded ₹50 crore did not reconcile their expenditure with the accounts maintained by AG (A&E) as shown in **Appendix 2.17**. This was not only in violation of the provisions of

Paragraph 74 of Kerala Budget Manual but also casts doubts about the correctness of the expenditure figures supplied by departments concerned and the figures booked by AG (A&E), Kerala.

## 2.5 Review on Budgetary process and Appropriation Control - Grant No.XXV-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities

The Central/ State Governments have implemented many programmes for the upliftment of Scheduled Castes, Scheduled Tribes, other backward Classes and Minority sections of people in the State that are economically, socially and educationally backward. Scheduled Castes Development Department, Scheduled Tribes Development Department, Backward communities Development Department and Minority welfare Department work for the upliftment of the Scheduled Castes, Scheduled Tribes, Other backward classes and Minorities.

The Grant No.XXV is controlled by 13 Controlling officers, of which defective budgetary and appropriation control was noticed in the schemes implemented by four controlling officers viz., Director of Scheduled Caste Development, Director of Scheduled Tribes Development, Director of Backward Communities Development and Director of Minority Welfare. The review was conducted to ascertain budgetary process and utilisation of funds earmarked for various functions of these four departments. The controlling officers are responsible for ensuring appropriation control in each unit of appropriation of the Grant.

### 2.5.1 Budget allocation and expenditure

Budget allocation and expenditure under revenue and capital section of the Grant during the last three years is given in **Table 2.14**.

**Table 2.14: Budget allocation and expenditure for last three years**

(₹ in crore)					
Year	Category	Budget allocation	Expenditure	Savings	Percentage of savings
2015-16	Revenue	2,543.33	2,137.64	405.69	15.95
	Capital	283.63	57.01	226.62	79.90
2016-17	Revenue	2,910.71	2,633.51	277.20	9.52
	Capital	259.03	191.34	67.69	26.13
2017-18	Revenue	3,286.55	2,885.73	400.82	12.20
	Capital	172.33	121.48	50.85	29.51

Source: Appropriation Accounts of respective years

**Table 2.14** shows that more than 10 per cent of the budget allocation remained unutilised during last three years (except under revenue section during 2016-17). The savings under Capital portion during 2015-16 works out to the highest rate of 79.90 per cent. Further scrutiny revealed that 66 schemes had savings of more than ₹one crore, of which, 17 schemes had persistent savings for 3 years as detailed in **Appendix 2.18**.

It was also observed that in 12 schemes, as detailed in **Table 2.15**, entire budget allocation remained unutilised in respective years and was surrendered at the end of the year.

**Table 2.15: Schemes in which entire budget allocation was surrendered**  
(₹ in crore)

Sl. No.	Scheme	Year	Budget allocation	Amount surrendered
1.	4225-01-277-89 Construction of Medical College, Palakkad (P)	2015-16	150.00	150.00
2.	4225-01-283-85 Working Women's Hostel for Scheduled Caste (P)	2017-18	1.50	1.50
3.	4225-02-277-51 Construction of Ashramam Schools and Model Residential School (P)	2015-16	30.00	30.00
4.	4225-02-277-48 Construction of Girls Hostel (100% CSS) (P)	2016-17	3.50	3.50
5.	4225-02-800-92 Multi purpose hostel for Scheduled Tribes (P)	2015-16	3.00	3.00
6.	2225-02-102-80 Vanabandhu Kalyan Yojana (VKY) (P)	2017-18	10.00	10.00
	Department stated that surrender was due to non-receipt of Government of India funds and Administrative approval from the Government.			
7.	2225-02-800-13 XIV Finance Commission Award (P)	2015-16	37.00	37.00
	Department stated that surrender was due to non-approval of the proposal by Government of India			
8.	4225-80-195-99 Share Capital Contribution – Kerala State Federation of SCs/STs Development Corporation Limited (P)	2015-16	2.00	2.00
	Department stated that since the order to credit the amount to the account of the Federation was issued by Government on the last day of the financial year (as some financial irregularities were noticed in the SC Federation in the previous year) it could not be spent during the year 2015-16.			
9.	2225-02-102-79-Implementation of Gender Equality and Women's Empowerment Policy (NP)	2017-18	0.1	0.1
	Department stated that the funds provided in the budget could not be spent due to the financial restrictions imposed by the Treasury.			
10.	2225-02-102-87-Cheengeri Extension Scheme (NP)	2017-18	0.27	0.27
	Department stated that the savings was due to the absence of any permanent labourers in the farm as the budget provision was meant for meeting the salary expenses of the permanent labourers			
11.	2225-03-102-97-Justice Hariharan Nair Commission (NP)	2017-18	0.01	0.01
12.	6225-01-800-97-Interest Free loans to SC for the Construction of Houses (NP)	2017-18	0.1	0.1
	Department stated that saving was due to non- receipt of claims from the beneficiaries for the loan.			

Source: Detailed Appropriation Accounts of respective years

### 2.5.2 Injudicious surrender of funds

During the course of the financial year, if it is found that the budget grant cannot be utilised in full, then the funds in excess of requirements are to be surrendered by the Disbursing Officers. Subsequently, the Chief Controlling Officer has to remit back the savings of the Grant to the Finance Department. Scrutiny of the last three years' detailed appropriation accounts revealed injudicious surrender in revenue and capital section separately, as detailed in **Table 2.16**.

**Table 2.16: Excess surrender of funds (₹ in crore)**

Year	Category	Budget allocation	Savings	Amount surrendered	Excess surrender
2016-17	Revenue	2,910.71	277.20	298.18	20.98
2017-18	Revenue	3,286.55	400.82	437.63	36.81
	Capital	172.34	50.85	51.10	0.25

Source: Appropriation Accounts 2017-18

Further scrutiny revealed that injudicious surrender led to excess expenditure in the schemes shown in **Table 2.17**, during the last three years. This indicated inadequate appropriation check exercised by departmental officers in heads of account under their control.

**Table 2.17: Schemes in which surrender of funds led to excess expenditure (₹ in crore)**

Sl. No.	Scheme	Year	Net Budget	Amount surrendered	Expenditure	Excess expenditure
1.	2225-01-001-98- District Offices (NP)	2016-17	29.95	0.67	30.26	0.31
		2017-18	32.74	2.16	33.55	0.81
2.	2225-01-277-89-Model Residential Schools and Sree Ayyankali Memorial model residential sports school Vellayani (NP)	2016-17	4.58	1.97	4.94	0.39
		2017-18	5.73	1.48	5.80	0.07
3.	2225-01-277-93-Post-Matric Hostels (NP)	2016-17	3.77	1.27	4.34	0.57
		2017-18	4.73	1.10	4.85	0.12
4.	2225-01-277-94-Pre-Matric Hostels (NP)	2016-17	10.05	0.61	10.19	0.14
		2017-18	10.95	1.81	11.17	0.22
5.	2225-02-001-98-Planning and Statistical Cell (NP)	2015-16	0.45	0.08	0.53	0.08
		2016-17	0.38	0.29	0.43	0.05
		2017-18	0.52	0.23	0.53	0.01
6.	2225-02-001-99-Administration (NP)	2017-18	13.15	1.84	13.56	0.41
7.	2225-02-277-73-Postmatirc hostel for tribal children (P)	2015-16	0.75	0.24	0.79	0.04
		2016-17	0.98	0.12	1.00	0.02
		2017-18	1.58	0.23	1.60	0.02
8.	2225-02-277-89-Nursery School (NP)	2015-16	0.81	0.19	0.92	0.11
		2016-17	0.91	0.57	0.92	0.01
		2017-18	0.97	0.65	0.99	0.02
9.	2225-02-277-94-Tribal Hostels (NP)	2016-17	23.10	5.09	27.02	3.92
		2017-18	26.91	8.97	27.11	0.20
10.	2225-02-282-98-Mobile Medical Units for Scheduled Tribes (NP)	2016-17	0.60	0.20	0.61	0.01
		2017-18	0.67	0.10	0.68	0.01

Sl. No.	Scheme	Year	Net Budget	Amount surrendered	Expenditure	Excess expenditure
11.	2225-02-282-99-Medical Units (NP)	2016-17	2.66	1.11	3.21	0.55
		2017-18	3.46	1.30	3.53	0.07
12.	2225-02-794-99-Tribal Area sub Plan Administration (NP)	2016-17	6.79	0.52	6.93	0.14
		2017-18	7.67	1.56	7.88	0.21

Source: Detailed Appropriation Accounts of respective years

### 2.5.3 Unnecessary re-appropriation

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, if the funds provided through original/supplementary demands for grants are found insufficient and savings are available under another units of appropriation within the Grant. However, audit analysis revealed that augmentation of budget allocation was wholly unnecessary in the sub-heads detailed in **Table 2.18** as the final expenditure was less than the budget allocation (original and supplementary grant) provided under it.

**Table 2.18: Unnecessary re-appropriations (₹ in crore)**

Sl. No.	Scheme	Year	Budget allocation	Net Re-appropriation	Final Expenditure
1.	2225-01-001-99-Direction (V) (NP)	2016-17	7.12	0.48	6.23
2.	2225-01-277-66-Pre Examination Training (V) (NP)	2015-16	0.92	0.01	0.83
		2016-17	1.07	0.01	0.93
		2017-18	1.34	0.08	1.16
3.	2225-01-277-67-Industrial Training Centres. (V) (NP)	2015-16	9.14	0.24	8.14
		2016-17	10.58	0.12	9.78
		2017-18	12.78	0.34	11.49
4.	2225-01-277-89-Model Residential Schools and Sree Ayyankali Memorial Model Residential Sports School, (V) (NP)	2016-17	6.18	0.38	4.97
5.	2225-01-277-91-Nursery School (V) (NP)	2016-17	5.07	0.33	4.62
		2017-18	6.15	0.65	5.41
6.	2225-01-277-93-Post Matric Hostels (V)(NP)	2017-18	5.77	0.07	4.86
7.	2225-01-727-94-Pre Matric Hostels (V)(NP)	2017-18	12.46	0.31	11.17
8.	2225-01-277-99-Pre Matriculation Studies Scholarships (V) (NP)	2017-18	33.00	0.83	31.24
9.	2225-01-283-99-Colonisation (V) (NP)	2016-17	0.29	0.01	0.22
10.	2225-02-001-99-Administration (V) (NP)	2017-18	14.49	0.50	13.56
11.	2225-02-277-46-Production cum Training Centres (V)(NP)	2016-17	0.19	0.02	0.13
12.	2225-02-277-47-Industrial Training	2016-17	2.03	0.06	1.29

Sl. No.	Scheme	Year	Budget allocation	Net Re-appropriation	Final Expenditure
	Centres (V) (NP)	2017-18	2.21	0.06	1.34
13.	2225-02-277-49-Running of Ashramam School /Model Residential School (V) (P)	2015-16	40.00	0.97	36.10
14.	2225-02-277-73-Postmatric Hostel for tribal children (V) (P)	2017-18	1.75	0.06	1.60
15.	2225-02-277-76-Vocational Training Institute for Scheduled Tribes-100 % CSS (V) (P)	2015-16	0.80	0.01	0.32
16.	2225-02-277-94-Tribal Hostels (V) (NP)	2017-18	33.01	2.88	27.11
17.	2225-02-282-92-Assistance for Sickle Cell Anemia patients (V) (P)	2016-17	1.50	0.10	1.40
18.	2225-02-282-98-Mobile Medical Units for Scheduled Tribes (V) (NP)	2016-17	0.77	0.03	0.61
19.	2225-02-282-99-Medical Units (V) (NP)	2016-17	3.72	0.06	3.22
20.	2225-02-794-99-Tribal Area Sub Plan Administration (V) (NP)	2017-18	9.18	0.05	7.88
21.	2225-03-001-99-Direction (V) (NP)	2017-18	1.99	0.09	1.17

Source: Detailed Appropriation Accounts of respective years

## 2.6 Overstated expenditure

Financial Rules prohibit withdrawal of money from treasury unless it is required for immediate disbursement. However, in some cases, departmental officers withdraw budget allocation at the end of the year, to avoid lapse of budget, and keep them either in Treasury Savings Bank account or outside Government account, without actually spending. This results in overstatement of the total expenditure of the Grant as the amount remained unutilised even after the close of financial year. Audit noticed a few instances of under-utilisation of Government funds as detailed in **Table 2.19**.

**Table 2.19: Details of overstated expenditure (₹ in crore)**

Sl. No.	Name of Department/ Implementing institution	Year of drawal	Amount drawn	Unutilised amount
<b>Home Department</b>				
1.	Commissioner of Police, Kochi City	2017-18	5.00	5.00
The amount was released for construction of Ramp and disabled friendly toilets. The work was not started				
2.	Commissioner of Police, Kochi City	2017-18	0.90	0.90
The funds released for the Construction of District Training Centre but the work was not started				
<b>General Education Department</b>				
3.	Kerala State Literacy Mission Authority	2015-16	10.5	0.21
The Grant made was to meet the salary and Non salary component of the Mission. Reasons for the non-utilization have not been intimated.				

Sl. No.	Name of Department/ Implementing institution	Year of drawal	Amount drawn	Unutilised amount
<b>Higher Education Department</b>				
4.	Kerala State Science and Technology Museum	2016-17	0.5	0.28
The fund was released for executing the project 'Educational Activities-Inculcate' during the year 2016-17. Non- utilisation was due to the conduct of science camp and main programme to be arranged during the vacation of the year 2017.				
5.	Kerala Council for Historical Research	2016-17	6	9.88
Grant was released for Pattanam Archeaological Research Project. The unutilized balance includes ₹3.43 crore relating to 2016-17 and ₹6.45 crore relating to previous years				
<b>Total</b>			<b>22.90</b>	<b>16.27</b>

Source: Information compiled from inspection reports

## 2.7 Inspection of Treasuries

As of March 2018, there were 23 District Treasuries (19 banking and 4 non-banking), 200 sub treasuries (175 banking and 25 non-banking), 12 Stamp depots and one e-treasury functioning in the State. The Accountant General (A&E), Kerala inspected 153 units (Directorate of Treasuries, 23 District Treasuries, 114 Sub-treasuries, 12 Stamp Depots and 3 Regional Directorates) during 2017-18. Irregularities and deficiencies noticed during the inspection of treasuries are mentioned in the succeeding paragraphs.

### 2.7.1 Excess payment of pension

During the course of treasury inspection, excess payment on account of pension/ family pension amounting to ₹1.07 crore was noticed in 564 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 authorised 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, excess payment of MLA Pension, continuous crediting of Pension into Pension Treasury Savings Bank (PTSB) accounts and incorrect calculation of dearness relief. Out of the above excess payment, ₹0.34 crore, involved in 379 cases was already recovered as shown in **Table 2.20**.

**Table 2.20: Excess pension that remains to be recovered (₹ in crore)**

Sl. No.	Details of Excess paid pension	Excess paid		Recovered		Balance	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1.	Excess payment of pension	14	0.08	9	0.02	5	0.06
2.	Excess payment of family pension	107	0.39	41	0.18	66	0.21
3.	Excess payment of festival allowance	318	0.03	274	0.02	44	0.01
4.	Excess payment of Medical allowance	30	0.02	18	0.01	12	0.01
5.	Irregular crediting of MLA pension	2	0.07	0	0.01	2	0.06
6.	Excess payment of commuted portion of pension	83	0.30	34	0.09	49	0.21
7.	Continuous crediting of pension to PTSB Accounts	10	0.18	3	0.01	7	0.17
<b>Total</b>		<b>564</b>	<b>1.07</b>	<b>379</b>	<b>0.34</b>	<b>185</b>	<b>0.73</b>

Source: Data compiled by the Accountant General (A&E), Kerala

Government replied (April 2019) that excess payment of pension in 121 cases have since been settled and action is being taken to effect recovery in respect of the remaining cases.

The reply is not tenable, as it has been confirmed from A&E office that since the details of recovery are not furnished the para in the treasury inspection report has been outstanding.

### **2.7.2 Retention of excess cash balance**

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 125 treasuries/sub treasuries on 1251 occasions during the financial year.

Government replied (April 2019) 959 cases have since been settled and strict instructions had been issued to the Treasury officers to retain cash balance within the prescribed limit.

### **2.7.3 Pending adjustment of advances drawn by Drawing and Disbursing Officers**

During the audit of Treasury Information System, Accountant General (A&E) observed that 311 Drawing and Disbursing Officers drew an amount of ₹95.33 crore, of which an amount of ₹30.92 crore drawn by 172 Drawing and Disbursing Officers, during the period from October 2011 to December 2016, was pending for final settlement (November 2018). Details are given in **Appendix 2.19**. Non-settlement of advances distorts the correctness of expenditure booked in Government accounts.

### **2.7.4 Un-operated Savings Bank Accounts**

Rule 28 and 40 of Treasury Savings Bank Rules stipulate that Savings Bank accounts in respect of which no transactions have taken place for five complete financial years and more has to be treated as un-operated accounts. The balance in such accounts is to be transferred to Revenue Deposit in Government accounts. However, inspection of treasuries by Accountant General (A&E) revealed that 1825 un-operated savings bank account with a balance of ₹2.58 crore were retained in 106 treasuries during 2017-18 without transferring the same to Revenue Deposit head.

Government replied (April 2019) that 1364 accounts have since been closed.

## **2.8 Conclusion and Recommendations**

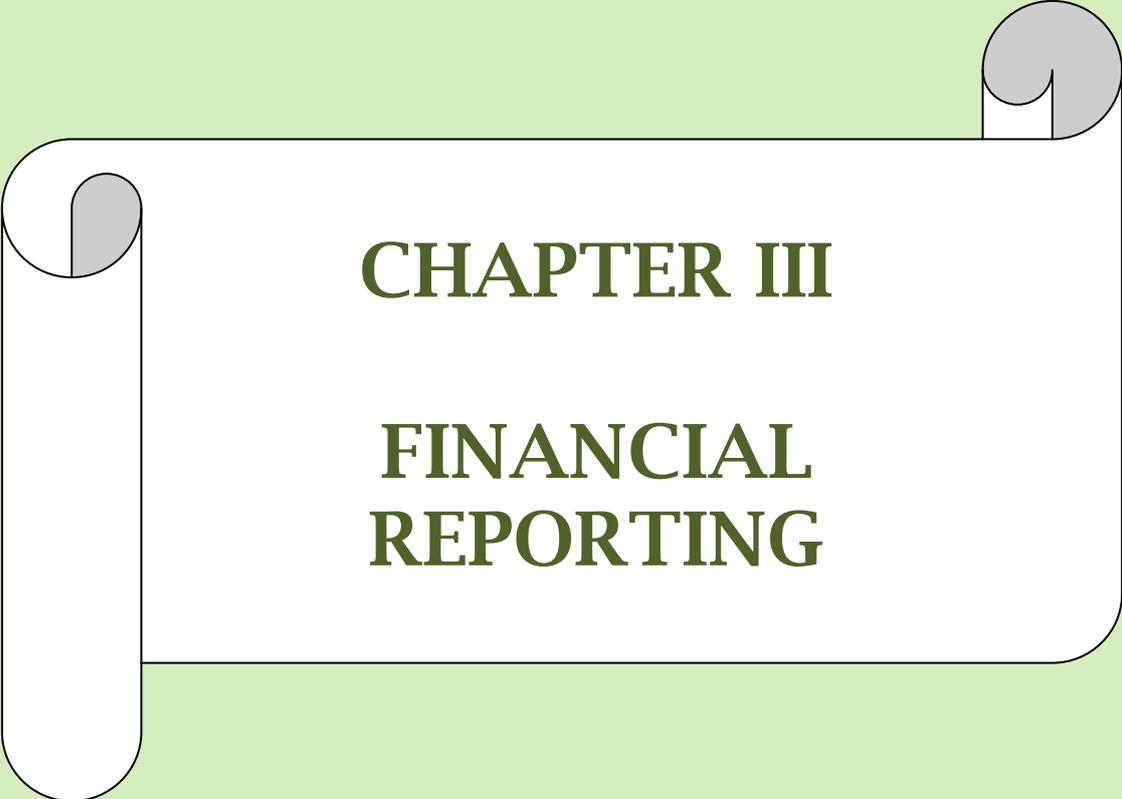
- Compared to previous year, overall savings from the budget allocation decreased by 7.60 per cent (from 15.49 per cent in 2016-17 to 7.89 per cent in 2017-18) which showed an improvement in budgetary process.

- Persistent savings exceeding ₹100 crore during the last three years were noticed in eight grants under Revenue section and five grants and one appropriation under Capital section.
- Surrender of budget allocations obtained through supplementary demands for grants at the end of the year showed laxity on the part of Departmental Officers in assessing actual requirement of funds.
- Unnecessary and injudicious re-appropriations indicated that departmental officers failed in assessing actual requirement of funds in heads of account under their control.
- Surrender of money in excess of actual savings indicated improper maintenance of appropriation control registers at all levels.
- Persistence of excess payment of pension showed that treasury officers are not plugging the loopholes in the system.

*Government may review grants showing persistent savings to assess the reasons for savings and control the same.*

*Necessary checks should be put in place to avoid withdrawal of funds in excess of budget allocation by departmental officers.*





**CHAPTER III**

**FINANCIAL  
REPORTING**



## CHAPTER III FINANCIAL REPORTING

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by a State Government. Compliance with financial rules, procedures and directives, timeliness and quality of reporting on the status of such compliances are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist a State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

### 3.1 Delay in furnishing utilisation certificates

Article 208 of the Kerala Financial Code stipulates that the State may make such grants-in-aid for public purposes or activities carried out by private institutions or local bodies as are in conformity with Article 282 of the Constitution of India. Financial rules<sup>50</sup> stipulate that the authority sanctioning grant-in-aid has to stipulate, in every order sanctioning the grant, a time limit not exceeding one year from the date of sanction for utilisation of the grant and a time-limit of nine months for the submission of audited accounts. The utilisation certificate should be furnished within three months from the date of receipt of audited accounts. The Utilisation Certificate (UC) for grants-in-aid exceeding ₹2,00,000 has to be forwarded to the Accountant General (Accounts and Entitlement), Kerala. It was observed that seven utilisation certificates for ₹6.17 crore were not received (June 2018) by the AG (A&E), in respect of grants for which UCs were due during the period from 2015-16 to 2017-18. The age-wise position of delays in submission of Utilisation Certificates is summarised in **Table 3.1**.

**Table 3.1: Age-wise arrears in submission of Utilisation Certificates**

(₹ in crore)

Grant-in-aid released	UC due	Utilisation certificates outstanding as on June 2018		
		Delay	Number	Amount
Up to 2013-14	Up to 2015-16	More than two years	4	5.45
2014-15	2016-17	More than One year but below two years	1	0.15
2015-16	2017-18	Up to one year	2	0.57
<b>Total</b>			<b>7</b>	<b>6.17</b>

*Source: Details furnished by Accountant General (A&E)*

The pendency of UCs was fraught with the risk of misappropriation of funds and fraud. Timely submission of UCs should not only be insisted upon but also ensured.

Government replied (January 2019) that directions would be given to Administrative Departments concerned to ensure timely submission of UCs.

<sup>50</sup> Article 210 of the Kerala Financial Code (Vol. I)

### 3.2 Non-submission/delay in submission of Accounts

In order to identify the institutions, which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of Department are required to furnish detailed information about the financial assistance provided to various institutions, the purpose of assistance granted and the total expenditure of the institutions to Audit every year.

As of March 2018, the annual accounts of 17 autonomous bodies/authorities due up to 2016-17 were not furnished to the Accountant General (Economic and Revenue Sector Audit), Kerala as detailed in **Appendix 3.1**.

### 3.3 Delay in submission of accounts/Audit Reports of Autonomous Bodies

The audit of accounts of 26 Autonomous Bodies in the field of legal aid, human rights, development of khadi, etc., in the State was entrusted to the Comptroller and Auditor General of India under Sections 19(2), 19(3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature are indicated in **Appendix 3.2**.

Audit observed that accounts of District Legal Services Authorities, Ernakulam and Kasaragod were due for five years (from 2012-13) and that of District Legal Service Authority, Wayanad was due for four years (from 2013-14). Apart from above, accounts of five<sup>51</sup> and four<sup>52</sup> autonomous bodies were due from 2014-15 and 2015-16 respectively.

### 3.4 Departmentally managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts annually in the prescribed format, showing the working results of their financial operations so that the Government can assess the overall financial strength and efficiency of these departments in conducting their business. Non-finalisation of accounts in time prevents the above scrutiny and also puts the investment of the Government outside the scrutiny of Audit.

Heads of Department in the Government are also required to ensure that the undertakings prepare such accounts and submit to the Accountants General (General and Social Sector Audit/Economic and Revenue Sector Audit), Kerala within the specified timeframe.

The department-wise position of arrears in preparation of *pro forma* accounts

<sup>51</sup> Command Area Development Authority, Thrissur; District Legal Services Authority, Kollam; District Legal Services Authority, Pathanamthitta; Permanent Lok Adalath, Ernakulam and Kerala Water Authority.

<sup>52</sup> Kerala Khadi and Village Industries Board, Thiruvananthapuram; District Legal Services Authority, Kozhikode; District Legal Services Authority, Kannur and Permanent Lok Adalath, Kozhikode.

and investments made by the Government in respect of three such undertakings, are given in **Appendix 3.3**. Out of the three, two were running in loss (State Water Transport Department and Text Book Office). Accounts of Text Book Office were in arrears from 1987-88. In the absence of up-to-date accounts, financial status of Text Book Office could not be ascertained.

### 3.5 Misappropriations, losses, defalcations, etc.

Article 297 of the Kerala Financial Code provides that cases of defalcation or loss of public money, stamps, stores or other property should be reported to the Accountant General (General and Social Sector Audit)/Accountant General (Economic and Revenue Sector Audit), Kerala as well as to the Heads of Departments.

The final action on 118<sup>53</sup> cases of misappropriation, defalcation, etc., involving Government money amounting to ₹20.37 crore was pending with State Government. The position up to June 2018 is detailed in **Appendix 3.4** and **Appendix 3.5**. The pending cases in each category as emerged from these appendices are summarised in **Table 3.2**.

**Table 3.2: Profile of misappropriations, losses, defalcations, etc.**

A. Age-profile of the pending cases			B. Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
Less than 5 years	31	1,351.77	Theft	21	9.05
5 – 10	16	83.86			
10 – 15	21	426.56	Misappropriation/ loss of material	97	2,028.17
15 – 20	27	139.45			
20 – 25	10	17.69			
25 and above	13	17.89			
<b>Total</b>	<b>118</b>	<b>2,037.22</b>	<b>Total pending cases</b>	<b>118</b>	<b>2,037.22</b>

Source: Cases reported by departments of the State Government

The reasons for delay in finalisation of outstanding cases were analysed by Audit and are summarised in **Table 3.3**.

<sup>53</sup> This includes cases detected by Audit during local audit as well as cases reported by Government departments as per codal provisions.

**Table 3.3: Reasons for outstanding cases of misappropriations, losses, defalcations, etc.**

Sl. No.	Reasons for the delay/outstanding pending cases	Number of cases	Amount (₹ in lakh)
1.	Awaiting departmental and criminal investigation	21	1,315.99
2.	Departmental action initiated but not finalised	10	59.08
3.	Awaiting orders for recovery or write off	73	570.56
4.	Pending in the courts of law	14	91.59
<b>Total</b>		<b>118</b>	<b>2,037.22</b>

Source: Information received from Departments of the State Government

### 3.6 Long pending recovery in respect of cases of defalcation/misappropriation, theft, losses, etc.

Article 297 of Kerala Financial Code, Vol.I stipulates that all cases of defalcation or loss of public money, stamps or other property involving Government servants has to be reported to Accountant General and to Head of the Department by Head of the office. A statistical position of pending defalcation/loss cases is included every year in the Audit Report on State Finances. Such cases include cases detected by Audit during the local audit as well as other cases reported by the Heads of the offices/Government as per code provisions. Audit conducted a detailed study of pending defalcation/misappropriation, theft cases covering four Departments<sup>54</sup> to ascertain the reasons for delay in realising the loss sustained to Government.

Audit scrutinised 40 misappropriation/defalcation cases involving ₹535.76 lakh and 12 theft/loss cases involving ₹5.98 lakh in the four departments. Age-wise breakup of the pending cases is detailed in **Table 3.4**.

**Table 3.4: Amount and number of pending cases as on June 2018**

(₹ in lakh)

Sl. No.	Name of the Department	Pending up to 10 years		Pending from 10 to 20 years		Pending from 20 years and above		Total	
		Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases
1.	Agriculture	49.79	4	34.13	4	5.53	1	<b>89.45</b>	<b>9</b>
2.	Finance – Treasuries	66.11	3	137.96	6	6.81	4	<b>210.88</b>	<b>13</b>
3.	General Education	44.33	9	14.94	10	4.68	4	<b>63.95</b>	<b>23</b>
4.	Health and Family Welfare – Health Services	19.79	3	155.22	2	2.45	2	<b>177.46</b>	<b>7</b>
<b>Total</b>		<b>180.02</b>	<b>19</b>	<b>342.25</b>	<b>22</b>	<b>19.47</b>	<b>11</b>	<b>541.74</b>	<b>52</b>

Source: Information received from Departments of the State Government

It is evident from Table 3.4 that 33 out of 52 cases (63 per cent) are pending for more than 10 years. Present status of the 52 cases are categorised in the **Table 3.5**.

<sup>54</sup> 'Agriculture', 'Finance –Treasury', 'General Education' and 'Health and Family Welfare – Health Services' Departments

**Table 3.5: Present status of pending cases**

Sl. No.	Present status of the pending cases	Number of cases	(₹ in lakh)
			Amount of loss
1.	Awaiting departmental and criminal investigation	6	73.74
2.	Departmental action initiated but not finalised	1	1.69
3.	Awaiting orders for recovery	8	170.76
4.	Awaiting orders for write off	13	8.22
5.	Pending in the courts of law	7	73.70
6.	Revenue recovery pending	17	213.63
	<b>Total</b>	<b>52</b>	<b>541.74</b>

Source: Information received from Departments of the State Government

### **Audit findings**

The findings of audit are detailed in the following paragraphs.

#### **3.6.1 Delay in fixing liability after retirement**

According to Note 3 under Rule 3 of Kerala Service Rules - Part III (KSR), the liabilities of an employee should be quantified either before or after retirement and intimated to him before retirement if possible or if that is not possible within a period of three years on becoming pensioner. Audit noticed that in two cases in Agriculture Department and in one case in Health and Family Welfare Department, the departments failed to fix liability even after three years of retirement of three officials due to which court ordered to release of DCRG without recovering the loss of ₹12.88 lakh sustained by Government. The details are given in **Appendix 3.6**.

Government replied (January 2019) that action is under way to recover the loss sustained by Government by initiating revenue recovery proceedings in two cases under Agriculture Department. However the reply is silent about the lapses in delayed fixing of liability.

#### **3.6.2 Release of DCRG despite ongoing departmental/vigilance enquiry**

As per Rule 3 A (a) of KSR where any departmental or judicial proceeding is instituted or continued against an employee who has retired from service, no DCRG shall be paid to him until the conclusion of such proceeding and issue of final orders thereon. Audit noticed that Agriculture and Health and Family Welfare Departments released DCRG in two cases involving ₹2.25 lakh to the pensioner/legal heirs when departmental or judicial proceeding was pending at the time of retirement/death of the official as detailed in **Appendix 3.7**.

Director of Agriculture replied (October 2018) that they failed to include the defalcated amount in the liability certificate. It was also stated that even though legal heirs were directed to remit the liability amount, the same has not been remitted so far. Government has also stated (January 2019) that as 11 years has elapsed since death of the official, the claim for the loss is barred by the Law of Limitation.

Absence of proper internal control mechanism to identify whether any departmental proceedings were going on against the official and to assess the liability at the time of retirement, resulted in release of DCRG which led to non-realisation of loss sustained by Government till date.

### **3.6.3 Delay in initiating departmental action**

In two misappropriation cases amounting to ₹6.67 lakh, departmental action was initiated by the Agriculture Department against the officials after they had retired from service and had received their retirement benefits, even though the misappropriation had come to the notice of the department well in advance of their retirement as detailed in **Appendix 3.8**. The Department did not take any action to realise the loss in one case involving ₹0.16 lakh. Action is being taken to recover the loss through revenue recovery in other case amounting to ₹6.51 lakh.

Government replied (January 2019) that action is being taken to file civil suit against the officials for the recovery of loss sustained by the Government.

### **3.6.4 Failure to effect recovery**

#### **3.6.4.1 Cases cleared by court**

Agriculture, General Education and Health and Family Welfare Departments did not take any action to recover the loss amounting to ₹159.57 lakh sustained by Government in four cases even after disposal of these cases by court. The details are given in **Appendix 3.9**. Government replied (January 2019) that the loss will be recovered from the DCRG of the official in one case under Agriculture Department. Replies are awaited (February 2019) from departments concerned.

#### **3.6.4.2 Liability fixed based on investigation**

In four misappropriation cases involving ₹33.95 lakh, Agriculture and General Education Departments failed to recover the loss even though liabilities were fixed against the officials as shown in **Appendix 3.10**. Details are shown below:

- In General Education Department, one case involving ₹5.10 lakh was pending due to non-receipt of directions from Administrative Department to effect recovery, though the liability was fixed in September 2010 against the official. In another case in General Education Department involving ₹5.25 lakh, even though Government directed (July 2012) to recover the loss from the official with 8 *per cent* interest, Department is yet to effect recovery.

On this being pointed out by Audit, General Education Department replied (December 2018) that direction has since been issued to DPI in November 2018 to effect recovery in the misappropriation case involving ₹5.10 lakh. In the other case involving ₹5.25 lakh, Director of Public Instruction (DPI) replied (August 2018) that as the official had not applied for pension, recovery could not be effected. The reply is not acceptable as Department failed to initiate further action to recover the loss.

- Audit also noticed that in the Agriculture Department, the Director of Agriculture fixed liability in two cases involving ₹4.94 lakh and ₹18.66 lakh in October 2012 and April 2015 respectively. Though the Director of Agriculture had directed (April 2013 and May 2015) the respective Principal Agricultural Officers to recover the loss through revenue recovery, the recovery has not been effected till date (November 2018).

Government replied (January 2019) that action is being taken to recover the loss sustained by the Government.

### **3.6.5 Irregular granting of pensionary benefits in respect of deceased persons**

As per Rule 3 A (a) of KSR where any departmental or judicial proceeding is instituted or continued against an employee who has retired from service, no DCRG shall be paid to him until the conclusion of such proceeding and issue of final orders thereon. Audit observed that in two cases DCRG has been released to legal heirs of deceased persons, against whom vigilance enquiry/court case was pending at the time of death in violation of above rules as shown below. The details are shown in **Appendix 3.11**.

- In one case under Health and Family Welfare Department involving ₹4.67 lakh, Government instructed (January 2011) the Department to recover the loss from the official concerned. However, the Department failed to effect recovery before his death on 14.07.2012. Even though vigilance enquiry was going on against the deceased official, Government directed (August 2016) to release the DCRG to the legal heirs on the ground that four years has elapsed since the death of the official and ordered to recover the loss through revenue recovery. The Director of Health Services informed Government in June 2018 that action is underway to recover the loss through revenue recovery.
- In another case under Finance (Treasury) Department involving loss of ₹9.65 lakh, the investigation of the case was completed and charge sheet filed before the Chief Judicial Magistrate Court, Thiruvananthapuram in May 2008. The official died on 28.2.2014. While the case was pending in court, Government directed (March 2016) to release the DCRG to legal heirs without recovering the loss sustained by Government. The loss sustained to Government has not been realised till date.

The decision of the Government to release the DCRG to the legal heirs of deceased persons was irregular. Reply from Government is awaited (February 2019).

### **3.6.6 Inordinate delay in completing enquiry**

Audit noticed inordinate delays in vigilance/departmental enquiries, fixing of liability by the department and disposal of the cases by the Court which resulted in long pendency in settling the cases of misappropriation/loss of Government money as detailed below.

- In four misappropriation cases pertaining to the Agriculture Department, it took four to seven years to complete vigilance/departmental enquiry. In

these four cases, department took another two to 13 years in fixing liability against the officials concerned after completion of enquiry. Two cases were disposed by the Court in another three to six years.

- In the Treasury Department, it took four to 13 years to complete vigilance/departmental enquiry in seven cases. Four out of these seven cases were disposed by the Court in another six to 18 years.
- In three cases under the General Education Department, it took three to seven years to complete vigilance/departmental enquiry. These cases were cleared by the Court in another 8 to 11 years.
- In three cases under the Health and Family Welfare Department, it took four to six years to complete vigilance/departmental enquiry. Court disposed these cases in another two to 16 years.

The details are given in **Appendix 3.12**.

### **3.6.7 Inordinate delay in settling irrecoverable losses**

As per Government orders (March 2013), the Administrative Departments can write off amounts up to ₹50,000 per each case with annual limit of ₹10 lakh without previous consultation with Finance Department and Heads of the Departments can write off up to ₹25,000 in each case with an annual limit of ₹1 lakh subject to strict compliance with Article 300 to 303 of KFC. It is seen that in five instances under General Education Department, write off proposals of irrecoverable losses amounting to ₹3.81 lakh were pending with Administrative Department/Head of the Department from 5 to 19 years as shown in **Appendix 3.13**.

### **3.6.8 Cases not reported to the Accountant General**

As per Art 297 KFC Vol.I cases of misappropriation/defalcation losses are to be reported to the Accountant General as well as Head of department immediately after notice. However, Agriculture, General Education and Treasury Departments did not report five cases involving loss of ₹53.06 lakh to Accountant General as shown in **Appendix 3.14**. Directorate of Treasuries and Director of Public Instructions replied (January 2019) that the misappropriation cases would be reported to Accountant General on time in future. Reply is awaited (February 2019) from Agriculture Department.

## **3.7 Conclusion and Recommendations**

The Audit of Accounts of Autonomous Bodies, which was entrusted to the Comptroller and Auditor General of India under Sections 19 (2), 19 (3) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, were pending in respect of 19 bodies due to delay in submission of accounts.

There were delays in departmental action at every stage of a case such as initiating departmental action, fixing liability, issuing orders of recovery, etc. Proper internal control mechanism was absent in Departments to identify whether any departmental proceedings were going on against the official and to assess the liability at the time of retirement. It is evident that a time bound

system was not in place at departmental level for settlement of cases of misappropriation/ defalcation, theft and loss of public money.

*Government may ensure that there is no delay in completing departmental action in order to realise the loss either from the salary or from the pensionary benefits of the officials concerned.*

*Government may take timely action to write off irrecoverable losses which were long pending.*



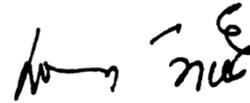
(S. SUNIL RAJ)

Accountant General

(General and Social Sector Audit), Kerala

Thiruvananthapuram,  
The 11 October 2019

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi,  
The 24 October 2019





# APPENDICES



**Appendix 1.1**  
**State Profile**  
(Reference: Page 1, Paragraphs 1.3; Page 10 and 1.7.1; Page 25)

**A. General Data**

Sl. No.	Particulars	Figures
1.	Area	38,863 sq. km.
2.	Population	
	a. In 2008	3.40 crore
	b. In 2017	3.60 crore
3.	Density of Population ( as per 2011 Census) (All India Density = 382 persons per sq.km )	860 persons per sq. km.
4.	Population Below Poverty Line (BPL) ( All India Average = 21.9 per cent)	7.10 per cent
5.	Literacy (as per 2011 Census) (All India Average = 73.0 per cent )	94 per cent
6.	Infant mortality (per 1000 live births)(All India Average =34 per 1000 live births )	10
7.	Life Expectancy at birth (All India Average = 68.3 years)	75.2 years
	Gini Coefficient	
8.	a. Rural (All India = 0.29)	0.42
	b. Urban (All India = 0.38)	0.50
9.	Human Development Index 2007-08 (All India = 0.467)	0.79
	Gross State Domestic Product (GSDP) 2017-18 at current prices	₹6,86,116 crore
10.	Per capita GSDP Compounded Annual Growth Rate (2008-09 to 2017-18)	Kerala General Category States
		13.80 per cent 13.10 per cent
11.	GSDP Compounded Annual Growth Rate (2008-09 to 2017-18)	Kerala General Category States
		14.50 per cent 14.50 per cent
12.	Population Growth ( 2008 to 2017)	Kerala General Category States
		6 per cent 11.60 per cent
13.	Per capita GSDP (in ₹)	Kerala All India
		1,90,646 1,29,800

**B. Financial Data (In per cent)**

Compounded Annual Growth Rate		Particulars			
		2008-09 to 2016-17		2016-17 to 2017-18	
		General Category States	Kerala	General Category States	Kerala
a.	Revenue Receipts	15.10	15.10	11.30	9.80
b.	Own Tax Revenue	14.90	12.90	12.20	10.20
c.	Non Tax Revenue	9.50	25.70	5.90	15.50
d.	Total Expenditure	15.80	16.15	4.70	7.67
e.	Capital Expenditure	14.00	25.00	1.00	(-)13.60
f.	Revenue Expenditure on Education	14.50	15.50	6.20	8.70
g.	Revenue Expenditure on Health	16.20	18.0	10.70	7.70
h.	Salary and Wages	13.40	15.20	8.90	13.60
i.	Pension	16.20	15.90	22.90	30.50

*Source: Information furnished by the Economic Adviser, O/o the C&AG of India, New Delhi*

**Appendix 1.2**  
**Part A : Structure and form of Government Accounts**  
**(Reference: Paragraph 1.1; Page 1)**

**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 (Consolidated Fund)
4.	Statement of Expenditure (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 Investments of the Government
9.	Statement of Guarantees given by the Government
10.	Statement of Grants-in-aid given by the Government
11.	Statement of Voted and Charged Expenditure
12.	Statement on sources and application of funds for expenditure other than on revenue account
13.	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14.	Detailed Statement of Revenue and Capital Receipts by minor heads
15.	Detailed Statement of Revenue Expenditure by minor heads
16.	Detailed Statement of Capital Expenditure by minor heads and sub heads
17.	Detailed Statement on Borrowings and Other Liabilities
18.	Detailed Statement on Loans and Advances given by the Government
19.	Detailed Statement of Investments of the Government
20.	Detailed Statement of Guarantees given by the Government
21.	Detailed Statement on Contingency Fund and Other Public Account transactions
22.	Detailed Statement on Investments of earmarked balances

### Appendix 1.3

#### Part A : Methodology adopted for assessment of fiscal position (Reference: Paragraph 1.1; Page 1)

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:

	2013-14	2014-15	2015-16	2016-17	2017-18
GSDP (₹ in crore)	4,65,041	5,12,564	5,61,546	6,21,700	6,86,116
Growth rate of GSDP	12.79	10.22	9.56	10.71	10.36

Source: Details furnished by the Director of Economics and Statistics of the State Government. The figures for 2016-17 are provisional estimate and 2017-18 are advance estimate.

**Appendix 1.3**  
**Part B: Medium Term Fiscal Plan 2017-18**  
**(Reference: Paragraphs 1.1; Page 2 and 1.3; Page 10)**

(₹ in crore)

Item	2013-14 Accounts	2014-15 Accounts	2015-16 Accounts	2016-17 Revised Estimates	2017-18 Budget Estimates	Forward estimates	
						2018-19	2019-20
<b>Revenue Receipts (A)</b>	<b>49176.94</b>	<b>57950.47</b>	<b>69032.66</b>	<b>80620.10</b>	<b>93584.74</b>	<b>112181.31</b>	<b>134474.32</b>
State's Own Tax Revenue	31995.02	35232.50	38995.15	44547.63	53411.49	64093.79	76912.55
Non Tax Revenue	5575.03	7283.69	8425.49	10057.31	12037.79	14324.97	17046.71
Resources from Centre	11606.89	15434.28	21612.02	26015.16	28135.46	33762.55	40515.06
<b>Revenue Expenditure (B)</b>	<b>60485.50</b>	<b>71746.43</b>	<b>78689.47</b>	<b>94555.63</b>	<b>109627.88</b>	<b>127949.44</b>	<b>149333.00</b>
Interest	8265.38	9769.59	11110.62	12386.74	13631.83	16697.54	18749.80
Salaries	19279.78	21343.66	23450.10	27332.20	31789.85	34938.72	37177.40
Pensions	9971.27	11252.67	13062.86	15403.58	18174.29	19607.99	19367.11
<b>Non SPI Revenue Expenditure</b>	<b>22969.07</b>	<b>29380.51</b>	<b>31065.89</b>	<b>39433.11</b>	<b>42966.20</b>	<b>56705.19</b>	<b>74038.69</b>
Subsidies	1252.00	1247.52	1343.09	1552.78	1488.15	1791.80	2157.40
Devolution to LSGs	5926.00	7454.00	5029.00	8671.00	9776.00	12615.41	16279.51
Other Revenue Expenditure	15791.07	20678.99	24693.80	29209.33	31702.05	42297.99	55601.78
<b>Revenue Surplus/Deficit (A) – (B)</b>	<b>-11308.56</b>	<b>-13795.96</b>	<b>-9656.81</b>	<b>-13935.53</b>	<b>-16043.14</b>	<b>-15768.13</b>	<b>-14858.67</b>
<b>Capital Expenditure (C)</b>	<b>5758.50</b>	<b>4997.68</b>	<b>8342.29</b>	<b>9741.37</b>	<b>9974.06</b>	<b>12145.18</b>	<b>14839.70</b>
Capital outlay	4294.33	4254.59	7500.04	8748.48	9057.48	11234.70	13935.28
Loan disbursements	1464.17	743.09	842.25	992.89	916.58	910.48	904.42
<b>Non Debt Capital Receipts (D)</b>	<b>122.94</b>	<b>151.92</b>	<b>180.71</b>	<b>216.27</b>	<b>260.88</b>	<b>294.44</b>	<b>332.31</b>
<b>Fiscal Deficit/Surplus (A-B) - (C+D)</b>	<b>-16944.12</b>	<b>-18641.73</b>	<b>-17818.39</b>	<b>-23460.63</b>	<b>-25756.32</b>	<b>-27618.88</b>	<b>-29366.06</b>
<b>Primary Fiscal Deficit/Surplus</b>	<b>-8678.74</b>	<b>-8872.14</b>	<b>-6707.77</b>	<b>-11073.89</b>	<b>-12124.49</b>	<b>-10921.34</b>	<b>-10616.26</b>
End of the Period Debt	111285.00	127224.62	146405.29	169145.79	193974.03	219704.49	246707.93
Debt Service	8265.38	9770.00	11110.62	12386.74	14297.39	16697.54	18749.80
Salary + Pension + Interest (SPI)	37516.43	42365.92	47623.58	55122.52	63595.97	71244.25	75294.31
Debt Stock	119009.00	135440.24	157370.33	180921.24	207026.82	232382.16	261033.70
Government Guarantees	9763.36	11126.87	12438.52				
<b>Interest/Revenue Receipts (per cent)</b>	<b>16.81</b>	<b>16.86</b>	<b>16.09</b>	<b>15.36</b>	<b>14.57</b>	<b>14.88</b>	<b>13.94</b>
Debt/ Revenue Receipts (per cent)	242.00	233.72	227.97	224.41	221.22	207.15	194.11
SPI/Revenue Receipts (per cent)	76.29	73.11	68.99	68.37	67.96	63.51	55.99
SPI/GSDP (per cent)	8.07	8.05	8.09	8.31	8.50	8.43	7.88
(Salary + Pension)/GSDP (per cent)	6.29	6.20	6.21	6.44	6.68	6.45	5.92
Revenue Deficit/ Revenue Receipt (per cent)	23.00	23.81	13.99	17.29	17.14	14.06	11.05
<b>Revenue Deficit/GSDP (per cent)</b>	<b>2.43</b>	<b>2.62</b>	<b>1.64</b>	<b>2.10</b>	<b>2.14</b>	<b>1.87</b>	<b>1.56</b>
<b>Fiscal Deficit/GSDP (per cent)</b>	<b>3.64</b>	<b>3.54</b>	<b>3.02</b>	<b>3.54</b>	<b>3.44</b>	<b>3.27</b>	<b>3.07</b>
<b>Debt stock/GSDP (per cent)</b>	<b>25.59</b>	<b>25.75</b>	<b>26.75</b>	<b>27.27</b>	<b>27.68</b>	<b>27.50</b>	<b>27.33</b>
<b>IP/RR (per cent)</b>	<b>16.81</b>	<b>16.86</b>	<b>16.09</b>	<b>15.36</b>	<b>14.57</b>	<b>14.88</b>	<b>13.94</b>
<b>GSDP</b>	<b>465041.21</b>	<b>526002.30</b>	<b>588336.59</b>	<b>663357.80</b>	<b>747945.27</b>	<b>845178.16</b>	<b>955051.32</b>
<b>Nominal GSDP Growth Rate (per cent)</b>	<b>12.79</b>	<b>13.11</b>	<b>11.85</b>	<b>12.75</b>	<b>12.75</b>	<b>13.00</b>	<b>13.00</b>
Average Interest rate (per cent)	7.43	7.68	7.59	7.32	7.03	7.60	7.60
Domar Gap	5.36	5.43	4.26	5.43	5.72	5.40	5.40

**Appendix 1.4**  
**Part A : Abstract of receipts and disbursements for the year 2017-18**  
**(Reference: Paragraph 1.1.1; Page 2)**

(₹ in crore)

Receipts				Disbursements					
2016-17			2017-18	2016-17	2017-18				
	Section – A: Revenue				Non-Plan	Plan	Total		
<b>75611.72</b>	<b>I. Revenue Receipts</b>		<b>83020.14</b>	<b>91096.31</b>	<b>I. Revenue Expenditure</b>	<b>83766.61</b>	<b>16181.74</b>	<b>99948.35</b>	<b>99948.35</b>
42176.37	Own Tax Revenue	46459.61		<b>41195.33</b>	<b>General Services</b>	<b>45105.47</b>	<b>418.30</b>	<b>45523.77</b>	
9699.98	Non-Tax Revenue	11199.61		<b>33764.72</b>	<b>Social Services</b>	<b>23450.43</b>	<b>12425.84</b>	<b>35876.27</b>	
15225.02	State's share of Union Taxes and Duties	16833.08		17061.09	Education, Sports, Art and Culture	17069.02	1445.84	18514.86	
8510.35	Grants from Government of India	8527.84		5731.12	Health and Family Welfare	4580.85	1593.55	6174.40	
				1881.14	Water Supply, Sanitation, Housing and Urban Development	(-) 54.07	791.34	737.27	
				79.49	Information and Broadcasting	52.85	30.00	82.85	
				2576.14	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	442.07	2361.70	2803.77	
				902.53	Labour and Labour Welfare	428.63	548.03	976.66	
				5429.97	Social Welfare and Nutrition	846.85	5655.38	6502.23	
				103.24	Others	84.23	-	84.23	
				<b>10655.35</b>	<b>Economic Services</b>	<b>8013.48</b>	<b>3337.60</b>	<b>11351.08</b>	
				6088.13	Agriculture and allied activities	4177.78	1350.67	5528.45	
				1280.16	Rural Development	450.47	994.98	1445.45	
				166.76	Special Area Programmes		(-) 5.46	(-) 5.46	
				508.18	Irrigation and Flood control	582.19	13.95	596.14	
				84.97	Energy	65.98	49.42	115.40	
				507.81	Industry and Minerals	349.25	262.38	611.63	
				1285.06	Transport	2113.88	141.50	2255.38	
				151.43	Science, Technology and Environment	52.57	95.74	148.31	
				582.85	General Economic Services	221.36	434.42	655.78	
				<b>5480.91</b>	<b>Grants-in-aid and Contributions</b>	<b>7197.23</b>		<b>7197.23</b>	
<b>15484.59</b>	<b>II. Revenue Deficit carried over to Section B</b>		<b>16928.21</b>		<b>Revenue Surplus carried over to Section B</b>				
<b>91096.31</b>	<b>Total - Section A</b>		<b>99948.35</b>	<b>91096.31</b>	<b>Total - Section A</b>				<b>99948.35</b>

## Appendix 1.4 Part A – Contd.

(₹ in crore)

Receipts				Disbursements					
2016-17			2017-18	2016-17	2017-18				
	Section B: Others					Non-Plan	Plan	Total	
3229.39	III. Opening Cash Balance including Permanent Advances, Cash Balance Investment and Investment of earmarked funds		3650.33	0	III. Opening Overdraft from Reserve Bank of India			Nil	0
30.24	IV. Miscellaneous Capital Receipts		29.28	10125.95	IV. Capital Outlay	755.19	7993.68	8748.87	8748.87
				210.86	General Services	40.13	227.88	268.01	
				1292.68	Social Services	87.90	1317.98	1405.88	
				345.08	Education, Sports, Art and Culture	33.23	494.87	528.10	
				256.45	Health and Family Welfare	38.00	269.39	307.39	
				247.67	Water Supply, Sanitation, Housing and Urban Development	14.75	390.61	405.36	
				4.06	Information and publicity		2.43	2.43	
				190.01	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.02	99.92	99.94	
				95.16	Social Welfare and Nutrition	1.90	38.53	40.43	
				154.25	Other Social Services		22.23	22.23	
				8622.41	Economic Services	627.16	6447.82	7074.98	
				651.51	Agriculture and allied activities	89.55	612.04	701.59	
				615.58	Other rural development programmes	210.51	304.96	515.47	
				17.41	Special Area Programme		4.94	4.94	
				674.82	Irrigation and Flood Control	38.79	505.70	544.49	
				0.82	Power projects		23.47	23.47	
				516.79	Industry and Minerals		548.06	548.06	
				3585.72	Transport	267.34	3175.10	3442.44	
				0.30	Science, Technology and Environment	-	-	-	
				2559.46	General Economic Services	20.97	1273.55	1294.52	

## Appendix 1.4 Part A – Concl.d.

(₹ in crore)

Receipts				Disbursements			
2016-17			2017-18	2016-17			2017-18
292.24	V. Recoveries of Loans and Advances		350.98 *	1160.29	V. Loans and Advances Disbursed		1540.59
	From Power Projects			17.99	For Power Projects	35.28	
119.08	From Government Servants	151.92		439.15	To Government Servants	60.78	
173.16	From Others	199.06		703.15	To Others	1444.53	
	VI. Revenue Surplus brought down			15484.59	VI. Revenue Deficit brought down		16928.21
23857.89	VII. Public Debt Receipts		30233.77	7706.01	VII. Repayment of Public Debt		13132.10
20074.62	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	23453.50		4302.16	Internal Debt other than Ways and Means Advances, Shortfall and Overdraft	6221.69	
2931.13	Net transactions under Ways and Means Advances excluding overdraft	6335.50		2931.13	Net transactions under Ways and Means advances excluding overdraft	6335.50	
852.14	Loans and Advances from Central Government	444.77		472.72	Repayment of Loans and Advances to Central Government	574.91	
	VIII. Appropriation from the Consolidated Fund				VIII. Appropriation to Contingency Fund		
	IX. Amount transferred to Contingency Fund				IX. Expenditure from Contingency Fund		
190627.84	X. Public Account Receipts		215992.46	179910.43	X. Public Account Disbursements		207174.17
61707.78	Small Savings, Provident Funds, etc.	85770.92		48776.12	Small Savings, Provident Funds, etc.	78564.08	
329.28	Reserve Funds	516.12		167.07	Reserve Funds	207.14	
3286.70	Deposits and Advances	3264.36		3181.05	Deposits and Advances	2998.45	
121716.74	Suspense and Miscellaneous	122352.14		123885.84	Suspense and Miscellaneous	121149.61	
3587.34	Remittances	4088.92		3900.35	Remittances	4254.89	
	XI. Closing Overdraft from Reserve Bank of India			3650.33	XI. Cash Balance at end		2732.88
				37.23	Cash in Treasuries	34.16	
				6.80	Local Remittances	2.57	
				(-) 91.73	Deposits with Reserve Bank	(-) 80.81	
				1.59	Departmental cash balance including Permanent Advance	0.27	
				1944.50	Cash Balance Investment	891.03	
				1751.94	Investment from earmarked funds	1885.66	
218037.60	Total – Section B		250256.82	218037.60	Total – Section B		250256.82

\*including ₹ 0.30 crore written off

**Appendix 1.4**  
**Part B: Summarised financial position of the Government of Kerala**  
**as on 31 March 2018**  
**(Reference: Paragraphs 1.1.1; Page 2 and 1.10.1; Page 40)**

(₹ in crore)

As on 31 March 2017	Liabilities		As on 31 March 2018
118268.72	<b>Internal Debt</b>		135500.53
99531.69	Market Loans bearing interest	115734.93	
0.05	Market Loans not bearing interest	0.04	
1682.04	Loans from Life Insurance Corporation of India	1413.18	
210.80	Loans from General Insurance Corporation of India	190.28	
2883.94	Loans from National Bank for Agriculture and Rural Development	3021.17	
295.37	Loans from National Co-operative Development Corporation	413.40	
156.02	Loans from other institutions	170.99	
13508.81	Special securities issued to National Small Savings Fund of the Central Government	14556.54	
	Ways and Means Advances from Reserve Bank of India excluding Overdrafts		
	Overdrafts from Reserve Bank of India		
<b>7614.13</b>	<b>Loans and Advances from Central Government</b>		<b>7483.99</b>
1.16	Pre 1984-85 Loans	1.16	
18.12	Non-Plan Loans	16.21	
7594.85	Loans for State Plan Schemes	7461.93	
(*)	Loans for Central Plan Schemes	(*)	
-	Loans for Centrally Sponsored Plan Schemes/Other loans	4.69	
<b>100.00</b>	<b>Contingency Fund(Net)</b>		<b>100.00</b>
<b>60571.02</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>67777.85</b>
<b>2892.34</b>	<b>Deposits</b>		<b>3158.25</b>
<b>2174.28</b>	<b>Reserve Funds</b>		<b>2483.26</b>
<b>-307.46</b>	<b>Suspense and Miscellaneous</b>		<b>895.23</b>
<b>191313.03</b>	<b>Total</b>		<b>217399.11</b>

(\*) ₹ 7,000 only.

## Appendix 1.4 – Part B Concl'd.

As on 31 March 2017	Assets		(₹ in crore) As on 31 March 2018
<b>55653.30<sup>55</sup></b>	<b>Gross Capital Outlay on Fixed Assets -</b>		<b>64372.89</b>
7262.16 <sup>55</sup>	Investments in shares of Companies, Corporations, etc.	8211.47	
48391.14 <sup>55</sup>	Other Capital Outlay	56161.42	
<b>13877.23<sup>56</sup></b>	<b>Loans and Advances -</b>		<b>15066.84</b>
2679.64	Loans for Power Projects	2714.92	
10145.81	Other Development Loans	11388.31	
1051.78	Loans to Government servants and Miscellaneous loans	963.61	
<b>0.43</b>	<b>Advances</b>		<b>0.43</b>
	<b>Suspense and Miscellaneous Balances</b>		
<b>981.64</b>	<b>Remittance Balances</b>		<b>1147.62</b>
<b>195.04</b>	<b>Adjustment on account of retirement/disinvestment</b>		<b>224.33</b>
<b>3650.34</b>	<b>Cash -</b>		<b>2732.88</b>
44.04	Cash in Treasuries and Local Remittances	36.73	
-91.73	Deposits with Reserve Bank	(-)80.81	
1.18	Departmental Cash Balance	(-) 0.15	
0.41	Permanent Advances	0.42	
1944.5	Cash Balance Investments	891.03	
1751.94	Reserve Fund Investments	1885.66	
<b>116955.05<sup>57</sup></b>	<b>Deficit on Government Account -</b>		<b>133854.12</b>
101500.70	Accumulated deficit at the beginning of the year	116955.05	
15484.58	<b>Add:</b> (i) Revenue Deficit of the current year	16928.21	
0.01	(ii) Miscellaneous Government account	0.14	
30.24	<b>Less:</b> Miscellaneous Capital Receipts	29.28	
<b>191313.03</b>	<b>Total</b>		<b>217399.11</b>

**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 ₹84.13 crore (debit) under the head 'Deposit with Reserve Bank' between the figures reflected in the accounts (credit item ₹80.81 crore) and that communicated by the Reserve Bank of India (credit item ₹3.32 crore). The difference of ₹84.13 crore (debit) is under reconciliation.

<sup>55</sup> Balance as on 31 March 2017 differs from those shown in the previous year's account due to pro forma adjustment vide foot notes (b) and (c) of Statement No.1 of Finance Accounts 2017-18.

<sup>56</sup> Balance as on 31 March 2017 differs from those shown in the previous year's account due to pro forma adjustment vide foot note (d) of Statement No 1 of Finance accounts 2017-18.

<sup>57</sup> Balance as on 31 March 2017 differs from those shown in the previous year's accounts due to pro forma adjustment vide foot note (e) of Statement No.1 of Finance Accounts 2017-18.

**Appendix 1.5**  
**Time series data on the State Government finances**  
**(Reference: Paragraph 1.3; Page 10 and Paragraph 1.10.2; Page 40)**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Part A: Receipts</b>					
<b>1. Revenue Receipts</b>	<b>49177</b>	<b>57950</b>	<b>69033</b>	<b>75612</b>	<b>83020</b>
<b>(i) Tax Revenue</b>	<b>31995 (65)</b>	<b>35232 (61)</b>	<b>38995 (57)</b>	<b>42177 (56)</b>	<b>46460 (56)</b>
Taxes on Agricultural Income	22 <sup>58</sup>	9 <sup>58</sup>	2 <sup>58</sup>	2 <sup>58</sup>	3 <sup>58</sup>
Taxes on Sales, Trade, etc.	24885 (78)	27908 (79)	30737 (79)	33453 (79)	24578 (53)
State Excise	1942 (6)	1777 (5)	1964 (5)	2019 (5)	2240 (5)
Taxes on Vehicles	2161 (7)	2365 (7)	2814 (7)	3107 (7)	3663 (8)
Stamps and Registration fees	2593 (8)	2659 (8)	2878 (7)	3007 (7)	3453 (7)
Land Revenue	89 <sup>58</sup>	139 <sup>58</sup>	182 <sup>58</sup>	124 <sup>58</sup>	162
Other Taxes	303 (1)	375 (1)	418 (1)	465 (1)	353 (1)
State Goods and Services Tax					12008 (26)
<b>(ii) Non Tax Revenue</b>	<b>5575 (11)</b>	<b>7284 (12)</b>	<b>8426 (12)</b>	<b>9700 (13)</b>	<b>11199 (14)</b>
<b>(iii) State's share in Union taxes and duties</b>	<b>7469 (15)</b>	<b>7926 (14)</b>	<b>12691 (18)</b>	<b>15225 (20)</b>	<b>16833 (20)</b>
<b>(iv) Grants in aid from Government of India</b>	<b>4138 (9)</b>	<b>7508 (13)</b>	<b>8921 (13)</b>	<b>8510 (11)</b>	<b>8528 (10)</b>
<b>2. Miscellaneous Capital Receipts</b>	<b>19</b>	<b>28</b>	<b>28</b>	<b>30</b>	<b>29</b>
<b>3. Recovery of Loans and Advances</b>	<b>104</b>	<b>124</b>	<b>153</b>	<b>292</b>	<b>351</b>
<b>4. Total revenue and Non debt capital receipts (1+2+3)</b>	<b>49300</b>	<b>58102</b>	<b>69214</b>	<b>75934</b>	<b>83400</b>
<b>5. Public Debt Receipts</b>	<b>14461</b>	<b>18509</b>	<b>19658</b>	<b>23858</b>	<b>30234</b>
Internal Debt (excluding Ways & Means Advances and Overdraft)	13950 (96)	15106 (82)	17141 (87)	20075 (84)	23454 (78)
Net transactions under Ways and Means Advances excluding Overdraft	119 (1)	2651 (14)	1986 (10)	2931 (12)	6335 (21)
Loans and advances from Government of India	392 (3)	752 (4)	531 (3)	852 (4)	445 (1)
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>63761</b>	<b>76611</b>	<b>88872</b>	<b>99792</b>	<b>113634</b>
<b>7. Contingency Fund Receipts</b>	<b>..</b>	<b>67</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>8. Public Account receipts</b>	<b>124374</b>	<b>141522</b>	<b>168623</b>	<b>190628</b>	<b>215992</b>
<b>9. Total receipts of State (6+7+8)</b>	<b>188135</b>	<b>218200</b>	<b>257495</b>	<b>290420</b>	<b>329626</b>
<b>Part B: Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>60486 (91)</b>	<b>71746 (93)</b>	<b>78690 (90)</b>	<b>91096 (89)</b>	<b>99948 (91)</b>
Plan	7074 (12)	10282 (14)	12079 (15)	13492 (15)	16182 (16)
Non-Plan	53412 (88)	61464 (86)	66611 (85)	77604 (85)	83766 (84)
General Services (incl. Interest payment)	26605 (44)	31433 (44)	36085 (46)	41195 (45)	45524 (46)
Social Services	20980 (35)	23718 (33)	27603 (35)	33765 (37)	35876 (36)
Economic Services	7929 (13)	10197 (14)	11099 (14)	10655 (12)	11351 (11)
Grants-in-aid and Contributions	4972 (8)	6398 (9)	3903 (5)	5481 (6)	7197 (7)
<b>11. Capital Expenditure</b>	<b>4294 (7)</b>	<b>4255 (6)</b>	<b>7500 (9)</b>	<b>10126 (10)</b>	<b>8749 (8)</b>
Plan	3497 (81)	3881 (9)	6518 (87)	8946 (88)	7994 (91)
Non-Plan	797 (19)	374 (91)	982 (13)	1180 (12)	755 (9)
General Services	148 (3)	135 (3)	257 (3)	211 (2)	268 (3)
Social Services	617 (15)	875 (21)	1035 (14)	1293 (13)	1406 (16)
Economic Services	3529 (82)	3245 (76)	6208 (83)	8622 (85)	7075 (81)
<b>12. Disbursement of Loans and Advances</b>	<b>1464 (2)</b>	<b>743 (1)</b>	<b>842 (1)</b>	<b>1160 (1)</b>	<b>1541 (1)</b>
<b>13. Total (10+11+12)</b>	<b>66244</b>	<b>76744</b>	<b>87032</b>	<b>102382</b>	<b>110238</b>

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

<sup>58</sup> Insignificant

## Appendix 1.5- Contd.

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Part B: Expenditure/Disbursement</b>					
<b>14. Repayment of Public Debt</b>	<b>3245</b>	<b>5843</b>	<b>6061</b>	<b>7706</b>	<b>13132</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2774	2842	3713	4302	6222
Net transactions under Ways and Means Advances excluding Overdrafts	119	2651	1986	2931	6335
Loans and Advances from Government of India	352	350	362	473	575
<b>15. Appropriation to Contingency Fund</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>69489</b>	<b>82587</b>	<b>93093</b>	<b>110088</b>	<b>123370</b>
<b>17. Contingency Fund disbursements</b>	<b>67</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>18. Public Account disbursements</b>	<b>120992</b>	<b>136243</b>	<b>162825</b>	<b>179910</b>	<b>207174</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>190548</b>	<b>218830</b>	<b>255918</b>	<b>289998</b>	<b>330544</b>
<b>Part C: Deficits</b>					
<b>20. Revenue Deficit (1-10)</b>	<b>11309</b>	<b>13796</b>	<b>9657</b>	<b>15484</b>	<b>16928</b>
<b>21. Fiscal Deficit (4-13)</b>	<b>16944</b>	<b>18642</b>	<b>17818</b>	<b>26448</b>	<b>26838</b>
<b>22. Primary Deficit (21-23)</b>	<b>8679</b>	<b>8872</b>	<b>6707</b>	<b>14331</b>	<b>11718</b>
<b>Part D: Other Data</b>					
23. Interest Payments (included in revenue expenditure)	8265	9770	11111	12117	15120
24. Financial Assistance to local bodies, etc.	16138	19944	20101	23890	34929
25. Ways & Means Advances/Overdrafts availed (days)	1	30	23	25	50
Ways and Means Advances availed (days)	1	23	23	25	50
Overdraft availed (days)	Nil	7	Nil	Nil	Nil
26. Interest on WMA/Overdraft	0.02	2	1.37	2.12	1.54
27. Gross State Domestic Product (GSDP) at current prices <sup>59</sup>	465041	512564	561546	621700	686116
28. Outstanding Fiscal Liabilities (year-end)	124081	141947	160539	189769	214518
29. Outstanding guarantees (year-end)	9763	11127	12439	16246	17356
30. Maximum amount guaranteed (during the year)	12275	13123	13713	20204	25104
31. Number of incomplete projects/works	228	229	263	226	300
32. Capital blocked in incomplete projects/works <sup>60</sup>	759	959	1198	974	1208

<sup>59</sup> GSDP figures are communicated by the Director of Economics and Statistics Department, Government of Kerala. The figures for 2016-17 are provisional and that for 2017-18 are Advance Estimates.

<sup>60</sup> 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)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilisation</b>					
Own Tax revenue/GSDP	6.9	6.9	6.9	6.8	6.8
Own non-tax revenue/GSDP	1.2	1.4	1.5	1.6	1.6
Central Transfers/GSDP	2.5	3.0	3.8	3.8	3.7
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	14.2	15.0	15.5	16.5	16.1
Total Expenditure/Revenue Receipts	134.7	132.4	126.1	135.4	132.8
Revenue Expenditure/Total Expenditure	91.3	93.5	90.4	89.0	90.7
Revenue Expenditure on Social Services/Total Expenditure	31.7	30.9	31.7	33.0	32.5
Revenue Expenditure on Economic Services/Total Expenditure	12.0	13.3	12.8	10.4	10.3
Capital Expenditure/Total Expenditure	6.5	5.5	8.6	9.9	7.9
Capital Expenditure on Social and Economic Services/Total Expenditure	6.3	5.4	8.3	9.7	7.7
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit/GSDP	(-)2.4	(-)2.7	(-)1.7	(-)2.5	(-)2.5
Fiscal deficit/GSDP	(-)3.6	(-)3.6	(-)3.2	(-)4.3	(-)3.9
Primary Deficit /GSDP	(-)1.9	(-)1.7	(-)1.2	(-)2.3	(-)1.7
Revenue Deficit/Fiscal Deficit	66.7	74.0	54.2	58.5	63.1
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	26.8	27.7	28.6	30.5	31.3
Fiscal Liabilities/Revenue Receipts	252.3	244.9	232.6	250.9	258.4
Primary deficit <i>vis-à-vis</i> quantum spread	(-)2496	(-)5,311	(-)3,570	(-)8,247	(-)6,253
Debt Redemption (Principal +Interest)/ Total Debt Receipts (in <i>per cent</i> )	86.5	87.6	89.7	80.3	91.5
<b>V Other Fiscal Health Indicators</b>					
Return on Investment ( <i>per cent</i> )	1.8	1.2	1.3	1.3	1.5
Financial Assets/Liabilities	0.4	0.4	0.4	0.4	0.4

**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 15)**

(₹ 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.	2013-14	28456.62	24885.25	178.23	0.72	0.88
		2014-15	31913.47	27908.33	210.16	0.75	0.91
		2015-16	34712.28	30736.78	225.09	0.73	0.66
		2016-17	37452.98	33453.49	282.10	0.84	0.69
		2017-18	42187.57	36585.51*	313.15	0.86	Not available
2.	Stamps (non-judicial) and registration fees	2013-14	4086.44	2504.04	135.34	5.40	3.37
		2014-15	3612.37	2560.83	147.11	5.74	3.59
		2015-16	4165.77	2778.99	172.28	6.19	2.87
		2016-17	3303.62	2890.38	201.55	6.97	2.99
		2017-18	3339.00	3335.81	205.36	6.16	Not available
3.	State excise	2013-14	2801.75	1941.72	164.32	8.46	1.81
		2014-15	1513.36	1777.42	187.28	10.54	2.09
		2015-16	2600.66	1964.15	213.87	10.89	3.21
		2016-17	2397.36	2019.30	253.93	12.58	2.01
		2017-18	2945.34	2240.42	277.45	12.38	Not available
4.	Taxes on vehicles	2013-14	2570.65	2161.09	74.61	3.45	6.25
		2014-15	2799.82	2364.95	88.52	3.74	6.08
		2015-16	3087.35	2814.30	95.13	3.38	4.99
		2016-17	3406.49	3107.23	120.05	3.86	2.61
		2017-18	3890.64	3662.85	124.63	3.40	Not available

\* including SGST

**Appendix 1.7**  
**List of selected road works at Thiruvananthapuram and Kollam**  
**Collectorates**  
**(Reference: Paragraph 1.4.4.1; Page 19)**

Sl. No.	Name of Road/ LSGI	Amount spent from SDRF (in ₹)	Purpose
<b>Thiruvananthapuram District</b>			
<b>2015-16</b>			
1	Mandakuzhy-Poothathanpara Road, Karakulam Grama Panchayat	399547	Re-tarring and re-metalling of road
2	Mylahchal Vettukonam Pachakkad Kaithakkuzhi Road, Aryencode Grama Panchayat	994194	Re-tarring of 350m and new tarring of remaining stretch of road
3	Pulimamkode-Charumkuzhi Road, Perumkadavila Grama Panchayat	500000	Second level metalling and tarring of road
4	PFI Church - Valiyottukoknam Road, Vilavoorkal Grama Panchayat	299571	Second level metalling and tarring of road
5	Velloor - Kuruvikattukonam Road, Andoorkonam Grama Panchayat	400000	Second level metalling, tarring and protection wall
6	Kalluvettanvila Varuvila Pongalavila Road, Ottoor Grama Panchayat	499063	Concreting of road
7	Mullaramcode - Cheruvallikonam Road, Ottoor Grama Panchayat	500000	10m sidewall and 182m road concreting
8	Puruthivila Nellivila Kuzhivila Road, Thirupuram Grama Panchayat	500000	200m road re-metalling and tarring and protection wall
9	Peroor Poikavila Kizhakkathil road, Nagaroor Grama Panchayat	398590	Renovation and concreting of earthen road
10	Plamthottam CSI Church Road, Thirupuram Grama Panchayat	500000	Elevation, metalling and tarring of earthen road
11	Kalluvarampu Marukil Charavila Road , Vilappil Grama Panchayat	399171	Mud filling and metalling of earthen road
12	Kurakkottukonam - Thanniyam Road, Vilappil Grama Panchayat	399214	Mud filling and metalling of earthen road
13	Kudumbannoor - Ayyappakshetram road , Pallichal Grama Panchayat	500000	Metalling of 200m earthen road and construction of protection wall
14	Puthuveetumele - Kollakkara Road, Vilavoorkal Grama Panchayat	400000	Mud filling and metalling of earthen road
15	Sankaran Nair - PKV line Road, Vilavoorkal Grama Panchayat	497499	Metalling and tarring of earthen road
<b>Total</b>		<b>7186849</b>	
<b>2016-17</b>			
1	Aruviyodu -Thannikuzi Road, Kunnathukal Grama Panchayat	400000	Raising the surface and construction of side protection wall for earthen road
2	Kanjiromvilla Road, Navaikulam Grama Panchayat	487624	Re-tarring of road and re-metalling of a portion of road damaged due to pipeline layout
3	Anapara -Kambipalam Road, Vithura Grama Panchayat	491701	Re-tarring of road
4	Kaniyapuram - Kallinkara Road, Andoorkonam Grama Panchayat	498246	Maintenance of road damaged due to lack of repairs

## Appendix 1.7- Contd.

Sl. No.	Name of Road/ LSGI	Amount spent from SDRF (in ₹)	Purpose
5	Sreebhadra Road, Njandoorkonam Grama Panchayat	400000	Concreting of earthen road
6	Edakkodan - Anganvadi Road, Andoorkonam Grama Panchayat	500000	Second layer metalling/tarring of road
7	Cheruttukonam Road, Nellanad Grama Panchayat	299490	Concreting of road
8	Kundarathala - Devipuram Road , Chellamangalam ward, Thiruvanathapuram Corporation	498434	Raising of road by earth filling and construction of side protection work.
9	Thaippilamoodu - Thampurankavu Road, Karakulam Grama Panchayat	499252	Construction of cement concrete drain, metalling and re-tarring of road
10	Kodithukki - Manjappara Road, Vembayam Grama Panchayat	491651	Metalling and tarring of earthen road
	<b>Total</b>	<b>4566398</b>	
	<b>2017-18</b>		
1	Kunnumala Puravoor - Kakkottumala Road, Kizhuvilam Grama Panchayat	1110918	Construction of protection wall on either side of earthen road
2	Veliyannor - Kurungallor Road, Vellanad Grama Panchayat	599331	Re-tarring of road damaged due to lack of maintenance
3	Netta Elankathuvilakam - Kuzhintharakonam Road, Nedumangad Municipality	498911	Earthen road changed to concrete one
4	Vattavila - Kuzhithakidi road, Vilavoorkal Grama Panchayat	498998	Earthen road changed to concrete one
5	Muttada - Elangamvila Road, Thiruvanathapuram Corporation	399985	Resurfacing of existing road.
6	Murrasukulam - Cheeramcode Road in Kunnathukal Grama Panchayat	499013	Earthen road changed to concrete one
7	Mannakallu - Mannottukonam Road, Kottukal Grama Panchayat	500000	Construction of protection wall on either side of earthen road
8	Vettimonkonam Kalivilakam Shetram Road, Ottoor Grama Panchayat	399954	Tarring of left out portion of road
9	Dr Ambedkar Gramam -Vivekanada Road, Venganoor Grama Panchayat	498731	Repair of damaged road due to cabling work and subsequent rain
10	Ambalathumvila - Chettan Kaavu Road, Chemmaruthy Grama Panchayat	1000000	Earthen road converted to tar road
11	Edaseri - Nalumukku Road, Thiruvananthapuram Corporation	397256	Tarring of road damaged in rain
12	Kadayilmudambu - Puliyarathala Road, Thiruvananthapuram Corporation	499884	Re-surfacing of road
13	Panicke's lane, Thiruvananthapuram Corporation	199936	Concreting of Panicke's lane
14	Kamukinkodu - Pattakudi Road, Athiyannoor Grama Panchayat	199647	Re-tarring of road
15	Perupazhuthoor checkpost - Kulikadavu Road, Neyyattinkara Municipality	293478	Earth filling and metalling of road, Construction of platform near river bank
16	Nellivila -Tinavila Road, Vilappil Grama Panchayat	449999	Construction of retaining wall

**Appendix 1.7- Contd.**

Sl. No.	Name of Road/ LSGI	Amount spent from SDRF (in ₹)	Purpose
17	Kacheeti - Kozhikkod Road, Kunnathukal Grama Panchayat	859382	Construction of drainage and road concreting
18	Kappivila - Nellivila Road, Vilappil Grama Panchayat	349615	Metalling of earthen road
19	Vettupara - Anganwadi Road, Vembayam Grama Panchayat	658438	Protection wall for road
20	Nellivila Road, Balaramapuram Grama Panchayat	298877	Metalling and tarring of road damaged due to pipe laying
21	Attukal - Ottathengu Road, Pullampara Grama Panchayat	454756	Concreting of earthen road
22	Kamukincode - Pottavila Road, Athiyanoor Grama Panchayat	199626	Re-tarring of road
23	Kakkakunnu - Anganwadi Road, Kilimanoor Grama Panchayat	382540	Concreting of Mud road
24	Dr Ambedkar Thumbara Mele Road, Venganoor Grama Panchayat	399282	Concreting of road
25	Vavara Chanikkanada Palottukonam Road, Pothencode Grama Panchayat	499473	Metalling and re-tarring of road
26	Kottakuzhy Mailamoodu Road and small bridge, Poovachal Grama Panchayat	483509	Construction of Bridge and concreting of approach road
	<b>Total</b>	<b>12631539</b>	
	<b>Kollam District</b>		
	<b>2015-16</b>		
1	Thrikkoyikkal Punchurimukku Velamkuzhy Road, Yeroor Grama Panchayat	596478	Concreting of earthen/mud road
2	Elangikkalmukku Manakkattumukku, Thevalakkara Grama Panchayat	398326	Concreting of earthen/mud road
3	Nirappuvila Road, Veliyam Grama Panchayat	399837	Concreting of earthen/mud road
4	Kozhikkodanmukku - Mulavana Junction Road, Pavithreswaram Grama Panchayat	498495	Construction of retaining wall to prevent soil erosion
5	Panachavila Kaithavana Mukku Road, Sasthamcotta Grama Panchayat	496614	Concreting of earthen/mud road
6	Vadakkadathu Mukku Pooyappalil Mukku Road, Thazhava Grama Panchayat	483714	Construction of culvert, footpath concreting
7	Alumukku Varesserymukku Chullurmukku, Clappana Grama Panchayat	499363	Re-tarring of road
8	Murukalayam - Kalayikkasseribhagom Road, Pavithreswaram Grama Panchayat	497969	Concreting of earthen/mud road
9	Kalarimukku - Samskarika Nilayam Road, Pooruvazhy Grama Panchayat	399691	Concreting of earthen/mud road
10	Thavalathilmukku - Ramanchira Road, Kunnathur Grama Panchayat	300000	Concreting of earthen/mud road
	<b>Total</b>	<b>4570487</b>	

## Appendix 1.7- Concl.d.

Sl. No.	Name of Road/ LSGI	Amount spent from SDRF (in ₹)	Purpose
<b>2016-17</b>			
1	Orthodox Pally - Kozhuppalam Road, Ittiva Grama Panchayat	299176	Concreting of earthen/mud road
2	Platharamukku - Puthusserilkkottapally Road, Panmana Grama Panchayat	998962	Re-tarring of road
3	Oolanthadam - Nadappadha Road, Thekkumbagam Grama Panchayat	445799	Construction of culvert, footpath concreting
4	Perumkulam NSS Karayogam - Shivankunnu Bhagom Road, Mylom Grama Panchayat	794235	Concreting of earthen/mud road
5	Edamulakel Panchayath Office Junction-Thunkaravally Ela Road, Edamulakel Grama Panchayat	299901	Concreting of earthen/mud road
6	Moolayil bhagam - Kaliyilazhikam Ela Road, Edamulakel Grama Panchayat	399980	Concreting of earthen/mud road
7	Block In Guruvayoor - Asupathrippady Road, Thalavoor Grama Panchayat	499942	Concreting of earthen/mud road
8	Edathara - Kallana Road, Kadakkal Grama Panchayat	497937	Concreting of earthen/mud road
9	Archal - Randekkaril Road, Yeroor Grama Panchayat	492695	Concreting of earthen/mud road
10	Mangodu Government Hospital Junction - Shereefapady Road, Pathanapuram Grama Panchayat	499914	Concreting of earthen/mud road
<b>Total</b>		<b>5228541</b>	
<b>2017-18</b>			
1	Parambil Mukku Road, Karungappaly Municipality	768423	Concreting of earthen road and construction of drainage
2	Pulari Munappamon Ela Road, Vellyam Grama Panchayat	476841	Concreting of earthen/mud road
3	Koluvila Bhagom Road, Mylom Grama Panchayat	500000	Concreting of earthen/mud road
4	Thekkinkadu - Punnakkode Road, Pooyappally Grama Panchayat	499942	Concreting of earthen/mud road
5	Punnakkode - Thekkevilakshetram Road, Pooyappally Grama Panchayat	500000	Concreting of road
6	Thachakkottu - Poongottu Ela Road, Pooyappally Grama Panchayat	498333	Minor culvert construction and road concreting
7	Mlakkode - Puthenpuravathukkal Road, Pooyappally Grama Panchayat	500000	Concreting of earthen/mud road
8	Vadassery Junction to Kodyil Junction Road, Thevalakkara Grama Panchayat	461487	Construction of retaining wall on left side and tarring of metal road
9	Valavupacha Vellam Venthakadu Road, Chithara Grama Panchayat	400000	Concreting of earthen/mud road
10	Karavaram Plamoodu Poreekkal Road, Elamadu	400000	Concreting of earthen/mud road
<b>Total</b>		<b>5005026</b>	
<b>Grand total for 81 works</b>		<b>39188840</b>	

**Appendix 1.8**  
**Statement showing the pending backlog contribution in respect of AIS**  
**Officers**  
**(Reference: Paragraph 1.7.4.1; Page 29)**

Sl. No.	Name of the officer	Year of allotment	Date of Birth
<b>Civil list of the Indian Police Service Officers (Kerala cadre)</b>			
1.	Shri Anup Kuruvilla John	2004	27-07-1979
2.	Shri Vikramjith Singh	2004	25-02-1976
3.	Shri P.Prakash	2004	01-06-1980
4.	Shri K.Sethu Raman	2004	09-07-1973
5.	Shri Neeraj Kumar Gupta	2005	05-06-1981
6.	Shri Debesh Kumar Behera	2007	04-07-1977
7.	Shri Jayanath J	2007	25-05-1975
8.	Shri Rahul R.Nair	2008	26-01-1983
9.	Shri Putta Vimaladitya	2008	17-03-1981
10.	Shri Karthick K	2011	04-12-1986
11.	Shri Hari Sankar	2011	28-04-1984
12.	Shri Sivavikram G.	2012	02-04-1985
13.	Shri Jaidev G.	2013	18-12-1988
14.	Shri Merin Joseph	2013	20-04-1990
15.	Shri Karuppasamy.R	2013	18-02-1985
<b>Civil list of the Indian Administrative Service Officers (Kerala cadre)</b>			
16.	Shri Pranabjyoti Nath	2005	15-07-1975
17.	Shri Ajitkumar	2006	11-11-1977
18.	Shri Mir Mohammed Ali	2011	19-02-1987
19.	Shri Jeevan Babu.K.	2011	14-01-1981
20.	Shri Amit Meena	2011	22-02-1985
21.	Ms. Navjot Khosa	2012	13-06-1983
22.	Shri Nooh.P.B	2012	29-05-1979
23.	Shri Seeram Sambasiva Rao	2012	12-10-1985
24.	Shri Suhas.S	2012	09-03-1988
25.	Ms. Adeela Abdulla	2012	04-11-1985
26.	Shri Gopalakrishnan.K	2013	22-06-1980
27.	Ms. Haritha V.Kumar	2013	21-11-1985
28.	Shri Jafar Malik	2013	10-02-1989
29.	Ms. Joshi Mrunmai Shashank	2013	10-06-1990
30.	Shri Narasimhugari. T.L.Reddy	2013	01-07-1989
31.	Shri Sriram.V	2013	28-11-1986
<b>Civil list of the Indian Forest Service Officers (Kerala cadre)</b>			
32.	Dr. Krishna Deo Prasad Sahu	2005	10-01-1973
33.	Shri K.Vijayanathan	2006	11-05-1979
34.	Ms. C.Meenakshi	2009	25-11-1978
35.	Shri Samuel Vanlalngheta Pachuau	2013	16-04-1987
36.	Shri Warkad Yogesh Nilkanth	2013	01-05-1984

**Appendix 1.9**  
**Statement showing the delay in transfer of funds to NSDL**  
**(Reference: Paragraph 1.7.4.3; Page 29)**

Name of the AIS Officer S/Sri	Name of Treasury	G.O issued for realisation of backlog contribution	Amount of back log contribution remitted and period of remittance	Date of transfer to NSDL	Delay in transfer of funds (in months)
A. Akbar IPS	Sub Treasury, Vellayambalam	G.O (Rt) No. 2250/2017/Fin dated 20.3.17	₹3,06,604 (Contribution from 11/2011 to 8/2015)	5.12.2017	27
M.G Rajamanickam IAS	District Treasury, Thiruvananthapuram	G.O (Rt) No.1768/2017/Fin dated 4.3.17	₹2,04,311 (contribution from 3/2012 to 8/2014)	21.2.2018	41

**Appendix 2.1**  
**Details showing savings in Grants/Appropriations during the year**  
**(Reference: Paragraph 2.2: Page 62)**

(₹ in crore)

Sl. No.	Number and Name of Grant	Total Grant/Appropriation	Expenditure	Savings
<b>Revenue – Voted</b>				
1.	II Heads of States, Ministers and Headquarters Staff	724.67	521.26	203.41
2.	III Administration of Justice	723.98	677.32	46.66
3.	IV Elections	80.05	71.73	8.32
4.	V Goods and Services Tax, Agricultural Income Tax and Sales Tax	360.47	341.20	19.27
5.	VI Land Revenue	686.93	644.91	42.02
6.	VII Stamps and Registration	220.53	207.99	12.54
7.	VIII Excise	309.04	279.18	29.86
8.	IX Taxes on Vehicles	149.77	134.79	14.98
9.	X Treasury and Accounts	287.73	286.24	1.49
10.	XI District Administration and Miscellaneous	724.25	683.65	40.60
11.	XII Police	3866.47	3588.27	278.20
12.	XIII Jails	150.86	138.34	12.52
13.	XIV Stationery and Printing and other Administrative Services	532.61	484.02	48.59
14.	XVII Education, Sports, Art and Culture	20024.91	18826.58	1198.33
15.	XVIII Medical and Public Health	6190.70	5909.65	281.05
16.	XX Water Supply and Sanitation	1009.68	697.62	312.06
17.	XXI Housing	97.81	83.89	13.92
18.	XXII Urban Development	1665.32	550.86	1114.46
19.	XXIII Information and Publicity	96.96	87.25	9.71
20.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	1248.71	1074.55	174.16
21.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	3286.55	2885.73	400.82
22.	XXVI Relief on Account of Natural Calamities	624.59	573.74	50.85
23.	XXVII Co-operation	472.32	326.61	145.71
24.	XXVIII Miscellaneous Economic Services	277.36	230.48	46.88
25.	XXIX Agriculture	3646.46	2883.24	763.22
26.	XXX Food	1803.64	1464.67	338.97
27.	XXXI Animal Husbandry	693.51	641.84	51.67
28.	XXXII Dairy	204.70	195.91	8.79
29.	XXXIII Fisheries	379.03	337.60	41.43
30.	XXXIV Forest	639.69	542.22	97.47

## Appendix 2.1 – Contd.

(₹ in crore)

Sl. No.	Number and Name of Grant	Total Grant/ Appropriation	Expenditure	Savings
31.	XXXV Panchayat	657.18	536.09	121.09
32.	XXXVI Rural Development	4047.10	1013.77	3033.33
33.	XXXVII Industries	705.66	648.92	56.74
34.	XXXVIII Irrigation	446.78	401.21	45.57
35.	XXXIX Power	145.19	119.76	25.43
36.	XL Ports	63.18	51.23	11.95
37.	XLI Transport	73.26	60.58	12.68
38.	XLII Tourism	231.71	205.09	26.62
39.	XLIII Compensation and Assignments	8247.19	7210.79	1036.40
40.	XLVI Social Security and Welfare	6981.14	6406.26	574.88
	<b>Total</b>	<b>72777.69</b>	<b>62025.04</b>	<b>10752.65</b>
	<b>Capital-Voted</b>			
1.	XII Police	97.71	48.05	49.66
2.	XV Public Works	2727.17	2671.57	55.60
3.	XVIII Medical and Public Health	439.95	423.44	16.51
4.	XX Water Supply and Sanitation	506.00	319.90	186.10
5.	XXI Housing	76.51	30.59	45.92
6.	XXII Urban Development	149.85	130.27	19.58
7.	XXIII Information and Publicity	8.90	2.43	6.47
8.	XXIV Labour, Labour Welfare and Welfare of Non-Residents	318.65	155.15	163.50
9.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	172.33	121.48	50.85
10.	XXVII Co-operation	200.71	177.46	23.25
11.	XXVIII Miscellaneous Economic Services	2766.04	1174.82	1591.22
12.	XXIX Agriculture	429.69	318.34	111.35
13.	XXX Food	115.41	92.56	22.85
14.	XXXI Animal Husbandry	48.96	20.42	28.54
15.	XXXIII Fisheries	491.22	369.75	121.47
16.	XXXIV Forest	116.30	71.76	44.54
17.	XXXV Panchayat	560.00	515.39	44.61
18.	XXXVII Industries	1161.33	894.05	267.28
19.	XXXVIII Irrigation	495.19	348.93	146.26
20.	XXXIX Power	62.51	58.75	3.76
21.	XL Ports	357.01	212.75	144.26
22.	XLI Transport	2075.14	1841.45	233.69
23.	XLII Tourism	229.38	183.11	46.27
24.	XLV Miscellaneous Loans and Advances	243.56	64.70	178.86

**Appendix 2.1 – Concl.****(₹ in crore)**

Sl. No.	Number and Name of Grant	Total Grant/ Appropriation	Expen- diture	Savings
25	XLVI Social Security and Welfare	79.20	40.42	38.78
	<b>Total</b>	<b>13928.72</b>	<b>10287.54</b>	<b>3641.18</b>
	<b>Revenue-Charged</b>			
1.	I State Legislature	0.79	0.57	0.22
2.	II Heads of States, Ministers and Head Quarters Staff	229.13	194.89	34.24
3.	III Administration of Justice	127.03	124.95	2.08
4.	V Goods and Services Tax, Agricultural Income Tax and Sales Tax	0.36	0.00	0.36
5.	VI Land Revenue	0.02	0.01	0.01
6.	VII Stamps and Registration	0	0	0
7.	VIII Excise	0.15	0.04	0.11
8.	IX Taxes on Vehicles	0	0	0
9.	XI District Administration and Miscellaneous	51.65	51.53	0.12
10	XII Police	5.20	5.00	0.20
11	XIV Stationery and Printing and other Administrative Services	0.05	0	0.05
12	XV Public Works	2.82	2.69	0.13
13	XVI Pensions and Miscellaneous	177.50	176.18	1.32
14	XVII Education, Sports, Art and Culture	0.21	0.04	0.17
15	XVIII Medical and Public Health	0.16	0	0.16
16	XXI Housing	0.03	0.03	0
17	XXIX Agriculture	0.10	0.02	0.08
18	XXX Food	0.01	0.01	0
19	XXXIII Fisheries	0.11	0.11	0.00
20	XXXVI Rural Development	0	0	0
21	XXXVIII Irrigation	0.18	0.16	0.02
22	XLI Transport	50.03	0.03	50.00
23	XLVI Social Security and Welfare	0	0	0
	<b>Total</b>	<b>645.53</b>	<b>556.26</b>	<b>89.27</b>
	<b>Capital-Charged</b>			
1.	XV Public Works	75.00	61.79	13.21
2.	XVIII Medical and Public Health	0.13	0.12	0.01
3.	XXV Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	0	0	0
4.	XXXII Dairy	0	0	0
5.	XXXVIII Irrigation	3.50	3.33	0.17
6.	XLI Transport	2.16	2.16	0
7.	Public Debt Repayment	13606.02	13132.10	473.92
	<b>Total</b>	<b>13686.81</b>	<b>13199.5</b>	<b>487.31</b>
	<b>Grand Total</b>	<b>101038.75</b>	<b>86068.34</b>	<b>14970.41</b>

**Appendix 2.2**  
**Details of Grant-wise Plan/Non-plan savings (exceeding ₹100 crore)**  
**during the year**  
**(Reference: Paragraph 2.2: Page 63)**

(₹ in crore)

Sl. No.	Grant Number	Original Budget	Supple-mentary	Total Budget	Final Expenditure	Savings	Percentage of saving
<b>Revenue Voted (Plan)</b>							
1.	II	276.47	10.00	286.47	115.22	171.25	60
2.	XVII	3374.15	117.00	3491.15	1602.24	1888.91	54
3.	XVIII	1339.31	56.10	1395.41	1169.14	226.27	16
4.	XX	677.24	0	677.24	363.58	313.66	46
5.	XXII	1507.90	62.00	1569.90	406.65	1163.25	74
6.	XXIV	715.23	4.62	719.85	556.91	162.94	23
7.	XXV	2709.15	100.00	2809.15	2384.58	424.57	15
8.	XXIX	1255.28	0.00	1255.28	896.41	358.87	29
9.	XXXVI	3628.92	168.00	3796.92	773.99	3022.93	80
<b>Total</b>		<b>15483.65</b>	<b>517.72</b>	<b>16001.37</b>	<b>8268.72</b>	<b>7732.65</b>	<b>48</b>
<b>Revenue Voted (Non-Plan)</b>							
1.	XII	3777.15	31.93	3809.08	3542.50	266.58	7
2.	XXVII	306.53	90.00	396.53	285.79	110.74	28
3.	XXIX	1951.25	439.93	2391.18	1986.83	404.35	17
4.	XXX	1348.90	345.00	1693.90	1372.15	321.75	19
5.	XLIII	8247.18	0	8247.18	7210.79	1036.39	13
6.	XLVI	3190.47	69.72	3260.19	713.54	2546.65	78
<b>Total</b>		<b>18821.48</b>	<b>976.58</b>	<b>19798.06</b>	<b>15111.6</b>	<b>4686.46</b>	<b>24</b>
<b>Capital-Plan (Voted)</b>							
1.	XX	481.00	0.00	481.00	305.14	175.86	37
2.	XXIV	142.75	175.89	318.64	155.15	163.49	51
3.	XXVIII	1558.40	1142.64	2701.04	1153.98	1547.06	57
4.	XXIX	338.44	65.53	403.97	300.09	103.88	26
5.	XXXVII	899.33	252.00	1151.33	884.24	267.09	23
6.	XXXVIII	481.09	0.00	481.09	328.22	152.87	32
7.	XL	128.01	228.00	356.01	212.75	143.26	40
<b>Total</b>		<b>4029.02</b>	<b>1864.06</b>	<b>5893.08</b>	<b>3339.57</b>	<b>2553.51</b>	<b>43</b>
<b>Capital-Non-Plan (Voted)</b>							
1.	XV	859.10	0	859.10	249.52	609.58	71
2.	XLI	210.20	430.00	640.20	9.27	630.93	99
3.	XLV	243.55	0	243.55	64.70	178.85	73
<b>Total</b>		<b>1312.85</b>	<b>430</b>	<b>1742.85</b>	<b>323.49</b>	<b>1419.36</b>	<b>81</b>
<b>Grand Total</b>		<b>39647.00</b>	<b>3788.36</b>	<b>43435.36</b>	<b>27043.38</b>	<b>16391.98</b>	<b>38</b>

**Appendix 2.3**  
**Schemes with more than ₹10 crore savings in Grants/Appropriations having**  
**substantial savings**  
**(Reference: Paragraph 2.3.1: Page 65)**

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme	Budget allocation	Expenditure	Savings
<b>Revenue Voted</b>					
1.	II	2052-00-090-97 Personal Staff of Other Ministers (NP)	40.94	28.99	11.95
2.		3451-00-101-62 National-E-Governance Action Plan (NEGAP) (P)	42.69	0.00	42.69
3.		3451-00-101-39 Youth Entrepreneurship (P)	69.99	25.00	44.99
4.		3451-00-101-87 Kerala State Information Technology Mission (P)	99.43	37.96	61.47
5.	XX	2215-01-800-64 Scaling up of rain water harvesting and GWR Programme through KRWSA (P)	18.20	5.00	13.20
6.		2215-01-101-97 Implementation of priority schemes under the Kerala Perspective Plan 2030 (P)	30.00	2.43	27.57
7.		2215-01-800-67 Add-on project of 'Jalanidhi' (P)	361.49	100.00	261.49
8.	XXII	2217-80-800-71 Solid Waste Management Scheme for Urban Areas (P)	19.09	7.92	11.17
9.		2217-05-191-77 National Urban Livelihood Mission (NULM) (60% CSS) (P)	16.50	2.88	13.62
10.		2217-05-191-36 Trivandrum Development Authority (P)	25.00	10.00	15.00
11.		2217-05-191-71 Swachh Bharat Mission (Urban) (60% CSS) (P)	41.25	0.00	41.25
12.		2217-05-051-99 Life - Parpida Mission (P)	62.00	18.97	43.03
13.		2217-05-800-89 Jawahar Lal Nehru National Urban Renewal Mission (Central Assistance) (P)	63.00	19.64	43.36
14.		2217-05-192-71 Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (60% CSS) (P)	125.00	50.56	74.44
15.		2217-80-800-91 Kerala Sustainable Urban Development Project (P)	87.00	0.00	87.00
16.		2217-05-192-70 Swachh Bharat Mission (URBAN) (60% CSS) (P)	96.25	0.00	96.25
17.		2217-05-192-72 Pradhan Mantri Awas Yojana (PMAY) (60% CSS) (P)	244.00	111.37	132.63
18.	2217-05-191-74 Pradhan Mantri Awas Yojana (60% CSS) (P)	216.00	36.57	179.43	
19.	2217-05-191-73 Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (60% CSS) (P)	250.00	63.32	186.68	
20.	2217-05-191-72 Smart City Mission (60% CSS) (P)	250.00	13.20	236.80	
21.	XXVII	2425-00-107-66 Modernization of Credit Co-operatives – introduction of new technology in Co-operative sector (P)	25.00	00.00	25.00
22.		2425-00-108-80 Subsidy to Co-operatives for conducting Festival Markets (NP)	150	52.00	98.00
23.	XXXVI	2501-06-197-48 Block Grants for CSS (P)	375.00	115.73	259.27
24.		2505-02-101-99 Mahatma Gandhi National Rural Employment Guarantee Programme (P)	2994.00	264.47	2729.53
25.		2515-00-800-48 Kudumbasree (P)	186.00	166.00	20.00
26.		2515-00-102-34 Life - Parpida Mission (P)	143.00	103.00	40.00

## Appendix 2.3 – Concl.d.

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme	Budget allocation	Expenditure	Savings
27.		2515-00-102-37 Pradhan Mantri Krishi Sinchai Yojana (PMKSY) – Watershed Component (P)	66.75	17.10	49.65
<b>Capital Voted</b>					
28.		4215-01-800-93 Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS) (NP)	25.00	14.76	10.24
29.		4215-02-190-99 Sewerage schemes of Kerala Water Authority (P)	20.00	7.05	12.95
30.	XX	4215-01-102-98 NABARD- Assisted rural Water Supply Schemes (RIDF) (P)	100.00	84.63	15.37
31.		4215-01-102-97 – Rural Water Supply Schemes (P)	90.00	67.57	22.43
32.		4215-01-101-97 Rehabilitation/Improvement works of Urban Water Supply scheme (P)	50.00	22.29	27.71
33.		4215-01-190-97 Optimization of production and transmission (P)	140.00	100.79	39.21
34.		4215-01-190-96 Kerala Water Supply Project, JICA (one time sustenance support under the State Plan) (P)	70.00	20.56	49.44
35.	XXIV	4250-00-800-99 Special Development Fund for MLAs (P)	289.96	127.04	162.92
36.	XXVIII	5475-00-800-91 Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS) (NP)	65.00	20.84	44.16
37.		5475-00-800-92 Major Infrastructural Development Projects (P)	1552.00	0.00	1552.00
38.		4702-00-101-99 Minor Irrigation Works (P)	19.00	7.36	11.64
39.		4702-00-101-77 Minor Irrigation Projects in Cauvery Basin (P)	22.00	2.87	19.13
40.	XXIX	4702-00-101-93 Minor Irrigation Class I Works – NABARD Assisted Scheme (P)	100.00	78.00	22.00
41.		4702-00-101-68 Pradhan Manthri Krishi Sinchayee Yojana (60% CSS) (P)	60.00	0.00	60.00
42.		4701-25-800-97 Dam and Appurtenant Works (P)	13.00	0.13	12.87
43.		4701-80-800-72 Modernisation of field channels and drains of CADA canals of major projects (P)	20.00	0.00	20.00
44.		4701-25-800-87 Pambar Basin Projects – RIDF (P)	40.00	0.00	40.00
45.	XXXVIII	4701-80-800-77 Dam Rehabilitation and Improvement Project (DRIP) (P)	250.00	94.57	155.43
46.		4711-01-103-86 Pradhan Mantri Krishi Sinchai Yojana-Kuttanadu Flood Management Component (50% CSS) (P)	100.00	0.00	100.00
47.		5051-02-200-72 Development of Kodungallur (Munambam) Port (P)	10.55	0.00	10.55
48.	XL	5051-02-200-67 Capital Dredging of port channels and basins (P)	13.40	0.24	13.16
49.		5051-02-200-82 Vizhinjam Cargo Harbour (Port) (P)	22.58	0.29	22.29
50.		5051-01-001-97 Land Acquisition charges for Vizhinjam International Deep Water Multipurpose Sea Port Project (P)	50.00	0.00	50.00
51.	XLV	7610-00-201-98 State Service Officers (NP)	231.00	47.97	183.03

**Appendix 2.4**  
**Statement of persistent savings for the last three years**  
**(Reference: Paragraph 2.3.2, Page 66)**

(₹ in crore)

Sl. No.	Scheme/Activity	Year	Budget allocation	Expenditure	Savings
<b>Revenue-Voted</b>					
<b>Grant No. XII</b>					
1.	2055-00-104-99 – Armed Police (NP)	2015-16	347.29	280.74	66.55
		2016-17	401.72	361.25	40.47
		2017-18	456.85	435.81	21.04
<b>Grant No. XVII</b>					
2.	2202-03-105-97- Additional Skill Acquisition Programme (ASAP) (P)	2015-16	234.68	101.00	133.68
		2016-17	234.68	117.20	117.48
		2017-18	429.63	100.00	329.63
3.	2202-03-103-99 – Arts and Science Colleges (NP)	2015-16	331.81	262.61	69.20
		2016-17	362.17	266.93	95.24
		2017-18	346.09	322.93	23.16
4.	3425-60-200-71- Kerala State Council for Science, Technology and Environment (P)	2015-16	86.28	57.52	28.76
		2016-17	86.14	71.81	14.33
		2017-18	99.07	84.01	15.06
5.	2203-00-107-92 – Merit-cum Means scholarship for Minorities for Professional and Technical Courses (100% CSS) (P)	2015-16	35.00	0.26	34.74
		2016-17	35.00	0	35.00
		2017-18	35.01	0	35.01
6.	2203-00-104-99-Private Engineering Colleges (NP)	2015-16	87.87	67.96	19.91
		2016-17	86.26	72.53	13.73
		2017-18	99.20	88.23	10.97
<b>Grant No. XXII</b>					
7.	2217-05-800-89 – Jawaharlal Nehru National Urban Renewal Mission (Central Assistance) (P)	2015-16	474.67	114.53	360.14
		2016-17	200.00	54.63	145.37
		2017-18	63.00	19.64	43.36
8.	2217-80-800-71 – Solid Waste Management Scheme for Urban Areas (P)	2015-16	24.98	5.44	19.54
		2016-17	28.09	5.80	22.29
		2017-18	19.09	7.92	11.17
<b>Grant No. XXV</b>					
9.	2225-01-277-57-Assistance for education for SC students (P)	2016-17	380.00	52.90	327.10
		2017-18	404.10	236.76	167.34
		2015-16	150.00	55.11	94.89
10.	2225-01-197-48-Block Grant for Centrally Sponsored Schemes (P)	2015-16	203.24	121.82	81.42
		2016-17	145.50	76.94	68.56
		2017-18	166.28	71.35	94.93
11.	2225-03-277-96- Post-Matric scholarship to students belonging to OBC's (100% CSS) (P)	2015-16	50.00	21.23	28.77
		2016-17	50.00	25.22	24.78
		2017-18	50.00	31.06	18.94
12.	2225-03-277-92- Pre-Matric scholarship for OBC's (50% CSS) (P)	2015-16	64.00	25.23	38.77
		2016-17	64.00	32.00	32.00
		2017-18	50.00	28.65	21.35
<b>Grant No. XXIX</b>					
13.	2415-03-277-98 – Infrastructure Development of Kerala Veterinary & Animal Sciences University (P)	2015-16	20.00	8.80	11.20
		2016-17	15.00	0	15.00
		2017-18	15.00	0	15.00

## Appendix 2.4 – Concl.d.

(₹ in crore)

Sl. No.	Scheme/Activity	Year	Budget allocation	Expenditure	Savings
14.	2415-01-277-99 – Kerala Agricultural University – Grant-in-aid (P)	2015-16	63.00	27.36	36.64
		2016-17	65.50	42.24	23.26
		2017-18	75.00	38.90	36.10
15.	2401-00-001-96 – Strengthening of Agricultural Administration and introduction of Training and visiting system of extension (NP)	2015-16	276.11	250.23	25.88
		2016-17	305.98	291.22	14.76
		2017-18	337.36	327.21	10.15
<b>Grant No. XXXVI</b>					
16.	2505-02-101-99 – Mahatma Gandhi National Rural Employment Guarantee Programme (P) (90% CSS)	2015-16	1640.00	1186.37	453.63
		2016-17	2247.70	227.77	2019.93
		2017-18	2994.00	264.47	2729.53
<b>Capital - Voted</b>					
<b>Grant No. XX</b>					
17.	4215-01-102-98-NABARD – Assisted Rural Water Supply Schemes- (RIDF) (P)	2015-16	89.18	73.59	15.59
		2016-17	110.00	102.91	7.09
		2017-18	100.00	84.63	15.37
18.	4215-01-800-93-Projects Under Legislative Assembly Constituency Asset Development Scheme (LAC ADS) (NP)	2015-16	40.00	6.00	34.00
		2016-17	20.00	9.00	11.00
		2017-18	25.00	14.76	10.24
<b>Grant No. XXVIII</b>					
19.	5475-00-800-92 – Major Infrastructural Development Projects (P)	2015-16	2000	873.86	1126.14
		2016-17	2536.07	1624.57	911.50
		2017-18	1552.00	0	1552.00
20.	5475-00-800-91 – Projects under Legislative Assembly Constituency Asset Development Scheme (LAC ADS) (NP)	2015-16	83.88	1.20	82.68
		2016-17	66.72	19.22	47.50
		2017-18	65.00	20.84	44.16
<b>Grant No. XXIX</b>					
21.	4702-00-101-77 – Minor Irrigation Projects in Cauvery Basin (P)	2015-16	21.00	0	21.00
		2016-17	22.00	0.28	21.72
		2017-18	22.00	2.87	19.13
<b>Grant No. XXXVII</b>					
22.	4859-02-004-99 Technology Innovation Zone (P)	2015-16	50.00	40.00	10.00
		2016-17	60.00	4.00	56.00
		2017-18	10.00	6.00	4.00
<b>Grant No. XLI</b>					
23.	5075-60-800-86-Development of feeder canals connecting the National Water Way III (RIDF scheme) (P)	2015-16	44.00	13.31	30.69
		2016-17	50.00	6.56	43.44
		2017-18	50.00	1.16	48.84
24.	5075-60-800-94-Inland Navigation (State Sector) Direction and Administration (P)	2015-16	41.82	5.78	36.04
		2016-17	70.32	14.80	55.52
		2017-18	70.00	11.97	58.03
<b>Capital Charged</b>					
<b>Public Debt Repayment</b>					
25.	6003-00-110-96 – Overdrafts (NP)	2015-16	1500.00	0	1500.00
		2016-17	2000.00	0	2000.00
		2017-18	2000.00	0	2000.00
26.	6003-00-110-97 – Shortfall in Cash Balances (NP)	2015-16	25.00	0	25.00
		2016-17	25.00	0	25.00
		2017-18	25.00	0	25.00
27.	6003-00-110-98 – Special Ways and Means advances (NP)	2017-18	1500.00	1476.50	23.50
		2015-16	4000.00	705.44	3294.56
		2016-17	2000.00	320.64	1679.36

**Appendix 2.5**  
**Schemes showed excess expenditure under Grants which exceeded budget allocation**

(Reference: Paragraph 2.3.3, Page 66)

(₹ in crore)

Sl. No.	Grant number and scheme		Net Budget	Expenditure	Excess
<b>Revenue Voted</b>					
1.	XV	2059-80-001-97-Execution (NP) (V)	124.40	148.28	23.88
2.		3054-03-337-99- Ordinary Repairs (NP) (V)	345.76	372.21	26.45
3.		3054-80-001-97-Execution (NP) (V)	162.87	168.64	5.77
4.		3054-80-191-38-Maintenance of Road Assets as per fifth SFC Recommendation (NP) (V)	71.47	77.70	6.23
5.		3054-80-198-38-Maintenance of Road Assets as per fifth SFC Recommendation (NP) (V)	768.04	790.21	22.17
6.	XVI	2071-01-101-99-Pension to Kerala Government Pensioners (NP) (V)	8424.07	8570.65	146.58
7.		2071-01-102-99- Payments in India (NP) (V)	2211.90	3140.51	928.61
8.		2071-01-104-99-Gratuities (NP)(V)	1565.29	1906.05	340.76
9.		2071-01-105-99-Family Pension (NP) (V)	1886.14	2220.57	334.43
10.		2071-01-109-99-Pensionary benefits to employees of State Aided Educational Institutions (NP) (V)	2923.52	2932.76	9.24
11.		2075-00-103-97-Distribution of prizes (NP) (V)	3766.77	4303.37	536.60
12.	XIX	2211-00-101-95-Sub Centres – (CSS-60:40)(P)(V)	334.36	377.99	43.63
13.		2211-00-101-96-Rural Family Welfare Centres and Post Partum Centres (Block PHCs) (NP) (V)	88.84	98.24	9.40
<b>Revenue Charged</b>					
14.	Debt Charges	2049-01-123-00-Interest on Special Securities issued to National Small savings Fund of the Central Government by State Government (NP) (C )	1294.73	1397.07	102.34
15.		2049-03-108-94- Miscellaneous Insurance Fund (NP) (C )	3.80	115.50	111.70
16.		2049-03-108-95-Kerala State Government Employees Group Insurance Scheme (NP) (C )	121.00	148.29	27.29
17.		2049-03-108-99-State Life Insurance Official Branch-(NP) (C)	210.00	252.85	42.85
18.		2049-03-115-98-Fixed Time Deposits (NP) (C)	700.00	1513.88	813.88
19.		2049-03-115-99- State Savings Bank Deposits (NP) (C )	142.47	178.50	36.03
<b>Capital Voted</b>					
20.	XVII	4202-01-202-91-Infrastructure Development of Government Higher Secondary Schools (P) (V)	58.48	64.57	6.09
21.		4202-02-800-95-ITI Buildings Works (P) (V)	7.19	29.46	22.27

**Appendix 2.6**  
**Schemes in which expenditure was incurred after budget was re-**  
**appropriated/surrendered**  
**(Reference: Paragraph 2.3.3, Page 67)**

(₹ in crore)

Sl. No.	Grant number and scheme name		Budget allocation	Reappropriation	Surrender	Expenditure	
1.	XXII	2217-05-191-36 Trivandrum Development Authority (P)	25	0.00	25	10	
2.	XXVI	2245-80-102-96 State Disaster Mitigation Fund (NP)	6.25	-6.25	0.00	6.25	
3.	XXXIV	2406-02-110-48 Zoological Park, Wildlife Protection and Research Centre, Puthur (P)	5.00	0.00	5.00	5.00	
4.	XXXVIII	2700-01-800-99 Interest and Pension on Capital Expenditure (NP)	10.10	0.00	10.10	9.57	
5.		2700-02-800-99 Interest and Pension on Capital Expenditure (NP)	2.30	0.00	2.30	1.99	
6.		2700-03-800-99 Interest and Pension on Capital Expenditure (NP)	0.16	0.00	0.16	0.14	
7.		2700-04-800-99 Interest and Pension on Capital Expenditure (NP)	0.11	0.00	0.11	0.09	
8.		2700-05-800-99 Interest and Pension on Capital Expenditure (NP)	0.51	0.00	0.51	0.42	
9.		2700-13-101-99-Work Charged Establishment (NP)	0.40	-0.17	0.23	0.23	
10.		2701-01-800-99 Interest and Pension on Capital Expenditure (NP)	0.30	0	0.30	0.27	
11.		2701-02-800-99 Interest and Pension on Capital Expenditure (NP)	0.27	0.00	0.27	0.23	
12.		2701-03-800-99 Interest and Pension on Capital Expenditure (NP)	0.15	0.00	0.15	0.12	
13.		4701-13-800-92 - Canals (P)	1.00	0.00	1.00	0.97	
14.		XXXIX	2801-80-101-91 Innovation Fund and escort (Energy Saving and Co-ordination Team) (P)	25.14	-24.27	0.87	3.17
15.		XLVI	2235-02-103-99 Social Welfare Board - Contribution (NP)	0.83	0.00	0.83	0.73
16.			2235-02-190-97 Assistance to Kerala State Welfare Corporation for Forward Communities (NP)	0.86	0.00	0.86	0.86
17.	2235-02-190-98 Assistance to Kerala State Handicapped Persons' Welfare Corporation Limited (P)		7.00	0.00	7.00	4.40	
18.	2235-02-800-81-Kerala State Commission for economically backward classes among forward communities (NP)		0.80	0.00	0.80	0.80	
19.	Public Debt Repayment		6003-00-101-98 Market Loans not Bearing Interest	0.05	0.00	0.05	0.01

**Appendix 2.7**  
**Excess over provision of previous years requiring regularisation**  
**(Reference: Paragraph 2.3.5; Page 68)**

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (in ₹)	Stage of consideration by Public Accounts Committee (PAC)
2011-12	2 Grants	Revenue-XLI	14,90,73,882	Notes discussed by PAC. Appropriation Act not yet passed.
		Capital-XLII	9,58,81,595	Notes discussed by PAC. Appropriation Act not yet passed.
2012-13	5 Grants	Revenue-IX	80,65,569	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XVII	29,71,81,076	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XXXI	4,79,92,489	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue- XLII	3,92,53,979	Notes discussed by PAC. Appropriation Act not yet passed.
		Capital- XVII	1,18,49,442	Notes discussed by PAC. Appropriation Act not yet passed.
2013-14	6 Grants	Revenue-I	32,74,452	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-IV	2,10,27,603	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XIII	3,74,75,050	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XVI	3,71,23,54,719	Notes discussed by PAC. Appropriation Act not yet passed.
		Capital-XV	72,52,76,458	Notes discussed by PAC. Appropriation Act not yet passed.
		Capital-XXXII	19,774	Notes discussed by PAC. Appropriation Act not yet passed.
	4 Appropriations	Revenue-I	7,79,857	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-Debt Charges	1,09,10,96,321	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XV	27,21,676	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue-XVI	1,27,63,774	Notes discussed by PAC. Appropriation Act not yet passed.
2014-15	1 Appropriation	Revenue-Debt Charges	1,92,00,43,541	Notes discussed by PAC. Appropriation Act not yet passed.
2015-16	1 Grant	Capital XV	69,23,18,442	Notes discussed by PAC. Appropriation Act not yet passed.
	3 Appropriations	Revenue - Debt Charges	154,71,31,239	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue XV	9,39,925	Notes discussed by PAC. Appropriation Act not yet passed.
		Revenue XVI	6,73,41,582	Notes discussed by PAC. Appropriation Act not yet passed.

**Appendix 2.7 – Concl.**

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (in ₹)	Stage of consideration by Public Accounts Committee (PAC)
2016-17	8 Grants	Revenue-III	67,20,391	Initial notes not received. Not discussed by PAC.
		Revenue-VII	2,82,62,799	Initial notes not received. Not discussed by PAC.
		Revenue-X	10,80,38,497	Final copies of notes received. Not discussed by PAC.
		Revenue-XI	1,80,62,932	Initial notes not received. Not discussed by PAC.
		Revenue-XIX	13,93,07,240	Initial notes received. Not discussed by PAC.
		Revenue-XX	42,04,35,584	Initial notes not received. Not discussed by PAC.
		Capital-XV	67,46,17,972	Initial notes not received. Not discussed by PAC.
		Capital-XXX	1,63,02,089	Initial notes not received. Not discussed by PAC.
<b>Total</b>			<b>11,89,56,09,949</b>	

**Appendix 2.8**  
**Grants/Appropriations where supplementary provision (₹ one crore or more in each case) proved unnecessary**  
**(Reference: Paragraph 2.3.6, Page 68)**

(₹ in crore)

Sl. No.	Grant Number and name	Budget allocation	Final Expenditure	Total SDG	SDG in February 2018
<b>Revenue - voted</b>					
1	VI Land Revenue	661.53	644.91	25.40	25.40
2	XIV Stationery and Printing and Other Administrative Services	495.70	484.02	36.91	34.52
3	XVIII Medical and Public Health	5992.14	5909.65	198.56	141.45
4	XXVII Co-operation	380.32	326.61	92.00	0
5	XXIX Agriculture	3206.53	2883.23	439.93	439.93
6	XXXV Panchayat	585.91	536.09	71.27	60.87
<b>Total</b>		<b>11322.13</b>	<b>10784.51</b>	<b>864.07</b>	<b>702.17</b>
<b>Revenue – charged</b>					
7	Heads of States, II Ministers and Headquarters Staff	203.14	194.89	26.00	26.00
<b>Total</b>		<b>203.14</b>	<b>194.89</b>	<b>26.00</b>	<b>26.00</b>
<b>Capital – voted</b>					
8	XII Police	61.38	48.04	36.33	0
9	XXVIII Miscellaneous Economic Service	1623.40	1174.82	1142.64	1142.64
10	XXIX Agriculture	351.02	318.33	78.68	78.68
11	XXX Food	97.83	92.56	17.58	7.58
12	XXXVII Industries	909.34	894.05	252.00	135
<b>Total</b>		<b>3042.97</b>	<b>2527.8</b>	<b>1527.23</b>	<b>1363.9</b>
<b>Grand Total</b>		<b>14568.24</b>	<b>13507.20</b>	<b>2417.30</b>	<b>2092.07</b>

**SDG: Supplementary Demands for Grants**

**Appendix 2.9**  
**Cases of excessive supplementary Grants/Appropriations**  
**(Savings of ₹one crore and above)**  
**(Reference: Paragraph 2.3.6, Page 70)**

(₹in crore)

Sl. No.	Grant number	Original Budget allocation	Final Expenditure	Funds required as SDG	SDG obtained	Excess SDG
<b>Revenue-Voted</b>						
1.	IV	43.24	71.73	28.49	36.81	8.32
2.	XI	658.00	683.65	25.65	66.25	40.60
3.	XIII	137.38	138.34	0.96	13.48	12.52
4.	XXIII	86.96	87.24	0.28	10.00	9.72
5.	XXIV	1073.76	1074.54	0.78	174.95	174.17
6.	XXVI	413.61	573.74	160.13	210.98	50.85
7.	XXVIII	134.37	230.48	96.11	142.99	46.88
8.	XXX	1456.64	1464.67	8.03	347.00	338.97
9.	XXXII	171.81	195.91	24.10	32.89	8.79
10.	XXXIII	297.94	337.60	39.66	81.09	41.43
11.	XXXVII	526.09	648.92	122.83	179.57	56.74
12.	XLVI	4348.77	6406.26	2057.49	2632.37	574.88
<b>Total</b>		<b>9348.57</b>	<b>11913.08</b>	<b>2564.51</b>	<b>3928.38</b>	<b>1363.87</b>
<b>Revenue-charged</b>						
13.	XVI	55.58	176.18	120.60	121.92	1.32
<b>Total</b>		<b>55.58</b>	<b>176.18</b>	<b>120.60</b>	<b>121.92</b>	<b>1.32</b>
<b>Capital-voted</b>						
14.	XV	2377.17	2671.57	294.40	350.00	55.60
15.	XVIII	321.78	423.44	101.66	118.17	16.51
16.	XXII	0	130.27	130.27	149.85	19.58
17.	XXIV	142.75	155.16	12.41	175.90	163.49
18.	XXVII	100.71	177.46	76.75	100.00	23.25
19.	XXXIX	42.10	58.75	16.65	20.41	3.76
20.	XL	129.01	212.75	83.74	228.00	144.26
21.	XLI	448.38	1841.45	1393.07	1626.76	233.69
<b>Total</b>		<b>3561.90</b>	<b>5670.85</b>	<b>2108.95</b>	<b>2769.09</b>	<b>660.14</b>
<b>Grand Total</b>		<b>12966.05</b>	<b>17760.11</b>	<b>4794.06</b>	<b>6819.39</b>	<b>2025.33</b>

SDG: Supplementary Demands for Grants

**Appendix 2.10**  
**Re-appropriation of funds (in excess of ₹one crore) proved unnecessary as the final expenditure was less than original/Supplementary budget allocation**

(Reference: Paragraph 2.3.7; Page 70)

(₹ in crore)

Sl. No.	Grant Number	Scheme/Activity	Budget allocation	Re-appropriation	Surrender	Net Budget	Expenditure
1.	II	2052-00-090-99 Administrative Secretariat (NP)	131.46	2.41	0.10	133.77	125.47
2.	XII	2055-00-101-98 Special Branch C.I.D (NP)	107.32	5.57	6.03	106.86	104.30
3.		2055-00-104-98 India Reserve Battalion (NP)	49.67	5.24	6.13	48.78	48.68
4.		2055-00-104-99 Armed Police (NP)	456.85	3.78	53.44	407.19	435.81
5.		2055-00-114-98 Computer Centre (NP)	16.49	7.39	2.18	21.70	14.41
6.		2202-03-103-61 New Govt. Autonomous Colleges and new Govt. Deemed Universities for Kerala (P)	10.00	9.47	11.92	7.55	2.80
7.	XVII	2203-00-003-99 Faculty Development in Engineering Colleges(P)	7.50	2.24	4.43	5.31	7.41
8.		2203-00-104-97 Private Polytechnics (NP)	37.77	3.04	9.67	31.14	36.13
9.		2203-00-105-99 Government Polytechnics (NP)	150.50	13.78	32.70	131.58	137.32
10.		2203-00-112-88 Government College of Engineering, Kannur (NP)	20.10	3.52	2.85	20.77	19.32
11.		2204-00-102-99 National Cadet Corps (NP)	63.76	2.02	1.99	63.79	56.55
12.	XVIII	2210-02-101-97-Other Hospitals and Dispensaries (NP)	274.17	5.33	35.19	244.31	251.27
13.		2210-05-105-34-Dental College, Kottayam (NP)	15.64	2.16	1.41	16.39	13.99
14.	XXV	2225-02-102-93-Critical gap filling scheme (Corpus Fund) (P)	50.79	3.44	3.98	50.25	50.25
15.		2225-02-197-48-Block Grant for Centrally Sponsored Schemes (P)	82.36	26.49	51.64	57.21	57.21
16.		2225-02-277-94-Tribal Hostels (NP)	33.00	2.88	8.97	26.91	27.11
17.	XXVI	2245-02-106-99-Repairs and restoration of damaged roads and bridges (NP)	93.97	21.17	0	115.14	88.45
18.		2245-02-113-99-Assistance for repairs /reconstruction of houses (NP)	14.71	6.96	0	21.67	14.60

## Appendix 2.10 – Concl'd.

(₹ in crore)

Sl. No.	Grant Number	Scheme/Activity	Budget allocation	Re-appropriation	Surrender	Net Budget	Expenditure
19.	XXXIV	2406-01-001-95-District Offices (NP)	133.09	2.05	9.62	125.52	129.35
20.		4859-02-004-95-Land Acquisition and Infrastructure Development under IT (1) Techno park (2) Techno Park (one time ACA) (3) (P)	83.00	11.65	28.00	66.65	66.65
21.	XXXVII	6854-01-190-98 Loans to Travancore Cements Limited Kottayam (P)	10.00	5.00	10.00	5.00	5.00
22.		6858-01-190-98 Loans to Traco Cables Limited (P)	10.00	3.00	4.93	8.07	8.07
23.		6858-01-190-96-Loans to Kerala Electrical and Allied Engineering (P)	18.00	5.00	8.38	14.62	14.62
24.	XXXIX	2810-00-800-90-Schemes to be implemented by ANERT Renewable Energy Programmes of ANERT (P)	48.30	11.32	27.65	31.97	37.96
25.	XLII	5452-01-101-99-Upgradation, Creation of Infrastructure and amenities (P)	120.00	15.89	15.73	120.16	119.90
26.	XLIII	3604-00-200-88-General Purpose Fund/Funds for Traditional Functions 5 <sup>th</sup> SFC Recommendations(NP)	1364.65	2.86	22.15	1345.36	1345.16

**Appendix 2.11**  
**Sub-heads in which injudicious re-appropriation led to final excess**  
**(Reference: Paragraph 2.3.7; Page 70)**

(₹ in crore)

Sl. No.	Grant number	Scheme/Activity	Budget allocation	Net Re-appropriation	Net Budget	Expenditure	Excess
1.		2059-80-001-97-Execution (NP)	155.37	-30.97	124.40	148.28	23.88
2.	XV	3054-80-198-38-Maintenance of Road Assets as per fifth SFC Recommendation (NP)	895.75	-127.71	768.04	790.21	22.17
3.	XIX	2211-00-102-96-Rural Family Welfare Centres and Post-Partum Centres (Block PHCs) (NP)	134.01	- 45.17	88.84	98.24	9.40
4.	XXVI	2245-80-102-96-State Disaster Mitigation Fund (NP)	6.25	- 6.25	0.00	6.25	6.25
5.	XV	3054-80-191-38-Maintenance of Road Assets as per fifth SFC Recommendation (NP)	111.72	- 40.25	71.47	77.70	6.23
6.		3054-80-001-97-Execution (NP)	172.65	- 9.78	162.87	168.64	5.77
7.	XIX	2211-00-200-94-Post Partum Centre Sub/Division and Taluk Level Hospitals (NP)	39.54	- 7.88	31.66	35.49	3.83
8.	XV	2059-80-001-99-Direction (NP)	15.10	- 2.74	12.36	14.88	2.52
9.	XIX	2211-00-001-96-State Level Organisation (CSS - 60:40) (P)	7.50	- 2.75	4.75	6.14	1.39
10.	XXXVII	2851-00-106-99-Development of Coir Industry-Supervision (NP)	16.36	- 1.03	15.33	15.87	0.54
11.	XIX	2211-00-003-96-Regional Family Welfare Training Centres (CSS 60:40) (P)	3.75	- 1.21	2.54	2.93	0.39
12.	XVI	2071-01-115-99-Leave encashment benefits (NP)	624.64	- 25.80	598.84	599.22	0.38
13.	XV	3054-80-001-98- Supervision (NP)	10.72	- 2.68	8.04	8.36	0.32
14.	XXXVII	2851-00-103-99-Development of Handloom Industry-Supervision (NP)	7.89	- 0.44	7.45	7.70	0.25
15.	XV	3054-01-001-99-Chief Engineer, National Highway (NP)	4.80	- 0.84	3.96	4.12	0.16
16.	XVI	2071-01-111-99-Pension to Members of State Legislature (NP)	1.50	-7.07	7.93	8.06	0.13
17.	XVII	4202-01-800-91-Setting up of infrastructure facilities in G.V.Raja Sports School, Thiruvananthapuram and Sports Division Kannur (One time ACA) (P)	9.40	-8.11	1.29	1.40	0.11
18.	XV	3054-80-004-99- Kerala Highway Research Institute (NP)	2.85	-0.21	2.64	2.75	0.11

**Appendix 2.12**  
**Sub-heads in which re-appropriation proved insufficient**  
**(Reference: Paragraph 2.3.7; Page 70)**

(₹ in crore)

Sl. No.	Grant number	Scheme/Activity	Budget allocation	Amount Reappropriated	Final expenditure	Excess over provision
1.	XV	3054-01-001-98-Supervision and Execution (NP)	51.77	1.62	55.31	1.92
2.		3054-03-337-99- Ordinary Repairs (NP)	200.50	146.15	373.10	26.45
3.	XVI	2071-01-105-99-Family Pension (NP)	1836.80	49.35	2220.58	334.43
4.		2071-01-109-99-Pensionary benefits to employees of State Aided Educational Institutions (NP)	2798.77	124.75	2932.76	9.24
5.		2071-01-800-97-Medical allowance to Pensioners (NP)	143.64	37.96	184.59	2.99
6.		2075-00-103-97-Distribution of prizes(NP)	3370.25	396.53	4303.38	536.60
7.	XVII	4202-01-202-90-Infrastructure – Higher Secondary Education (P)	0.00	5.35	6.49	1.14
8.		4202-01-202-91-Infrastructure Development of Government Higher Secondary Schools (P)	32.12	26.36	64.57	6.09
9.		4202-01-202-92-Vocational Higher Secondary Education (P)	7.68	4.31	13.07	1.08
10.		4202-01-202-99-Secondary School Buildings (P)	0.20	5.32	6.70	1.18
11.		4202-01-203-87-Development of Laboratories and Libraries in Government Colleges – One Time ACA (P)	0.00	1.03	5.00	3.97
12.		4202-01-203-99-Construction of Buildings for Colleges and Hostels including Law colleges (P)	2.06	15.70	21.13	3.37
13.		4202-02-104-99-Polytechnic Buildings (P)	15.20	17.11	36.22	3.91
14.		4202-02-105-90-Development of other Engineering Colleges (P)	6.47	6.69	14.91	1.75
15.		4202-02-105-99-Buildings (P)	3.39	15.05	21.95	3.51
16.	XIX	2211-00-101-95-Sub Centres-(CSS-60:40)(P)	280.00	54.36	377.99	43.63
17.	XXXVIII	4700-22-001-97-Execution (P)	4.00	0.24	13.54	9.30
18.		4700-22-001-98-Supervision (P)	1.00	0.02	2.28	1.26
19.	XLVI	4235-02-102-94-Convergence of Pre – School and Pre – Primary education centres in Anganwadies (NABARD RIDF) (P)	0.00	6.61	8.27	1.66
20.		4235-02-102-95-Construction of Model Anganwadies (One Time ACA) (P)	0.00	0.52	1.69	1.17
21.	Debt Charges	2049-01-123-00-Interest on special securities Issued to National Small Savings Fund of the Central Government by State Government (NP)	1294.49	0.24	1397.07	102.34
22.		2049-03-115-99-State Savings Bank Deposits(NP)	128.00	14.47	178.51	36.04

**Appendix 2.13**  
**Heads in which entire budget allocation (₹five crore and above)**  
**surrendered**  
**(Reference: Paragraph 2.3.8; Page 72)**

(₹in crore)

Sl. No.	Grant Number	Name of scheme	Budget allocation	Amount of Surrender
1.	II	3451-00-101-62-National E-Governance Action Plan (NeGAP)	42.69	42.69
2.	XV	5054-01-337-96-Construction of Bypass in National Highways	6.18	6.18
3.	XVIII	2210-05-105-24-New Imaging Centre, Govt Medical College, Ernakulam	25.00	25.00
4.	XX	4215-01-101-96-Modernisation of Aruvikkara Pumping Station	6.00	6.00
5.	XXI	4216-01-700-85-Construction of Revenue Staff Quarters	8.00	8.00
6.		4216-80-201-98-Working women's Hostel (60 % CSS)	15.00	15.00
7.	XXII	2217-05-191-35-Greater Cochin Development Authority	7.00	7.00
8.		2217-05-191-36-Trivandrum Development Authority	25.00	25.00
9.		2217-05-191-71-Swachh Bharat Mission (Urban) (60% CSS)	41.25	41.25
10.		2217-05-192-70-Swachh Bharat Mission (URBAN) (60%CSS)	96.25	96.25
11.	XXV	2225-02-102-80-Vanabandhu Kalyan Yojana (VKY)	10.00	10.00
12.	XXVII	2425-00-107-66-Modernisation of Credit Co-operatives - introduction of new technology in Co-operative sector	25.00	25.00
13.	XXIX	4702-00-101-68-Pradhan Manthri Krishi Sinchayee Yojana (60% CSS)	60.00	60.00
14.	XXXIV	4406-02-110-97-Zoological Park, Wild Life Protection and Research Centre, Puthur (NABARD RIDF)	10.00	10.00
15.	XXXV	4515-00-800-94-Completion of Construction and Land Acquisition activities of Convention Centre at Pinarayi Grama Panchayat	6.00	6.00
16.	XXXVII	4851-00-102-92-Setting up of International Furniture Hub at Ernakulam	6.00	6.00
17.		4885-01-200-96-Seed Fund/Angel Fund/Venture Fund under Kerala State Industrial Development Corporation	10.00	10.00
18.	XXXVIII	2700-01-800-99-Interest and Pension on Capital Expenditure	10.10	10.10
19.		4701-18-800-87-NABARD assistance for Chamravattom	10.00	10.00
20.		4701-25-800-87-Pambar Basin Projects-RIDF	40.00	40.00
21.		4701-80-800-72-Modernisation of field channels and drains of CADA canals of major projects	20.00	20.00

## Appendix 2.13 – Concl.d.

(₹ in crore)

Sl. No.	Grant Number	Name of scheme	Budget allocation	Amount of Surrender
22.	XL	5051-02-200-72-Development of Kodungallur (Munambam) Port	10.55	10.55
23.	XLI	3055-00-800-95-Transfers to Kerala Road Safety Fund	50.00	50.00
24.		5055-00-050-98-Vehicle cum driver Testing Stations	24.44	24.44
25.		5056-00-190-89-Construction of a POL Tanker Barge	6.32	6.32
26.	XLVI	2235-02-103-80-Gender Park	11.00	11.00
27.		2235-02-190-98-Assistance to Kerala State Handicapped Persons' Welfare Corporation Limited	7.00	7.00
28.		4235-02-102-89-Construction of Anganwadi Centres under MGNREGS in convergence with ICDS - 60% CSS	20.00	20.00
29.		4235-02-102-91-Upgradation of Anganwadi Buildings	9.20	9.20
30.	Public Debt Repayment	6003-00-110-97-Short Fall in Cash Balances	25.00	25.00

**Appendix 2.14**  
**Surrender (₹ one crore or more in each case) in excess of actual savings**  
**(Reference: Paragraph 2.3.9; Page 72)**

(₹ in crore)						
Sl. No.	Number and name of grant		Budget allocation	Savings	Surrender	Excess surrender
<b>Revenue-Voted</b>						
1.	III	Administration of Justice	723.98	46.66	49.70	3.04
2.	IV	Elections	80.05	8.32	11.12	2.80
3.	V	Goods and Services Tax, Agricultural Income Tax and Sales Tax	360.46	19.27	59.44	40.17
4.	VI	Land Revenue	686.93	42.02	60.86	18.84
5.	VII	Stamps and Registration	220.53	12.54	13.75	1.21
6.	VIII	Excise	309.04	29.86	51.93	22.07
7.	IX	Taxes on vehicles	149.77	14.98	24.45	9.47
8.	X	Treasury and accounts	287.73	1.50	7.81	6.31
9.	XI	District administration and miscellaneous	724.25	40.60	52.62	12.02
10.	XIII	Jails	150.86	12.52	15.37	2.85
11.	XIV	Stationery and Printing and other Administrative Services	532.61	48.59	49.63	1.04
12.	XVII	Education, Sports, Art and Culture	20024.91	1198.33	2246.78	1048.45
13.	XVIII	Medical and Public Health	6190.70	281.05	306.87	25.82
14.	XXI	Housing	97.81	13.92	14.80	0.88
15.	XXII	Urban Development	1665.33	1114.46	1130.57	16.11
16.	XXIII	Information and Publicity	96.96	9.71	10.11	0.40
17.	XXV	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	3286.55	400.82	437.63	36.81
18.	XXVII	Co-operation	472.32	145.71	153.93	8.22
19.	XXVIII	Miscellaneous Economic Services	277.36	46.88	47.96	1.08
20.	XXXI	Animal Husbandry	693.51	51.67	135.84	84.17
21.	XXXII	Dairy	204.70	8.79	9.88	1.09
22.	XXXIV	Forest	639.69	97.47	118.20	20.73
23.	XXXV	Panchayat	657.18	121.09	128.23	7.14
24.	XXXVI	Rural Development	4047.10	3033.33	3039.00	5.67
25.	XXXVII	Industries	705.66	56.74	57.50	0.76
26.	XXXVIII	Irrigation	446.78	45.57	73.30	27.73
27.	XXXIX	Power	145.19	25.43	34.61	9.18
28.	XL	Ports	63.18	11.95	12.76	0.81
29.	XLII	Tourism	231.71	26.62	29.05	2.43

## Appendix 2.14 – Concl.

(₹ in crore)

Sl. No.	Number and name of grant		Budget allocation	Savings	Surrender	Excess surrender
30.	XLVI	Social Security and Welfare	6981.14	574.88	593.90	19.02
	<b>Total</b>		<b>51153.99</b>	<b>7541.28</b>	<b>8977.6</b>	<b>1436.32</b>
	<b>Revenue Charged</b>					
31.	III	Administration of Justice	127.03	2.08	2.10	0.02
	<b>Total</b>		<b>127.03</b>	<b>2.08</b>	<b>2.10</b>	<b>0.02</b>
	<b>Capital Voted</b>					
32.	XVIII	Medical and Public Health	439.95	16.51	23.47	6.96
33.	XXV	Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	172.34	50.85	51.10	0.25
34.	XXVIII	Miscellaneous Economic Services	2766.04	1591.22	1592.06	0.84
35.	XXIX	Agriculture	429.69	111.36	111.68	0.32
36.	XXX	Food	115.41	22.85	31.78	8.93
37.	XXXVII	Industries	1161.34	267.28	290.03	22.75
38.	XXXVIII	Irrigation	495.19	146.26	178.70	32.44
39.	XLVI	Social Security and Welfare	79.20	38.78	40.54	1.76
	<b>Total</b>		<b>5659.16</b>	<b>2245.11</b>	<b>2319.36</b>	<b>74.25</b>
	<b>Capital Charged</b>					
40.	Public Debt Repayment		13606.01	473.92	473.93	0.01
	<b>Total</b>		<b>13606.01</b>	<b>473.92</b>	<b>473.93</b>	<b>0.01</b>
	<b>Grand Total</b>		<b>70546.19</b>	<b>10262.39</b>	<b>11772.99</b>	<b>1510.60</b>

**Appendix 2.15**  
**Sub-heads in which injudicious surrender (exceeding ₹one crore) led to**  
**excess expenditure**  
**(Reference: Paragraph 2.3.9, Page 72)**

(₹ in crore)

Sl. No.	Grant number and Scheme/Activity	Original Budget	Reappropriation	Surrender	Expenditure	Excess
1.	2014-00-105-99-Civil and Sessions Courts (NP)	337.76	-15.69	8.05	315.08	1.06
2.	2014-00-108-99-Criminal Courts (NP)	116.63	-1.41	11.30	106.66	2.74
3.	2014-00-800-86-Improvement of Justice Delivery - XIII Finance Commission Recommendation (NP)	16.09	0.13	3.00	14.40	1.18
4.	2015-00-103-99-Assembly and Parliament (NP)	46.60	0.00	6.70	42.99	3.09
5.	2039-00-001-98-Range Offices (NP)	166.76	-1.99	29.68	145.57	10.48
6.	2039-00-001-99-Superintendence (NP)	130.66	0.51	20.18	122.76	11.77
7.	2041-00-001-99-Administration Charges (NP)	87.60	-5.33	13.14	74.63	5.50
8.	2041-00-102-99-Inspection of Motor Vehicles (NP)	57.02	0.33	11.30	50.02	3.97
9.	2054-00-097-99-District Treasury Establishment (NP)	60.44	-1.18	3.40	57.61	1.75
10.	2053-00-093-99-Collectors and Magistrates (NP)	155.00	1.32	14.94	146.08	4.70
11.	2053-00-094-99-Taluk offices (NP)	227.41	-5.73	9.14	219.85	7.31
12.	2055-00-101-99-Criminal Investigation Branch (NP)	95.64	0.47	9.96	89.34	3.19
13.	2055-00-104-99-Armed Police (NP)	456.85	3.78	53.44	435.81	28.62
14.	2056-00-101-99-Jails (NP)	133.60	-0.44	12.60	123.06	2.50
15.	2202-01-104-99-Inspection (NP)	101.55	0.70	4.07	101.35	3.17
16.	2202-02-101-99-District Educational Offices - Inspection (NP)	48.43	0.27	2.63	47.56	1.49
17.	2202-03-001-99-Directorate of Collegiate Education (NP)	14.01	0.21	4.00	11.54	1.32
18.	2202-03-102-97-Mahatma Gandhi University (P)	24.00	0.00	17.08	15.00	8.07
19.	2202-03-103-56-Higher Education Council (P)	15.00	0.00	14.32	6.30	5.62
20.	2202-03-103-93-Training Colleges (NP)	10.77	0.01	2.73	9.68	1.63
21.	2202-03-103-98-Sanskrit Colleges (NP)	8.58	0.00	1.87	8.50	1.79
22.	2202-03-103-99-Arts and Science Colleges (NP)	346.09	0.07	107.00	322.93	83.77
23.	2202-03-104-99-Salaries to the staff under the Direct Payment System (NP)	1280.48	-4.03	379.39	1117.57	220.51

## Appendix 2.15 – Contd.

(₹ in crore)

Sl. No.	Grant number and Scheme/Activity	Original Budget	Reappropriation	Surrender	Expenditure	Excess
24.	2203-00-003-99-Faculty Development in Engineering Colleges (P)	7.50	2.24	4.43	7.41	2.10
25.	2203-00-104-97-Private Polytechnics (NP)	37.77	3.04	9.67	36.13	4.99
26.	2203-00-105-98-Women's Polytechnics (NP)	27.72	0.87	3.55	27.01	1.97
27.	2203-00-105-99-Government Polytechnics (NP)	150.50	13.78	32.70	137.32	5.74
28.	2203-00-112-93-Part Time Course in Engineering College (NP)	3.92	0.00	2.84	2.34	1.26
29.	2205-00-101-99-Music Colleges (NP)	10.72	0.01	3.03	9.34	1.64
30.	2205-00-103-99-Archaeological Department (NP)	13.36	0.69	2.48	13.01	1.44
31.	2210-01-102-98-Dispensaries (NP)	177.81	-17.04	25.32	157.25	21.80
32.	2210-01-110-97-Allopathy Medical College Hospital, Kozhikode (NP)	91.37	-6.46	1.42	84.54	1.05
33.	2210-02-101-97-Other Hospitals and Dispensaries (NP)	274.18	5.32	35.19	251.27	6.96
34.	2210-05-105-49-Medical College, Painav, Idukki (NP)	11.78	-3.51	1.58	8.16	1.47
35.	2210-05-105-94-Allopathy Medical College, Thrissur (NP)	94.25	-0.09	8.50	89.11	3.45
36.	2217-05-191-36-Trivandrum Development Authority (P)	25.00	0.00	25.00	10.00	10.00
37.	2217-05-191-72-Smart City Mission (40% State Share) (P)	250.00	0.00	240.00	13.20	3.20
38.	2217-80-800-71-Solid Waste Management Scheme for Urban Areas (P)	19.09	-2.00	12.32	7.92	3.15
39.	2425-00-001-98-District Administration (NP)	81.53	0.58	4.80	80.27	2.96
40.	2425-00-101-99-General (NP)	123.97	0.16	12.60	116.06	4.53
41.	3475-00-201-99-Land Board and Land Tribunals under the Kerala Land Reforms Act 1963 (NP)	41.44	0.06	3.17	39.59	1.26
42.	2401-00-001-96-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension (NP)	337.36	0.00	19.40	327.21	9.25
43.	4408-01-101-99-Grain Supply Scheme (NP)	70.33	0.00	10.01	69.50	9.18
44.	2403-00-001-98-District Administration (NP)	21.23	0.02	4.30	20.60	3.65
45.	2403-00-001-99-Direction (NP)	9.25	0.19	1.92	9.24	1.71
46.	2403-00-101-97-Strengthening and Re-organisation of Veterinary Hospitals (NP)	68.52	0.12	12.31	66.56	10.24
47.	2403-00-101-99-Rinder Pest Eradication (NP)	12.95	0.05	4.28	10.38	1.66

## Appendix 2.15 – Concl'd.

(₹ in crore)

Sl. No.	Grant number and Scheme/Activity		Original Budget	Reappropriation	Surrender	Expenditure	Excess
48.		2403-00-102-97-Livestock Farms (NP)	15.61	0.00	9.72	13.37	7.48
49.	XXXI	2403-00-102-99-Intensive Cattle Development Projects (NP)	89.13	0.18	23.74	80.71	15.14
50.		2403-00-103-99-Poultry Farms (NP)	14.21	0.08	4.16	12.46	2.33
51.	XXXIII	4405-00-103-94-Upgradation of coastal roads (NP)	100.00	-0.67	30.34	73.23	4.24
52.		2406-01-001-95-District Offices (NP)	133.09	2.05	9.62	129.35	3.83
53.	XXXIV	2406-01-101-81-Forest protection (NP)	52.49	0.02	7.75	45.98	1.22
54.		2406-01-101-99-Forest Consolidation and Acquisition of Private Forests (NP)	45.10	0.00	7.86	38.32	1.08
55.	XXXV	2515-00-001-92-Engineering wing for Local Self Government Institutions - Execution (NP)	213.18	-0.91	17.01	200.72	5.46
56.		2515-00-001-97-District Administration (NP)	54.07	0.04	3.66	51.46	1.01
57.	XXXVI	2515-00-001-49-Recurring expenditure on personnel retained on N.E.S pattern (NP)	202.54	-0.73	9.65	196.75	4.59
58.	XXXVII	6885-60-190-99-Loans to Kerala Industrial Infrastructure Development Corporation (P)	111.32	-18.66	54.38	66.36	28.08
59.		2700-01-800-99-Interest and Pension on Capital Expenditure (NP)	10.10	0.00	10.10	9.57	9.57
60.	XXXVIII	2700-02-800-99-Interest and Pension on Capital Expenditure (NP)	2.30	0.00	2.30	1.99	1.99
61.		2700-13-001-97-Execution (NP)	5.13	0.27	2.06	4.48	1.14
62.	XXXIX	2810-00-800-90-Schemes to be implemented by ANERT Renewable Energy Programmes of ANERT (P)	48.30	11.32	27.65	37.96	5.99
63.	XLII	3452-80-001-95-Guest Houses, Yatri Nivases and Tourist Lodges (NP)	22.61	0.74	2.93	21.54	1.12
64.		2235-02-102-47-Integrated Child Development Service (60 % CSS) (P)	499.00	0.00	143.19	364.74	8.93
65.		2235-02-190-98-Assistance to Kerala State Handicapped Persons' Welfare Corporation Limited (P)	7.00	0.00	7.00	4.40	4.40
66.	XLVI	2235-02-191-50-Block Grants for Revenue Expenditure (NP)	37.37	-25.33	6.40	7.63	1.99
67.		2235-02-196-50-Block Grants for Revenue Expenditure (NP)	38.33	0	17.27	27.79	6.73
68.		2235-60-110-98-District Offices (NP)	14.27	0.19	2.88	13.82	2.24
69.		2235-60-110-99-State Insurance Department (NP)	7.05	-0.38	1.91	6.04	1.28

**Appendix 2.16**  
**Pendency in submission of Detailed Contingent bills against Abstract**  
**Contingent bills drawn during 2017-18**  
**(Reference: Paragraph 2.4.1, Page 73)**

(In ₹)

Sl. No.	Name of Drawing and Disbursing Officer	Month of drawal	Amount
1.	Superintendent, Central Prison, Thiruvananthapuram	February 2018	200000
		September 2017	200000
2.	Superintendent, Sub Jail, Attingal	April 2017	10000
3.	Superintendent, District Jail, Thiruvananthapuram	April 2017	100000
		June 2017	100000
		July 2017	50000
		July 2017	50000
4.	Superintendent, District Jail, Kollam	July 2017	100000
		July 2017	50000
5.	Accounts Officer, Prison's HQ, Thiruvananthapuram	November 2017	25000
6.	Superintendent, Special Sub Jail, Thiruvananthapuram	November 2017	50000
<b>Total</b>			<b>935000</b>

**Appendix 2.17**  
**List of Chief Controlling Officers/Controlling Officers who did not**  
**reconcile the expenditure figures during 2017-18**  
**(Reference: Paragraph 2.4.2: Page 73)**

(₹ in crore)

Sl. No.	Name of the Chief Controlling Officers/ Controlling Officers	Amount not reconciled
1.	The Secretary, Kerala Public Service Commission	77.10
2.	The Principal Secretary to Government, Finance Department	488.69
3.	The Secretary to Government, Higher Education Department	7098.41
4.	The Secretary to Government, Health and Family Welfare Department	5457.84
5.	The Secretary to Government, Industries Department	102.09
6.	The Secretary, Transport Department	1171.69
7.	The Registrar General, High Court of Kerala	124.52
8.	The Director, Directorate of Treasuries	194.9
9.	The Director, Local Fund Audit Department	95.16
10.	The Chief Engineer, Buildings and Local works, Public Works Department	760.13
11.	The Director of Public Instruction	660.43
12.	The Director, State Council of Educational Research and Training (SCERT)	224.00
13.	The Director of Homoeopathy	215.70
14.	The Director of Health services	741.53
15.	The Director of Medical Education	216.83
16.	The Director of Urban Affairs	1451.93
17.	The Director of Scheduled Caste's Development	1476.87
18.	The Director of Scheduled Tribe's Development	88.73
19.	The Director, Directorate of Animal Husbandry	65.5
20.	The Director of Panchayats	5026.52
	<b>Total</b>	<b>25,738.57</b>

**Appendix 2.18**  
**Schemes with repeated savings (more than ₹ one crore)**  
**(Reference: Paragraph 2.5.1: Page 74)**

(₹ in crore)

Sl. No.	Schemes	Year	Budget allocation	Expenditure	Savings
1.	2225-01-102-96 Assistance for training and employment (P)	2015-16	40	24.4	15.60
		2016-17	40	33.14	6.86
		2017-18	40	35.68	4.32
2.	2225-01-197-48 Block Grant for Centrally Sponsored Schemes (P)	2015-16	203.24	121.82	81.42
		2016-17	145.50	76.94	68.56
		2017-18	166.28	71.35	94.93
3.	2225-01-277-57 Assistance for education for SC students (P)	2015-16	150.00	55.11	94.89
		2016-17	380.00	52.90	327.10
		2017-18	404.10	236.76	167.34
4.	2225-01-277-94 Pre-matric Hostels (NP)	2015-16	10.98	8.79	2.19
		2016-17	12.72	10.19	2.53
		2017-18	12.46	11.17	1.29
5.	2225-01-277-98 Post-Matriculation Studies CSS 100% Central Assistance (NP)	2015-16	18.00	0.01	17.99
		2016-17	18.00	16.67	1.33
		2017-18	18.00	4.67	13.33
Department stated that saving was due to less number of students availing scholarship during the years					
6.	2225-01-277-99 Pre-matriculation Studies Scholarships and stipends (NP)	2015-16	33.00	29.90	3.10
		2016-17	33.00	30.26	2.74
		2017-18	33.00	31.24	1.76
Department stated that saving was due to less number of students availing scholarship during the years					
7.	2225-01-793-99 Special Central Assistance to Special Component plan (SCA to SCP) (P)	2015-16	24.00	10.45	13.55
		2016-17	24.00	10.76	13.24
		2017-18	15.00	7.95	7.05
Department stated that the saving was due to the release of Special Central Assistance in the fag end of the years.					
8.	4225-01-190-99 Share Capital Contribution to Kerala State Development Corporation for SCs/STs (51 % State Share) (P)	2015-16	20.00	10.20	9.80
		2016-17	49.02	24.28	24.74
		2017-18	49.02	17.72	31.30
9.	4225-01-277-91 Construction of Girls Hostels (Post-Matric) - Babu Jagjivan Ram Chhatrawas Yojana (100% CSS) (P)	2015-16	3.00	0.03	2.97
		2016-17	4.00	1.31	2.69
		2017-18	4.00	1.32	2.68
10.	4225-01-277-98 Boys hostel for Scheduled Caste (50% CSS) (P)	2015-16	8.00	0.35	7.65
		2016-17	8.00	1.38	6.62
		2017-18	8.72	0.54	8.18
11.	2225-02-277-37 Pre-matric scholarship for Scheduled Tribe students studying in classes IX-X (100%CSS) (P)	2015-16	5.00	3.83	1.17
		2016-17	5.00	3.62	1.38
		2017-18	5.00	3.41	1.59
12.	4225-02-277-51 Construction of Ashramam schools and Model Residential Schools (50% CSS) (P)	2015-16	30.00	0	30.00
		2016-17	30.00	7.17	22.83
		2017-18	30.00	7.54	22.46

**Appendix 2.18 –Concl.**

Sl. No.	Schemes	Year	Budget allocation	Expenditure	Savings
13	4225-02-277-96 Construction of Boys Hostel (50% CSS) (P)	2015-16	8.00	4.51	3.49
		2016-17	8.20	2.41	5.79
		2017-18	9.00	5.88	3.12
14	2225-03-277-91 Overseas scholarship for OBC (P)	2015-16	2.00	0.61	1.39
		2016-17	2.00	0.99	1.01
		2017-18	2.70	0.95	1.75
Department stated that the number of applications with full criteria was less than the target of 20 candidates every year.					
15	2225-03-277-92 Pre-matric scholarship for OBC (50% CSS) (P)	2015-16	64.00	25.23	38.77
		2016-17	64.00	32.00	32.00
		2017-18	50.00	28.65	21.35
Department stated that savings was due to meagre release of Central funds and consequent less expenditure than the amount provided in the budget on the basis of actual requirement.					
16	2225-03-277-96 Post-Matric scholarship to students belonging to OBC's (100% CSS) (P)	2015-16	50.00	21.23	28.77
		2016-17	50.00	25.22	24.78
		2017-18	50.00	31.06	18.94
Department stated that savings was due to meagre release of Central funds and consequent less expenditure than the amount provided in the budget on the basis of actual requirement.					
17	2225-04-102-96 Extension of Multi-Sectoral Development Programme (MSDP) (75% CSS) (P)	2015-16	36.00	33.66	2.34
		2016-17	20.00	7.25	12.75
		2017-18	22.00	0	22.00
Department replied that the savings for the years 2015-16 and 2016-17 was due to short/non-release of central funds. It was also replied that the entire savings were re-appropriated to the head of account 2225-04-102-89-(P) (V) due to change in the funding pattern from 75:25 to 60:40 during 2017-18.					

## Appendix 2.19

**Advances pending settlement by Drawing and Disbursing Officers  
(Reference: Paragraph 2.7.3; Page 80)**

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
1.	Assistant Director of Agriculture, Kanjirapally	29-01-2016	50000
2.	Medical Officer, Primary Health Centre, Vazhoor	22-02-2016	4300
3.	Superintendent, Sub Jail, Kanjirapally	17-08-2015	35000
4.	Tahsildar, Taluk Office, Kanjirapally	21-10-2015	20000
		05-12-2016	800000
5.	Project Officer, Integrated Tribal Development Program, Ponkunnam	16-06-2015	625000
		23-12-2015	400000
		23-12-2015	145500
		02-01-2016	875000
		22-02-2016	400000
		22-02-2016	1035000
6.	Superintendent, Sub Jail, Chavakkad	29-02-2016	10000
7.	Tahsildar, Taluk Office, Chavakkad	29-06-2015	80000
		29-04-2016	20000
		29-04-2016	200000
		29-04-2016	50000
		29-04-2016	20000
8.	Superintendent, Community Health Centre, Mullasserry	18-12-2015	8500
		23-12-2015	12500
9.	Block Development Officer, Wadakkanchery	11-04-2015	280000
		31-10-2015	600000
		27-10-2015	400000
10.	Superintendent, Primary Health Centre, Erumapetty	30-12-2015	51250
		29-01-2016	25000
		29-01-2016	12000
		29-01-2016	27500
11.	Secretary, Wadakkanchery Grama Panchayat	26-10-2015	90000
		11-03-2015	150000
		11-04-2015	100000
12.	Principal, Women Polytechnic College, Thrissur	17-06-2015	570000
		17-05-2015	160000
13.	Principal, Saint Raphael Central Girls Higher Secondary School, Thrissur	15-10-2015	780000
		21-04-2016	6600000
14.	Superintendent, Central Prison, Thrissur	29-02-2016	200000
		29-02-2016	300000
		16-02-2016	200000
		29-02-2016	460013
15.	Lay Secretary and Treasurer, Medical College, Thrissur	28-01-2016	25000
16.	Medical Officer, Primary Health Centre, Pamboor	12-11-2015	10000
		12-11-2015	8500
17.	Tahsildar, Taluk Office, Tirurangadi	13-05-2016	350000
18.	Principal, Government Boys Higher Secondary School, Malappuram	20-04-2016	4000000
		20-04-2016	2100000

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
19.	Tahsildar /Deputy Collector (Election), Malappuram	05-09-2016	25000
20.	Principal, Government Vocational Higher Secondary School, Ayyanthole	21-04-2016	1200000
21.	Project Officer, Integrated Tribal Development Program, Attapady	21-10-2015	50000
22.	Project Officer, Integrated Tribal Development Program, Attapady	30-10-2015	600000
		30-12-2015	500000
		27-10-2016	400000
23.	Medical Officer, Government Homoeo Dispensary, Manjeri	19-01-2016	10000
		21-07-2016	10000
24.	Tahsildar, Taluk Office, Manjeri	21-04-2016	300000
		13-05-2016	135000
25.	Superintendent, Sub Jail, Ponnani	13-05-2016	200000
		23-04-2016	50000
26.	Tahsildar, Taluk Office, Ponnani	22-04-2016	200000
		05-12-2016	72250
		05-12-2016	90000
		05-12-2016	14450
27.	Assistant Director of Agriculture, Koyilandy	02-06-2016	200000
		19-03-2016	520000
		19-03-2016	202970
28.	Assistant Director of Agriculture, Ulliyeri	01-02-2016	500000
29.	Lay Secretary and Treasurer, Medical College, Taluk Headquarters, Koyilandy	16-01-2016	1000000
30.	Superintendent, Government Taluk Homoeo Hospital, Koyilandy	15-10-2015	10000
31.	Senior Superintendent, Government Model Residential School, Koyilandy	16-10-2015	25000
32.	Assistant Soil Chemist, District Soil Testing Laboratory, Payyoli	19-11-2015	25000
33.	Assistant Director of Agriculture, Payyoli	03-02-2016	34450
34.	Medical Officer, Community Health Centre, Payyoli	21-12-2015	27500
35.	Block Development Officer, Payyoli	07-11-2015	400000
36.	Assistant Registrar of Co-operative Society (Audit), Changanacherry	17-10-2015	10000
37.	Deputy Director, Common Facility Service Centre, Changanacherry	14-12-2015	35000
		18-12-2015	75000
39.	Tahsildar, Taluk Office, Changanacherry	20-10-2015	10000
		25-04-2016	10000
		25-04-2016	10000
		25-04-2016	75000
38.	Assistant District Industries Officer, Changanacherry	25-04-2016	15000
		25-04-2016	15000
40.	Sales Tax Officer, Circle II, Changanacherry	11-06-2015	10000
41.	Deputy Director of Education, Kottayam	15-12-2016	2000000
42.	Principal, Government Higher Secondary School, Kilimanoor	26-10-2015	660000

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
43.	Employment Officer, Town Employment Exchange, Kilimanoor	30-10-2015	10000
44.	Principal, Saint Thomas Higher Secondary School, Thankamony	14-10-2015	7500
45.	Principal, Saint Mary's Higher Secondary School, Murikkassery	29-02-2016	37100
46.	Principal, Government Higher Secondary School, Panickankudy	31-10-2015	5900
		26-02-2016	25480
47.	Principal, Government Higher Secondary School, Pathinaramkandam	03-04-2016	15540
48.	Principal, Government Higher Secondary School, Thoprankudy	14-06-2016	25260
49.	Medical Officer, Primary Health Centre, Kamakshy	18-02-2016	5000
50.	Assistant Director of Agriculture, Vellarikundu	03-03-2016	2362500
		03-03-2016	43166
51.	Tahsildar, Taluk Office, Vellarikundu	30-01-2016	24700
52.	Secretary, East Eleri Grama Panchayat, Vellarikundu	14-01-2016	605251
53.	Principal, Saint Mary's Higher Secondary School, Kidangoor	20-11-2015	13500
		29-02-2016	25060
54.	Principal, Saint Thomas Higher Secondary School, Pala	19-11-2015	13500
		26-02-2016	29750
55.	Assistant Director of Agriculture, Uzhavoor	01-07-2016	300000
56.	Assistant Soil Chemist, District Soil Testing Laboratory, Kozhikode	19-02-2015	10000
57.	Medical Officer, Government Homoeo Dispensary, Kadaplamattom	12-07-2015	1000
58.	Principal, OLL Higher Secondary School, Uzhavoor	28-09-2015	13600
		24-02-2016	49700
59.	Principal, Nair Service Society Higher Secondary School, Thadiyoor	20-11-2015	13500
60.	Principal, Saint Behanan's Higher Secondary School, Vennikulam	29-09-2015	6800
		25-02-2016	23800
61.	Project Officer, Child Development Project Office, Koipuram	22-07-2015	12500
62.	Assistant Conservator of Forest, Ranni	17-10-2015	15000
63.	Assistant Executive Engineer, Public Works Department, Roads Division, Ranni	29-10-2015	15000
64.	Veterinary Surgeon, Veterinary Dispensary, Peringara	12-02-2015	9000
65.	Taluk Supply Officer, Thiruvalla	11-03-2015	15000
66.	Assistant Educational Officer, Thiruvalla	26-11-2015	24000
67.	Secretary, Thiruvalla Municipality	11-04-2015	175000
68.	Assistant Executive Engineer, Public Works Department Buildings Sub Division, Thiruvalla	16-10-2015	15000

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
69.	Assistant Executive Engineer, Public Works Department Bridges Sub Division, Thiruvalla	16-10-2015	15000
70.	Assistant Executive Engineer, Public Works Division Roads Sub Division, Thiruvalla	20-10-2015	15000
71.	Tahsildar, Taluk Office, Thiruvalla	22-04-2015	92000
		30-09-2015	100000
		05-11-2016	200000
		05-11-2016	500000
72.	Revenue Divisional Officer, Thiruvalla	17-10-2015	15000
73.	Child Development Project Officer, Integrated Child Development Scheme, Pulikeezhu	26-10-2015	155000
74.	Soil Conservation Officer, Thiruvalla	14-10-2015	15000
75.	Sales Tax Officer (Audit), Commercial Tax Office, Thiruvalla	15-10-2015	15000
76.	Food Safety Officer, Thiruvalla	18-02-2016	15000
77.	Medical Officer-in-charge, Primary Health Centre, Kulanada	18-02-2016	15000
78.	Assistant Educational Officer, Mavelikkara	04-12-2016	80000
79.	Superintendent, Sub Jail, Mavelikkara	02-12-2016	75000
		22-04-2016	20000
		13-06-2016	50000
		19-03-2016	58500
80.	Training Inspector, ITC (Scheduled Caste Development Officer), Mavelikkara	21-07-2016	18000
81.	Child Development Project Officer, Mavelikkara	31-05-2016	25000
82.	Joint Commissioner of Food Safety, Mavelikkara	09-11-2015	20000
83.	Superintendent of Police, Special Branch Crime Investigation Department, Ernakulam	11-02-2015	1432000
84.	Additional Director, Office of the Assistant Director of Agriculture, Kayamkulam	01-05-2016	4000
85.	Municipal Secretary (Grade I), Kayamkulam	11-03-2015	85000
		11-03-2015	150000
		11-03-2015	176060
86.	Principal, Government Higher Secondary School for Girls, Kayamkulam	15-10-2015	610000
		13-04-2016	4300000
87.	Manager, Central Hatchery, Chengannur	23-07-2016	50000
88.	Principal (District Institute of Education and Training), Alappuzha, Chengannur	10-12-2015	400000
		15-12-2015	600000
		18-01-2016	700000
		23-03-2016	200000
89.	Lay Secretary and Treasurer, Taluk Head Quarters Hospital, Chengannur	20-01-2016	30000
90.	Tahsildar, Taluk Office, Chengannur	28-12-2015	5000
91.	Sales Tax Officer, Cherthala	20-05-2015	15000

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
92.	Principal, Leo XIII Higher Secondary School, Alappuzha	24-04-2015	2600000
93.	Principal, Saint Joseph's Higher Secondary School, Alappuzha	20-04-2016	3700000
94.	Principal, Thirumala Deveswom Higher Secondary School, Alappuzha	24-04-2015	2500000
		13-04-2016	3850000
95.	Principal, Maharajas College (Day), Ernakulam	30-10-2014	75000
		20-11-2014	140000
96.	District Lottery Officer, Ernakulam	30-03-2015	5000
		27-04-2016	5000
97.	Accounts Officer, Child Project Office , Ernakulam	25-09-2015	435000
		27-10-2015	7735200
		11-02-2015	1200000
		23-12-2015	1128000
		18-01-2016	400000
		25-02-2016	200000
		03-02-2016	100000
98.	Superintendent of Police, Central Branch Crime Investigation Department, OCW-II Ernakulam	29-10-2015	375000
		11-07-2015	75000
99.	Superintendent of Police, Central Branch Crime Investigation Department HHW-II, Ernakulam	02-12-2016	75000
100.	District Information Officer, Ernakulam	22-05-2015	150000
101.	Regional Officer, Kerala Public Service Commission (Central Region), Ernakulam	22-02-2016	200000
		13-07-2015	80000
102.	Tahsildar, Taluk Office, Kanayannur	22-04-2016	750000
		22-04-2016	25000
103.	District Registrar (General), Ernakulam	28-10-2015	110000
104.	Officer Grade I, Scheduled Caste Development Officer Grade I, Kochi	31-03-2015	237500
105.	Training Superintendent, Government Industrial Training Centre, Edappally	02-12-2015	46500
		28-03-2016	76500
106.	Taluk Supply Officer, Aluva	24-03-2015	58000
107.	District Educational Officer, Aluva	20-03-2015	66070
		12-01-2015	15000
108.	Medical Officer- in- Charge, Primary Health Centre, Keezhmad	20-02-2016	25000
109.	Lay Secretary and Treasurer, Taluk Head Quarters Hospital, Aluva	29-06-2015	2500
		20-02-2016	90000
110.	Senior Superintendent, ITI, Kalamassery	28-07-2015	275900
111.	Superintendent, Sub Jail, Aluva	27-04-2016	50000
112.	Accounts Officer, District Police Office (Rural), Aluva	21-10-2015	2851200
		27-11-2015	4518400
		19-02-2016	200000
		19-02-2016	8500

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
113.	Tahsildar, Taluk Office, Aluva	25-04-2015	144500
		28-12-2015	360000
		26-04-2016	20000
		26-04-2016	500000
114.	Senior Superintendent, Model Residential School, Aluva	14-01-2016	25000
115.	Child Development Project Office, Integrated Child Development Scheme, Vazhakkulam Additional, Aluva	16-11-2015	128000
116.	Commanding Officer 3K, Air Squadron National Cadet Corps, Kochi	25-11-2015	54800
117.	Tahsildar, Taluk Office, Fort Kochi	21-04-2016	500000
		21-04-2016	20000
118.	Veterinary Surgeon, Veterinary Dispensary, Puthiyedom	18-08-2015	30000
119.	Secretary, Thuravoor Grama Panchayat, Angamaly	22-08-2015	90000
120.	Child Development Project Office, Integrated Child Development Scheme Office, Angamaly	25-02-2015	5000
		25-02-2015	151000
		11-06-2015	101000
		03-10-2016	65630
121.	Project Officer, Integrated Child Development Scheme Project, Parakkadavu	24-02-2015	217000
122.	Child Development Project Office, Additional Integrated Child Development Scheme Project, Angamaly	12-11-2015	101000
123.	Veterinary Surgeon, Veterinary Dispensary, Maradu	30-09-2015	10000
124.	Principal, Government College, Tripunithura	30-09-2015	187500
		17-11-2015	155000
125.	Senior Superintendent, Assistant Educational Officer, Tripunithura	29-07-2015	3195600
126.	Superintendent of Police, Special Branch Criminal Investigation Department, Ernakulam	11-02-2015	1432000
127.	Project Officer (Coir), North Paravur	14-01-2016	1000000
128.	Sub Registrar, North Paravur	23-05-2016	12000
129.	Child Development Project Office, North Paravur	20-02-2015	17000
		03-03-2015	229000
130.	Returning Officer, Deputy Collector (Election), Ernakulam	19-04-2016	420000
		19-04-2016	200000
131.	Assistant Labour Officer-I, CIR, Ernakulam	31-03-2016	9000
132.	District Officer, Kerala Public Service Commission, Ernakulam	05-11-2016	150000
133.	Technical Assistant, Assistant Director Survey and Land Records (RS), Thrikkakara	14-03-2016	5000
134.	Principal, Government Higher Secondary School, Mulanthuruthy	16-10-2015	7400

## Appendix 2.19 –Contd.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
135.	Principal, Government Higher Secondary School, Chottanikkara	14-10-2015	5200
136.	Project Officer, Integrated Child Development Scheme, Project Office, Mulanthuruthy	30-05-2016	25000
137.	Veterinary Dispensary, Chellan	21-02-2012	6000
138.	Community Health Centre, Kumbalangi	08-10-2011	6000
139.	Child Development Project Office, Palluruthy	13-12-2011	80000
140.	Director, Archaeology, Thiruvananthapuram	19-11-2015	1140000
141.	Superintendent, Ayurveda College for Women and Children, Thiruvananthapuram	31-10-2015	2260000
142.	Superintendent, Panchakarma Hospital, Poojapura, Thiruvananthapuram	29-02-2016	100000
143.	Administrative Assistant, Deputy Director of Education, Thiruvananthapuram	16-10-2015	250000
144.	Personal Assistant to Text Book Officer, Thiruvananthapuram	19-01-2016	200000000
145.	Superintendent, Special Sub Jail, Thiruvananthapuram	25-04-2016	50000
146.	Deputy Inspector General of Police (South Zone), Thiruvananthapuram	30-10-2015	80000
		11-11-2015	100000
		16-11-2015	1500000
		19-11-2015	1000000
147.	Tahsildar, Taluk Office, Thiruvananthapuram	26-10-2015	10000
		29-10-2015	10000
		21-04-2016	400000
148.	Tahsildar, Revenue Recovery, Thiruvananthapuram	26-10-2015	10000
		11-11-2015	10000
149.	Principal, College of Engineering, Thiruvananthapuram	15-12-2015	394650
		29-01-2016	1500000
150.	Administrative Assistant Kerala State Land Use Board, Thiruvananthapuram	19-04-2016	10000
		19-04-2016	10000
151.	Senior Administrative Officer, Directorate of Scheduled Tribe Development, Thiruvananthapuram	22-09-2015	350000
152.	Administrative Assistant, Office of the District Medical Office, Kollam	20-02-2016	120000
		16-03-2016	191000
153.	Veterinary Surgeon, Veterinary Hospital, Ayoor	16-07-2015	32500
		16-07-2015	15000
154.	Assistant Surgeon, Community Health Centre, Anchal	20-02-2016	50000
		20-02-2016	15000
		15-03-2016	100000
		15-03-2016	21000
155.	Secretary, Grama Panchayat, Anchal	17-12-2015	150000
156.	Child Development Project Office, Integrated Child Development Scheme(Additional), Anchal	28-10-2015	118000

## Appendix 2.19 –Concl.d.

(in ₹)

Sl. No.	Name of the Drawing and Disbursing Officer	Month of drawal	Amount
157.	Assistant Director of Agriculture, Munnar	12-02-2016	500000
		20-02-2016	100000
		29-02-2016	50000
		29-02-2016	50000
		01-03-2016	38000
158.	Superintendent, Sub Jail, Devikulam	14-12-2015	10000
		17-02-2016	75000
		11-03-2016	35000
159.	Revenue Divisional Officer, Devikulam	21-03-2015	6000
160.	Tahsildar, Taluk Office, Devikulam	21-08-2015	8000
		18-02-2015	15000
		22-04-2015	86000
		18-08-2015	1712000
161.	Block Development Office, Devikulam	28-10-2015	176800
		31-10-2015	1500000
		03-11-2015	800000
162.	Child Development Project Office, Integrated Child Development, Devikulam	26-10-2015	117000
163.	Assistant Director of Agriculture, Nedumkandom	30-10-2015	316000
		28-11-2015	200000
		29-01-2016	236000
		30-01-2016	500000
		29-02-2016	70000
		29-02-2016	525000
164.	Tahsildar, Taluk Office, Nedumkandom	22-04-2015	167500
165.	Assistant Director of Agriculture, Peerumedu	12-02-2016	606000
		24-02-2016	20000
166.	Superintendent, Taluk Head Quarters Hospital, Peerumedu	11-03-2016	2000
167.	Medical Officer- in-Charge, Primary Health Centre, Kumily	22-04-2016	50000
168.	Superintendent, Sub Jail, Peerumedu	14-10-2016	20000
169.	Secretary, Elappara Grama Panchayat	14-10-2016	150000
170.	Administrative Assistant, KAP 5 Batallion, Kuttikanam	04-11-2015	90000
		16-03-2016	445000
171.	Tahsildar, Taluk Office, Peerumedu	23-12-2015	87500
172.	Tribal Extension Officer, Peerumedu	20-01-2016	10000
<b>Total</b>			<b>30,91,75,200</b>

**Appendix 3.1**  
**Statement showing names of bodies and authorities, the accounts of**  
**which were not received as of March 2018**  
**(Reference: Paragraph 3.2; Page 84)**

Sl. No.	Name of department and body/authority	Year for which accounts had not been received	Grant received (₹ in crore)
1.	Agency for Non-conventional Energy and Rural Technology	2014-15	2.47
		2015-16	19.64
		2016-17	12.80
2.	Energy Management Centre	2016-17	7.06
3.	Kerala Khadi and Village Industries Board	2015-16	50.98
		2016-17	98.96
4.	Indian Institute of Handloom Technology	2016-17	0.80
5.	Kerala Khadi Workers Welfare Fund Board	2016-17	0.29
6.	Kerala Institute of Tourism and Travel Studies	2016-17	3.30
7.	Malabar Botanical Garden and Institute for Plant Sciences	2016-17	3.33
8.	Kerala State Cashew Workers Apex Industrial Co-operative Society	2016-17	4.00
9.	Kerala Forest Research Institute	2015-16	19.41
		2016-17	22.53
10.	Centre for Water Resources Development and Management	2016-17	26.08
11.	Jawaharlal Nehru Tropical Botanic Garden and Research Institute	2015-16	19.47
		2016-17	25.01
12.	State Fisheries Resource Management Authority	2016-17	3.99
13.	Agency for Development of Aqua Culture, Kerala	2015-16	14.09
		2016-17	27.23
14.	Kerala State Veterinary Council	2013-14	0.30
		2016-17	0.30
15.	Kerala Road Fund Board	2015-16	150
		2016-17	105
16.	Kerala State Seed Development Authority	2013-14	9.59
		2014-15	10.23
		2015-16	10.45
		2016-17	3.20
17.	Kerala Veterinary and Animal Sciences University	2014-15	65.65
		2015-16	92.94
		2016-17	106.56
<b>Total</b>			<b>915.66</b>

**Appendix 3.2**  
**Statement showing performance of Autonomous Bodies**  
**(Reference: Paragraph 3.3; Page 84)**

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
1.	Kerala Khadi and Village Industries Board, Thiruvananthapuram	Up to 2017-18	2014-15	2014-15	2014-15	30.11.2018	19.09.2017	27 months
2.	Command Area Development Authority, Thrissur	Up to 2017-18	2013-14	2013-14	2012-13	16.12.2015	10.9.2015	14 months 10 days
3.	Kerala State Commission for Backward classes, Thiruvananthapuram	Up to 2016-17	2015-16	2015-16	2015-16	30.11.2018	8.05.2017	10 months 8 days
4.	Kerala Institute of Labour and Employment, Thiruvananthapuram	For five years from 2012-13	2015-16	2015-16	2014-15	30.11.2018	23.01.2018	18 months 23 days
5.	Kerala Building and Other Construction Worker's Welfare Board, Thiruvananthapuram	1998-99 onwards, Act enacted by Parliament	2016-17	2015-16	2014-15	30.11.2018	22.05.2018	10 months 22 days
6.	Kerala State Human Rights Commission, Thiruvananthapuram	1998-99 onwards	2015-16	2015-16	2015-16	30.11.2018	11.11.2016	4 months 11 days
7.	Kerala State Legal Services Authority, Kochi	1998-99 onwards	2015-16	2015-16	2014-15	20.10.2016	09.05.2017	10 months 9 days
8.	District Legal Services Authority, Thiruvananthapuram	1998-99 onwards	2016-17	2015-16	2015-16	30.11.2018	08.06.2018	11 months 8 days
9.	District Legal Services Authority, Kollam	1998-99 onwards	2013-14	2013-14	2013-14	19.03.2018	30.03.2016	21 months
10.	District Legal Services Authority, Pathanamthitta	1998-99 onwards	2013-14	2013-14	2013-14	30.11.2018	07.09.2017	38 months 7 days
11.	District Legal Services Authority, Alappuzha	1998-99 onwards	2016-17	2016-17	2015-16	30.01.2018	11.10.2017	3 months 11 days
12.	District Legal Services Authority, Kottayam	1998-99 onwards	2016-17	2015-16	2015-16	30.01.2018	23.03.2018	8 months 23 days

## Appendix 3.2-Concl.

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report (SAR) is issued	Placement of SAR in the Legislature		Date of submission of accounts	Period of delay in submission of accounts
					Year of SAR	Date of placement		
13.	District Legal Services Authority, Idukki	1998-99 onwards	2016-17	2014-15	2014-15	28.02.2017	07.05.2018	10 months 7 days
14.	District Legal Services Authority, Ernakulam	1998-99 onwards	2011-12	2011-12	2011-12	11.03.2015	20.02.2014	19 months 20 days
15.	District Legal Services Authority, Thrissur	1998-99 onwards	2015-16	2014-15	2014-15	06.02.2018	22.05.2018	22 months 22 days
16.	District Legal Services Authority, Palakkad	1998-99 onwards	2015-16	2015-16	2010-11	28.06.2016	18.06.2018	23 months 18 days
17.	District Legal Services Authority, Malappuram	1998-99 onwards	2015-16	2015-16	2015-16	30.11.2018	23.05.2017	10 months 23 days
18.	District Legal Services Authority, Kozhikode	1998-99 onwards	2014-15	2014-15	2013-14	16.12.2015	22.02.2016	7 months 22 days
19.	District Legal Services Authority, Wayanad	1998-99 onwards	2012-13	2012-13	2012-13	30.01.2018	01.08.2016	37 months 1 day
20.	District Legal Services Authority, Kannur	1998-99 onwards	2014-15	2014-15	2012-13	08.08.2017	04.01.2018	30 months 4 days
21.	District Legal Services Authority, Kasaragod	1998-99 onwards	2011-12	2011-12	2011-12	01.12.2015	01.11.2013	16 months 1 day
22.	Permanent Lok Adalath, Thiruvananthapuram	1998-99 onwards	2015-16	2015-16	2015-16	30.01.2018	01.10.2016	3 months 1 day
23.	Permanent Lok Adalath, Ernakulam	2011-12 onwards	2013-14	2013-14	2013-14	20.10.2016	29.01.2016	18 months 29 days
24.	Permanent Lok Adalath, Kozhikode	2013-14 onwards	2014-15	2014-15	2014-15	20.10.2016	05.02.2016	7 months 5 days
25.	Kerala Water Authority	Till 2019-20	2013-14	2013-14	2013-14	30.11.2018	29.12.2015	17 months 29 days
26.	Kerala State Commission for Scheduled Caste and Scheduled Tribes <sup>61</sup>	2008-09 onwards	2016-17	2014-15	Not available		23.02.2018	7 months 23 days

<sup>61</sup> Accounts for the period from 2008-09 to 2012-13 were not submitted.

**Appendix 3.3**  
**Statement of finalisation of *pro forma* accounts and Government investment in departmentally managed commercial and quasi-commercial undertakings**  
**(Reference: Paragraph 3.4; Page 85)**

(₹ in crore)

Sl. No.	Name of the undertaking	Accounts finalized up to	Government investment as per the last accounts finalized	Profit/loss as per the last accounts
1.	State Water Transport Department	2014-15	403.42	(-) 41.97
2.	Kerala State Insurance Department	2013-14	Nil	0.32
3.	Text Book Office <sup>62</sup>	1986-87	21.26	(-) 5.61

<sup>62</sup>Government decided (December 2008) to dispense with the preparation of *pro forma* accounts for the period from 1975-76 to 1986-87. Decision on preparation of *pro forma* accounts for the period from 1987-88 to 2003-04 was pending with the Government. Preparation of Accounts from 2003-04 onwards was entrusted with Institute of Public Auditors, but the same was not submitted to Accountant General (G&SSA) for certification.

**Appendix 3.4**  
**Department/duration-wise break-up of cases of misappropriation, defalcation, etc.**

(Reference: Paragraph 3.5; Page 85)

(₹ in lakh)

Sl. No.	Name of the Department	Up to 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years and above		Total number of cases	
1.	Agriculture			4	49.79	2	28.42	2	5.71	1	5.53			9	89.45
2.	Animal Husbandry	4	2.20	3	0.45									7	2.65
3.	Co-operation					1	1.92			1	3.80			2	5.72
4.	Cultural Affairs	2	378.75									1	0.20	3	378.95
5.	Finance – National Savings											1	0.45	1	0.45
6.	Finance - Treasuries	1	62.90	2	3.21	2	76.17	4	61.79	2	2.07	2	4.74	13	210.88
7.	Fisheries and Ports	1	3.85	1	0.53									2	4.38
8.	General Education	7	42.60	2	1.74	3	13.51	7	1.42			4	4.68	23	63.95
9.	Health and Family Welfare – Health Services	2	15.12	1	4.67	2	155.22			1	0.81	1	1.64	7	177.46
10.	Health and Family Welfare – Medical Education	3	64.87	1	1.16			3	18.03	1	0.69			8	84.75
11.	Health and Family Welfare – Indian System of Medicine	1	9.30					1	1.85					2	11.15
12.	Higher Education – Collegiate Education	2	27.45			1	0.20	1	0.73	1	0.02			5	28.40
13.	Home Department- Police											1	0.38	1	0.38
14.	Industries and Commerce			1	40.00					1	0.31			2	40.31
15.	Information and Public Relations	1	13.78											1	13.78
16.	Local Self Government					2	12.04	4	6.46	1	1.85			7	20.35
17.	Planning and Economic Affairs	1	6.86											1	6.86
18.	Public Works			1	1.88	2	5.05	1	0.83					4	7.76
19.	Revenue – Survey and Land records											2	5.63	2	5.63
20.	Scheduled Castes and Scheduled Tribes Development	2	2.27	1	0.50							1	0.17	4	2.94
21.	Social Justice	1	5.46			1	8.92							2	14.38
22.	Taxes	2	102.36							1	2.61			3	104.97
23.	Motor Vehicles					2	8.03							2	8.03
24.	Water Resources	1	614.00			4	135.74	2	3.90					7	753.64
<b>Total</b>		<b>31</b>	<b>1351.77</b>	<b>17</b>	<b>103.93</b>	<b>22</b>	<b>445.22</b>	<b>25</b>	<b>100.72</b>	<b>10</b>	<b>17.69</b>	<b>13</b>	<b>17.89</b>	<b>118</b>	<b>2037.22</b>

**Appendix 3.5**  
**Department/category-wise details in respect of cases of loss to Government**  
**due to theft, misappropriation and loss of Government material**  
**(Reference: Paragraph 3.5; Page 85)**

(₹ in lakh)

Sl. No.	Name of the Department	Theft		Misappropriation/Loss of Government material		Total	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1.	Agriculture			9	89.45	9	89.45
2.	Animal Husbandry	6	2.30	1	0.35	7	2.65
3.	Co-operation			2	5.72	2	5.72
4.	Cultural Affairs			3	378.95	3	378.95
5.	Finance – National Savings			1	0.45	1	0.45
6.	Finance - Treasuries			13	210.88	13	210.88
7.	Fisheries and Ports			2	4.38	2	4.38
8.	General Education	12	5.98	11	57.97	23	63.95
9.	Health and Family Welfare – Health Services			7	177.46	7	177.46
10.	Health and Family Welfare – Medical Education			8	84.75	8	84.75
11.	Health and Family Welfare – Indian System of Medicine			2	11.15	2	11.15
12.	Higher Education – Collegiate Education	2	0.22	3	28.18	5	28.40
13.	Home Department- Police			1	0.38	1	0.38
14.	Industries and Commerce			2	40.31	2	40.31
15.	Information and Public Relations			1	13.78	1	13.78
16.	Local Self Government			7	20.35	7	20.35
17.	Planning and Economic Affairs			1	6.86	1	6.86
18.	Public Works			4	7.76	4	7.76
19.	Revenue – Survey and Land records			2	5.63	2	5.63
20.	Scheduled Castes and Scheduled Tribes Development			4	2.94	4	2.94
21.	Social Justice			2	14.38	2	14.38
22.	Taxes			3	104.97	3	104.97
23.	Motor Vehicles			2	8.03	2	8.03
24.	Water Resources	1	0.55	6	753.09	7	753.64
<b>Total</b>		<b>21</b>	<b>9.05</b>	<b>97</b>	<b>2028.17</b>	<b>118</b>	<b>2037.22</b>

**Appendix 3.6**  
**Statement showing three cases where court ordered to release DCRG due to delay in fixing liability**  
**(Reference: Paragraph 3.6.1; Page 87)**

(₹ in lakh)

Sl. No.	Name of office and official	Year of occurrence	Amount defalcated
<b>Agriculture Department</b>			
1.	Principal Agricultural Office, Alappuzha (A R Vijayalakshmi, Date of retirement: 30.11.2013)	2007-08	5.05
	Principal Agricultural Officer (PAO), Alappuzha reported a liability of ₹5,04,772 against the official on 10.11.2016. The Director of Agriculture had fixed (08.05.2018) liability after three years from the date of retirement. The Hon'ble Kerala Administrative Tribunal ordered (23.5.2018 and 13.6.2018) to release the DCRG in full without recovering the loss as fixation of liability beyond three years period cannot be justified.		
2.	Principal Agricultural Office, Kannur (V C Kuriakose, Date of retirement: 30.04.2000)	1991-94	5.53
	Though the Principal Agricultural Office, Kannur intimated the liability against the official in 2002, Director of Agriculture fixed (26.12.2014) the liability after lapse of more than 10 years. Consequently the Hon'ble Kerala Administrative Tribunal ordered (July 2014) not to recover the dues from DCRG.		
<b>Health and Family Welfare Department – Health Services</b>			
3.	General Hospital, Thiruvananthapuram (J W Winston, Date of retirement: 31.03.2015)	2012-13	2.30
	Department could not fix entire liability within three years after retirement, the Hon'ble Kerala Administrative Tribunal ordered (4 July 2018) to release the DCRG without deducting the liability amount of ₹2.30 lakh.		

**Appendix 3.7**  
**Cases where DCRG has been released despite ongoing departmental/vigilance enquiry**  
**(Reference: Paragraph 3.6.2; Page 87)**

(in ₹)

Sl. No.	Name of office and Name of official	Year of occurrence	Amount defalcated	Amount of DCRG released (Date of release)
<b>Agriculture Department</b>				
1.	Agricultural Office, Arakkulam (Cyriac Jose, Date of death: 05.04.2007)	1999-01	60,850	2,00,978 (11.09.2012)
	As department failed to identify land in his name or inherited by his legal heirs, revenue recovery procedure could not be carried out till date.			
<b>Health and Family Welfare Department – Health Services</b>				
2.	Public Health Centre, Kanyakulangara (D. Ramachandran, Date of retirement: 31.10.1994)	1988-89	164000	29,250 (16.01.1995)
	Though Government had ordered (2003) to recover the amount in five years period from pension, no recovery had been effected till date.			

**Appendix 3.8**  
**Statement showing delay in initiating departmental action**  
**(Reference: Paragraph 3.6.3; Page 88)**

(in ₹)

Sl. No.	Name of office and Name of official	Year of occurrence	Amount defalcated
<b>Agriculture Department</b>			
1.	District Agriculture Farm, Chelakkara, Thrissur (K Sasikumar, Date of retirement: 30.04.2007)	1996-98	16305
<p>Though the Director, Local Fund Audit reported the case to Agriculture Department in February 2003 for taking further action, Agriculture department took (July 2008) action only after a lapse of five years of report from local fund audit. Government ordered (June 2010) to recover the loss by filing civil suit. The official filed (November 2010) review petition against the Government Order. Government rejected (April 2013) the review petition. However, Department failed to recover the loss till date by filing civil suit.</p>			
2.	Krishi Bhavan, Balal, Kasaragod (P J Joseph, Date of retirement 30.04.2006 and K Vijayan, Date of retirement 30.04.2006)	2004-05	6,50,718
<p>Though Finance Inspection Wing in the Inspection Report recommended (March 2005) disciplinary action against the officials, in the case relating to irregularities in sanctioning drought relief 2004, the Director of Agriculture took (November 2008) departmental action after three years, i.e., after retirement of the officials. Revenue recovery procedure is still pending to realize the loss.</p>			

**Appendix 3.9**  
**Statement showing cases where department failed to effect recovery**  
**(Reference: Paragraph 3.6.4.1; Page 88)**

(₹ in lakh)

Sl. No.	Name of office and Name of official	Year of occurrence	Amount defalcated
<b>Health and Family Welfare Department</b>			
1.	Directorate of Health Services (Dr.V K Rajan, Date of retirement 30.04.2006 and Dr.K Shylaja)	2002-03	149.00
	The case relates to defalcation on purchase of excess quantity of vaccines. The Hon'ble court of the Enquiry Commissioner and Special Judge, Thiruvananthapuram ordered (May 2017) five years rigorous imprisonment and fine of ₹50 lakh each against the two accused officials. Even after a lapse of more than one year Administrative Department could not issue final orders of recovery.		
2.	District Medical Officer, Kollam (Anandan, Upper Division Clerk, Date of retirement: 31.05.2006)	2005-06	6.22
	The Enquiry Commission and Special Judge ordered (March 2015) two years imprisonment and a fine of ₹25,000 with regard to financial irregularities and misappropriation of Government money. The official confessed (May 2006) the defalcation and expressed willingness to recover the loss from his pensionary benefits. Even though more than three years have lapsed since the court verdict, Administrative Department could not issue final orders of recovery till date.		
<b>Agriculture department</b>			
3.	Krishi Bhavan, Balal, Kasaragod (P K Radhakrishnan, Date of retirement: 31.05.2018)	2004-05	3.25
	Government ordered (18.06.2013) to recover the loss from the salary of the official in connection with the irregularities noticed in sanctioning drought relief 2004. He filed case before Kerala Administrative Tribunal. Even after dismissal (April 2016) of the case by court, Director of Agriculture failed to make recovery from his salary till his retirement.		
<b>General Education Department</b>			
4.	Government High School Vattiyookavu (Sudhakaran Nair, LDC)	1987-88	1.10
	The case relates to irregularities in the establishment pay bill. The Enquiry Commissioner and Special Judge, Thiruvananthapuram ordered (1997) a fine of ₹1,15,000 and imprisonment. State Government sanctioned (November 2014) compassionate allowance to the official. Even after a lapse of more than 20 years Administrative Department could not issue final orders of recovery.		

**Appendix 3.10**  
**List of cases wherein department failed to effect recovery even after fixing liability based on investigation**  
**(Reference: Paragraph 3.6.4.2; Page 88)**

(₹ in lakh)

Sl. No.	Name of office and Name of official	Year of occurrence	Amount defalcated
<b>General Education Department</b>			
1.	Government Vocational Higher Secondary School, Mulakkuzha, Alappuzha (K Muralidharan, Lower Division Clerk)	2004-05	5.10
The case relates to misappropriation of Government money. Deputy Director of Education (DDE), Alappuzha fixed (September 2010) liability against K Muralidharan. However, Government issued formal orders only in November 2018 to effect recovery from K Muralidharan, who is still in service, after a lapse of eight years since liability was fixed.			
2.	Government UP School Painavu (A T Somasekhara Pillai, Headmaster, Date of retirement: 31.3.2011)	2007-08	5.25
The case relates to misappropriation from General Provident Fund (GPF) accounts of teachers. As per orders (March 2011) of Lok Ayuktha, State Government made good the loss sustained by the teachers by crediting their GPF accounts by debiting '8550-104-93 Advance to meet the additional expenditure on loss, misappropriation, etc.' The case is pending in vigilance court since 2008. Government directed (July 2012) DPI to recover the loss from the official with 8 <i>per cent</i> interest. DPI informed (March 2018) State Government that the amount could not be recovered from the official as he had not applied for pension. However, Government did not take any further action to recover the loss.			
<b>Agriculture Department</b>			
3.	Principal Agricultural Office, Thrissur (C K Velayudhan, Assistant Executive Engineer, date of retirement: 31.05.2002)	2000-03	4.94
The case relates to irregularities in implementation of schemes. The Director of Agriculture fixed (October 2012) liabilities and directed (April 2013) Principal Agricultural Officer, Thrissur to recover the loss through revenue recovery. However, recovery is still pending.			
4.	E Babyraj, Joint Director of Agriculture, Date of death: 26.12.2008	1999-2000	18.66
The case relates to irregularities in implementation of schemes. The Director of Agriculture fixed (April 2015) liability and directed (May 2015) to recover the loss through revenue recovery. However, the department failed to recover the loss sustained to Government till date.			

**Appendix 3.11**  
**List of cases where DCRG has been granted to deceased persons without effecting recovery for loss sustained by Government**  
**(Reference: Paragraph 3.6.5; Page 89)**

(₹ in lakh)

Sl. No.	Name of office and Name of official	Year of occurrence	Amount defalcated
<b>Health and Family Welfare Department</b>			
1.	Women and Children Hospital, Thiruvananthapuram (C Sivan, Blood Bank Technician, Date of death 14.07.2012)	2008-09	4.67
The case relates to misappropriation of HDC funds. Government issued (16.08.2016) directions to release the pensionary benefits including DCRG of ₹3,43,476 to legal heirs on the ground that four years has elapsed from the date of death of the official. Action is underway to recover the loss through revenue recovery procedure.			
<b>Treasury</b>			
2.	Sub Treasury Vellayambalam (N. Rajamohanakumar, Senior Accountant, date of death: 28.02.2014)	2003-04	9.65
The case relates to defalcation of Government money from Sub Treasury Vellayambalam. Even though the case is pending in court since 2008, State Government directed (March 2016) to drop all disciplinary action and released pensionary benefit to legal heirs without waiting for final orders of court.			

**Appendix 3.12**  
**Statement showing time taken to complete vigilance enquiry, disposal of**  
**Court case, etc.**  
**(Reference: Paragraph 3.6.6; Page 90)**

Sl. No.	Name of office (Name of official involved)	Amount involved (₹ in lakh)	Vigilance/Departmental enquiry			Year of clearance by court (Time taken)	Year of fixing liability	Time taken to fix liability/issue formal orders of recovery after completion of enquiry
			Year of commencement	Year of completion	Time taken			
<b>Agriculture Department</b>								
1	Principal Agricultural Office, Kannur (V C Kuriakose)	5.53	1995	2002	6 years	2005 (3 years)	2014	13 years
2	Agricultural Office, Arakkulam (Cyriac Jose)	0.61	2004	2008	4 years	2014 (6 years)	2012	4 years
3	Principal Agriculture Officer, Idukki (E Babyraj)	18.66	2001	2007	6 years	2007	2015	8 years
4	Krishi Bhavan, Balal, Kasaragod (P J Joseph, K Vijayan, and P K Radhakrishnan)	9.76	2004	2011	7 years	...	2013	2 years

Sl. No.	Name of office (Name of official involved)	Amount involved (₹ in lakh)	Vigilance/Departmental enquiry			Year of clearance by Court (Time taken)
			Year of commencement	Year of completion	Time taken	
<b>Treasury Department</b>						
1.	District Treasury, Kozhikode (K V Vasudevan, and P Madhavan)	0.26	1975	1981	6 years	1987 (6 years)
2.	Sub Treasury, Puthiyara, Kozhikode (M T Viswanathan)	4.48	1989	1993	4 years	2010 (17 years)
3.	Addl. Sub Treasury, Thiruvananthapuram (D Harish)	0.07	1994	1999	4 years	2017 (18 years)
4.	Sub Treasury, Vellayambalam (Venu, R Jameela Beevi)	19.12	2000	2013	13 years	Pending for last five years
5.	District Treasury, Thiruvananthapuram (G.Krishnan Nair and P C Rajendran Nair)	37.15	1997	2006	9 years	2016 (10 years)
6.	Sub Treasury, Kadakkal (B Viswambharan)	3.92	2004	2013	9 years	Pending for last five years
7.	Sub Treasury Vellayambalam (Rajamohanakumar and Maheen Kannu)	9.65	2004	2008	4 years	Pending for last 10 years
<b>General Education Department</b>						
8.	Assistant Education Officer, Chevayoor (Imbichi Muhammad and Raveendra Nath)	3.42	1973	1980	7 years	1988 (8 years)
9.	Government High School, Vattiyoorkavu (Sudhakaran Nair)	1.10	1987	1994	7 years	2005 (11 years)
10.	Government UPS, Painavu (Somasekhara Pillai)	5.25	2007	2010	3 years	Pending for last eight years
<b>Health and Family Welfare Department – Health Services</b>						
11.	Public Health Centre, Kanyakulangara (Ramachandran D and Dr. Amanulla)	1.64	1994	1999	5 years	2001 (2 years)
12.	Public Health Centre, Kumaramputhur (Valsan V A and Dr. John Marshal)	0.81	1997	2001	4 years	2017 (16 years)
13.	Directorate of Health Services (Rajan V K and Shylaja)	149.00	2004	2010	6 years	2017 (7 years)

**Appendix 3.13**  
**List of cases where write-off proposals were pending with**  
**Government/Head of the Department**  
**(Reference: Paragraph 3.6.7; Page 90)**

Sl. No.	Name of institution (Theft/ Misappropriation and year of occurrence)	Amount of loss (in ₹)	Date of sending write off proposal
1.	Assistant Education Officer, Chevayur, Kozhikode (Misappropriation, 1971-72)	341711	19.11.2013
2.	Government Higher Secondary School, Kokkallur, Kozhikode (Theft, 1991-92)	6518	9.11.2012
3.	Government High School for Girls, Attingal (Theft, 1998-99)	9106	16.10.2018
4.	Government High School, Kannadiparambu (Theft, 2002-03)	14536	4.12.2013
5.	Government LPS, Kulathoor, Thiruvananthapuram (loss due to fire, 1991-92)	9369	25.10.1999
	<b>Total</b>	<b>381240</b>	

**Appendix 3.14**  
**Cases involving loss of public money not reported to Accountant General**  
**(Reference: Paragraph 3.6.8; Page 90)**

Sl. No.	Name of institution	Year of occurrence	Amount (₹ in lakh)	Particulars of the case
<b>General Education Department</b>				
1.	Director of Public Instruction	2015-17	27.99	Misappropriation from noon-meal account by Mustafa, contract staff. This case was neither reported to Government nor Accountant General. DPI directed (July 2017) District Collector, Malappuram to initiate revenue recovery procedure to realise the loss.
2.	Government Vocational Higher Secondary School, Maranchery	2000-01	0.23	Theft. DPI forwarded (October 2015) write off proposal to Government. Further action is pending.
3.	Government High School, Chathannoor, Palakkad	2006-07	3.18	As the theft case was undetected, DPI sent (April 2017) write off proposal to Government. Government directed to re-investigate the case.
<b>Agriculture</b>				
4.	Principal Agricultural Office, Thrissur and Idukki	1999-00	20.07	Misappropriation of Government money by P D Prakash, Agricultural Officer (date of retirement on 30.11.2006) under the lift irrigation programme while working in Thrissur and Idukki.
<b>Treasury</b>				
5.	Pension Payment Sub Treasury, Thiruvananthapuram	2009-10	1.59	Fraudulent withdrawal from various PTSB accounts by Vinod, Senior Accountant. He was dismissed from service and the case is pending before the Hon'ble Judicial First Class Magistrate Court XI, Thiruvananthapuram.
	<b>Total</b>		<b>53.06</b>	

### Glossary of terms used in the Report

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
Gross State Domestic Product (GSDP)	It is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
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 received as <i>per cent</i> 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
Domar Gap	Nominal GSDP Growth Rate - Average interest Rate
Net availability of borrowed funds	Defined as the ratio of the debt redemption (principal + interest payment) 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.



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