

## PRESS RELEASE

On

**The Report of the Comptroller and Auditor General of India  
for the period ended March 2022**

**Government of Union Territory of Jammu and Kashmir**

**Report No. 05 of 2025**

**(Compliance Audit Report - Revenue and Public Sector Undertakings)**

This Report has been prepared in accordance with the provisions of Section 72 of the Jammu and Kashmir Reorganisation Act, 2019. The Report was forwarded to the Government of Jammu and Kashmir on 17 November 2025. The Report has been laid on the table of the Jammu and Kashmir legislature on 30.03.2026.

This Report comprises of four chapters and covers matters arising out of the Compliance Audit on the Revenue Receipts of the Union Territory (UT) Government and the Government Public Sector Undertakings (PSUs).

This Report includes one Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing' and six Compliance Audit paragraphs noticed during the Compliance Audit of Public Sector Undertakings of UT of J&K.

***Key findings:***

**Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing':**

There was delay of more than five years in issue of Standard Operating Procedure (SOP) for Scrutiny of Returns for the years 2017-18 and 2018-19 which resulted in minimal scrutiny of returns conducted. Special Investigation Unit (SIU) which was responsible for providing of inputs for scrutiny and necessary action taken by State Taxes Officer (STO) was constituted in 2022-23. The intelligence inputs supposed to be forwarded to the concerned jurisdictional authorities from 2017-18 to 2020-21 were left out which might have resulted in chances of non-detection of unrealised revenue. Due to minimal/non-scrutiny of monthly and annual returns like GSTR 3B and GSTR-9 cases of mismatch of turnover, taxable turnover, tax paid, ITC availed, due to figures reflected in returns and books of account having implication of revenue loss remain unnoticed.

Further cases of non-initiating of action against non-filers, non-cancellation of registration certificates of return defaulter dealers, non-payment of interest for late payment of tax, non-levy of late fee for delay in filing of returns, cases of un-discharged tax liability and cases in which action was initiated but not completed were also noticed.

Differences were noticed in the MIS report (MIS COMP 01) containing details of non-filers and the information provided by the STOs. Further, there were differences between the MIS reports and information provided by the STOs regarding cases of GSTR-3A and ASMT-13 issued and withdrawn.

There was late issuance of SOP for scrutiny of returns and constitution of internal audit wing. Despite several reminders/ requests, the following records of the taxpayers pertaining to the Circle audit were not produced to Audit:

- (i) Red flag reports received from GSTN and shared with Circle authorities.
- (ii) Year wise scrutiny details in UT under GST.

The following recommendations were made in the Report:

The Department may:

- Ensure effective scrutiny of cases based on risk analysis; and
- Consider fixing year-wise targets to pursue inconsistencies and deviations pointed out by Audit.

#### **Functioning of Public Sector Undertakings:**

As on 31 March 2022, there were 42 PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG. These include 39 Government Companies (including six inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company. One PSU (Jammu & Kashmir Bank Limited) is listed on the stock exchange. There are six inactive PSUs (including four under liquidation) with investment of ₹ 57.57 crore towards capital (GoJ&K: ₹ 56.59 crore and Others: ₹ 0.98 crore) and long term loans ₹ 0.83 crore (GoJ&K: ₹ 0.83 crore and Others: Nil).

As of 31 March 2022, there were 40 Companies under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due from 34 Government Companies. However, only three Government Companies submitted their accounts for the financial year 2021-22 for audit by CAG on or before 30 September 2022. The accounts of Jammu & Kashmir Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 to 2021-22 were awaited as on 30 September 2022.

#### **Compliance Audit (Public Sector Undertakings) revealed the following key findings:**

##### **(i) Implementation of Interest Subvention Scheme under Business Revival Package 2020 in Jammu and Kashmir**

Government of Jammu and Kashmir (GoJ&K) approved (October 2020) scheme of interest subvention of five *per cent* for all borrowers excluding borrowers under Kissan Credit Card (KCC), Artisans Credit Card (ACC), loan against deposits, loans under personal segments and Non-Banking Financial Corporation (NBFC) for a period of six months w.e.f. 01 April 2020.

It was noticed that the un-utilised amount of ₹ 85.75 crore remained locked up with Union Territory Level Banker's Committee for 341 days though as per the terms and

conditions of the sanction, the funds were to be credited immediately to eligible beneficiaries.

Ineligible benefit of interest subvention of ₹ 59.21 crore was extended to 39,136 accounts. Benefit of interest subvention of ₹ 1.91 lakh was granted to 10 KCC accounts which were not to be covered under the scheme. JKBL also provided the benefit of interest subvention of ₹ 1.07 lakh to 22 accounts under personal segment.

**(ii) Doubtful recovery of ₹ 104.51 crore in Jammu and Kashmir Bank Limited:**

Sanctioning of credit facilities by Jammu and Kashmir Bank Limited in favour of a Company without obtaining adequate collateral securities coupled with non-fulfillment of pre-disbursement conditions and poor monitoring of account led to doubtful recovery of ₹ 104.51 crore.

**(iii) Wasteful expenditure in creation of Jammu and Kashmir Asset Reconstruction Limited**

Failure of Jammu and Kashmir Bank Limited and GoJ&K in making the Jammu and Kashmir Asset Reconstruction Limited operational resulted in wasteful expenditure of ₹ 82.18 lakh.

**(iv) Parking of surplus funds and loss of interest of ₹ 2.65 crore**

Parking of surplus funds in violation of the Board's directives resulted in loss of interest of ₹ 2.65 crore to Jammu and Kashmir IT Infrastructure Development Private Limited (Company).

**(v) Avoidable interest payment of ₹ 6.88 crore in JKSPDC**

Non-depositing of advance tax on taxable income during the financial years 2015-16, 2017-18 and 2019-20 by Jammu and Kashmir State Power Development Corporation Limited as per the provisions of the Income Tax Act, 1961 resulted in avoidable interest payment of ₹ 6.88 crore.

**(vi) Avoidable interest payment of ₹ 0.32 crore in JKPCC**

Failure of Jammu and Kashmir Projects Construction Corporation Limited to deposit advance tax on taxable income on due dates for the Financial Year 2017-18 in accordance with the provisions of Income Tax Act, 1961 resulted in avoidable interest of ₹ 0.32 crore.