

**PRESS BRIEF**

**Report of the Comptroller and Auditor General of India on Union Territory  
Finances for the year 2022-23**

Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2022-23 - Report No. 1 of 2024, Government of Union Territory of Jammu and Kashmir was prepared for submission to the Hon'ble Lt. Governor under Section 72 of the Jammu and Kashmir Reorganisation Act 2019, for being placed before the Legislative Assembly of UT of Jammu and Kashmir. The Audit Report was forwarded to the UT Government on 03.04.2025 and has been placed in the Legislative Assembly on 28.03.2026.

This Report comprises of five chapters namely Overview, Finances of the Union Territory, Budgetary Management, Quality of Accounts and Financial Reporting practices and Financial Performance of Public Sector Undertakings.

The highlights of the report are summarised below:

Gross State Domestic Product (GSDP) (at current prices) grew by 35.95 *per cent* from ₹ 1,67,652 crore in 2020-21 to ₹ 2,27,927 crore in 2022-23. There was 14.01 *per cent* growth in GSDP during 2022-23 over the previous year. Budget outlay of the UT grew by 11.97 *per cent* from ₹ 1,33,595.72 crore in 2020-21 to ₹ 1,49,582.03 crore in 2022-23.

Revenue receipts grew at 16.44 *per cent* and the percentage of revenue receipts over GSDP increased from 29.63 *per cent* in 2021-22 to 30.26 *per cent* in 2022-23. Tax revenue increased by 5.37 *per cent* during the period and the State's own revenue increased by 5.65 *per cent*. Total expenditure (revenue expenditure, capital expenditure and loans and advances) of the UT of Jammu and Kashmir increased by 4.89 *per cent* from ₹ 70,390.14 crore in 2021-22 to ₹ 73,832.65 crore. Of this, revenue expenditure showed 6.29 *per cent* increase from 2021-22.

Against the revenue deficit of ₹ 30.83 crore during 2021-22 there was a surplus of ₹5,976.61 crore during 2022-23, while fiscal deficit decreased from ₹ 11,150.60 crore in 2021-22 to ₹ 4,855.37 crore in 2022-23, decreasing by 56.46 *per cent*.

***Receipt-Expenditure mismatch***

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The UT has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Grants-in-aid from the Union Government and non-debt capital receipts. The UT Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc).

From 2020-21 to 2022-23, revenue receipts of the UT grew by 31.39 *per cent* from ₹52,495.48 crore to ₹68,975.95 crore. Capital receipts increased from ₹40,635.06 crore in 2020-21 to ₹50,200.89 crore during 2021-22 but again decreased to ₹38,115.80 crore during 2022-23. The share of Grants-in-aid in revenue receipts rose from 72.07 *per cent* in 2021-22 to 74.65 *per cent* in 2022-23, indicating increased reliance on support from the Government of India.

### ***Result of expenditure beyond means***

As against the revenue deficit of ₹138.27 crore and ₹30.83 crore during 2020-21 and 2021-22 respectively, there was revenue surplus of ₹5,976.61 crore during 2022-23.

The UT Government spent ₹10,773.78 crore only on capital account. This was 14.59 *per cent* of the total expenditure in the year 2022-23. During 2022-23, the UT Government utilised 87.52 *per cent* of its current borrowings for repayment of borrowings (principal).

The fiscal deficit of the UT increased from ₹10,693.36 crore (6.38 *per cent* of GSDP) in 2020-21 to ₹11,150.60 crore (5.58 *per cent* of GSDP) in 2021-22, but decreased to ₹4,855.37 crore (2.13 *per cent* of GSDP) in 2022-23.

Under revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure on interest payments, salaries and pensions constituted 75-76 *per cent* of revenue expenditure during 2020-21 (74.67 *per cent*) and 2022-23 (75.36 *per cent*). Committed expenditure increased by 20.80 *per cent* from ₹39,302.27 crore in 2020-21 to ₹47,475.27 crore in 2022-23.

### ***Off-budget borrowings***

The UT Government, through Public Sector Undertakings raised ₹23,911.53 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the UT but are required to be repaid and serviced through the budget.

### ***FRBM requirements and compliance with fiscal parameters***

The Government of Jammu and Kashmir has not fixed any targets of fiscal indicators in the Medium Term Fiscal Policy Statement.

In 2022-23, the UT had a revenue surplus of ₹5,976.61 crore which comprised 2.62 *per cent* of GSDP; the fiscal deficit was 2.13 *per cent* of GSDP and the ratio of Public Liability to GSDP was 12.26 *per cent*.

As per the debt stabilisation analysis, the public debt of the Government of Jammu and Kashmir has increased by 120 *per cent* from ₹10,567.85 crore in 2020-21 to ₹23,240.11 crore in 2022-23. Public debt-GSDP ratio of UT of Jammu and Kashmir has increased from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23 which cannot be considered as leading to stability. Ratio of interest payments on Public Debt

to revenue receipts showed an increasing trend, from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 which is indicative of decreased debt sustainability.

During 2020-21 and 2021-22, the UT had primary deficit, which later turned to primary surplus in 2022-23. The Domar gap (g-r) remained negative during 2020-21, which turned positive (due to increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic) in 2021-22 and 2022-23. Even though both the primary balance and Domar Gap remained positive in 2022-23, the same is not adequate to keep pace with the increase in outstanding debt in tandem with the increase in economic growth. This led to increase in Public Debt to GSDP ratio in 2022-23.

#### ***Misclassification in accounts***

It was noticed that ₹219.13 crore of Revenue expenditure which included Grants-in-aid of ₹191.10 crore and subsidy of ₹28.03 crore was booked under the wrong head of account as Capital expenditure.

#### ***Funds to Single Nodal Agency***

The Government of Union Territory of Jammu and Kashmir received ₹6,131.40 crore being Central share during the year. As on 31 March 2023, the Government transferred ₹3,514.36 crore being Central share and corresponding Union Territory share of ₹549.62 crore to the SNAs. As per the data available on Public Financial Management System, ₹3,603.59 crore is lying unspent in the bank accounts of SNAs as on 31 March 2023.

#### ***Budget performance***

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2022 passed by the Parliament was ₹1,42,150.10 crore, which was followed by Supplementary Demands for Grants of ₹3,711.72 crore. The overall expenditure incurred during 2022-23 was ₹1,07,948.46 crore.

Further, in violation of Section 14.7.2 of the J&K Budget Manual 2020, in the Appropriation Accounts of 2022-23, out of surrender of savings of ₹16,793.13 crore (not supported by valid surrender orders), an amount of ₹3,086.79 crore was augmented/ re-appropriated by the UT Government from Capital to Revenue in eight grants and one appropriation. Further, ₹633.42 crore was augmented/ re-appropriated from Revenue to Capital in seven grants, without legislative authorisation.

#### ***Aggregate expenditure outturn***

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than (-) and in excess (+) of approval.

In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 19.43 *per cent*. In the Capital section, deviation in outturn compared with BE was (-) 37.03 *per cent*.

#### ***Expenditure composition outturn***

Budget performance also looks at the extent to which the re-allocation between the main budget categories during execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 16 *per cent*. In the Capital section, deviation in outturn compared with RE was (-) 22 *per cent*.

It was noticed that supplementary provisions of ₹ 2,091.95 crore during the year 2022-23 in 16 cases (more than ₹ 50 lakh or more in each case) proved unnecessary, as the expenditure did not come up even to the level of the original provisions. On the other hand, in grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in grant 8-Finance Department led to excess expenditure of ₹ 1,503.62 crore

#### ***Regularisation of Excess over Grants/ Appropriations***

There was excess expenditure of ₹2,830.17 crore under three grants during 2022-23 which required regularisation. Further, excess expenditure of ₹1,24,004.41 crore during 1980-81 to 2019-20 (upto 30 October 2019) pertaining to the erstwhile State of Jammu and Kashmir and ₹13,019.16 crore during 2019-20 (from 31 October 2019 onwards) to 2021-22 were yet to be regularised. It was also noticed that an amount of ₹12,416.82 crore was incurred under 31 schemes/sub heads in six grants without budgetary provision during 2022-23.

#### ***Utilisation Certificates against conditional grants***

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 3,733 UCs amounting to ₹14,698.75 crore were pending as on 31<sup>st</sup> March 2023, out of which 2,431 UC's amounting to ₹8,142.65 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

#### ***DC bills against AC bills***

Despite the requirement of submitting Detailed Countersigned Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 3,466 AC bills of ₹19,774.97 crore were pending for submission of DC bills as on 31<sup>st</sup> March 2023, out of which 1,877 AC Bills amounting to ₹5,583.15 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

***Working of State Public Sector Undertakings***

As on 31 March 2023, there were 42 State Public Sector Enterprises (SPSEs) in Jammu and Kashmir. They included 39 Government Companies (including six inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company. Only four Government companies submitted their accounts for the financial year 2022-23 for supplementary audit by CAG on or before 30 September 2023. There were 11 PSUs that reported profit in their latest financial statements. The reported profit increased to ₹1,286.79 crore in 2022-23 from ₹566.10 crore in 2021-22.