

PRESS BRIEF

**Report of the Comptroller and Auditor General of India on Union Territory
Finances for the year 2023-24**

Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2023-24 - Report No. 1 of 2025, 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 31-10-2025 and has been placed in the Legislative Assembly on 02-04-2026.

This Report provides an overview of the Finances of the Union Territory, Budgetary Management and Quality of Accounts and Financial Reporting.

The highlights of the report are summarised below:

Gross State Domestic Product (GSDP) (at current prices) grew by 9.50 *per cent* from ₹ 2,20,204 crore in 2022-23 to ₹ 2,41,133 crore in 2023-24 as against the GDP growth of 9.60 *per cent* during 2023-24.

Revenue receipts grew at 1.64 *per cent* over the previous year, the percentage of Revenue receipts over GSDP declined by 2.25 percentage points over the previous year, from 31.32 *per cent* in 2022-23 to 29.07 *per cent* in 2023-24. Tax revenue grew by 7.34 percentage points during the period and the UT's Own Revenue grew by 10.65 percentage points. Total expenditure (Revenue expenditure, Capital expenditure and Loans and Advances) of the UT of Jammu and Kashmir increased by 6.62 *per cent* from ₹ 73,832.65 crore in 2022-23 to ₹ 78,721.81 crore in 2023-24. Of this, Revenue expenditure showed a 5.75 *per cent* increase from the previous year. Revenue surplus declined from ₹5,976.61 crore during 2022-23 to ₹3,486.22 crore during 2023-24, while Fiscal deficit increased from ₹4,855.37 crore in 2022-23 to ₹8,608.08 crore in 2023-24, increasing by 77.29 *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 UT's 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 account (assets creation, loans and advances, investments, etc).

From 2020-21 to 2023-24, Revenue receipts of the UT grew by 33.55 *per cent* from ₹ 52,495.48 crore to ₹ 70,107.69 crore. Capital receipts increased by 40.33 *per cent* from ₹ 38,115.80 crore in 2022-23 to ₹ 53,488.80 crore during 2023-24. Grants-in-aid constitutes a major portion of Revenue receipts of the U.T, however, during 2023-24 its share in Revenue receipts fell from 74.65 *per cent* in 2022-23 to 71 *per cent*.

Between 2020-21 and 2023-24, Revenue expenditure increased from ₹ 52,633.75 crore (31.37 *per cent* of GSDP) to ₹ 66,621.47 crore (27.63 *per cent* of GSDP). It consistently made up a significant portion (83 to 85 *per cent*) of the total expenditure during this period.

Result of expenditure beyond means

The gap between Revenue receipts and Revenue expenditure results in Revenue deficit. As against the Revenue deficit of ₹ 138.27 crore and ₹ 30.83 crore during 2020-21 and 2021-22 respectively, there was however, Revenue surplus of ₹ 5,976.61 and ₹ 3,486.22 crore during 2022-23 and 2023-24 respectively.

The UT Government spent only ₹ 12,088.85 crore on Capital account. This was 15.36 *per cent* of the total expenditure in the year 2023-24. During 2023-24, the UT Government utilised 86.37 *per cent* of its current borrowings for repayment of borrowings (principal). Thus, the borrowed funds were being used mainly for repayment of borrowings instead of capital creation/ development activities.

The Fiscal deficit of the UT increased from ₹ 4,855.37 crore (2.20 *per cent* of GSDP) in 2022-23 to ₹ 8,608.08 crore (3.57 *per cent* of GSDP) in 2023-24.

Under Revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure on interest payments, salaries and pensions as a percentage of Revenue expenditure ranged between 73.10 *per cent* and 75.93 *per cent* during 2020-21 to 2023-24. It increased by 23.92 *per cent* from ₹ 39,302.27 crore in 2020-21 to ₹ 48,703.01 crore in 2023-24.

In addition to committed expenditure, inflexible expenditure ranged between 2.94 *per cent* and 4.36 *per cent* of Revenue expenditure during 2020-21 to 2023-24. Inflexible expenditure increased from ₹ 2,199.44 crore in 2022-23 to ₹ 2,465.07 crore in 2023-24, registering an increase of 12.08 *per cent*.

Taken together, the committed and inflexible expenditure in 2023-24 was ₹ 51,168.08 crore; 77 *per cent* of the Revenue expenditure. The major expenditure on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Off-budget borrowings

The UT Government, through Public Sector Undertakings raised ₹ 23,742.42 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the UT but is 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 2023-24, the UT had a Revenue surplus of ₹ 3,486.22 crore which constituted 1.45 *per cent* of GSDP; the Fiscal deficit was 3.57 *per cent* of GSDP and the ratio of Public Liability to GSDP was 15.24 *per cent*.

Debt/Liability of the erstwhile State is being serviced by the UT of Jammu & Kashmir. Debt burden relative to GSDP was 49.26 *per cent* in 2023-24, witnessed decline of 7.45 percentage points from 2021-22. According to the Domar criterion, the average real growth remained higher than the average real interest rate, as evident from the average Growth Interest Differential that remained favourable during 2021-2024. In contrast to the nominal growth, the effective interest rate (in nominal terms) remained largely driven by inflation. Ratio of Repayment to Gross borrowings increased from 81.54 *per cent* in 2020-21 to 86.37 *per cent* in 2023-24. It indicates that 13.63 *per cent* of net borrowing was available during 2023-24 with the Government after repayment of earlier debts. Ratio of interest payments to Revenue receipts showed an increasing trend from 12.14 *per cent* in 2020-21 to 14.16 *per cent* in 2023-24.

Budget performance

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2023 passed by the Parliament was ₹ 1,48,500 crore, which was followed by Supplementary Demands for Grants of ₹ 8,712.90 crore. The overall expenditure incurred during 2023-24 was ₹ 1,26,054.97 crore rendering savings of ₹ 31,157.93 crore.

Aggregate expenditure outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate originally approved, both in terms of less than (-) and in excess (+) of approval. In the Revenue section, deviation in outturn compared with Budget Estimates was (-) 16.48 *per cent*. In the Capital section, deviation in outturn compared with Budget Estimates was (-) 23.31 *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 (-) 11.86 *per cent*. In the Capital section, deviation in outturn compared with RE was (-) 9.59 *per cent*.

Supplementary provisions aggregating ₹ 588.69 crore obtained in two Grants, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the Original provisions. On the other hand, Supplementary provision of ₹ 5,348.97 crore in two Grants/Appropriations,

involving ₹ 50 lakh or more in each case during the year was not adequate to meet the requirement and led to excess expenditure.

Regularisation of Excess over Grants/Appropriations

There was excess expenditure of ₹ 3,760.84 crore under two grants during 2023-24 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 ₹ 15,849.33 crore during 2019-20 (from 31 October 2019 onwards) to 2022-23 was yet to be regularised.

Misclassification in accounts

It was noticed that ₹ 195.01 crore of Revenue expenditure which included Grants-in-aid of ₹ 147.71 crore and subsidy of ₹ 47.30 crore was booked under the wrong head of account as Capital expenditure.

Funds to Single Nodal Agency

The Government of India and the UT Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the UT Government is transferred to the bank account of the SNA lying outside the Government Account.

As per information available on the PFMS portal, ₹ 7,662 crore (Central share of ₹ 6,230.64 crore and UT share of ₹ 1,431.36 crore) was transferred to the SNAs during 2023-24. However, as per the Accounts, the Government transferred ₹ 7,436.18 crore (Central share of ₹ 6,370.04 crore and UT share of ₹ 1,066.14 crore) to the SNAs, out of which, ₹ 5,076.26 crore was transferred through AC Bills, ₹ 1,634.96 crore through GIA bills and ₹ 724.96 crore through Fully Vouched Contingent Bills. As per the data available on PFMS portal, ₹ 3,267.29 crore remained unspent and was in the bank accounts of SNAs as on 31 March 2024. The difference of figures between the amounts booked in the Accounts and as available on PFMS portal is under reconciliation.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 3,663 UCs amounting to ₹ 12,074.25 crore were pending as on 31st March 2024.

Utilisation Certificates outstanding beyond the specified period indicate absence of assurance on utilisation of the grants for indented purposes and the expenditure shown in the accounts cannot be treated as final

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Countersigned Contingent (DC) Bills against the advance money withdrawn through Abstract Contingent Bills,

3,451 AC bills for ₹ 25,127.97 crore were pending for submission of DC bills as on 31st March 2024.

Delayed submission of Detailed Contingent Bills indicates that funds were drawn without requirement for immediate payment and may affect the completeness and correctness of Accounts.