

PRESS RELEASE

On

**The Report of the Comptroller and Auditor General of India
for the period ended March 2023**

Government of Union Territory of Jammu and Kashmir

Report No. 07 of 2025
(Compliance Audit Report Civil-I)

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 06 January 2026. The Report has been tabled in the Jammu and Kashmir Legislative Assembly on 30.03.2026 .

This Report comprises of five chapters and covers matters arising out of the Compliance Audit of the Departments of Government of Union Territory (UT) of Jammu and Kashmir (J&K).

Key findings:

(i) Subject Specific Compliance Audit on “Restoration of essential services and strengthening of disaster risk management system under World Bank aided Jhelum Tawi Flood Recovery Project.”

The Jhelum Tawi Flood Recovery Project (JTFRP) had been taken up to support the recovery process in project areas affected by 2014 floods. The project was funded through assistance from the World Bank (WB). The project also aimed to increase infrastructure for disaster resilience and capacity of the Project Implementing Units (PIUs) to respond promptly and effectively to a crisis or emergency. Out of a total of 213 sub-projects under JTFRP, 174 were completed as of December 2023. Out of these 213 sub-projects, Audit selected 82 sub-projects detailed check.

It was observed that damage and loss assessment reports were not prepared for selected projects before their commencement. Delays in tendering, changing of experts etc., were observed leading to delays in completion of the projects. Infrastructure projects not proposed by the Line Departments were sanctioned while some of the projects proposed by them were not included.

Activities like retrofitting of critical buildings and Hydro Metrological Action Plan intended for managing disaster risks, enhancing preparedness and achieving resilient recovery, although identified in the Project Appraisal Document (PAD), had not been executed. Hospital projects were executed in flood prone areas though prohibited by National Disaster Management Authority. Irregular and idle expenditure was incurred on upgradation of dewatering stations by Srinagar Municipal Corporation.

Deficiencies in purchase/ installation of machinery and equipment included excess payment on procurement of rescue equipment, avoidable expenditure on procurement of Fire & Emergency machinery/ Modular monitor. Idle investment on purchase of Search & Rescue kits/ Hospital machinery/ Automated Embedding Systems were also noticed.

Monitoring of projects was not done in accordance with the World Bank guidelines as the periodical meetings of the Project Steering Committee were not held regularly and Operational Manual for execution of projects under JTFRP was not prepared.

Some of the recommendations made based on audit are:

The Government should:

- Ensure the projects are taken up as per the Project Appraisal Document and after approval from the Project Steering Committee,
- Ensure completion of projects in a time bound manner, and
- Update the Management Information System and strictly monitor the implementation of the sub-projects.

(ii) Subject Specific Compliance Audit on “Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)”:

The Scheme was launched to ensure the welfare of people affected by mining related operations. In contravention to the PMKKKY guidelines, the areas and people affected due to mining were neither identified nor notified. Selection of projects under the Scheme was carried out at the discretion of the District Mineral Foundation Trusts (DMFTs) rather than based on the actual needs of mining-affected communities.

There was a delay of two years in framing of Jammu and Kashmir District Mineral Foundation Rules 2017 for Minor Minerals. These rules were not in consonance with the Mines and Minerals (Development and Regulation) Act 2015 (MMDR) and were subsequently amended (February 2023) after being pointed out by Audit in May 2022. Due to framing of these contradictory rules, the Department suffered revenue loss of ₹14.55 crore during 2017-18 to 2021-22 (i.e. period covered under audit). Due to not registering/ forming of the District Mineral Foundation Trusts in time, the contribution of ₹8.82 crore could not be demanded and collected.

The Department had not developed any mechanism for assessment, demand and collection of royalty along with DMF contributions. The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department at either Apex level or Divisional level. Out of 365 sanctioned projects in sampled eight districts, 147 projects (40 *per cent*) were not taken up for execution primarily due to not according of administrative approval and site disputes. The Governing body and Executive Committee had not been formed by the Trusts.

DMFT funds were advanced to various implementing agencies for execution of works without preparation of Annual Plans and Annual Budget. The available funds could not be spent and as against availability of ₹ 25.72 crore during 2017-18 to 2022-23, only ₹11.89 crore (46 *per cent*) was utilised. Unspent balances were not invested. Utilisation Certificates (UCs) were neither received nor demanded by some executing agencies of Kashmir Division. As 89 Mineral Check Posts were not completed and Mine

Surveillance System was not installed despite creation of liability of ₹ 1.73 crore, the illegal mining, transportation and storage of minerals remained un-monitored/unchecked. Beneficiary survey showed unawareness about the Scheme in 96 *per cent* of the respondents and unawareness about DMFT activities in 100 *per cent* of respondents. There was violation of Scheme guidelines mandating electronic payment.

Some of the key recommendations based on audit are:

The Government should:

- Identify and notify the areas and people affected due to mining,
- Constitute the Governing Body and Executive Committee of the DMFTs and ensure execution of works are carried out after approval of Annual Plan and Annual Budget.
- Strengthen the fund management system and monitoring mechanism.

(iii) Subject Specific Compliance Audit on ‘National Rural Livelihood Mission’

As audit of the Scheme had not been conducted since its launch in 2011-12, the compliance audit on ‘National Rural Livelihood Mission’ covered the period from 2011-12 to 2022-23, with special focus on the last five-year period from 2018-19 to 2022-23. The audit entailed test-check of records during May 2023 to January 2024 in the offices of Mission Director (MD) JKRLM, J&K; Additional Mission Directors (AMDs), JKRLM, Kashmir and Jammu; six out of 20 District Mission Management Units (DMMUs), and 20 out of 125 BMMUs. Joint Physical Verification (JPV) and Beneficiary Survey was carried out with staff of JKRLM to assess the outcome of the implementation of the Scheme. Six DMMUs were selected for audit using random sampling method and eighteen out of 20 blocks under their jurisdictional control were selected for detailed check using random sampling method.

To promote sustainable livelihoods for the rural poor, the Ministry of Rural Development (MoRD), Government of India (GoI) launched National Rural Livelihood Mission (NRLM) in the year 2010 (renamed as Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in March 2016). The scheme aimed to reduce poverty by enabling poor household to access gainful self-employment and skilled wage opportunities. The State Mission Management Unit (SMMU) for J&K was registered (October 2011) as a society in the name of Jammu and Kashmir State Rural Livelihood Mission (JKRLM) for implementation of NRLM in J&K.

Audit observed that the overall coverage remained below the targets set by the scheme and no well-defined approach in identification of beneficiaries was available. There were persistent shortfalls in the release of both Central and State shares against approved plans, mainly due to procedural delays. Financial management was deficient as cases of unreconciled unspent funds, irregularities in loan repayments, and unauthorised deductions from community funds were observed.

The budgeting process lacked a bottom-up approach, Processes such as registration of community organizations and approval of Annual Action Plans by the Executive Council, were not properly followed.

Human resource management was marked by critical staff shortage, absence of grievance redressal mechanism, and lack of insurance coverage for staff. Monitoring mechanism was weak due to infrequent meetings and vacant key monitoring positions.

Some of the key recommendations based on audit are:

The Government should:

- Establish well defined criteria for identification of poor rural households and selection of beneficiaries under the Scheme.
- Adopt bottom-up approach in preparation of Budget.
- Ensure funds as per approved plans are released in time and are utilised for the implementation of scheme during each year.
- Strengthen the implementation of the scheme through efficient monitoring.

iv) Compliance Audit pertaining to Transport Department

The Government of Jammu and Kashmir (GoJ&K) launched (19 November 2019) the “Transport Subsidy Scheme” pursuant to the orders of High Court of Jammu and Kashmir (J&K) dated 18 May 2006 and National Green Tribunal (NGT), New Delhi, dated 08 October 2018, regarding control of air pollution, improvement of ambient air quality in non-attainment cities {the cities which are exceeding the National Ambient Air Quality Standards (NAAQS) for five consecutive years. Jammu and Srinagar are the two non-attainment cities in J&K} as well as measures to control vehicular emissions.

The Transport Department failed to effectively implement the Scheme and could not ensure phasing out of old vehicles. Irregularities like purchase of new vehicles in different owner’s name, not preparing Compliance Reports, and crediting of subsidy to beneficiaries’ savings account instead of loan account were also observed.