

PRESS BRIEF

**Report of the Comptroller and Auditor General of India on Union Territory
Finances for the year 2024-25**

Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2024-25- Report No. 2 of 2026, 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 report was forwarded to the UT Government on 18-03-2026 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 Financial Reporting Practices. The highlights of the report are summarised below:

UT of Jammu and Kashmir's economy showed moderate growth during the FY 2024-25. Gross State Domestic Product (GSDP) (at current prices) grew by 11.18 *per cent* from ₹2,36,059 crore in 2023-24 to ₹2,62,458 crore in 2024-25. UT contributed (0.79 *per cent*) to GDP of India during 2024-25. This contribution declined from 0.85 *per cent* in 2020-21. It was observed that the revenue receipts of the UT during 2024-25 increased by 6.12 *per cent* mainly due to increase in Grants-in-Aid from Government of India (GoI). However, growth of own tax revenue was 2.5 *per cent*. Though UT's own revenue performance improved, the dependence on central grants-in-aid remained substantial.

Out of Total Expenditure (TE) of ₹82,547.28 crore, revenue expenditure (85.37 *per cent*) was substantial, particularly committed costs and subsidies (68.39 *per cent* of Revenue Expenditure and 58.39 *per cent* of TE), leaving limited fiscal space for capital investment. Capital expenditure remained below budgeted levels, reflecting constraints in infrastructure investment. UT was not able to arrest the fiscal deficit within the target levels set in the budget documents. The outstanding liabilities of the UT increased from 8.87 *per cent* of GSDP in 2020-21 to 17.21 *per cent* in 2024-25. However, considering the liabilities of the erstwhile state, the outstanding liabilities increased to 48.47 *per cent* of GSDP in 2024-25 which was excluding the Off-budget borrowings of ₹23,197.08 crore. Besides, the UT government also carried forward undischarged liabilities in respect of Guarantee Redemption Fund (GRF), interest liabilities, Consolidated Sinking Fund (CSF), pension fund etc., to the tune of ₹934.02 crore and 1.13 *per cent* of TE in the FY 2024-25.

The fiscal year also continued to witness large-scale excess expenditure in one revenue-charged section, along with overall savings across all 36 grants. The excess expenditure incurred during FY 2024-25, as well as that from previous financial years

and the period pertaining to the erstwhile State of Jammu and Kashmir, requires regularisation by the legislature. Delays were observed in the submission of Utilisation Certificates, with 1,395 UCs amounting to ₹4,105.08 crore pending as of March 2025. Additionally, the number of outstanding Abstract Contingent (AC) bills decreased from 3,451 bills amounting to ₹25,127.97 crore as of 31 March 2024 to 3,068 bills amounting to ₹15,607.21 crore as of 31 March 2025. Twenty-eight accounts in respect of eight Autonomous Bodies (ABs) were pending as of March 2025.

During the year 2024-25, ₹1,941.43 crore under 30 Major Heads of account constituting 2.35 *per cent* of the total Revenue and Capital expenditure (₹82,532.19 crore) was classified under the Minor Head-800 in the accounts. Of these, ₹49.15 crore under five Major Heads was budgeted/ classified under Minor Head 800-Other Expenditure despite availability of appropriate Minor Heads. These irregularities affect the transparency in financial reporting.

Funds, viz., Building and Other Construction Workers Welfare Cess, District Mineral Foundation Fund Trust, Water Usage Charges and Social Responsibility Corpus Fund were kept outside Government Account.

Positive steps like implementation of Empowerment/ Janbhagidari portal for transparency about developmental works was taken up by the Government. However, migration from Single Nodal Account (SNA) to SNA Sparsh system is still pending.

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in off-budget borrowings, ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.