



The Report of the Comptroller and Auditor General of India

on

Social, General, Economic (Non-PSUs) and Revenue Sectors



for the year ended 31 March 2012



GOVERNMENT OF JAMMU AND KASHMIR

Report No. 1 of the year 2013

TABLE OF CONTENTS

Particulars	Reference to	
	Paragraphs	Page
Preface		(vi)
Chapter-1 : Introduction on Social, General and Economic Sectors (Non-PSUs)		
Introduction	1.1	1
Profile of audited entities	1.2	1
Expenditure profile of the State Government	1.3	2
Authority for audit	1.4	3
Organisational structure of the office of the PAG (Audit), Jammu and Kashmir	1.5	4
Planning and conduct of audit	1.6	4
Significant audit observations	1.7	4
(A) Performance audit		4
(B) Thematic audit		6
(C) Audit of Transactions		7
(D) CCO-based audit		10
Recoveries at the instance of audit	1.8	10
Lack of response to Audit	1.9	10
Response of departments to Audit Report material	1.10	11
Follow-up on Audit Reports	1.11	12
Chapter-2 : Audit Findings on Social, General and Economic Sectors (Non-PSUs)		
A. Performance Audit		
Sher-i-Kashmir Institute of Medical Sciences	2.1	13
RURAL DEVELOPMENT DEPARTMENT		
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	2.2	40
POWER DEVELOPMENT DEPARTMENT		
Power Transmission Utilities	2.3	61
B. Thematic Audit		
LABOUR AND EMPLOYMENT DEPARTMENT		
Functioning of Jammu and Kashmir Building and Other Construction Workers Welfare Board	2.4	93

Particulars	Reference to	
	Paragraphs	Page
C. Audit of Transactions		
<i>Fraud/Embezzlement/Mis-appropriation/Loss</i>		
Education Department		
Fraudulent draws	2.5	102
Health and Medical Education Department		
Misappropriation of Government money	2.6	103
<i>Unfruitful/Unproductive/Idle expenditure</i>		
Agriculture Production Department (Sher-e-Kashmir University of Agricultural Sciences and Technology, Jammu)		
Idle expenditure	2.7	105
Public Works (Roads and Buildings) Department		
Unfruitful expenditure due to non-acquisition of land	2.8	105
Un-productive expenditure due to failure to ensure availability of land	2.9	106
Irrigation and Flood Control Department		
Unfruitful expenditure due to non-execution of the project	2.10	108
Unfruitful investment due to failure to acquire land	2.11	109
Unfruitful investment due to failure to finalize design of pump house	2.12	110
Health and Medical Education Department		
Unproductive expenditure due to injudicious action	2.13	111
Industries and Commerce (Geology & Mining) Department		
Unproductive expenditure due to non-procurement of Broadband seismograph	2.14	112
Animal Husbandry Department		
Unplanned implementation of project	2.15	113
Administrative Reforms, Inspections and Trainings Department		
Unproductive investment	2.16	114

Particulars	Reference to	
	Paragraphs	Page
<i>Blocking of funds</i>		
Agriculture Production Department (Sher-e-Kashmir University of Agricultural Sciences and Technology, Kashmir)		
Locking up of funds due to non-implementation of research project	2.17	115
Revenue Department		
Non-utilisation of Central funds	2.18	116
<i>Regularity and other issues</i>		
Public Works (Roads and Buildings) Department		
Irregular expenditure	2.19	118
Irrigation and Flood Control Department		
Lack of due diligence in contract management	2.20	119
D. CCO-Based Audit		
Industries and Commerce Department	2.21	121
Chapter-3 : Revenue Sector : General		
Executive Summary		159
Introduction	3.1	162
Variation between the budget estimates and actuals	3.2	166
Analysis of collection of tax revenue	3.3	166
Cost of collection of revenue receipts	3.4	167
Analysis of arrears of revenue	3.5	167
Arrears in Assessment	3.6	168
Evasion of Tax	3.7	169
Non disposal of refund cases	3.8	170
Response of the Departments/ Government towards Audit	3.9	170
Failure of Head of the Department to enforce accountability and protect the interest of the State Government	3.10	170

Particulars	Reference to	
	Paragraphs	Page
Departmental Audit Committee Meetings	3.11	171
Non-production of records to Audit	3.12	171
Response of the Departments to the draft audit paragraphs	3.13	172
Follow up on Audit Reports –summarized position	3.14	172
Analysis of the mechanism for dealing with the issues raised by Audit	3.15	172
Position of Inspection Reports	3.16	172
Assurances given by the Department/Government on the issues highlighted in the Audit Reports	3.17	173
Results of Audit	3.18	173
Contents of the Revenue Chapter	3.19	173
Chapter-4 : Revenue Sector : Audit Findings		
A. Performance Audit		
Taxes/VAT on Sales, Trade, etc.		
(Finance Department)		
Taxes on Services	4.1	175
Other Tax and non-Tax Receipts		
(Public Health Engineering Department)		
Assessment and collection of water usage charges	4.2	183
B. Audit of Transactions		
Sales Tax/Value Added Tax		
(Finance Department)		
Short levy of penalty	4.3	191
Short levy of penalty	4.4	191
Concealment of interstate purchases	4.5	192
Non levy of tax	4.6	193
Non levy of tax	4.7	194

Appendices

Sl. No.	Particulars	Reference to Page
Appendix-2.1	Statement showing voltage-wise capacity additions planned, actual additions and shortfall during 2007-08 to 2011-12	197
Appendix-2.2	Statement showing delay in award of contracts	198
Appendix-2.3	Statement showing status as of 31 March 2012 in respect of transmission projects taken up in the State under PMRP	199
Appendix-2.4	Statement showing non-availment of rebate by the Department leading to avoidable expenditure	203
Appendix-2.5	Details of idle high-tech equipment purchased by the Sher-e-Kashmir University of Agricultural Sciences and Technology Jammu (SKUAST) during 2005-08.	204
Appendix-2.6	Status of incomplete industrial growth centres/estates	206
Appendix-2.7	Statement showing subsidy disbursed on testing equipments	207
Appendix-2.8	Statement of Group Approach Projects	208
Appendix-3.1	Statement showing instances of Non-production of records to Audit	209
Appendix-4.1	Service wise revenue for the years 2007-08 to 2011-12 in respect of J&K, State	210