



**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA
on
STATE FINANCES
FOR THE YEAR ENDED 31 MARCH 2017**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF JAMMU AND KASHMIR
Report No. 2 of 2018

**Report of the
Comptroller and Auditor
General of India**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 was prepared for laying in the Legislature of the (erstwhile) State of Jammu and Kashmir and sent to the Governor in April 2018, in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to the President for laying in the Parliament.

Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu and Kashmir Reorganisation Act 2019, the Report is being sent to the Lieutenant Governors of the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Chapter I and II of this Report contain audit observations on matters arising from the examination of Finance and Appropriation Accounts respectively of the erstwhile State of Jammu and Kashmir. Chapter III on Financial Reporting provides an overview and status of the Government's compliance with various financial rules, procedures and directives relating to Financial Reporting during the year.

The Report containing the findings of performance audit and audit of transactions in various departments, audit of Statutory Corporations, Boards and Government Companies and observations on Revenue receipts are presented separately.

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Jammu and Kashmir is brought out to assess objectively the financial performance of the State during the year 2016-17 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2006, to provide the State Government and State Legislature with timely inputs based audit analysis of financial data. The report analyses the dominant trends and structural profile of Government's receipts and disbursement.

The Report

Based on the audited accounts of the State Government for the year ending 31 March 2017 and additional data such as the Economic Survey brought out by the State Government and Census, this report provides an analytical review in three Chapters.

Chapter-1 is based on the Finance Accounts and makes an assessment of Government's fiscal position as on 31 March 2017. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, besides a brief account of central funds transferred directly to State implementing agencies through Off Budget route.

Chapter-2 is based on Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. Comments arising out of inspection of treasuries have also been made in the chapter.

Chapter-3 is an inventory of Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

Audit findings and recommendations

The State had revenue surplus during 2016-17 even though there was shortfall of State's own non tax revenue and grant-in-aid *vis-a-vis* projected estimates. The opening cash balance for the year 2016-17 decreased by ₹98 crore from ₹527 crore to ₹429 crore.

(Para 1.2)

Trends in key fiscal aggregates: The State's share in Union taxes & duties and grants from the Union Government together constituted 69.51 *per cent* of the total revenue receipts of the State during 2012-13

which increased to 71.67 *per cent* in 2016-17. The non-debt resources transferred by the Central Government through the State Government accounts financed 60 *per cent* of total expenditure of the State Government during 2012-13 to 62 *per cent* in 2016-17 showing decline in the states dependence on transfer of Central resources upto 2015-16, but increasing slightly during 2016-17.

(Para 1.2.1)

The total expenditure, Capital Expenditure including loans and advances and Revenue Expenditure of the State increased from ₹ 43,845 crore to ₹48,174 crore, ₹7,425 crore to ₹8,362 crore and ₹36,420 crore to ₹39,812 crore during 2015-16 to 2016-17, respectively.

(Para 1.2.2)

The States own tax revenues has shown a steady increase particularly in Tax on sale of goods and services which increased from ₹4,174 crore in 2012-13 to ₹6,012 crore in 2016-17.

(Para 1.4.1)

Targets for collection of Power Departments' tariff were not achieved. The shortfall in collection of revenue was ₹1,971 crore *vis-a-vis* targets and ₹ 3,362 crore *vis-à-vis* expenditure on power purchased.

(Para 1.7.2)

The percentage of Developmental Capital Expenditure to Total Expenditure increased from 15.10 *per cent* in 2012-13 to 15.60 *per cent* in 2016-17, while the share of Development Revenue Expenditure to Total Expenditure increased from 47.60 *per cent* to 51.28 *per cent* during the same years.

(Para 1.8.2)

There were 119 projects/works of ₹ one crore and above each, involving a total sanctioned cost of ₹550.39 crore, revised to ₹601.02 crore, that were incomplete and an amount of ₹392.95 crore had been expended on these incomplete projects by 31st March 2017.

(Para 1.9.1)

Fiscal consolidation and regulation of debt/deficit: The fiscal deficit for 2016-17 was 5.34 *per cent* with UDAY and 4.13 *per cent* without UDAY, against the limit of 3 *per cent* recommended by the 14th Finance Commission.

(Para 1.13.1)

Financial management and budgetary control: During 2016-17, in 12 cases, against the approved provisions of ₹18,751.25 crore, an expenditure of ₹21,647.53 crore was incurred, thereby exceeding provision by ₹2,896.28 crore. This requires regularization from State Legislature.

(Para 2.3.1)

There were persistent errors in budgeting, savings, excess expenditure and expenditure without provision.

(Para 2.3.2 and 2.3.8)

Excess expenditure requiring regularization of the State Legislature was ₹1,07,664.29 crore as on 31st March 2017.

(Para 2.3.3)

During 2016-17, a sum of ₹1,490.03 crore of Grant-in-Aid, Subsidy of ₹130.60 crore, ₹0.23 crore Stipend & Scholarship, ₹7.83 crore Salary and ₹555.25 crore under operating cost of procurement has been disbursed under the Capital Major Heads of expenditure, as against the requirement of their accounting in revenue heads.

(Para 2.5.3)

Financial reporting: There were delays in furnishing utilization certificates against the loans and grants from various grantee institutions. Abnormal delays were noted in submission of annual accounts by some of the departmental commercial undertakings and Autonomous Bodies.

(Para 3.2 and 3.3)

Chapter-I
Finances of the State Government

CHAPTER 1

FINANCES OF THE STATE GOVERNMENT

This chapter provides an overview of the finances of the State government during the financial year 2016-17 by benchmarking against past trends of major fiscal aggregates and its structural profile. *Appendix 1.1* contains profile of Jammu & Kashmir and the development indicators relating to major infrastructure and *Appendix 1.2* contains the structure and layout of the Finance Accounts of the State government on which this Report is based. *Appendix 1.3* briefly outlines the methodology adopted for the assessment of the fiscal position of the State.

1.1 Profile of the State

The State of Jammu and Kashmir (J&K) is strategically located with its borders touching Pakistan and China and is spread over a geographical area of 2.22 lakh sq.kms, which includes an area of 1.21 lakh sq. kms under illegal occupation of China and Pakistan. It is situated between 32°17'N and 36°58'N latitudes and 73°26'E and 80°30'E longitudes constituting the northern most extremity of India. J & K is the 6th largest state of India occupying 6.76 *per cent* of the country's geographical area. The three regions of the State viz., Kashmir, Jammu and Ladakh, have been organized into 22 districts.

As per 2011 Census (Provisional Data), the State's population in census covered areas was ₹1.25 crore. The decadal growth rate in population declined to 23.71 *per cent* during 2001-2011 from 29.43 *per cent* during 1991-2001. The population density of the State increased from 100 per sq km in 2001 to 124 per sq km in 2011. The overall sex ratio declined from 892 in 2001 to 889 as per census 2011.

Incidence of poverty in the State has been on declining trend. The proportion of population Below Poverty Line in the total population was estimated at 40.86 *per cent* in 2000 by the Department of Food and Public Distribution, Government of India. This declined to 21.63 *per cent* of total population according to a BPL head count survey carried out by the State government in 2007-08 and to 15.1 *per cent* in 2011-12, according to an assessment made by the Planning Commission.

At the time of independence, the literacy rate of the state was only five *per cent*. During the decade 2001-2011, literacy rate increased from 55.52 *per cent* to 67.16 *per cent* in the state as against 64.84 *per cent* to 74.04 *per cent* at national level.

The Gross State Domestic Product (GSDP)¹ measures the value of goods and services produced within the State. At constant prices, the GSDP was estimated at ₹98826² crore (projected) during 2016-17, up from ₹91850 crore during 2015-16 and for current prices the GSDP is estimated at ₹1,32,207 crore in 2016-17(Proj.).

For the purpose of fixing the market borrowing ceiling *vis-a-vis* fiscal parameters, the Union Ministry of Finance had accepted the GSDP estimates for the year 2015-16 as ₹1,14,637 crore and the GSDP estimates arrived and accepted for the year 2016-17 in accordance with FC-XIV recommendations, are ₹1,15,654 crore.

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|--------------------|-------------------|-------------------|-------------------|------------------|
| India GDP*(₹ in crore) at Current prices | 99,51,344 | 1,12,72,764 | 1,24,88,205 | 1,35,76,086 | 1,51,92,588 |
| Growth rate of GDP# (in percentage) | 13.91 | 13.28 | 10.78 | 8.71 | 11.90 |
| State GSDP at (₹ in crore) Constant prices | 76,916 | 87,570 | 87,921 | 91,850 | 98,826 |
| State GSDP ³ (₹ in crore) at Current prices | 74,623 | 79,055 | 92,773 | 1,14,637 | 1,15,654 |
| Growth rate of GSDP | 12.80*/ 17.35** | 13.85*/ 5.94** | 0.40*/ 17.35** | 4.46*/ 23.57** | 7.59*/ 0.89** |

Source: (FRBM, Finance Department, J&K and GOI, Ministry of Finance, Department of Expenditure Plan Finance-I Division)

#Source :-Web site of the Ministry of Statistics and Programme Implementation, Government of India

**Growth rate at Constant Price*

***Growth rate at Current Price*

The GSDP of Jammu and Kashmir grew at the rate of 0.89 *per cent* during 2016-17, which is less than the projections made in the 14th Finance Commission (11.78 *per cent*)

Trends in annual growth of the country's GDP and the State's GSDP are given in **Appendix 1.3**.

1.1.1 Salient features of the State's Budgetary and Accounting System

The State government secures legislative approval for spending from the Consolidated Fund of the State by presenting an Annual Financial Statement (Budget) and Demands for Grants. These Demands are discussed in the Legislature, replied by the Minister-in-charge of the Department and then passed. However, expenditure in the interim is incurred against the Vote on Account. The State Legislature has enacted Fiscal Responsibility & Budget Management (FRBM) Act, 2006 (amended on 17th December 2008, 20th April 2010, 9th April & 25th August 2011) and the Government has passed FRBM Rules 2008 there under which *inter alia* specify the annual targets for (a) Revenue Deficit as percentage of Total Revenue Receipts (b) Fiscal Deficit as percentage of GSDP (c) Total Outstanding Liabilities as percentage of GSDP and (d) Committed Liabilities. The State follows a system of classification of receipts and expenditure, which generally conforms to the function-cum-programme based system followed by the Central and other State governments at top level of major/minor heads of accounts.

1 GSDP/GDP data used in this report on the new series with Base year 2011-12

2 Source – FRBM Jan-2017

From FY-2015-16 the State government has changed the structure of State budget under budgetary reforms. The budget has only two parts; the Receipts Budget and the Expenditure Budget and the expenditure budget have only the revenue and capital expenditure estimates. The former being spent to meet daily expenses and the latter for making assets on the ground. The old classification of the Plan and Non Plan has been discarded. Now there are two categories of expenditure, current and capital. The budget allotment process is highly centralized. There is no system of outcome/performance budgeting/reporting by the departments to the State Legislature as the departments do not prepare annual reports of their activities and achievements for which dissemination of information is limited on some government websites. The Government presents statements required under the FRBM Act/Rules to the legislature along with Budget. The Appropriation Accounts and Finance Accounts are prepared by the Accountant General (A&E) on the basis of the compilation and consolidation of receipts/disbursements transactions originating in the books of Drawing and Disbursing Officers of State Government, through the Treasuries and/or the Bank accounts controlled by the RBI and the transactions originating in the books of the RBI. The accounts are audited by the Accountant General (Audit). Since April 1, 2011, the Reserve Bank of India (RBI) is the sole banker of the Government in place of the Jammu and Kashmir Bank Ltd. which though continues to work as RBI's agent.

The State, one of the 11 Special Category States (SCS), is entitled to 90 *per cent* financing for schemes/projects included in the State Plan in the form of grants-in-aid from the Union Government. Higher (90 *per cent*) financing of State plan schemes/projects by way of grants-in-aid from the Central government and access to substantial Central grants, coupled with State's own efforts at revenue mobilization, have ensured that the State has continued to be a revenue surplus State upto 2013-14, despite having deficit after excluding central transfers. Despite increase in State's Own Non-Tax Revenues *vis-a-vis*, previous year, the State could not maintain Revenue Surplus during the year 2014-15 and 2015-16. However during the current year i.e. 2016-17 the state has revenue surplus of ₹2,166 crore.

Though the percentage of Revenue Receipts of the State for 2016-17 was higher than that of Special Category States, the percentage of Non Tax Revenue, Capital Expenditure and Total Expenditure remained below the percentage of the latter. The Revenue Expenditure on Health and Education also remained below than that of the Special Category States (*Appendix – 1.1*).

3 The GSDP figures as accepted by Ministry of Finance Government of India based on current prices used for evaluation of fiscal parameters w.e.f. 2012-13 to 2016-17

1.2 Summary of Fiscal Transactions in 2016-17

Statements 1 and 2 and Appendix I of the Finance Accounts 2016-17 provide summary position of opening and closing cash balances, receipts and disbursements during the year under broad categories, condensed in Table 1.1. Appendix 1.4 contains data showing trends in major fiscal aggregates since 2012-13 to 2016-17, Appendix 1.5 presents a more disaggregated view.

Table 1.1 Summary of current year's fiscal operations

(₹ in crore)

| Receipts | | Disbursements | | | |
|--------------------|----------------------------------|--------------------|---------|--------------------------------|--------|
| 2015-16 | 2016-17 | 2015-16 | 2016-17 | | |
| Section-A: Revenue | | Section-A: Revenue | | | |
| 7,326 | State's Own Tax revenue | 7,819 | 13,675 | General Services | 15,110 |
| 3,913 | State's Own Non-tax revenue | 4,072 | 11,331 | Social Services | 11,564 |
| 7,814 | Share of Union Taxes/ Duties | 9,489 | 11,414 | Economic Services | 13,138 |
| 16,728 | Grants from Government of India | 20,598 | - | - | - |
| 35,781 | Revenue Receipts | 41,978 | 36,420 | Revenue Expenditure | 39,812 |
| Section-B: Capital | | Section-B: Capital | | | |
| - | - | - | 7,331 | Capital Outlay | 8,286 |
| 4 | Recoveries of Loans and Advances | 19 | 94 | Loans and Advances disbursed | 76 |
| 14,645 | Public Debt Receipt | 20,749 | 10,815 | Repayment of Public Debt | 17,023 |
| -- | Contingency Fund | - | - | Contingency Fund | - |
| 27,450 | Public Account Receipts@@ | 21,811 | 24,094 | Public Account disbursements@@ | 19,458 |
| 1,401 | Opening Cash Balance | 527 | 527 | Closing Cash Balance | 429 |
| 79,281 | Total | 85,084 | 79,281 | | 85,084 |

@@ These exclude transactions of investment of cash balances and departmental cash chests (₹14,172 crore receipts, ₹14,129 disbursements).

The net effect of these transactions is included in the opening and closing cash balances in the row next below.

The revenue receipts increased by ₹6,197 crore (17.32 per cent) during 2016-17 over the previous year, mainly due to increase in the State's share in the Union Taxes and Duties (21 per cent) and Grant-in-Aid (23 per cent). Likewise, revenue expenditure increased by ₹3,392 crore (9.31 per cent) during 2016-17 over the previous year with even increase across all sectors.

The aggregate cash balance of the State (including un-invested cash with the RBI, invested cash and cash in departmental cash chests) decreased by ₹98 crore during 2016-17 from the opening balance of ₹527 crore to ₹429 crore.

1.2.1 Review of the fiscal situation - Trends in Key Fiscal Aggregates

Appendix 1.4 presents the data on key fiscal aggregates (absolute monetary values, ratios and growth rate) for the period from 2012-13 to 2016-17. Notable points emerging from this trend analysis are as follows:-

- The State's share in Union Taxes and Duties and grants from the Union Government together constituted 69.51 *per cent* of the total Revenue Receipts during 2012-13 which increased to 71.67 *per cent* during 2016-17, resulting in increase in revenue surplus with consequent decrease in the fiscal deficit. The non-debt resources transferred by the Central government through the State government accounts has increased from 60 *per cent* in 2012-13 to 62 *per cent* in 2016-17. The State could not maintain its revenue surplus which declined from ₹1100 crore in 2012-13 to ₹70 crore in 2013-14 and to a deficit of (-) ₹390 crore in 2014-15 and (-) ₹640 crore in 2015-16, due to shortfall of the States' Own Non-Tax Revenue and Grant-in-Aid *vis-a-vis*, projected Receipts. However there was revenue surplus of ₹2,166 crore in 2016-17 which was primarily due to ₹1,200 crore Power subsidy contra credited to the revenue head and ₹2,184 crore misclassified as Capital expenditure instead of Revenue expenditure.
- The State's Own Tax Revenues (SOTR) has shown a growth of 6.73 *per cent* over the previous year.

1.2.2 Budget Estimates and Actual

The trends in budget estimates, revised estimates and actual financial outcomes of some top level fiscal aggregates are given in **Table 1.2**

Table 1.2: Budget and Actuals

(₹ in crore)

| Sl. No. | Fiscal Aggregate | 2014-15 | | | 2015-16 | | | 2016-17 | | |
|---------|---|---------|---------|--------|---------|---------|---------|---------|---------|--------|
| | | Budget | Revised | Actual | Budget | Revised | Actual | Budget | Revised | Actual |
| 1 | Revenue Receipts (a)+(b)+(c)+(d) | 39,221 | 34,541 | 28,939 | 37,815 | 40,904 | 35,781 | 50,460 | 50,174 | 41,978 |
| a | State's Own Tax Revenue | 7,496 | 6,438 | 6,334 | 8,006 | 7,988 | 7,326 | 9,220 | 8,442 | 7,819 |
| b | State's Own Non Tax Revenue | 3,561 | 3,154 | 1,978 | 3,509 | 3,455 | 3,913 | 4,019 | 5,224 | 4,072 |
| c | State's share in union taxes/duties | 5,191 | 4,477 | 4,477 | 8,088 | 8,088 | 7,814 | 9,500 | 9,500 | 9,489 |
| d | Grants-in-aid from Union government | 22,973 | 20,472 | 16,150 | 18,212 | 21,373 | 16,728 | 27,722 | 27,008 | 20,598 |
| 2 | Revenue Expenditure | 32,948 | 31,503 | 29,329 | 35,228 | 37,197 | 36,420 | 44,974 | 42,568 | 39,812 |
| 3 | Capital Expenditure including loans & advances | 9,436 | 10,363 | 5,221 | 9,686 | 12,685 | 7,425 | 17,781 | 16,995 | 8,362 |
| 4 | Total expenditure | 42,384 | 41,866 | 34,550 | 53,590 | 58,787 | 43,845 | 72,669 | 74,929 | 48,174 |
| 5 | Revenue Surplus | 6,273 | 3,038 | (-)390 | 2,587 | 3,707 | (-) 640 | 6,486 | 7,615 | 2,166* |
| 6 | Fiscal Deficit | 3,020 | 6,561 | 5,608 | 7,099 | 8,978 | 8,060 | 6,430 | 7,384 | 6,177 |
| 7 | Primary Deficit (+) / Surplus (-) (Fiscal Deficit - Interest Payments) | (-)450 | 3,141 | 2,075 | 3,304 | 5,183 | 4,341 | 1,705 | 2,615 | 1,610 |

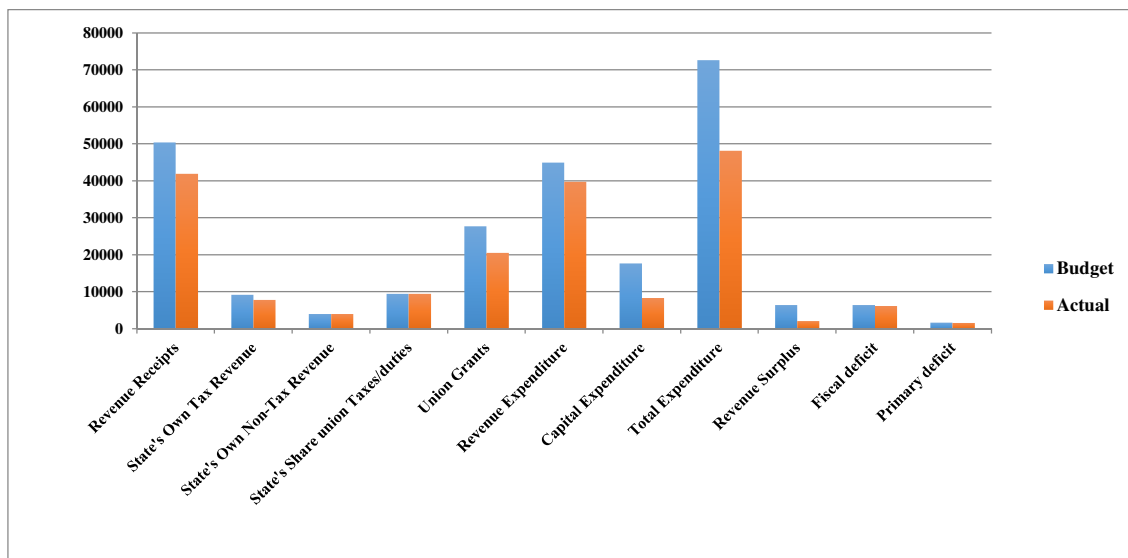
*Excluding the expenditure met from UDAY Bonds to the extent of ₹1397.55 crore the revenue surplus is ₹3563.84 crore

There was a Revenue surplus of ₹2,166 crore, as against the Budget estimates of revenue surplus of ₹7,615 crore during the current year; whereas the fiscal deficit and primary deficit showed a declining trend *vis-a-vis* the revised estimates by ₹1,207 crore and ₹1,005 crore respectively. The Capital expenditure including loans and advances was only 49 per cent of the revised estimates of ₹16,995 crore though it increased 12.61 per cent *vis-à-vis* 2015-16.

Financing the redemption of public debt and other liabilities implies that the liabilities are not repaid out of current revenues but merely rolled over indefinitely. All borrowings and other liabilities cannot be endlessly refinanced and may have to be eventually paid out of Government's non-debt receipts.

Hence, borrowings are in the nature of deferred taxation/asset sale. The ability of an entity to continuously refinance old liabilities with new liabilities depends on continued credit worthiness of the entity. **Chart 1.1** graphically captures actuals in 2016-17 *vis-à-vis* budgeted.

Chart 1.1: Budgeted v/s Actuals



State's Own Tax Revenue (SOTR) mobilization of ₹7,819 crore (actuals) fell short of the Revised Estimates target by ₹623 crore. Grant-in-Aid from Union Government was ₹16,150 crore during 2014-15 and ₹16,728 in 2015-16 but same was budgeted (revised) to ₹27,008 crore against which only ₹20,598 crore was realized which shows that budget estimate was unrealistically high. Actual fiscal deficit (₹6,177 crore) was 5.34 *per cent* of GSDP, which breached the target of 3 *per cent* of GSDP set under the FRBM Act. Further, the Primary Deficit was ₹1,610 crore against the Revised Budgetary target of ₹2,615 crore, resulting in shortfall of ₹1,005 crore.

1.2.3 Funds transferred to State Implementing Agencies outside the State Budget

Prior to 2014-15, transfer of funds under Centrally Sponsored Schemes (CSS) used to take place through two modes *vis-a-vis*, the State Budget and the Direct Transfer mode to District Rural Development Officers and independent societies. Starting with 2014-15, the entire financial assistance to the States for CSS was to be routed through the Consolidated Fund of the State under the head Central Assistance to State/UT Plans. Excepting major schemes, such as the Sarva Shiksha Abhiyan (SSA), the National Health Mission (NHM) and the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), where the funds were routed through the State Budget in 2016-17, there are more than 36 schemes with a cost of more than ₹one crore each, totaling ₹628 crore, which continued under direct

funding mode by the Union Government to the J&K Implementing Agencies (Institutions, Corporations, Societies, etc.) during 2016-17. Details are at **Appendix 1.6**. These funds are outside the Budgetary and Accounting system of the State Government. Examples of Major programmes/schemes are given in **Table 1.3**. However the matter in this regard has been taken up by the Accountant General (A&E) (November 2017) with the State Government for routing all funds through the State Budget.

Table 1.3: Major funds transferred directly to State implementing agencies (unaudited)
(₹ in crore)

| Name of the Programme/scheme | Name of the Implementing Agency in the State | Total funds released by GOI during | | | | |
|---|---|------------------------------------|----------|--------------|---------------|---------------|
| | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| MP's Local Area Development Scheme (MPLADS) | District Development Commissioner | 45.00 | - | 35.00 | 55.00 | 32.50 |
| Off Grid DRPS | Renewable Energy Development Agency Kargil/Ladakh etc. | 33.93 | - | 22.02 | 59.96 | 35.16 |
| Grid Interactive Renewable Power (MNRE) | J&K Power Development Corporation Ltd. | 29.20 | - | 38.64 | 29.30 | 14.49 |
| Central Assistance for Pakul Dul HEP under J&KPMDP Grant to Chenab Valley Power | Chenab Valley Power Projects Pvt. Ltd. | - | - | - | - | 200.00 |
| Swadesh Darshan-Integrated Development of Theme Based Tourism Circuits | J&K Tourism Development Corpn./J&K State Cable Car Corpn. | - | - | - | - | 118.63 |
| Human Resource Development Biotechnology University of Jammu | S.K. University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotec, University of Jammu, University of Kashmir | 1.01 | - | 1.23 | - | 6.14 |
| Scheme arising out of the implementation of the person with disabilities | Composite Regional Centres | - | - | 2.49 | 6.91 | 7.34 |
| Total | | 109.14 | - | 99.38 | 151.17 | 414.26 |

(Source: CPMS of CGA's website)

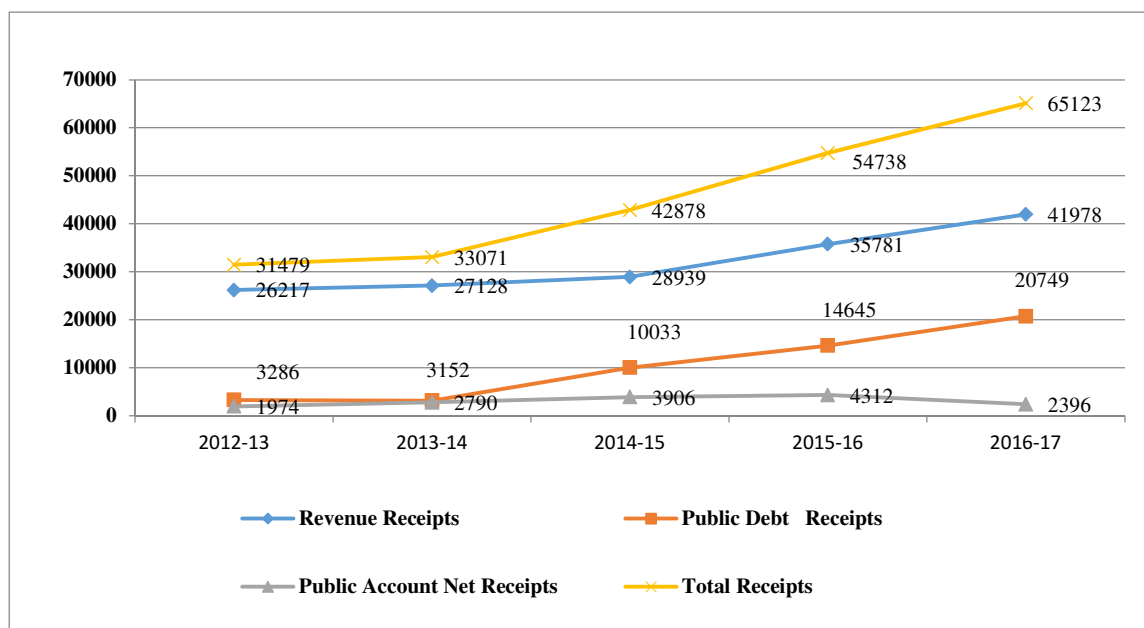
(Consolidated data base at apex level was not maintained by the State government)

1.3 Resources of the State

1.3.1 Resources of the State as per the Annual Finance Accounts

The resources for financing the State Budget are categorised into revenue receipts and capital receipts. Revenue receipts comprise of: (a) tax revenue (i) revenue from State's own taxes such as State Excise, VAT/ GST which the State can control (ii) State's share in Central taxes/duties under the Finance Commission award and (b) (i) non-tax revenues under control of the State such as interest/dividend and user charges and (ii) grants-in-aid from the Central government. Capital receipts comprise of : (i) non-debt capital receipts such as recoveries of loans/advances given by the State government, (ii) proceeds of disinvestment of equity in public sector companies or proceeds from sale of other assets like land/ buildings, (iii) receipts, which create liabilities for the Government like market loans, borrowings from financial institutions/commercial banks, loans and advances from the Union government, and (iv) receipts into the public accounts of the State government as a banker or trustee of others' funds like security deposits. **Chart 1.2** depicts the trends in various components of the receipts of the State during 2012-13 to 2016-17.

Chart 1.2: Trends of relative share of different receipts 2012-13 to 2016-17

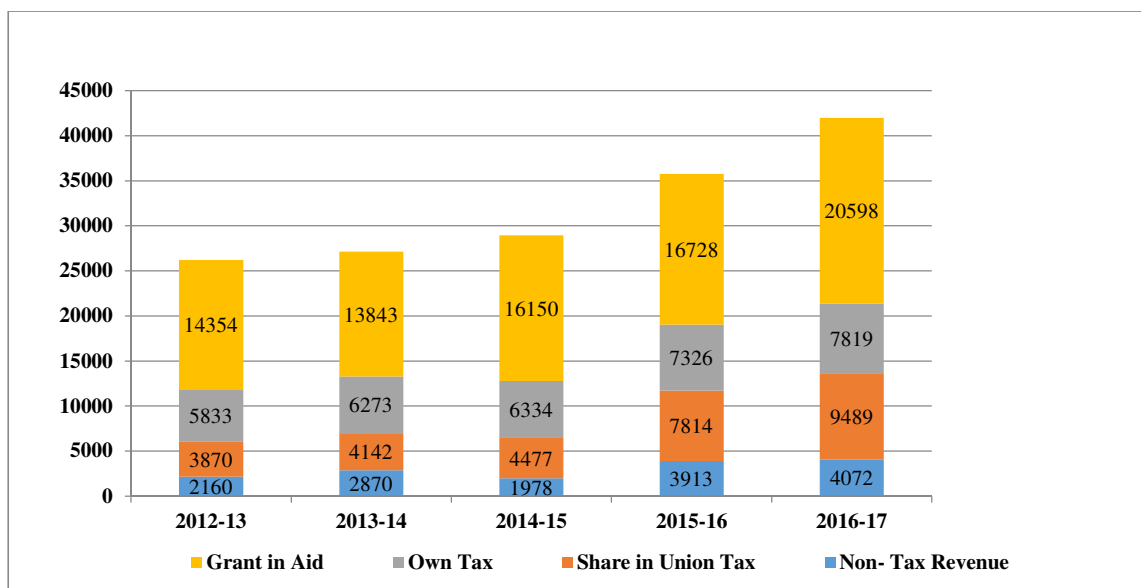


The Revenue Receipts and the Total Receipts showed upward trend in 2012-17. The Public Account Receipts showed upward trend in 2012-16, however decreased to ₹2,396 crore in 2016-17 from ₹4,312 crore in 2015-16. Though the public debt receipts increased to ₹20,749 crore in 2016-17, ratio of Revenue Receipts to total receipts show downward trend decreasing from 83.28 per cent in 2012-13 to 64.46 per cent in 2016-17. Ratio of Public Account receipts to total receipts however, decreased from 6.27 per cent in 2012-13 to 3.68 per cent in 2016-17.

1.4 Revenue Receipts

Statement-14 of the Finance Accounts details the revenue and Non debt capital receipts of the Government by Minor Heads. The revenue receipts consist of tax and non-tax revenues, Central tax transfers and grants-in-aid from the Central government. The trends and composition of revenue receipts over the period 2012-13 to 2016-17 are presented in *Appendix 1.4* and also depicted in **Chart 1.3**.

Chart 1.3 : Composition of revenue receipts during 2012-13 to 2016-17



Transfers from the Union government of State's share in Union taxes and duties and grants-in-aid together constituted 69 per cent of the State's revenue receipts during 2012-13 and increased to 72 per cent in 2016-17. The trends in revenue receipts relative to GSDP are presented in **Table 1.4**

Table 1.4: Trends in Revenue Receipts relative to GSDP

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|------------------------------------|---------|---------|---------|---------|---------|
| Revenue Receipts (RR) (₹ in crore) | 26,217 | 27,128 | 28,939 | 35,781 | 41,978 |
| State's Own Revenues (₹ in crore) | 7,993 | 9,143 | 8,312 | 11,239 | 11,891 |
| Rate of growth of RR (per cent) | 5.79 | 3.47 | 6.68 | 23.64 | 17.31 |
| R R/GSDP (per cent) | 35.13 | 34.31 | 31.19 | 31.21 | 36.30 |
| Rate of growth of GSDP (per cent) | 17.35 | 5.94 | 17.35 | 23.57 | 0.89 |
| Revenue Buoyancy w.r.t GSDP | 0.33 | 0.58 | 0.38 | 1.00 | 19.45 |

Revenue receipts showed a progressive increase over the period 2012-13 to 2016-17 in absolute terms. The growth rate of Revenue Receipts shows fluctuating pattern. The buoyancy of States own tax revenue to GSDP has shown declining trend upto 2014-15 due to slow growth in revenue receipts but increased during the year 2015-16 and 2016-17.

The financial assistance provided by the Centre for CSS is in the nature of Grants and is reflected under Revenue Receipts of the State. Since the Budget of some major schemes e.g., SSA, NHM and MGNREGA was placed under Capital Section for creation of the Asset, the routing of CSS transactions through the State Budget has contributed to the decrease in revenue deficit by ₹1490.03 crore and increase in Capital outlay of the State to the same extent during 2016-17.

1.4.1 State's Own Revenues

The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The trends in State's own tax and non-tax revenue are presented in **Table 1.5**.

Table 1.5: Trends of tax revenue and non-tax revenue

(₹ in crore)

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|--------------|--------------|--------------|---------------|---------------|
| Tax revenue | 5,833 | 6,273 | 6,334 | 7,326 | 7,819 |
| of which Tax on sale of goods and services | 4,174 | 4,579 | 4,602 | 5,277 | 6,012 |
| Non-tax revenue | 2,160 | 2,870 | 1,978 | 3,913 | 4,072 |
| of which receipts from sale of power | 1,589 | 1,533 | 1,428 | 1,477 | 2,770 |
| Total | 7,993 | 9,143 | 8,312 | 11,239 | 11,891 |

The State has been taxing Services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹1,686.80 crore in 2016-17. The Government has failed to widen the tax base under Service Tax is very nominal and only 31 services are notified and 84 *per cent* of Service Tax receipts i.e. ₹ 1403.84 crore was realized through works contract services out of total service tax revenue of ₹1686.80 crore. As per the 14th Finance Commission, the likely Service Tax collection during 2016-17 as State Share should have been ₹4,602.19 crore i.e., 1.854 *per cent* of State share of Central Service Tax (₹2,48,230.51 crore) against which the State has collected the actual service tax to the tune of ₹1,686.80 crore and foregone ₹2,915.39 crore.

The receipts from the sale of power, being a major constituent of non-tax revenue, declined from 73.56 *per cent* of the total non-tax revenue during the year 2012-13 to 37.75 *per cent* in 2015-16 and increased to 68.02 *per cent* in 2016-17 mainly because of contra revenue credit of ₹1200 crore during 2016-17. The tax on the sale of goods and services that constituted 71.56 *per cent* of the total tax revenue in 2012-13 increased to 76.89 *per cent* in 2016-17. Auditing of vouchers revealed that an amount of ₹35.11 crore (₹4.34 crore Service Tax, ₹28.52 crore Power Receipts and ₹2.25 crore Forest Receipts) was overstated in the accounts due to double

accountal of the Service Tax, power receipts and forest receipts respectively received during the year 2016-17. Though the rectification has been carried out in the accounts to the extent of cases test checked, in other cases the same cannot be ruled out, resulting in possible overstated revenue.

1.4.1.1 State's Own Tax Revenue

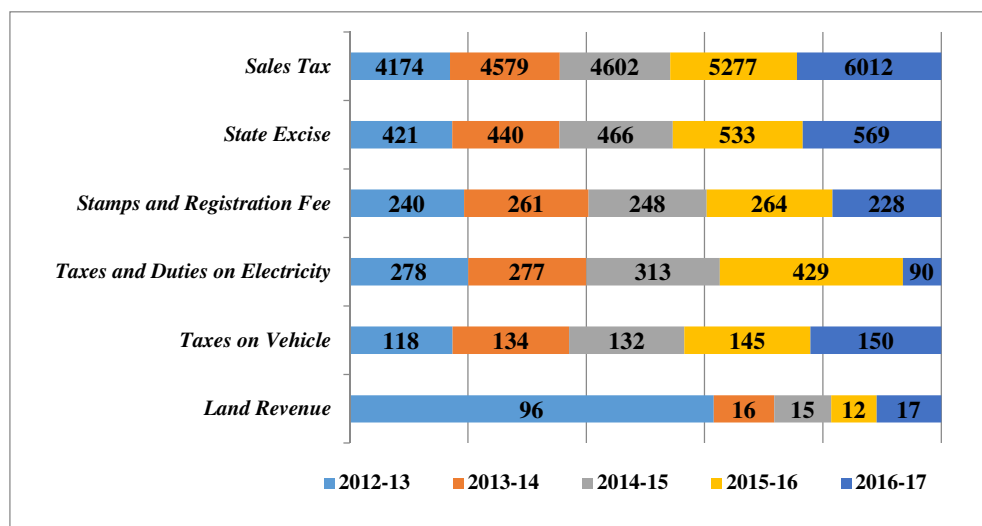
The performance of State's own tax revenue is given in **Table 1.6**.

Table 1.6: Trends in State's own Tax Revenue relative to GSDP

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|---------|---------|---------|---------|---------|
| Own Tax Receipts (OTR) (₹ in crore) | 5,833 | 6,273 | 6,334 | 7,326 | 7,819 |
| Rate of growth of OTR (per cent) | 22.93 | 7.54 | 0.97 | 15.66 | 6.73 |
| OTR/GSDP (per cent) | 7.82 | 7.93 | 6.83 | 6.39 | 6.76 |
| Rate of growth of GSDP (per cent) | 17.35 | 5.94 | 17.35 | 23.57 | 0.89 |
| Buoyancy ratios | | | | | |
| OTR Buoyancy with reference to GSDP | 1.32 | 1.27 | 0.06 | 0.66 | 7.56 |

The States own tax receipts have been showing progressive increase from ₹5,833 crore in 2012-13 to ₹7,819 crore in 2016-17 The tax-wise break-up from the year 2012-13 to 2016-17 is given in **Chart 1.4**.

Chart-1.4: Trends of Tax Revenue



The land revenue collection decreased from ₹96 crore in 2012-13 to ₹17 crore in 2016-17, a decrease of 82.29 per cent.

The variations between the Budget Estimates and Actuals of Tax Revenue Receipts for the year 2015-16 and 2016-17 in respect of the principal heads of Tax Revenue are given in **Table 1.7**.

**Table 1.7: Budget/Revised Estimates and Actual Tax revenue
(2015-16 to 2016-17)***(₹ in crore)*

| Head of Revenue | 2015-16 Actuals | 2016-17 BE | 2016-17 RE | 2016-17 Actuals | Difference RE-Actuals in 2016-17 |
|--|--------------------|---------------|---------------|--------------------|--|
| Commercial Taxes (VAT/GST on sales and services) | 5,277 | 6,985 | 6,238 | 6,012 | 226 |
| State Excise Duties | 533 | 536 | 536 | 569 | (-33) |
| Other State Taxes/Duties | 9,331 | 11,199 | 11,168 | 10,727 | 441 |
| Total | 15,141 | 18,720 | 17,942 | 17,308 | 634 |

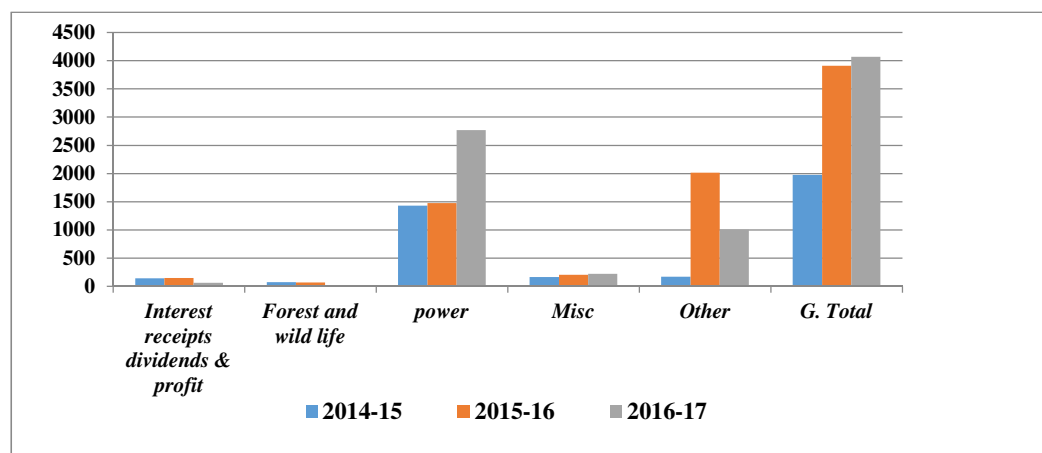
In respect of Commercial Taxes, the Actuals could not match with the Revised Estimates (RE) and in case of Other State Taxes/Duties it is far below the Budget Estimates (BE)/Revised Estimates (RE). However in respect of State Excise Duties Actuals were in excess of the Budget Estimate (BE) as well as Revised Estimate (RE).

1.4.1.2 Cost of Collection

Expenditure on collection of taxes on Sales and Trade was ₹51.21crore, State Excise ₹24.79 crore, Stamp Duty and Registration Fee ₹24.23 crore, Vehicles ₹13.30 crore and Land Revenue ₹147.56 crore during 2016-17⁴. Percentage of expenditure to gross collection of revenue was 0.85 per cent, 4.35 per cent, 10.64 per cent, 8.88 per cent and 873.65 per cent respectively. The percentage of cost of collection in respect of Land Revenue exceeded the revenue collected.

1.4.1.3 State's own Non-tax Revenue

An itemised break-up of non-tax revenue during the period 2014-15 to 2016-17 is given in **Chart 1.5**.

Chart-1.5: Trends in Non-Tax Revenue

4 Actual revenue realised in 2016-17 for Stamp Duty and Registration Fee : ₹228 crore, Vehicles : ₹150 crore and Land Revenue : ₹17 crore

Receipts from Power Development Department constitute the most significant component of State's Non Tax Revenue, which increased from ₹1,477 crore in 2015-16 to ₹2,770 crore in 2016-17. Under the "Others" category, receipts increased from ₹171 crore in 2014-15 to ₹2,014 crore in 2015-16 and during 2016-17 decreased to ₹ 1,003 crore . **Table 1.8** shows the variation between the budgeted and actual receipts during 2014-15 to 2016-17.

Table 1.8: Trends of Non-Tax Revenue

(₹ in crore)

| Head of non-tax Revenue | Budget Estimate 2014-15 | Actual 2014-15 | Budget Estimates 2015-16 | Actual 2015-16 | Budget Estimates 2016-17 | Actual 2016-17 |
|--|-------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Power receipts | 2,630 | 1,428 | 2,980 | 1,477 | 4,741 | 2,770 |
| Interest receipts, dividends and profits | 73 | 142 | 77 | 150 | 7 | 64 |
| Forestry and wild life | 71 | 71 | 76 | 68 | 86 | 14 |
| Miscellaneous * | 264 | 166 | 254 | 204 | 266 | 221 |
| Others ** | 116 | 171 | 68 | 2,014 | 124 | 1,003 |
| Total | 3,154 | 1,978 | 3,455 | 3,913 | 5,224 | 4,072 |

* Miscellaneous depts. are Public Works, Medical & Public Health, Water Supply & Sanitation, Police, Non Ferrous Mining & Metallurgical Industries, Crop Husbandry, Animal Husbandry.

** Others:- Pension and Misc. General Services, Labour and Employment, Other Administrative Services, Stationery & Printing, Minor Irrigation, OSAP, Fisheries, Education etc, Village and Small Industries, Housing , Social Security & Welfare, Medium Irrigation, Tourism and others.

As reflected in the table, actuals could not match the budgeted figures during 2016-17. In the case of power department receipts, the actual receipts were 42 per cent below the Budget Estimates. Though the actual interest receipts for the years 2014-15 and 2015-16 were ₹ 69 crore and ₹ 73 crore above the budgeted estimates, still the estimate for 2016-17 was projected at ₹ seven crore only which resulted in increase of 814 per cent of actual revenue over the Budget Estimates. Similarly others receipts showed increase of ₹879 crore (709 per cent) over the Budget Estimates.

The receipts under "Others" category include Water Usage Charges. During the year 2011-12, the State received ₹543.44 crore as Water Usage Charges from the National Hydroelectric Power Corporation (NHPC) in respect of the Hydel projects owned by it in the State. During 2012-13 and 2013-14, the receipt was ₹158.02 crore and ₹0.02 crore respectively. The water usage charges are being levied @ 25 paisa per cusec of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation & Management) Act, 2010 enacted on 25th October 2010 and amended on 25th October 2012 and 27th October 2014. Under the amendment to the Act, the proceeds of the levy are to be credited into a separate Saving Bank Account maintained by the Secretary, Finance Department to be utilized for establishment of Hydroelectric and Multi-purpose Hydroelectric Projects and for buying back Hydroelectric

Power Projects already established in the State. The opening Balance in the saving account of Water User Charges as on 1.4.2015 was ₹780.35 crore. During 2015-16 an amount of ₹719.78 crore was transferred/realised from PHE Department and interest of ₹8.03 crore accrued on it, out of which ₹777.04 crore was withdrawn and invested into FDRs in June 2015 which was subsequently encashed for payments of power purchase. The cumulative amount realised on account of Water Usage Charges at the end of March 2017 was ₹3,948.61 crore (Cumulative balance ending March 2016 was ₹3,155.56 crore and receipts during 2016-17 was ₹793.11 crore) and the balance in bank account at the end of March 2017 was ₹4.16 crore, which was kept out of Consolidated Fund of State.

Rogi Kalyan Simiti (RKS) is another area under which 50 per cent of the revenue realized from proceeds of sale of admission tickets in the Hospitals are kept outside the State Account and utilized for the purpose of hospital development.

1.4.2 Grants-in-Aid from the Union Government

Table 1.9 shows the significance of Grants-in-Aid from the Union Government in the budgetary resource base of the State Government. The Grant-in-Aid from Union Government increased from ₹14,354 crore during 2012-13 to ₹20,598 crore during 2016-17 in absolute terms but decreased from 55 per cent in 2012-13 to 49 per cent in 2016-17 vis-a-vis total revenue receipts.

Table 1.9: Trends in Grants-in-Aid from the Union Government

| Year | Grants-in-Aid (₹ in crore) | Total Revenue Receipts (₹ in crore) | Grants as per cent of Total Revenue Receipts |
|---------|-------------------------------|---|--|
| 2012-13 | 14,354 | 26,217 | 55 |
| 2013-14 | 13,843 | 27,128 | 51 |
| 2014-15 | 16,150 | 28,939 | 56 |
| 2015-16 | 16,728 | 35,781 | 47 |
| 2016-17 | 20,598 | 41,978 | 49 |

1.4.3 Optimisation of Thirteenth & Fourteenth Finance Commission grants.

The actual release of share in Union taxes and duties to the State during five years of the award period of 13th and 14th Finance Commission vis-à-vis the projections made by the Commission are tabulated in **Table 1.10**.

**Table 1.10: State's share in Union taxes and duties
(Actual devolution vis-à-vis Finance Commission projections)**

(₹ in crore)

| Year | Finance Commission | Finance Commission Projection | Actual tax devolution |
|---------|---------------------|-------------------------------|-----------------------|
| 2012-13 | 13 th FC | 3,925 | 3,870 |
| 2013-14 | 13 th FC | 4,630 | 4,142 |
| 2014-15 | 13 th FC | 5,462 | 4,477 |
| 2015-16 | 14 th FC | 8,748 | 7,814 |
| 2016-17 | 14 th FC | 10,029 | 9,489 |

Under 14th Finance Commission, the projection during 2016-17 was ₹10,029 crore. Against this, the actual tax devolution of share of union taxes/duties was ₹9,489 crore resulting in a shortfall of ₹540 crore. Under 14th Finance Commission, Nil amount was received during 2016-17 by the State Government from the Union Ministry of Finance under Urban Local Bodies due to non-election of ULB's. The ULBs last received GIA funds during 2012-13 (₹ 2.75 crore).

As per 14th Finance Commission Recommendations, ₹6,178.37 crore was projected (2015-20) for Urban Local Bodies, Rural Local Bodies and SDRF. Against this, an amount of ₹753.26 crore and ₹1078.44 crore were to be released/allocated during the years 2015-17. However an amount of ₹837.92 crore was received by the State government from the Ministry of Finance during 2015-17 (*Appendix 1.7*) and an amount of ₹38.50 crore was released as State Share during the above period against projected amount of ₹52.00 crore. The 2nd installment of ₹13.50 crore as State Share for the year 2016-17 had not been released by the State Government. Utilization Certificate of ₹386.38 crore was submitted to Government of India (GoI). Besides, grants of ₹591.97 crore has not yet been released by the GoI.

1.5 Capital Receipts

The share of non-debt capital receipts and loans/advances from the Union government was negligible and capital receipts mainly comprised borrowing from banks, financial institutions and open market, as detailed in **Table 1.11**.

Table 1.11: Trends in Capital Receipts

(₹ in crore)

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|--------------|--------------|---------------|---------------|---------------|
| Non-Debt Capital Receipts | | | | | |
| (i) Recoveries of Loans and Advances | 2 | 4 | 3 | 4 | 19 |
| (ii) Miscellaneous Capital Receipts (asset sale) | - | - | - | - | - |
| Total Non-Debt Capital Receipts | 2 | 4 | 3 | 4 | 19 |
| Debt Capital Receipts (Public Debt) | | | | | |
| (i) Ways and Means Advances and Overdraft | 3,742 | 2,850 | 7,448 | 8,991 | 15,848 |
| (ii) Loans and Advances from Union Government | 14 | 15 | 12 | 17 | 25 |
| (iii) Other Debt (Market/Institutional Loans) | 3,272 | 3,137 | 2,799 | 5,637 | 4,876 |
| Total Debt Capital Receipts | 7,028 | 6,002 | 10,259 | 14,645 | 20,749 |
| Total Capital Receipts | 7,030 | 6,006 | 10,262 | 14,649 | 20,768 |

1.6 Public Account Receipts

In respect of sums credited to the public accounts of the State, the Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the public accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the public accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and remittance heads before their final accounting to appropriate receipt or payment head of account as also cash balance transactions. **Table 1.12** given below shows trends in receipts and disbursements under various segments of the public accounts.

Table 1.12: Profile of Public Account

(₹ in crore)

| Constituents of Public Accounts | Public Account Receipts | | Disbursement from Public Account | | Excess of receipts over disbursement | |
|--|-------------------------|---------------|----------------------------------|---------------|--------------------------------------|--------------|
| | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 |
| State Provident Fund, Pension/ Insurance Funds | 5,271 | 4,626 | 2,385 | 2,780 | 2,886 | 1,846 |
| Reserve Funds | 354 | 452 | 140 | 111 | 214 | 341 |
| Deposits | 3,326 | 3,794 | 3,213 | 2,845 | 113 | 949 |
| Advances | 473 | 29 | 473 | 29 | 0 | 0 |
| Remittances | 17,461 | 9,320 | 17,664 | 10,010 | (-)203* | (-)690* |
| Receipts in Cash Balance Investment Account | 22,055 | 14,165 | 21,101 | 14,122 | 954 | 43 |
| Receipts in Departmental Cash Balances Account | 40 | 07 | 39 | 06 | 01 | 01 |
| Other Suspense and Misc. | 350 | 3,590 | 219 | 3,683 | 131 | (-)93 |
| Total | 49,330 | 35,983 | 45,234 | 33,586 | 4,096 | 2,397 |

*Under Remittances, the disbursement was in excess of receipts mainly due to adjustment of accounts of previous year/non-adjustment.

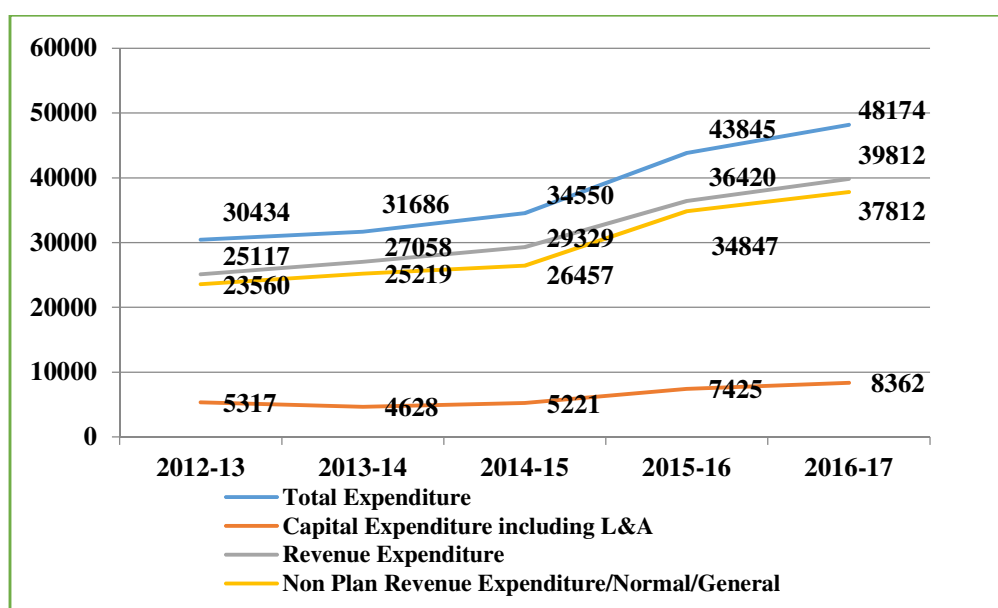
1.7 Application of Resources

State raises resources to perform its sovereign functions, maintain levels of service delivery for social and economic services; extend the network of these services through capital expenditure, investments and to discharge debt service obligations. It is also important to ensure that the fiscal correction and consolidation process does not adversely affect the quality of public expenditure directed towards maintenance of infrastructure, creation of new infrastructure and other needs of development and social justice.

1.7.1 Growth and composition of expenditure

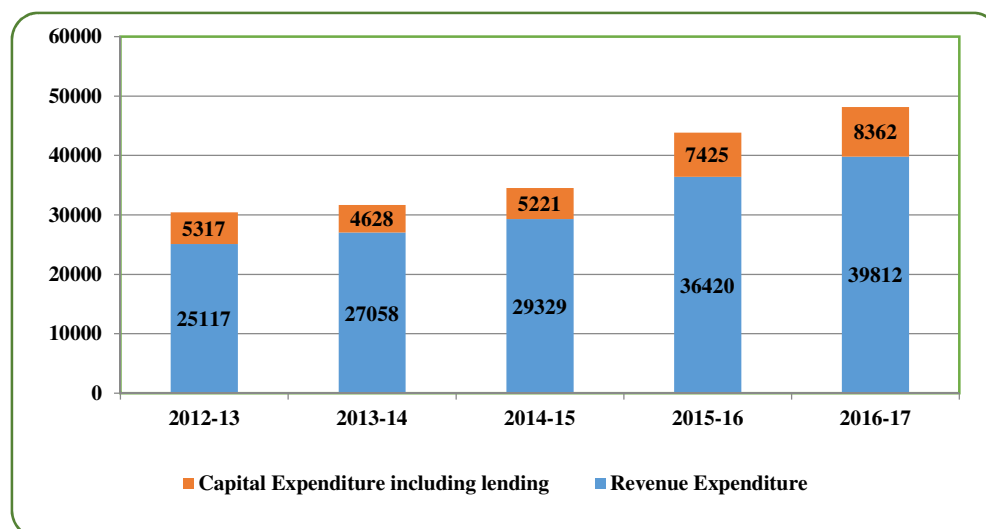
Chart 1.6 presents the trends in total expenditure during 2012-13 to 2016-17

Chart 1.6: Total Expenditure trends and Composition



The composition of total expenditure in terms of revenue-capital classification is depicted in **Chart 1.7**.

Charts 1.7: Total Expenditure – Trend of share of its components



From **Chart 1.7** above, it may be seen that the total expenditure increased by ₹17,740 crore from ₹30,434 crore in 2012-13 to ₹48,174 crore in 2016-17. The capital expenditure (including lending) increased from ₹5,317 crore to ₹8,362 crore over the same period, while the revenue expenditure increased by ₹14,695 crore from ₹25,117 crore in 2012-13 to ₹39,812 crore in 2016-17.

The total expenditure, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are tabulated in **Table 1.13**.

Table 1.13: Total Expenditure – Basic Parameters

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|---------|---------|
| Total Expenditure (TE) (₹ in crore) | 30,434 | 31,686 | 34,550 | 43,845 | 48,174 |
| Total Plan Expenditure/CSS (₹ in crore) | 6,528 | 6,011 | 7,373 | 2,829 | 3,440 |
| Total Non-Plan Expenditure/Normal/ General (₹ in crore) | 23,813 | 25,554 | 27,090 | 40,922 | 44,658 |
| Rate of growth (per cent) of TE | 6.25 | 4.11 | 9.04 | 26.90 | 9.87 |
| TE/GSDP ratio (per cent) | 40.78 | 40.08 | 37.24 | 38.25 | 41.65 |
| Revenue Receipt(RR)/TE ratio (per cent) | 86.14 | 85.62 | 83.76 | 81.60 | 87.14 |
| Buoyancy of total expenditure with reference to | | | | | |
| GSDP(ratio) | 0.36 | 0.69 | 0.52 | 1.14 | 11.09 |
| RR (ratio) | 1.08 | 1.18 | 1.35 | 1.14 | 0.57 |
| Revenue Expenditure (RE) (₹ in crore) | 25,117 | 27,058 | 29,329 | 36,420 | 39,812 |
| Non-Plan Revenue/ Expenditure (NPRE)/Normal/General | 23,560 | 25,219 | 26,457 | 34,847 | 37,812 |
| Plan Revenue Expenditure (PRE)/CSS | 1,557 | 1,839 | 2,872 | 1,573 | 2,000 |
| Rate of Growth of | | | | | |
| RE (per cent) | 10.74 | 7.73 | 8.39 | 24.18 | 9.31 |
| NPRE (per cent) | 9.93 | 7.04 | 4.91 | 31.71 | 8.50 |
| PRE (per cent) | 24.76 | 18.11 | 56.17 | 54.70 | 27.14 |
| Ratio (per cent) | | | | | |
| RE as percentage of TE | 82.53 | 85.39 | 84.89 | 83.06 | 82.64 |
| Buoyancy ratio of Revenue expenditure with | | | | | |
| GSDP | 0.62 | 1.30 | 0.48 | 1.03 | 10.46 |
| Revenue Receipts | 1.86 | 2.22 | 1.26 | 0.90 | 0.94 |

Out of the total expenditure of ₹48,174 crore during 2016-17, ₹39,812 crore was Revenue expenditure and ₹8,286 crore was Capital expenditure which constituted 82.64 and 17.20 per cent of the total expenditure, respectively. There is an increase of ₹4,329 crore (i.e. 9.87 per cent) in total expenditure, as it increased from ₹43,845 crore in 2015-16 to ₹48,174 crore in 2016-17. The growth of Revenue Expenditure was 26.90 per cent during 2015-16 which declined to 9.87 per cent during 2016-17.

The revenue expenditure during 2012-13 to 2016-17 increased from ₹25,117 crore to ₹39,812 crore showing a growth of 58.51 per cent. The revenue expenditure has recorded an increase of ₹14,695 crore during the above said period. The steady increase in revenue expenditure eroded the resource base for developmental capital interventions.

1.7.2 Burden of unrecovered cost of procurement and supply of power

The function of electricity supply to consumers is handled departmentally in the State, as de-bundling and power reforms have yet not been achieved. Hence, the receipts and expenditure on procurement and supply of electricity forms part of the State government accounts. Steadily rising gap between the revenue expenditure of the Power Development Department and revenue receipts is the most significant structural imbalance in the Budget of the Government and a drain on the resources, which could otherwise be deployed for developmental outlays. The trend in the gap between receipts from power consumers and expenditure on power purchase is given in **Table 1.14**.

Table 1.14: Shortfall in the performance of Power Development Department

(₹in crore)

| Financial year | Target revenue | Actual revenue | Expenditure on Power purchase | Deficit |
|----------------|----------------|----------------|-------------------------------|---------|
| 2012-13 | 2,387 | 1,589 | 3,870 | 2,281 |
| 2013-14 | 2,841 | 1,533 | 3,738 | 2,205 |
| 2014-15 | 2,630 | 1,428 | 4,404 | 2,976 |
| 2015-16 | 2,980 | 1,477 | 6,127 | 4,650 |
| 2016-17 | 4,741 | 2,770 | 6,132 | 3,362 |

The targets for the collection of tariff have not been achieved. The shortfall in collection of revenue was ₹1,971 crore during 2016-17. The revenue received during 2016-17 by way of sale of power was ₹ 2770 crore vis-à-vis purchase of power was ₹ 6132 crore thereby deficit of ₹ 3362 crore.

1.7.2.1 Implication of UDAY

In March 2016, the Ministry of Power, Government of India and the Government of J&K signed a Memorandum of Understanding (MOU) under the Scheme UDAY-“Ujwal DISCOM Assurance Yojana” for operational and financial turnaround of the State’s Power Distribution Department. Under the scheme, the State Government was allowed to raise loan through RBI by issue of Non Statutory Liquidity Ratio (SLR) Bonds which would be utilized for payment of dues outstanding towards various Central Public Sector Undertakings (CPSUs). Availability of loan at cheaper rate was aimed at an annual saving of ₹1,200 crore (over 4 years) towards interest cost. This would also pave way for improving operational efficiency of the Power Development Department of the State Government.

In accordance with the MOU, the Govt. of J&K borrowed funds to the tune of ₹3,537.55 crore (₹2,140 crore in 2015-16 & ₹1,397.55 crore in 2016-17) from RBI by issue of Non SLR bonds. This money was utilized by the State Govt. to clear liabilities of the CPSUs as shown here under:

| Sl. No. | Agency to whom payment has been made | 2015-16 | 2016-17 | Total |
|--------------|---|-----------------|-----------------|-----------------|
| 1. | National Thermal Power Corporation NTPC | 528.22 | 344.97 | 873.19 |
| 2. | National Hydro Power Corporation NHPC | 1,057.85 | 690.84 | 1,748.69 |
| 3. | Nuclear Power Corporation of India Ltd. NPCIL | 124.39 | 81.23 | 205.62 |
| 4. | Power Grid Corporation of India PGCIL | 73.03 | 47.67 | 120.70 |
| 5. | Satluj Jal Vidyut Nigam Limited SJVNL | 204.41 | 133.50 | 337.91 |
| 6. | Tehri Hydro Development Corporation Ltd. THDC | 152.10 | 99.34 | 251.44 |
| Total | | 2,140.00 | 1,397.55 | 3,537.55 |

1.7.3 Committed Expenditure

The revenue expenditure of the State government on account of interest payments, salaries and wages, pensions and subsidies is considered as committed expenditure on the State's resources. **Table 1.15** presents the trends in the expenditure on these components during 2012-13 to 2016-17.

Table-1.15: Components of Committed Expenditure

| (₹ in crore) | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Committed Expenditure | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Salaries of which | 10,600 (40.43) | 11,605 (42.78) | 11,733 (40.55) | 15,038 (41.29) | 15,130 (36.04) |
| <i>Salaries Non-Plan/ General Head</i> | 10,036 | 10,845 | 10,961 | 14,928 | 15,130 |
| <i>Salaries Plan/CSS Head</i> | 564 | 760 | 772 | 110 | 0 |
| Interest Payments | 2,707 (10.33) | 3,001 (11.06) | 3,533 (12.21) | 3,719 (10.21) | 4,567 (10.88) |
| Pensions | 3,463 (13.21) | 3,592 (13.24) | 3,686 (12.74) | 3,781 (10.38) | 4,216 (10.04) |

(Figures in parenthesis represent percentage of revenue receipts.)

The expenditure on salary increased by 0.61 per cent during 2016-17 and the pension payments showed upward trend from ₹3,463 crore in 2012-13 to ₹4,216 crore in 2016-17 and increased by 11.50 per cent during 2016-17. The interest payment increased by ₹1,860 crore from ₹2,707 crore in 2012-13 to ₹4,567 crore during 2016-17.

As reported in Appendix-XII of the Finance Accounts 2016-17, committed liabilities as on 31 March 2017 aggregated to ₹1,882.16 crore of which ₹1,038.61 crore was on account of compensation payable to landowners on land acquisition and ₹347.53 crore on account of unpaid bills on works and supplies.

1.7.4 Financial assistance by State Government to Local & Autonomous Bodies and other institutions

The assistance provided by way of Grants-in-Aid to Local & Autonomous Bodies and other institutions by various departments of the State government during the current year relative to the previous years is tabulated in **Table 1.16**.

Table 1.16: Financial assistance to Local Bodies/Autonomous Bodies

(₹ in crore)

| Name of the Department | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|-----------------|-----------------|-----------------|-----------------|----------------|
| Education, Sports Art & Culture | 209.81 | 538.22 | 303.68 | 506.89 | 519.02 |
| Housing and Urban Development | 303.11 | 192.45 | 447.55 | 512.50 | 518.33 |
| Agriculture | 216.42 | 13.80 | 158.93 | 186.79 | 265.59 |
| General Administration | 9.14 | 19.46 | 12.55 | 13.11 | 17.35 |
| Industries | 75.23 | 23.52 | 20.32 | 21.47 | 20.29 |
| Tourism | 1.76 | 8.86 | 20.50 | 33.23 | 18.71 |
| Administration of Justice | 4.80 | 0.05 | 4.77 | 6.01 | 5.97 |
| Health and Family Welfare | 0.23 | 14.06 | 134.82 | 51.81 | 337.06 |
| Others | 1263.78 | 671.38 | 432.23 | 190.87 | 26.83 |
| Total | 2,084.28 | 1,481.38 | 1,535.35 | 1,522.68 | 1729.15 |
| Assistance as a percentage of Revenue expenditure | 8.30 | 5.47 | 5.23 | 4.18 | 4.34 |

The level of financial assistance has decreased from ₹2,084.28 crore in 2012-13 to ₹1,729.15 crore in 2016-17. During 2016-17, 59.99 per cent of the total assistance was given to the Education & Sports and the Housing & Urban Development.

Apart from above financial assistance of ₹531.15 crore was provided to Ladakh Autonomous Hill Development Councils (Leh ₹265.04 crore and Kargil ₹266.11 crore).

In addition, there are 4,128 numbers of Panchayati Raj Institutions (PRIs) in the State. The grants for the 2016-17 were not released for want of elected Panchayati Raj Institutions (PRIs). However, an amount of ₹ two crore has been released under head (Maintenance and Repairs) in respect of PRIs out of Non-plan.

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects: *adequacy of the expenditure* (i.e. adequate provisions for providing public services), *efficiency of expenditure* (use), and the *effectiveness* (assessment of outlay-outcome relationships for select services).

1.8.1 Adequacy of Public Expenditure

To enhance human development, the State is required to step up their expenditure on key social services like Education, Health etc. **Table 1.17** analyses the fiscal priority and fiscal capacity of the Government with regard to development expenditure, social sector expenditure and Capital expenditure during 2016-17 against the average of special category states.

Table 1.17: Fiscal Priority of the Special Category State in 2012-13 and 2016-17

| Fiscal Priority of the State | AE/ GSDP | SSE/ AE | ESC/ AE | DE/ AE | CE/ AE | Education/ AE | Health /AE |
|--|-------------|------------|------------|-----------|-----------|------------------|---------------|
| Special Category States (Ratio) 2012-13 | 24.80 | 34.30 | 30.70 | 61.10 | 15.10 | 18.10 | 5.30 |
| Jammu & Kashmir (Ratio) 2012-13 | 40.78 | 23.48 | 34.13 | 57.92 | 17.16 | 12.66 | 5.33 |
| Special Category States (Ratio) 2016-17 | 27.40 | 34.20 | 30.00 | 61.50 | 13.60 | 16.60 | 5.40 |
| Jammu & Kashmir (Ratio) 2016-17 | 41.65 | 28.79 | 38.09 | 67.04 | 17.20 | 13.15 | 5.83 |

AE:-Aggregate Expenditure DE-Development Expenditure SSE:-Social Sector Expenditure
CE:-Capital Expenditure ESC:-Economic Sector.

Fiscal priority of J&K *vis-à-vis* above Special Category States:

- Aggregate expenditure of J&K as ratio of GSDP was higher in 2012-13 and 2016-17 as compared to the average of Special Category States.
- The priority given to Education in J&K was lower during 2012-13 & 2016-17
- The ratio of CE to AE was higher during 2012-13 & 2016-17.
- The ratio of SSE to AE was lower during 2012-13 & 2016-17, whereas it was higher in Economic Sector to AE during the same period.

1.8.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State governments to take appropriate expenditure rationalisation measures

and lay emphasis on provision of core public and merit goods⁵. Apart from improving the allocation towards development expenditure⁶, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. **Table 1.18** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* previous years. The development expenditure showed an increase of ₹13,216 crore (69.27) during 2012-13 & 2016-17 and also increased from 62.69 *per cent* to 66.88 *per cent vis-a-vis* the Total Expenditure during the same period.

Table 1.18 provide the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table-1.18: Development Expenditure

(₹ in crore)

| Components of Development Expenditure | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Expenditure | 30,434 | 31,686 | 34,550 | 43,845 | 48,174 |
| Total Development Expenditure | 19,079 | 19,514 | 21,903 | 29,058 | 32,295 |
| Development Revenue Expenditure (₹ in crore) | 14,491 | 15,655 | 17,290 | 22,745 | 24,702 |
| Share of Development revenue expenditure in total expenditure (per cent) | 47.6 | 49.41 | 50.04 | 51.87 | 51.28 |
| Development Capital Expenditure (₹ in crore) | 4,588 | 3,859 | 4,526 | 6,219 | 7,517 |
| Share of Development Capital Expenditure in total expenditure (per cent) | 15.10 | 12.18 | 13.10 | 14.18 | 15.60 |
| Loans/Advances for Development (₹ in crore) | 93 | 121 | 87 | 94 | 76 |
| Total Development Revenue & Capital to total Expenditure (per cent) | 62.69 | 61.59 | 63.40 | 66.05 | 66.88 |

⁵ Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁶ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

The share of Development Capital Expenditure in Total Expenditure increased from 15.10 *per cent* in 2012-13 to 15.60 *per cent* in 2016-17, the share of Development Revenue Expenditure in Total Expenditure increased from 47.60 *per cent* to 51.28 *per cent* during the same years.

Table 1.19 provides analysis of the sector-wise expenditure and its relation to developmental indices.

Table 1.19: Efficiency of Expenditure use in selected Social and Economic services

(in per cent)

| Social/Economic Infrastructure | 2014-15 | | | 2015-16 | | | 2016-17 | | |
|-----------------------------------|-------------------|---------------------|-------------|-------------------|---------------------|--------------|-------------------|---------------------|-------------|
| | Ratio of CE to TE | In RE, the share of | | Ratio of CE to TE | In RE, the share of | | Ratio of CE to TE | In RE, the share of | |
| | | S & W | O& M | | S & W | O& M | | S & W | O& M |
| Social Sector (SS) | | | | | | | | | |
| General Education | 11.77 | 75.03 | 1.23 | 8.39 | 66.03 | 1.7 | 8.93 | 69.46 | 0.02 |
| Health and Family Welfare | 10.57 | 76.04 | 0.72 | 9.22 | 74.01 | 66.33 | 15.47 | 70.30 | 0.82 |
| WS, Sanitation & HUD | 25.87 | 50.10 | 6.24 | 28.76 | 46.27 | 51.43 | 31.23 | 49.19 | 4.43 |
| Others | 21.78 | 19.68 | 0.25 | 49.95 | 20.68 | 25.55 | 22.54 | 14.33 | 0.03 |
| Total (SS) | 15.91 | 63.06 | 1.89 | 19.09 | 59.88 | 25.51 | 16.62 | 59.07 | 0.91 |
| Economic Sector (ES) | | | | | | | | | |
| Agriculture and Allied Activities | 29.56 | 79.05 | 0.86 | 27.59 | 80.37 | 19.48 | 27.26 | 80.02 | 0.24 |
| Irrigation and Flood Control | 37.67 | 76.21 | 8.00 | 42.82 | 78.22 | 50.95 | 47.94 | 61.62 | 9.32 |
| Power and Energy | 2.77 | 10.00 | 0.98 | 4.19 | 9.16 | 70.90 | 7.98 | 7.60 | 0.74 |
| Transport | 41.80 | 0.16 | 14.65 | 48.50 | 0.07 | 2.18 | 51.68 | 0.03 | 12.09 |
| Others | 72.31 | 46.59 | 0.73 | 48.85 | 8.55 | 11.59 | 57.42 | 41.56 | 0.75 |
| Total (ES) | 24.93 | 29.05 | 2.23 | 23.70 | 3.88 | 3.88 | 28.40 | 24.76 | 1.67 |
| Total (SS+ES) | 20.75 | 45.77 | 2.47 | 21.47 | 62.45 | 29.09 | 23.33 | 40.82 | 1.31 |

TE: Total Expenditure on respective Services; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation and Maintenance

The ratio of Capital Expenditure to Total Expenditure in Social and Economic Service sectors showed consistent increase from 20.75 *per cent* in 2014-15 to 21.47 *per cent* in 2015-16 and 23.33 *per cent* in 2016-17.

1.8.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Besides stepping up the expenditure on key social and economic services, enhancing human development requires the State to improve the delivery mechanism to obtain the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure. The system of presenting outcome budget needs to be introduced.

1.9 Financial Analysis of Government Capital Expenditure and Investments

As part of the framework provided by the Fiscal Responsibility Budget Management (FRBM) Act, the State is expected to not only keep its fiscal deficit at low levels but also to meet its capital expenditure/ investment (including loans and advances) requirements out of the revenues. In addition, in a transition to complete dependence on market based resources, the State government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents a broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-a-vis* previous years.

1.9.1 Incomplete Projects

On the basis of the information furnished by the departments, details of incomplete projects costing ₹ one crore and above, as on 31st March 2017, are given in **Appendix IX** of the Finance Accounts. There were 119 incomplete projects, as per details given in **Table 1.20**

Table 1.20: Department-wise profile of incomplete projects as on 31st March 2017

(₹ in crore)

| Department | No. of Incomplete Projects | Sanctioned Project Cost | Revised Cost | Cum. Actual Expenditure | Cost over run |
|---|----------------------------|-------------------------|---------------|-------------------------|-------------------|
| Public Health Engineering (PHE), Srinagar | 03 | 4.17 | 4.17 | 2.76 | - |
| Public Health Engineering (PHE), Jammu | 78 | 246.61 | 266.91 | 162.48 | 20.30 (20) |
| Power Development Department (PDD), Jammu | 01 | 13.36 | 13.36 | 12.64 | - |
| Public Works Department (PWD), Jammu | 35 | 75.29 | 75.29 | 43.50 | - |
| Irrigation and Flood Control, Srinagar | 02 | 210.96 | 241.29 | 171.57 | 30.33 (02) |
| Total | 119 | 550.39 | 601.02 | 392.95 | 50.63 (22) |

(Figures in parenthesis represent no. of works.)

As on March 2017, there were 119 incomplete projects costing ₹ one crore or above. These incomplete projects had a total sanctioned cost of ₹550.39 crore revised to ₹601.02 crore. An amount of ₹392.95 crore had been expended on these incomplete projects by 31st March 2017. In respect of 35 projects of PWD (Jammu), 81 projects of PHE (Kashmir 3, Jammu 78), 01 project of PDD Division (Jammu Province) and 02 projects of Irrigation and Flood Control of Kashmir Province, the cost was revised upward by ₹50.63 crore in 22 projects (20 of PHE Jammu Province and 2 of Irrigation and Flood Control of Kashmir Province). Reasons for revising the cost are awaited from these Departments. Blocking of funds on incomplete projects/ works impinged negatively on the quality of expenditure and deprived the State of the intended benefits for prolonged periods.

1.9.2 Financial results of Irrigation Projects

The financial results of seven major irrigation projects involving a capital expenditure of ₹457.34 crore at the end of March 2017 showed that Revenue realised from these schemes during 2016-17 was only ₹0.40 crore (0.09 per cent of the capital outlay of ₹457.34 crore). The revenue receipts of none of these schemes were sufficient to cover even the direct working expenses. After meeting the working expenses and interest charges, the schemes suffered a net loss of ₹3.30 crore (0.72 per cent of the capital outlay). The major loss making projects were Ranbir Canal & Pratap Canal.

1.9.3 Investment and Returns

As per Statement 8 of the Finance Accounts, as on 31 March 2017, the State government had cumulatively invested ₹803.74 crore in 23 Companies (₹521.61 crore), three Statutory Corporations (₹231.11 crore), eight Co-operative Institutions/Local Bodies (₹37.83 crore), two Rural Banks (₹12.85 crore) and two Joint Stock Companies (₹0.34 crore). **Table 1.21** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table-1.21: Return on Investment

| Investment/Return/Cost of Borrowings | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|---------|---------|
| Investment at the end of the year (₹ in crore) | 498.25 | 533.27 | 537.17 | 547.83 | 803.74 |
| Return (₹ in crore) | 87.35 | 128.88 | 128.88 | 54.13 | 45.11 |
| Return (per cent) | 17.53 | 24.17 | 23.99 | 9.88 | 5.61 |
| Average rate of interest on all Government liabilities (per cent) | 7.07 | 7.07 | 7.6 | 7.17 | 7.77 |
| Difference between interest rate and return (per cent) | 10.46 | 17.10 | 16.39 | 2.71 | 2.16 |

During 2012-13 to 2014-15 the dividend/interest receipt increased from ₹87.35 crore to ₹128.88 crore. However it decreased to ₹45.11 crore in 2016-17. The return on investment solely came from the Jammu and Kashmir Bank Limited, in which the Government holds 56.45 per cent equity.

1.9.4 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations **Table 1.22** presents the position of loans and advances outstanding as on 31 March 2017, interest receipts *vis-a-vis* interest payments during the last five years.

Table 1.22: Average interest received on loans advanced by the State Government

(₹ in crore)

| Quantum of Loans/Interest Receipts/ Cost of Borrowings | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|----------|-----------|----------|----------|----------|
| Opening Balance | 1,033.69 | 1,292.55* | 1,409.83 | 1,493.93 | 1,583.63 |
| Amount advanced during the year | 93.40 | 121.41 | 86.80 | 93.79 | 76.24 |
| Amount repaid during the year | 1.53 | 4.13 | 2.69 | 4.09 | 19.36 |
| Closing Balance | 1,125.56 | 1,409.83 | 1,493.93 | 1,583.63 | 1,640.52 |
| Of which outstanding balance for which terms and conditions have been settled | | | | | |
| Net addition | 91.87 | 117.28 | 84.1 | 89.70 | 56.89 |
| Interest Receipts | 1.31 | 1.64 | 1.88 | 0.97 | 1.88 |
| Interest receipts as per cent to outstanding Loans and advances | 0.12 | 0.12 | 0.13 | 0.06 | 0.11 |
| Interest payments as per cent to outstanding fiscal liabilities of the State Government | 6.72 | 6.72 | 7.31 | 6.72 | 7.34 |
| Difference between interest payments and interest receipts (per cent) | 6.60 | 6.60 | 7.18 | 6.66 | 7.23 |

(* An amount of ₹167.00 crore has been proforma increased to the balance as on 31 March 2013 due to rectification of misclassification intimated by the State Government)

Recoveries of loans and advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements presented to the Legislature.

1.9.5 Cash Balances and their investment

The State Government is banking with the Reserve Bank of India with effect from 1st April 2011 for its cash/overdraft management. The cash balance decreased by ₹98 crore during 2016-17, from ₹527 crore at the end of 2015-16 to ₹429 crore at the end of 2016-17. As on 31st March 2017, there was a difference of ₹ 0.09 crore (Dr.) between the cash balance of the State with RBI as reflected in books of Accountant General (A&E) and that as

reported by the RBI. The difference is mainly due to non-reconciliation of figures by the agency banks with the RBI.

1.10 Assets and Liabilities

1.10.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred at historical cost, i.e., in terms of the cash inflow and outflow in nominal terms without making any adjustment for appreciation/depreciation. Statement 12 of the Finance Accounts 2016-17 gives an overview of sources and application of funds. Statement 6 and Statement 17 of the Finance Accounts 2016-17 provide summary position of the Government's financial liabilities such as borrowing from open market and financial institutions, loans and advances from the Union Government and net receipts under public accounts in respect of which the Government functions as a trustee or banker. The liabilities of the State Government depicted in the Finance Accounts, however, do not include future liabilities on account of pension and other retirement benefits payable to retired State employees, and contingent liabilities arising out of guarantees/ letters of comfort issued by the State Government.

The Finance Accounts of the State Government do not include a complete statement of all assets belonging to the State Government because the subsidiary records of assets and their valuation are not maintained by the Accountant General (A&E), Jammu and Kashmir. The Finance Accounts merely depict cumulative capital expenditure, each year's capital expenditure being added in nominal terms without any adjustment of appreciation/depreciation of assets.

1.10.2 Fiscal Liabilities

There are two sets of liabilities namely, public debt and "other liabilities under public accounts". Public debt consists of market loans, special securities issued by RBI and loans and advances from the Central Government. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits. The composition of fiscal liabilities during the five years is presented in **Table 1.23** (Please also see *Appendix 1.3* for trends in outstanding fiscal liabilities of the Government since 2012-13).

Table-1.23: Fiscal liabilities

(₹ in crore)

| Narration | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|----------------|----------------|----------------|----------------|----------------|
| Borrowings from open market & Financial Institutions | 22,796 (56) | 24,715 (55) | 26,525 (55) | 30,452 (55) | 34,267 (55) |
| Loans and advances from GOI | 1,839 (4) | 1,775 (4) | 1,675 (3) | 1,579 (3) | 1,489 (2) |
| Public Account Liability | 15,630 (40) | 18,183 (39) | 20,114 (42) | 23,327 (42) | 26,462 (43) |
| Total Fiscal Liability | 40,265 | 44,673 | 48,314 | 55,358 | 62,219 |
| Growth Rate of Fiscal Liability | 11.02 | 10.94 | 8.15 | 14.57 | 12.39 |
| Revenue Receipts | 26,217 | 27,128 | 28,939 | 35,781 | 41,978 |
| Fiscal Liability % of Revenue Receipts | 153.58 | 164.67 | 166.95 | 154.71 | 148.22 |
| Growth rate of revenue receipts | 5.79 | 3.47 | 6.68 | 23.64 | 17.31 |
| Buoyancy Ratio | | | | | |
| Fiscal Liability vis-a-vis Revenue Receipts. | 1.90 | 3.15 | 1.22 | 0.61 | 0.71 |
| Fiscal Liability vis-a-vis GSDP | 0.63 | 1.84 | 0.47 | 0.62 | 13.92 |

Figures in the parenthesis is percentage of total liability.

The overall fiscal liabilities of the government increased from ₹55,358 crore at the end of 31st March 2016 to ₹62,219 crore by the end of 31st March 2017. As a percentage of the GSDP, the stock of accumulated fiscal liabilities increased from 48.29 *per cent* at end of 2015-16 to 53.79 *per cent* at end of 2016-17. At the end of 2016-17, the accumulated liabilities were 1.48 *times* of the government's revenue receipts during 2016-17 and 5.23 *times* of the government's own tax and non-tax revenues during 2016-17. The buoyancy ratio of these liabilities with respect to GSDP during 2016-17 was 13.92 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 13.92 *times*.

1.10.3 Management of Reserve Funds

'Reserve Funds' are funds forming part of the public accounts of the State by appropriating sums from the Consolidated Fund and setting aside for an earmarked purpose. **Table 1.24** shows movement of closing balances in various reserve funds as on 31st March 2017. The cumulative aggregate balance in these funds as at the end of 31st March 2017 was ₹1,885 crore of which ₹11 crore has been invested outside government accounts. It is also seen from a review of receipt/disbursement transactions in the funds, that most of the funds were dormant, having no or negligible transactions.

Table 1.24: Trend in year-end Closing Balances under Reserve Funds

(₹ in crore)

| RESERVE FUNDS | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|--------------|--------------|--------------|--------------|--------------|
| Reserve Funds Bearing interest | | | | | |
| Calamity Relief Fund (now State Disaster Response Fund) | 526 | 882 | 202 | 336 | 600 |
| Total - Reserve Fund Bearing Interest | 526 | 882 | 202 | 336 | 600 |
| Reserve Funds Not Bearing interest | | | | | |
| Calamity Relief Fund (now State Disaster Response Fund) | 28 | 28 | 28 | -- | -- |
| Sinking fund | 32 | 61 | 97 | 135 | 169 |
| Famine Relief Fund | 9 | 9 | 9 | 8 | 9 |
| Depreciation and Renewal Reserve Funds of Govt. Commercial Deptts./ Undertakings. | 574 | 574 | 574 | 573 | 573 |
| Depreciation and Renewal Reserve Funds of Govt. Non-Commercial Deptts. | 73 | 73 | 73 | 73 | 73 |
| Development Fund for Agricultural Purposes | 39 | 41 | 41 | 41 | 41 |
| Constituency Development Funds | 95 | 95 | 72 | 104 | 116 |
| Other Development and Welfare Funds | 104 | 104 | 85 | 115 | 136 |
| General Insurance Fund (Janta Insurance) | 71 | 68 | 66 | 65 | 63 |
| Guarantee Redemption Fund | 5 | 6 | 7 | 8 | 12 |
| Other Funds | 50 | 67 | 77 | 86 | 93 |
| Reserve Funds Not Bearing interest | 1,079 | 1,126 | 1,128 | 1,208 | 1285 |
| Total -Reserve Funds | 1,605 | 2,008 | 1,331 | 1,544 | 1,885 |
| Of which balances invested | | | | | |
| Investments from State Disaster Response Fund | 11 | 11 | 11 | 11 | 11 |

1.10.4 Contingent liabilities

1.10.4.1 Status of Guarantees

Guarantees are liabilities contingent on Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees could be extended by the State and outstanding guarantees for the last five years is tabulated in **Table 1.25**.

Table-1.25: Guarantees given by the State government

(₹ in crore)

| Guarantees | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|----------------------------------|---------|---------|---------|---------|---------|
| Outstanding amount of guarantees | 611 | 2,714 | 2,860 | 2,827 | 2,636 |

The FRBM Act, 2006 enjoins upon the State government to limit the amount of annual incremental risk weighted guarantees to 75 per cent of the Total Revenue Receipts in the year preceding the current year or at 7.5 per cent of GSDP of the year preceding the current year, whichever is lower. The total outstanding Guarantees as on 31st March 2017 aggregated to ₹2,633.95 crore, which was 7.36 per cent of the total Revenue Receipts of ₹35,780.60 crore in 2015-16 and 2.30 per cent of the GSDP of ₹1,14,637 crore (Current price) of 2015-16, as accepted by the Ministry of Finance, Government of India for evaluation of fiscal parameters of the State Government. However, the State Government has not yet assessed the risks of various guarantees.

The State Government has set up Guarantee Redemption Fund (GRF) for meeting its obligations arising out of guarantees issued on behalf of the State Government Departments/State Own Corporations and PSUs and other Autonomous and Statutory Bodies. The said order provides for levy of Guarantee commission/fee which is two per cent of the guarantees, as intimated by State Finance Department. An amount of ₹3.22 crore was received as Guarantee Fee/Commission during 2016-17.

1.11 Debt Management

1.11.1 Debt Profile

Table 1.26 shows the outstanding public debt and other liabilities in last five years, showing the liabilities as per cent of GSDP and per capita.

Table 1.26: Burden of Public debt and other liabilities

| Year | Year-end fiscal liabilities (₹ in crore) | GSDP (₹ in crore) | Liabilities as per cent of GSDP(per cent) |
|---------|--|-------------------|---|
| 2012-13 | 40,265 | 74,623 | 53.96 |
| 2013-14 | 44,673 | 79,055 | 56.51 |
| 2014-15 | 48,314 | 92,773 | 52.08 |
| 2015-16 | 55,358 | 1,14,637 | 48.29 |
| 2016-17 | 62,219 | 1,15,654 | 53.80 |

The 'fiscal liabilities' include: (a) liabilities on account of borrowing from banks, financial institutions, open market and Union government (all accounted for in the Consolidated Fund as 'public debt') and (b) other liabilities on account of State Provident Fund, Pension/Insurance Fund,

Reserve Funds and Deposits (all accounted for under the public accounts of the State). The figure of 'fiscal liabilities' represent balances under the specified heads and do not account for year-end cash balances (whether invested or not). Increase in per capita liabilities from year to year signifies rising debt burden on the State though as a percentage of GSDP it is almost same over the years.

1.11.2 Debt Sustainability

Debt sustainability implies State's ability to service its debt in future. Apart from the magnitude of debt of State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis assesses the sustainability of the debt of the State Government in terms of rate of growth of outstanding debt; ratio of interest payment and revenue receipts, debt repayment and debt receipt; net debt available to the State. **Table 1.27** analyses the debt sustainability of the State according to these indicators for the period of 5 years beginning from 2012-13.

Table 1.27: Debt Sustainability

(₹ in crore)

| Indicators of Debt Sustainability | 2012-13 | 2013-14 | 2014- 15 | 2015-16 | 2016-17 |
|---|---------|---------|----------|----------|----------|
| Outstanding Public Debt | 24,635 | 26,490 | 28,201 | 32,031 | 35,756 |
| Rate of Growth of Outstanding Public Debt | 8.56 | 7.53 | 6.46 | 13.58 | 11.63 |
| GSDP | 74,623 | 79,055 | 92,773 | 1,14,637 | 1,15,654 |
| Rate of Growth of GSDP | 17.35 | 5.94 | 17.35 | 23.57 | 0.89 |
| Average interest Rate of Outstanding Debt (interest paid/OB of Public Debt+CB of Public Debt/2) | 11 | 12 | 13 | 12 | 8 |
| Percentage of Interest to Revenue Receipt | 10.33 | 11.06 | 12.21 | 10.39 | 6.76 |
| Percentage of Debt Payment to Debt Receipt | 72.34 | 69.09 | 83.33 | 73.84 | 82.04 |
| Net Debt available to the State | (-) 24 | (-) 205 | (-) 678 | 1367 | 890 |

Source: State Finance Accounts

Public Debt of the State Government increased from ₹24,635 crore in 2012-13 to ₹35,756 crore in 2016-17. The rate of growth ranged between 8.56 per cent and 11.63 per cent over the period 2012-13 to 2016-17. Public Debt decreased to 11.63 per cent in 2016-17 as compared to 13.58 per cent in the previous year.

Rate of growth of GSDP registered a increasing trend from 5.94 per cent in 2013-14 to 23.57 per cent in 2015-16 and then the growth decreased to

0.89 per cent in 2016-17 but was still higher than the average rate of interest of public debt which is ranging between 12 per cent and 8 per cent during the period 2013-14 to 2016-17. The State needs to step up its resource mobilization efforts to ensure prudent fiscal situation rather than depend on debt receipts. The percentage of Interest to Revenue Receipt increased from 10.33 per cent in 2012-13 to 12.21 per cent in 2014-15 but declined to 6.76 per cent in 2016-17. The percentage of debt payment to debt receipt ranged between 72.34 per cent and 82.04 per cent over the period 2012-13 to 2016-17.

The position of net debt availability such as internal debt, loans and advances from Government of India and other sources after providing for repayments (including interest payments) improved from ₹1,367 crore in 2015-16 to ₹890 crore in 2016-17.

1.11.3 Trends in various fiscal parameters and their ratios

Chart 1.8

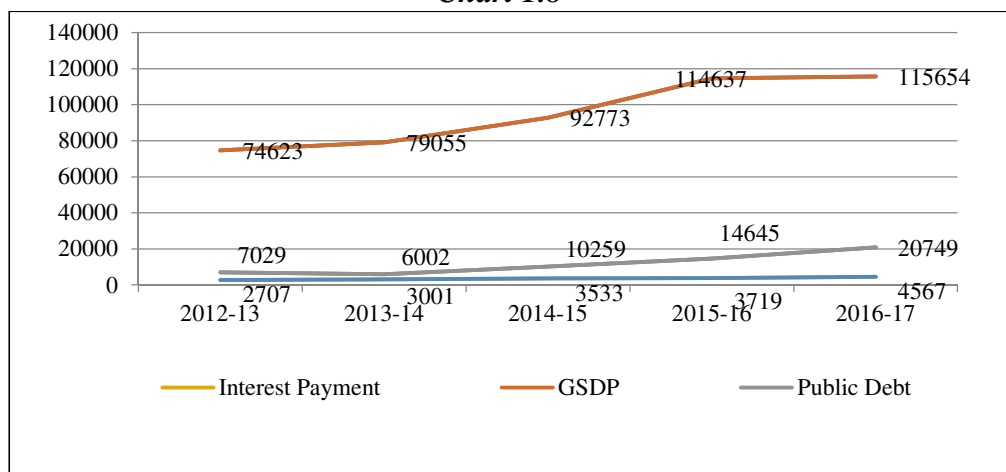


Chart 1.9

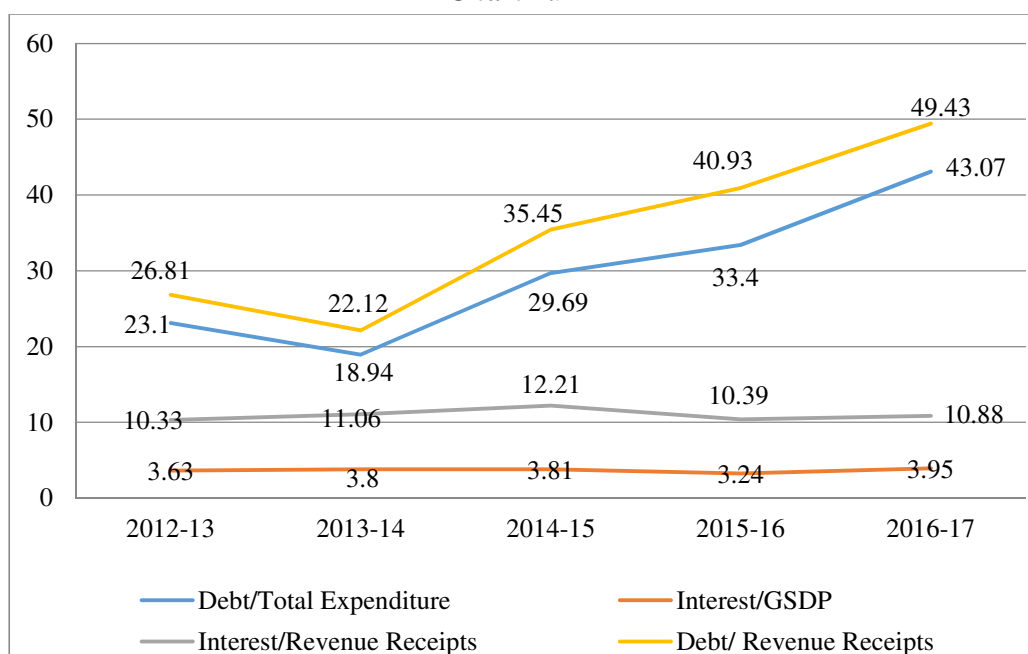


Chart 1.8 above suggests that for the period 2012-13 to 2016-17, the interest payments and public debt has increased from the previous year. Likewise, from **Chart 1.9**, the ratios in respect of Debt to Total Expenditure, Interest to GSDP and Interest to Revenue Receipts has also increased from 2012-13 to 2016-17 which had adverse effect on the economy of the State.

1.11.4 Market Borrowings

Of all the constituents of outstanding liabilities of the Government, the market loans need special attention because the interest rates thereon are not administered and may go up if in the market perception the Government debt is not sustainable. **Table 1.28** summarizes key debt sustainability indicators in the context of market loans.

Table 1.28: Key debt sustainability indicators in the context of market loans

(₹ in crore except where per cent specified)

| Description | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|---------|---------|---------|----------|----------|
| Total liabilities | 40,265 | 44,673 | 48,314 | 55,358 | 62,219 |
| Total Public Debt (year-end) | 24,635 | 26,490 | 28,200 | 32,031 | 35,756 |
| Total market loans (year-end) | 15,510 | 17,205 | 18,321 | 21,046 | 22,046 |
| Percentage of market loans to total liabilities (per cent) | 38.50 | 38.50 | 37.92 | 38.02 | 35.43 |
| Percentage of market loans to total public debt (per cent) | 63.0 | 65.0 | 64.97 | 65.70 | 61.66 |
| Weighted average interest rate on market loans (per cent) | 8.00 | 7.88 | 7.60 | 7.17 | 7.77 |
| Interest paid on market loans | 1,178 | 1,289 | 1,574 | 1,639 | 1,906 |
| GSDP | 74,623 | 79,055 | 92,773 | 1,14,637 | 1,15,654 |
| GSDP growth rate (per cent per annum) | 17.35 | 5.94 | 17.35 | 23.57 | 0.89 |
| Revenue Receipts | 26,217 | 27,128 | 28,939 | 35,781 | 41,978 |
| Total Interest Payment | 2,707 | 3,001 | 3,533 | 3,719 | 4,567 |
| Interest payments to Revenue Receipts (per cent) | 10.3 | 11.06 | 12.21 | 10.39 | 10.88 |
| Primary Deficit | 1,510 | 1,553 | 2,075 | 4,341 | 1,610 |
| Total liabilities as per cent of GSDP | 52.35 | 51.01 | 54.95 | 60.27 | 53.80 |
| Outstanding guarantees | 611 | 2,714 | 2,860 | 2,827 | 2,636 |

Note: As per the definition of the term 'total liabilities', off budget borrowings through public sector undertakings are also required to be included. However, these are not included in the figures shown above for want of information.

The total liabilities of the State have increased from ₹40,265 crore in 2012-13 to ₹62,219 crore in 2016-17. Of the increase in total liabilities of ₹21,954 crore, ₹6,536 crore, about 30 *per cent* of the total increase in 2016-17, was contributed by market loans. The percentage of market loans to total public debt, which was 63.00 *per cent* in 2012-13 decreased to 61.66 *per cent* in 2016-17.

1.11.5 Arrangement for Amortization of Debt

As per the recommendations of the Twelfth Finance Commission, the State Government constituted a Consolidated Sinking Fund on 30th January 2012, for redeeming its outstanding liabilities. As per the guidelines, the State Government is required to contribute to this Fund, a minimum of 10 *per cent* of 0.5 *per cent* of the total outstanding liabilities at the end of 2010-11 every year beginning with the financial year 2011-12 up to 2021-22 to make it equal to 0.5 *per cent* of the liabilities as at the end of 2010-11. In addition, contribution in respect of incremental liabilities from the year thereafter shall be made at 0.5 *per cent* of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the scheme.

As on 31st March 2017, the balance under this fund should have been ₹248.51 crore [including required contribution of ₹49.94 crore (₹15.63 crore i.e, 0.5 *per cent* of total outstanding liability at the end of 2010-11 and ₹34.31 crore i.e, 0.5 *per cent* of incremental liabilities of 2016-17)] as against ₹168.76 crore (including ₹33.97 crore actually contributed in the year 2016-17) transferred to the fund from the year 2011-12 onwards. As such, there was an overall short contribution of ₹79.75 crore (including ₹15.97 crore short contribution in the year 2016-17). The balance under the fund was not invested.

Table 1.29: Details of debt raised during the year and its utilization for payment

(₹ in crore)

| Year | Total borrowings during the year | Repayment during the year/ percentage |
|---------|----------------------------------|---------------------------------------|
| 2012-13 | 7,029 | 5,085 (72.34) |
| 2013-14 | 6,002 | 4,147 (69.09) |
| 2014-15 | 10,259 | 8,549 (83.33) |
| 2015-16 | 14,645 | 10,815 (73.84) |
| 2016-17 | 20,749 | 17,023 (82.04) |

It is clear from the **Table 1.29** above that more than 80 *per cent* of the current borrowings were utilized for repayment of earlier debt leaving behind less than 20 *per cent* for capital expenditure *vis-à-vis* creation of Assets.

1.12 Fiscal Imbalances

Three fiscal parameters- Revenue, Fiscal and Primary Deficits indicate the extent of overall fiscal imbalances in the finances of State government during the specified period. The nature of deficit is an indicator of the prudence of fiscal management of the Government.

1.12.1 Trends in deficits

Table 1.30 gives time series data on the three deficits during 2012-13 to 2016-17.

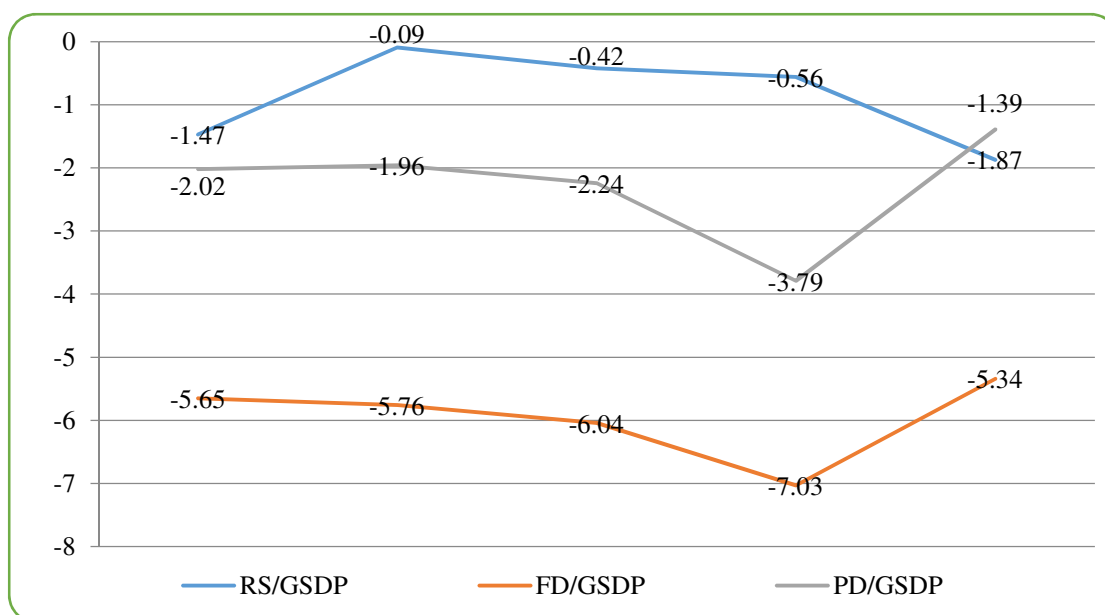
Table-1.30 Deficit Trends

(₹ in crore)

| Fiscal indicator | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|------------------|---------|---------|---------|---------|---------|
| Revenue surplus | 1,100 | 70 | (-)390 | (-) 640 | 2,166 |
| Fiscal deficit | 4,216 | 4,554 | 5,608 | 8,060 | 6,177 |
| Primary deficit | 1,510 | 1,553 | 2,075 | 4,341 | 1,610 |

The State has maintained Revenue Surplus during the period 2012-2017 except during 2014-15 and 2015-16. In 2016-17 Revenue Surplus (RS) was ₹2,166 crore. During 2014-15 and 2015-16, Revenue Surplus became deficit, which was ₹390 crore and in 2014-15 further deteriorated to ₹640 crore. The Fiscal Deficit (FD) increased from ₹4,216 crore in 2012-13 to ₹6,177 crore in 2016-17 and the Primary Deficit (PD) also increased from ₹1,510 crore to ₹1,610 crore during the same period. **Charts 1.10** presents the trends in key deficit indicators related to GSDP over the period 2012-13 to 2016-17.

Chart-1.10: Deficit Indicators



1.12.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as shown in **Table 1.31**

Table 1.31: Components of fiscal deficit and its financing pattern

(₹ in crore)

| Particulars | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|---------|---------|---------|---------|---------|
| Source of Financing the Capital Expenditure and Fiscal Deficit | | | | | | |
| 1. | Capital Expenditure | 5,224 | 4,507 | 5,134 | 7,331 | 8,286 |
| 2. | Loans and Advances | 93 | 121 | 87 | 94 | 76 |
| Financed Through | | | | | | |
| 1. | Revenue Surplus | 1,100 | 70 | (-)390 | (-)640 | 2,166 |
| 2. | Non-Debt Capital Receipts | 2 | 4 | 3 | 4 | 19 |
| 3. | Fiscal Deficit | 4,216 | 4,554 | 5,608 | 8,060 | 6,177 |
| Financing pattern of fiscal Deficit @ | | | | | | |
| 1. | Market Borrowings | 2,008 | 1,919 | 1,811 | 3,926 | 3,815 |
| 2. | Loans from GOI | (-)64 | (-)64 | (-)100 | (-) 96 | (-)90 |
| 3. | Small Savings, PF etc. | 1,689 | 1,990 | 2,232 | 2,886 | 1,846 |
| 4. | Deposits and Advances | 189 | 158 | 376 | 112.39 | 949 |
| 5. | Suspense and Miscellaneous | (-) 31 | (-) 48 | (-)237 | (-) 131 | (-)93 |
| 6. | Remittances | (-) 615 | 1,169 | 2,545 | (-) 208 | (-)690 |
| 7. | Reserve funds | 170 | 403 | (-)677 | 214 | 334 |
| 8. | Net amount recouped to contingency fund | - | - | - | - | - |
| 9. | Drawdown of cash balance (+)/Accretion to cash balance(-) | 870 | (-)972 | (-)338 | (+)874 | (+)98 |

@ All these figures are not of disbursements/outflows during the year

The revenue surplus increased by ₹2,806 crore in 2016-17 over the previous year. The fiscal deficit was met from borrowings out of public account (of which Small Savings, Provident Funds, Remittances & Reserve Funds etc. formed a major share) and market borrowings.

1.12.3 Quality of Deficit/ Surplus

The ratio of Revenue Deficit (RD) to Fiscal Deficit (FD) and the bifurcation of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) was not having any asset backup.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2016-17 shows (**Table-1.32**) that the primary deficit during the period was on account of capital expenditure incurred and loans and advances disbursed by the State government. In other words, non-debt receipts of the State were enough to meet the primary expenditure requirements in the

revenue account and in fact left some receipts to meet the expenditure under the capital account. The State had to borrow to meet the requirements under capital account over primary expenditure during 2016-17. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.32: Primary Deficit/Surplus –bifurcation of factors

(₹ in crore)

| Year | Non-debt receipts | Primary Revenue Exp. | Capital Exp. | Loans & Advances | Primary Exp. | Percentage Capital Exp./Primary Exp. | Primary Revenue deficit (-)/surplus (+) | Primary Deficit (-)/Surplus (+) |
|---------|-------------------|----------------------|--------------|------------------|--------------|--------------------------------------|---|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 (3+4+5) | 7 (4/6) | 8 (2-3) | 9 (2-6) |
| 2012-13 | 26,219 | 22,410 | 5,224 | 93 | 27,727 | 19 | 3,809 | (-)1,508 |
| 2013-14 | 27,132 | 24,057 | 4,507 | 121 | 28,685 | 16 | 3,075 | (-)1,553 |
| 2014-15 | 28,942 | 25,796 | 5,134 | 87 | 31,017 | 17 | 3,146 | (-) 2,075 |
| 2015-16 | 35,785 | 32,701 | 7,331 | 94 | 40,126 | 18 | 3,084 | (-) 4,341 |
| 2016-17 | 41,997 | 35,245 | 8,286 | 76 | 43,607 | 19 | 6,752 | (-) 1,610 |

It may be seen from the table that the Non debt receipts of the State were higher than the primary revenue expenditure which was sufficient to meet this expenditure due to considerable support from the Central Government. The total primary expenditure increased from ₹27,727 crore in 2012-13 to ₹43,607 crore in 2016-17 which was due to increase of primary revenue expenditure by ₹12,835 crore, while Capital Expenditure increased from ₹5,224 crore in 2012-13 to ₹8,286 crore in 2016-17. The primary deficit however, increased from ₹1,508 crore during 2012-13 to ₹1,610 crore during 2016-17.

The bifurcation of the factors resulting into Primary deficit or surplus of the Government during the period 2016-17 reveals that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary expenditure. Therefore, non-debt receipts of the State were not enough to meet the primary expenditure requirements. If this trend continues debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the incremental primary expenditure but also incremental interest burden.

1.13 Government obligations under the Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14 August 2006, to be effective from 2006-07. The principal objective of the Act was reducing the fiscal deficit to three *per cent* of GSDP by 2009-10. Besides, it cast several other fiscal transparency obligations on the State government. Essential obligations cast on the Government under the FRBM Act, amendments made to it and its implementation are detailed in *Appendix 1.8 & Appendix 1.9* respectively.

1.13.1 Fiscal consolidation roadmap under the recommendations of the respective Finance Commissions

- The Twelfth Finance Commission (TFC) recommendations accepted by the Central government required the State government to enact/ amend the FRBM Act to conform to the customized fiscal reform path of achieving fiscal deficit and outstanding debt targets for the five year period (2005-10). The principal target for the State was to achieve fiscal deficit of three *per cent* of GSDP by 2009-10. The State could not achieve the targets set by the TFC and could not avail the debt waiver and interest relief recommended by the TFC.
- The Thirteenth Finance Commission (ThFC) noted that for special category States like Jammu and Kashmir, the Revenue Deficit/ Surplus is not of much significance for purposes of fiscal adjustment as all have revenue surplus in government accounts due to grants-in-aid from the Union government being classified as non-tax revenue of the State. Under ThFC recommendations, a customized fiscal reform path of achieving fiscal deficit and outstanding debt targets was incorporated by amending the State's FRBM Act in April 2011 and August 2011.
- The Fourteenth Finance Commissions (FrFC) recommended that the State Governments may amend their FRBM Acts to provide for the statutory flexible limits on fiscal deficit. The Union Government may amend its FRBM Act to reflect the fiscal roadmap, omit the definition of effective revenue deficit and mandate the establishment of an independent fiscal council. Further, the Union and State Governments may also amend their respective FRBM Acts to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision.

Table 1.33 summaries the targets for fiscal liabilities and fiscal deficit and actual outcomes, as computed from accounts.

Table 1.33: Targets for fiscal liabilities and fiscal deficit set by 13th & 14th Finance Commissions

(per cent of State's actual/projected GSDP)

| Fiscal parameter (as per cent of GSDP)/ Year | 2012-13 13 th FC | 2013-14 13 th FC | 2014-15 13 th FC | 2015-16 14 th FC | 2016-17 14 th FC |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <i>Fiscal Deficit – 13th /14th Finance Commission target/projection</i> | 4.2 | 3.6 | 3 | 3 | 3 |
| <i>Fiscal Deficit – Actuals</i> | 5.5 | 5.2 | 6.38 | 8.77 | 5.34* 4.13** |
| <i>Fiscal Liabilities – 13th/14th Finance Commission target/projection @</i> | 53.6 | 51.6 | 49.3 | 51.42 | 49.25 |
| <i>Fiscal Liabilities – Government Accounts @</i> | 51.92 | 51.2 | 54.95 | 60.26 | 53.79* 52.58** |
| <i>Total Liabilities (including liabilities of PSUs etc) as per FRBM Act</i> | NA | NA | NA | NA | NA |

[@] As mentioned in Para 1.11.1 giving trends in build-up of 'fiscal liabilities', these are computed by adding year-end outstanding liabilities on account of borrowing from banks, financial institutions, open market, Union government and other liabilities on account of State Provident/ Pension/ Insurance Funds, Reserve Funds and Deposits.

* With UDAY

** Without UDAY excluding ₹1,397.55 crore of UDAY taken over as DISCOMs liabilities during 2016-17

Table 1.34 compares the actual fiscal outcomes during 2012-13 to 2016-17 as compared to the State-specific projections made by the Finance Commissions.

Table 1.34 : 13th & 14th Finance Commission projections and actual fiscal outcomes

(₹ in crore)

| Key Aggregates | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | | 2016-17 | |
|---|---------------------------------|--------|---------------------------------|--------|---------------------------------|--------|---------------------------------|----------|---------------------------------|----------|
| | 13 th FC projections | Actual | 13 th FC projections | Actual | 13 th FC projections | Actual | 14 th FC projections | Actual | 14 th FC projections | Actual |
| GSDP | 59,849 | 74,623 | 66,732 | 79,055 | 74,406 | 92,773 | 1,07,087 | 1,14,637 | 1,19,707 | 1,15,654 |
| Own Revenue Receipts | 5,259 | 7,993 | 5,882 | 9,143 | 6,575 | 8,312 | 10,075 | 11,239 | 11,320 | 11,891 |
| State's Own Tax Revenue | 4,822 | 5,833 | 5,384 | 6,273 | 6,003 | 6,334 | 9,317 | 7,326 | 10,469 | 7,819 |
| State's Own Non Tax Revenue | 431 | 2,160 | 498 | 2,870 | 572 | 1,978 | 758 | 3,913 | 851 | 4,072 |
| State's share in Union Taxes/ Duties | 3,925 | 3,870 | 4,630 | 4,142 | 5,536 | 4,477 | 8,748 | 7,814 | 10,029 | 9,489 |
| Non-Plan Revenue Expenditure | 12,539 | 23,561 | 13,393 | 25,219 | 14,132 | 26,457 | 28,715 | 36,420 | 32,181 | 39,812 |
| Salaries | 5,736 | 10,298 | 5,924 | 10,843 | 6,115 | 11,733 | NA | 14,763 | NA | 15,122 |
| Pension | 2,192 | 3,463 | 2,411 | 3,592 | 2,653 | 3,686 | 4,378 | 3,781 | 4,816 | 4,216 |
| Interest Payment | 2,240 | 2,707 | 2,420 | 3,001 | 2,587 | 3,533 | 3,511 | 3,719 | 3,751 | 4,567 |
| Pre- Devolution Non-Plan Revenue Deficit | 7,280 | 15,568 | 7,511 | 16,076 | 7,558 | 18,145 | 18,640 | 17,859 | 20,860 | 25,921 |
| Post-Devolution Non-Plan Revenue Deficit | 3,355 | 8,074 | 2,881 | 8,845 | 2,096 | 11,203 | 9,892 | 153 | 10,831 | 5,534 |
| Fiscal Liabilities as Per cent of GSDP | 53.6 | 53.96 | 51.6 | 56.51 | 49.3 | 52.08 | 51.42 | 48.29 | 49.25 | 53.79 |
| Fiscal Liabilities | 32,079 | 40,265 | 34,434 | 44,673 | 36,682 | 48,314 | 47,229 | 55,358 | 48,672 | 62,219 |

The actual revenue realisation in States Own Tax Revenue and State's Share in Union Taxes was less than the projections of the 14th Finance Commission. Fiscal liability was also higher than the projections.

1.14 Conclusion

The State, being a special category State, had high level of share in Central taxes and grants from the Central government. The States' dependence on central resources increased from 69 per cent in 2012-13 to 72 per cent in 2016-17. There was increase in the total capital expenditure from ₹5,224 crore in 2012-13 to ₹8,286 crore in 2016-17. States Own Tax Revenue (SOTR) grew from ₹5,833 crore in 2012-13 to ₹7,819 crore in 2016-17.

Service Tax is the only Central Tax that is presently not applicable to the State of J&K. The State has its own Service Tax under State Law. Since the Central Service Tax is not applicable to the State, the State is not entitled to a share in the total Service Tax collected by the Central Government all over the country.

As per the 14th Finance Commission, the likely Service Tax collection during 2016-17 as state share should have been ₹4,602.19 crore i.e., 1.854 *per cent* of State share of Central Service Tax (₹2,48,230.51), against which the State has collected actual service tax to the tune of ₹1,686.80 crore and foregone ₹2,915.39 crore.

Central Government has been transferring a sizeable quantum of funds for CSS schemes such as SSA, NRHM, MGNREGA, etc. in the form of Grant-in-aid which is taken under revenue receipts by the State Government but the expenditure is being incurred under Capital Heads for creation of assets. This leads to increase in revenue Surplus and Capital outlay.

Targets for collection of power departments' tariff were not achieved. The shortfall in collection of revenue was ₹1,971 crore *vis-a-vis* targets and shortfall *vis-a-vis* expenditure on power purchased was ₹3,362 crore.

The dependence of the Government on high interest rate bearing market loans to fund its expenditures was on increasing trend instead of improving States own revenue resources to generate developmental funds. The Development Capital Expenditure registered a persistent decreasing trend from 2012-13 to 2014-15 and increased during 2015-16 and 2016-17 indicating that the developmental works were getting inadequate resources upto 2014-15. The share of Development Capital Expenditure ranged from 15.10 *per cent* to 15.60 *per cent* during the period from 2012-13 to 2016-17.

There were 119 projects/works costing ₹one crore or above which were incomplete. An amount of ₹392.95 crore had been expended on these incomplete projects by 31st March 2017.

The State Government had investment of ₹803.74 crore in three statutory corporations, 23 companies, eight co-operative institutions/local bodies, two rural banks and two joint stock companies. The return of ₹45.11 crore came only from JK Bank Ltd.

1.15 Recommendations

The Government may consider the following:

- Since the major chunk of the Revenue Expenditure is on Salaries, Pension and Interest payments which is largely uncontrollable, the State Government may explore measures for containing other components of Revenue Expenditure so that recourse to borrowing of funds reduced,
- The State Government may analyse the reasons for the delays in completion of projects and take adequate steps for their completion to achieve the intended benefits, and
- The State Government may devise a plan to achieve the targets fixed for collection of power tariff.

Chapter-II
Financial Management And
Budgetary Control

CHAPTER – II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2016-17 against 29 grants/appropriations was as given in **Table 2.1**.

Table-2.1: Summarized position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions

(₹ in crore)

| | Nature of expenditure | Original grant/ Appropriation | Supplementary grant/ appropriation | Total | Actual expenditure ¹ | Saving (-)/ Excess (+) | Amount surrendered |
|--------------------|------------------------|-------------------------------|------------------------------------|------------------|---------------------------------|------------------------|--------------------|
| Voted | I-Revenue | 40,258.63 | 677.60 | 40,936.23 | 35,241.83 | (-)5,694.40 | Nil |
| | II-Capital | 18,029.30 | 1,516.50 | 19,545.80 | 8,421.30 | (-)11,124.50 | Nil |
| | III-Loans and Advances | 87.00 | 0.00 | 87.00 | 76.24 | (-)10.76 | Nil |
| Total Voted | | 58,374.93 | 2,194.10 | 60,569.03 | 43,739.37 | (-)16,829.66 | Nil |

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹39.00 crore) and Capital (₹135.77 crore).

| | | | | | | | |
|--|--------------------------|------------------|-----------------|------------------|------------------|---------------------|------------|
| Charged | IV-Revenue | 4,776.74 | 46.93 | 4,823.67 | 4,609.35 | (-)214.32 | Nil |
| | V-Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| | VI-Public Debt Repayment | 9,914.37 | 5,450.00 | 15,364.37 | 17,023.29 | (+)16,58.92 | Nil |
| Total Charged | | 14,691.11 | 5,496.93 | 20,188.04 | 21,632.64 | (+)1,444.60 | Nil |
| Appropriation to Contingency Fund (if any) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| Grand Total | | 73,066.04 | 7,691.03 | 80,757.07 | 65,372.01 | (-)15,385.06 | Nil |

The overall saving of ₹15,385.06 crore was the result of saving of ₹18,281.91 crore in 24 grants and 4 appropriation under Revenue Section and 22 grants under Capital Section which is offset by excess of ₹2,896.86 crore in five grants under Revenue Section and seven grants and one appropriation under Capital Section.

In the voted section, the Supplementary Grant of ₹2,194.10 crore proved injudicious, as the expenditure of ₹43,739.37 crore did not come even up to the level of original provision of ₹58,374.93 crore. In the Charged Section, Supplementary Grant of ₹5,496.93 crore proved insufficient in view of the excess expenditure of ₹1,444.60 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Expenditure in Excess of legislative approval by certain Departments

There were 12 cases where expenditure exceeding ₹one crore or more than 20 per cent of the provision was observed. In these cases, against approved provision of ₹18,751.25 crore, an expenditure of ₹21,647.53 crore was incurred, thereby exceeding provision by ₹2,896.28 crore. Details are given in **Appendix 2.3**. Of these, excess expenditure by more than 20 per cent has been observed consistently during 2012-13 to 2016-17 except 2014-15 and excess expenditure ranged from 26 per cent to 627 per cent during the said period in respect of one grant, as given in **Table 2.2**.

Table-2.2: List of Grant where Persistent Excess expenditure was incurred during 2012-17

| Grant No. and Name | Years | | | | |
|------------------------------|--------------------|--------------------|-----------------|-------------------|------------------|
| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| (₹ in crore) | | | | | |
| Revenue (Voted) | | | | | |
| 08-Finance Department | 3,768.28 (286%) | 2,916.09 (237%) | 186.32* (2%) | 2,225.82 (26%) | 225.89 (627%) |

*(Figures in brackets indicate percentage of excess expenditure over the provisions, *except 2014-15)*

Reasons for persistent excesses under the head were not explained (September 2017) by the State Government.

2.3.2 Excess over provisions requiring regularization

Table 2.3 contains the summary of total excess in 13 cases comprising of 12 grants and an appropriation amounting to ₹2,896.86 crore over authorization from the Consolidated Fund of the State during 2016-17.

Table-2.3: Excess over provisions requiring regularization during 2016-17

(₹ in crore)

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/Appropriation | Expenditure | Excess (Percentage) |
|------------------------------------|--------------|---|---------------------------|------------------|--------------------------|
| I-Revenue (Voted) | | | | | |
| 1 | 03 | Planning and Development Department | 72.71 | 248.73 | 176.02 (242) |
| 2 | 16 | Public Works Department | 690.57 | 1,297.89 | 607.32 (88) |
| 3 | 19 | Housing & Urban Development Department | 672.67 | 690.32 | 17.65 (03) |
| 4 | 23 | Public Health Engineering Department | 1,071.88 | 1,099.66 | 27.78 (03) |
| 5 | 28 | Rural Development Department | 439.84 | 534.37 | 94.53 (21) |
| Total (I-Revenue Voted) | | | 2,947.67 | 3,870.97 | 923.30 |
| II-Capital (Voted) | | | | | |
| 6 | 04 | Information Department | 1.50 | 2.97 | 1.47 (98) |
| 7 | 05 | Ladakh Affairs Department | 197.54 | 198.85 | 1.31 (01) |
| 8 | 08 | Finance Department | 36.00 | 261.89 | 225.89 (627) |
| 9 | 11 | Industries and Commerce Department | 152.90 | 233.72 | 80.82 (53) |
| 10 | 15 | Consumer Affairs & Public Distribution Department | 657.22 | 657.80 | 0.58 (1) |
| 11 | 26 | Fisheries Department | 10.41 | 13.34 | 2.93 (28) |
| 12 | 29 | Transport Department | 40.86 | 42.50 | 1.64 (04) |
| Total (II-Capital Voted) | | | 1,096.43 | 1,411.07 | 314.64 |
| III-Capital Charged | | | | | |
| 13 | 08 | Finance Department | 15,364.37 | 17,023.29 | 1,658.92 (11) |
| Total (III-Capital Charged) | | | 15,364.37 | 17,023.29 | 1,658.92 (11) |
| Grand Total(I+II+III) | | | 19,408.47 | 22,305.33 | 2,896.86 |

In the Revenue section, there was excess expenditure of ₹923.30 crore in five grants, while in the Capital section, excess expenditure amounted to ₹314.64 crore in seven grants and ₹1,658.92 crore in one appropriation. The excess expenditure of ₹2,896.86 crore was mainly due to repayment of Public Debt of ₹1,658.92 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, was observed during 2015-16. Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.3 Regularization of Excess Expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,04,767.43 crore for the years 1980-2016 is yet to be regularized by the State Legislature, as detailed in **Appendix 2.5**. After including further excess expenditure of ₹2,896.86 crore during 2016-17 as brought out in the preceding Sub-section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹1,07,664.29 crore as on 31st March 2017.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹2,174.74 crore was incurred in 49 Major heads of account (detailed in **Appendix-2.4**) without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.3.5 Rush of Expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 23 grants listed in **Table 2.4**, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2016-17. The percentage of expenditure in the last quarter ranged between 35 and 97 per cent of the total expenditure. An amount of

₹24,988.91 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹52,333.70 crore in the last quarter, in 23 grants, constituting 47.75 per cent of total expenditure.

Table-2.4: Cases of Rush of Expenditure towards the end of financial year 2016-17

(₹in crore)

| Grant No | Name of the Grant | Total expenditure during the year | Expenditure during the last quarter of the year | |
|--------------|---|-----------------------------------|---|---------------------------------|
| | | | Amount | Percentage of total expenditure |
| 3 | Planning and Development Department | 791.77 | 511.85 | 64.65 |
| 4 | Information Department | 51.31 | 24.76 | 48.26 |
| 5 | Ladakh Affairs Department | 763.21 | 741.44 | 97.15 |
| 6 | Power Development Department | 8,759.62 | 3,768.10 | 43.02 |
| 8 | Finance Department | 26,331.65 | 12,285.50 | 46.66 |
| 9 | Parliamentary Affairs Department | 48.48 | 16.97 | 35.00 |
| 10 | Law Department | 196.75 | 73.67 | 37.44 |
| 11 | Industries and Commerce Department | 452.75 | 249.39 | 55.08 |
| 12 | Agriculture Department | 1,221.34 | 587.52 | 48.10 |
| 14 | Revenue Department | 1,001.74 | 348.47 | 34.79 |
| 15 | Consumer Affairs Public Distribution Department | 681.51 | 298.21 | 43.76 |
| 16 | Public Works Department | 2,717.40 | 1,534.33 | 56.46 |
| 17 | Health and Medical Education Department | 2,810.33 | 1,125.96 | 40.07 |
| 18 | Social Welfare Department | 1,194.02 | 834.00 | 69.85 |
| 19 | Housing and Urban Development Department | 1,073.88 | 562.83 | 52.41 |
| 20 | Tourism Department | 326.62 | 189.73 | 58.09 |
| 22 | Irrigation and Flood Control Department | 934.45 | 504.60 | 54.00 |
| 23 | Public Health Engineering Department | 1,579.36 | 717.84 | 45.45 |
| 24 | Hospitality and Protocol Department | 180.77 | 88.78 | 49.11 |
| 25 | Labour, Stationery & Printing Department | 144.55 | 106.68 | 73.80 |
| 26 | Fisheries Department | 78.23 | 28.00 | 35.79 |
| 27 | Higher Education Department | 905.82 | 330.69 | 36.51 |
| 29 | Transport Department | 88.14 | 59.59 | 67.61 |
| Total | | 52,333.70 | 24,988.91 | 47.75 |

2.3.6 Savings

The outcome of the appropriation audit shows that in 49 cases, savings exceeded ₹ one crore in each case or by more than 20 per cent of the total provision (*Appendix 2.1*). Against the total savings of ₹18,281.91 crore, savings of ₹17,998.85 crore² occurred in 33 cases relating to 23 grants as indicated in **Table 2.5**.

Table-2.5: List of Grants with Savings of Rs.50 crore and above

(₹ in crore)

| Sl. No | Name of Grant/ Appropriation/ | Original | Supple- mentary | Total grant | Actual expenditure | Savings/ percentage |
|------------------------------|--|------------------|--------------------|------------------|-----------------------|------------------------|
| I-Revenue Voted | | | | | | |
| 1 | 01- General Administration Department | 310.14 | 0.00 | 310.14 | 239.84 | 70.30 (23) |
| 2 | 02-Home Department | 4,330.11 | 261.22 | 4,591.33 | 4,360.38 | 230.95 (5) |
| 3 | 06- Power Department | 10,365.56 | 0.00 | 10,365.56 | 8,082.12 | 2,283.44 (22) |
| 4 | 07-Education Department | 6,419.37 | 66.27 | 6,485.64 | 5,132.66 | 1,352.98 (21) |
| 5 | 08-Finance Department | 5,650.29 | 0.00 | 5,650.29 | 4,479.18 | 1,171.11 (21) |
| 6 | 10-Law Department | 319.57 | 1.68 | 321.25 | 166.44 | 154.81 (48) |
| 7 | 11-Industries & Commerce | 305.69 | 0.00 | 305.69 | 219.04 | 86.65 (28) |
| 8 | 12-Agriculture Department | 1,009.95 | 0.00 | 1,009.95 | 934.32 | 75.63 (7) |
| 9 | 13-Animal Husbandry | 432.39 | 0.00 | 432.39 | 376.16 | 56.23 (13) |
| 10 | 14- Revenue Department | 1,182.96 | 0.00 | 1,182.96 | 897.83 | 285.13 (24) |
| 11 | 17-Health and Medical Education Department | 2,433.21 | 0.00 | 2,433.21 | 2,375.49 | 57.72 (2) |
| 12 | 18-Social Welfare Department | 1,049.39 | 266.03 | 1,315.42 | 1,116.39 | 199.03 (15) |
| 13 | 21-Forest Department | 717.54 | 0.00 | 717.54 | 589.91 | 127.63 (18) |
| 14 | 22-Irrigation & Flood Control Department | 550.59 | 0.00 | 550.59 | 480.64 | 69.95 (13) |
| 15 | 24-Hospitality and Protocol Department | 187.34 | 12.43 | 199.77 | 147.83 | 51.94 (26) |
| 16 | 25-Labour Stationery and Printing Department | 105.01 | 0.00 | 105.01 | 50.83 | 54.18 (52) |
| 17 | 27-Higher Education Department | 878.95 | 0.00 | 878.95 | 673.54 | 205.41 (23) |
| Total-Revenue (Voted) | | 36,248.06 | 607.63 | 36,855.69 | 30,322.60 | 6,533.09 |

² Exceeding ₹50 crore in each case.

| Sl. No | Name of Grant/ Appropriation/ | Original | Supple- mentary | Total grant | Actual expenditure | Savings/ percentage |
|----------------------------------|---|------------------|--------------------|------------------|-----------------------|------------------------|
| Revenue (Charged) | | | | | | |
| 18 | 08-Finance Department | 4,725.37 | 46.61 | 4,771.98 | 4,567.30 | 204.68(4) |
| Total Revenue (Charged) | | 4,725.37 | 46.61 | 4,771.98 | 4,567.30 | 204.68(4) |
| Total-I | | 40,973.43 | 654.24 | 41,627.67 | 34,889.90 | 6,737.77 |
| II-Capital (Voted) | | | | | | |
| 19 | 01-General Administration Department | 251.38 | 0.00 | 251.38 | 11.85 | 239.53 (95) |
| 20 | 02-Home Department | 541.75 | 0.00 | 541.75 | 106.31 | 435.44 (80) |
| 21 | 03-Planning and Development Department | 2436.28 | 0.00 | 2436.28 | 543.05 | 1893.23 (78) |
| 22 | 06-Power Development Department | 2877.07 | 0.00 | 2877.07 | 699.46 | 2177.61 (76) |
| 23 | 07- Education Department | 1127.23 | 0.00 | 1127.23 | 312.45 | 814.78 (72) |
| 24 | 12-Agriculture Department | 949.94 | 0.00 | 949.94 | 315.12 | 634.82 (67) |
| 25 | 14-Revenue Department | 906.62 | 1405.67 | 2312.29 | 103.91 | 2208.38 (96) |
| 26 | 16- Public Works Department | 1856.99 | 0.00 | 1856.99 | 1436.57 | 420.42 (23) |
| 27 | 17-Health & Medical Education | 603.40 | 0.00 | 603.40 | 434.84 | 168.56 (28) |
| 28 | 18-Social Welfare Department | 458.46 | 10.37 | 468.83 | 77.63 | 391.20 (83) |
| 29 | 19-Housing & Urban Development | 778.15 | 0.00 | 778.15 | 383.56 | 394.59 (51) |
| 30 | 20-Tourism Department | 342.08 | 30.77 | 372.85 | 178.03 | 194.82 (52) |
| 31 | 22-Irrigation & Flood Control Department | 785.20 | 0.00 | 785.20 | 453.81 | 331.39 (42) |
| 32 | 23-Public Health Engineering Department | 637.82 | 0.00 | 637.82 | 479.70 | 158.12 (25) |
| 33 | 28- Rural Development Department | 1915.38 | 0.00 | 1915.38 | 1117.19 | 798.19 (42) |
| Total-II- Capital (Voted) | | 16,467.75 | 1,446.81 | 17,914.56 | 6,653.48 | 11,261.08 |
| Grand Total – (I+II) | | 57,441.18 | 2,101.05 | 59,542.23 | 41,543.38 | 17,998.85 |

Reasons for substantial savings (shortfall in utilization) against each grant were not furnished (October 2017) by the State Government.

2.3.7 Persistent Savings by certain Departments

In Ten cases, persistent savings of more than ₹one crore in each case and also by ten *per cent* or more of the total grant were noticed in three grants and one appropriation under Revenue (Voted) section and six grants in Capital (Voted) section, during the last five years as indicated in **Table 2.6.**

Table-2.6: List of Grants indicating Persistent Savings during 2012-13 to 2016-17

(₹ in crore)

| Sl. No | Grant number and name | Amount of Savings | | | | |
|--------------------------|---|-------------------|----------------|-----------------|----------------|-----------------|
| | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Revenue (Voted) | | | | | | |
| 1 | 10-Law Department | 62.01 (33) | 65.28 (32) | 97.04 (34) | 102.19 (37) | 154.81 (48) |
| 2 | 11-Industries & Commerce Department | 32.34 (15) | 42.17 (18) | 89.05 (33) | 53.91 (19) | 86.65 (28) |
| 3 | 21-Forest Department | 69.18 (14) | 58.36 (11) | 133.20 (21) | 95.01 (14) | 127.62 (18) |
| Revenue (Charged) | | | | | | |
| 4 | 10-Law | 12.54 (39) | 3.81 (14) | 6.47 (22) | 3.98 (13) | 7.32 (21) |
| Capital (Voted) | | | | | | |
| 5 | 06-Power | 170.59 (26) | 485.02 (56) | 250.25 (64) | 707.60 (70) | 2177.61 (76) |
| 6 | 12-Agriculture Department | 122.09 (31) | 159.06 (40) | 222.70 (55) | 179.63 (33) | 634.82 (67) |
| 7 | 17-Health and Medical Education Department | 61.42 (19) | 32.80 (12) | 235.89 (53) | 496.95 (67) | 168.56 (28) |
| 8 | 19-Housing and Urban Development Department | 235.05 (31) | 672.87 (76) | 568.44 (77) | 220.61 (42) | 394.59 (51) |
| 9 | 25-Labour, Stationery and Printing Department | 78.16 (98) | 102.52 (98) | 76.70 (98) | 31.79 (29) | 14.54 (13) |
| 10 | 28-Rural Development Department | 123.28 (30) | 185.13 (48) | 1104.58 (60) | 496.69 (38) | 798.19 (42) |

Reasons for persistent savings under these heads were not intimated by the State Government (October-2017).

2.3.8 Anticipated savings not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2016-17, there were 24 grants and 3 appropriations under Revenue Section and 22 grants under Capital Section in which savings occurred. However, during the year no surrender in anticipation of savings was made by the concerned department. The savings in these cases was of the order of ₹18,281.91 crore, which includes ₹18,281.56 crore in 49 cases (involving 29 grants and three appropriation) where savings involved were ₹one crore and above. Relevant details are indicated in **Appendix-2.2**. Non-surrender of funds (savings) deprived the Government opportunity to transfer these funds to other needy sectors.

2.3.9 Unnecessary/Excessive/ Inadequate supplementary provisions

In 11 cases, involving nine grants (*Appendix-2.6*), supplementary grant of ₹1,577.29 crore was obtained in excess of the original provision, in anticipation of expenditure. However, the final expenditure of ₹10,591.71 crore was even less than the original grant of ₹13,632.85 crore. The savings of ₹4,618.43 crore thus, exceeded the entire supplementary provision, indicating inadequate system of Fund projection and leading to unnecessary allotment of additional funds.

In five Grants/Departments (*Appendix-2.7*), supplementary provision of ₹65.35 crore proved insufficient, leaving an uncovered aggregate excess expenditure of ₹710.36 crore, which forms 24.52 *per cent* of the total excess of ₹2,896.86 crore (*Table-2.3*).

2.3.10 Unnecessary Budget Allotment-more than one crore

In 20 number of grants involving 33 major heads, wherein an amount of ₹5,905.51 crore (*Appendix-2.11*) was kept as provision for meeting expenditure under different heads/scheme, the entire provision remained unutilized during the year. The provision should have been re-appropriated to other schemes, where there was an excess expenditure over the provision.

2.4 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. During 2016-17, 184 out of the 358 Controlling Officers have reconciled an expenditure of ₹28,281.07 crore {58.80 *per cent* of total expenditure (excluding public debt) of ₹48,097.71 crore} and receipts of ₹36,549.12 crore {87.07 *per cent* of the total receipts of ₹41,978.47 crore (excluding public debt)}.

2.5 Errors in Budgeting Process

Scrutiny of Demand for Grants for the year 2016-17 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹19,009.77 crore which constitute 23.53 *per cent* of total provision of ₹80,757.07 crore were placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/scheme-wise provisions which are in contravention of the

State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.

- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (October 2017).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16 (5) and Rule 2.33] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund, avoiding transfer from Consolidated Fund to the Public Account.

It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that despite a balance of ₹493.80 crore after a withdrawal of ₹50.25 crore, an amount of ₹71.97 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹515.52 crore at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from the Minor Head of account in the subsequent years would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

It was also observed that in contravention to the rules *ibid*, an amount of ₹2.06 crore was drawn from the treasury at the fag end of the financial year by Executive Engineer, PWD(R&B) Division, Special Sub Division, Doda for the works got executed and out of above amount, ₹1.65 crore was deposited in the Public Account (Major Head 8443-PW Deposits) by the division.

2.5.2 Unrealistic Forecasting of Resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate

should receive careful personal attention of the officers who submit them and should be as accurate as possible. It was noticed that the revised estimates for 2016-17 for Tax revenue projection was ₹8,442 crore while actual realization was ₹7,819 crore, resulting in downward variation of ₹623 crore, 7 per cent below the original forecast. Similarly, Non-tax Revenue for the year 2016-17 was projected at ₹5,224 crore while actual realization was ₹4,072 crore, resulting in less realization of ₹1,152 crore, corresponding to 22 per cent decrease against the original projection. The projections of tax and non-tax revenue for the last five years *vis-à-vis*, actual collections during the years are appended in **Table 2.7**.

**Table 2.7: Projections of Tax Revenue and Non-Tax Revenue
vis-à-vis Actuals**

(₹ in crore)

| Year | Description | Revised estimates of revenue | Actual realisation | Difference | Difference as Percentage |
|---------|-----------------|------------------------------|--------------------|------------|--------------------------|
| 2012-13 | Tax revenue | 5975 | 5832 | 143 | 2.39 |
| | Non-Tax revenue | 2819 | 2160 | 659 | 23.38 |
| 2013-14 | Tax revenue | 6820 | 6273 | 547 | 8.02 |
| | Non-Tax revenue | 3400 | 2870 | 530 | 15.59 |
| 2014-15 | Tax revenue | 6438 | 6334 | 104 | 1.62 |
| | Non-Tax revenue | 3154 | 1978 | 1176 | 37.29 |
| 2015-16 | Tax revenue | 7988 | 7326 | 662 | 8.29 |
| | Non-Tax revenue | 3455 | 3913 | (-)458 | (-)13.26 |
| 2016-17 | Tax revenue | 8,442 | 7,819 | 623 | 7.38 |
| | Non-Tax revenue | 5,224 | 4,072 | 1,152 | 22.05 |

The actual realization of tax revenue was less than the estimates of collection and varied between 1.62 per cent to 8.29 per cent during the year 2012-13 to 2016-17, whereas in the case of non-tax revenue the variation ranged between 15.59 per cent to 37.29 per cent during the year 2012-13 to 2014-15. In 2015-16 the actual realization of Non Tax Revenue was 13.26 per cent more than the estimates and during the year 2016-17 the realization was 22.05 per cent less than the estimates.

2.5.3 Misclassification of Grants-in-Aid and Subsidy

Grants-in-Aid to any Institution/Body must constitute the Revenue Expenditure of the Government. During the year 2016-17, a sum of ₹1,490.03 crore of Grant-in-Aid, Subsidy of ₹130.60 crore, ₹0.23 crore Stipend & Scholarship, ₹7.83 crore Salary and ₹555.25 crore operating cost of procurement has been disbursed under the following Capital Major Heads of expenditure, in violation of Para 9 of Indian Government Accounting Standards (IGAS-2), as tabulated in **Table 2.8**.

Table 2.8: Disbursement of Grants-in Aid and Subsidy under Capital Heads

(₹ in crore)

| Classification | Grant-in-Aid | Subsidy | Stipend & Scholarship | Salary | Operating Cost of procurement |
|---|-----------------|---------------|-----------------------|-------------|-------------------------------|
| 4055-Capital Outlay(CO) on Police | 47.78 | -- | -- | -- | -- |
| 4075-CO on Misc. General Services | -- | 0.02 | -- | -- | -- |
| 4202-CO on Education, Sports Art & Culture | 182.21 | -- | 0.15 | 0.22 | -- |
| 4210-CO on Medical & Public Health | 13.41 | -- | -- | 0.11 | -- |
| 4215-CO on Water Supply & Sanitation | 145.39 | -- | -- | -- | -- |
| 4217-CO on Urban Development | 20.88 | -- | -- | -- | -- |
| 4225-CO on Welfare of SCs, STs & Other Backward Classes | 10.76 | -- | 0.08 | 0.04 | -- |
| 4235-CO on Social Security & Welfare | -- | -- | -- | 0.35 | 181.12 |
| 4236-CO on Nutrition | 1.82 | -- | -- | 0.11 | -- |
| 4250-CO on Social Services | -- | -- | -- | 0.04 | -- |
| 4401-CO on Crop Husbandry | 115.88 | 114.94 | -- | 1.48 | -- |
| 4402-CO on Soil & Water Conservation | -- | 0.48 | -- | -- | -- |
| 4403-CO on Animal Husbandry | 0.25 | 0.17 | -- | -- | -- |
| 4404-CO on Dairy Development | 1.02 | -- | -- | -- | -- |
| 4405-CO on Fisheries | 1.53 | -- | -- | -- | -- |
| 4406-CO on Forestry and Wildlife | 12.46 | -- | -- | -- | -- |
| 4408-CO on Food Storage & Warehousing | -- | -- | -- | 5.15 | 374.13 |
| 4415-CO on Agriculture Research | 23.25 | -- | -- | -- | -- |
| 4425-CO on Co-operation | -- | 1.31 | -- | -- | -- |
| 4515-CO on Other Rural Development Programmes | 896.24 | -- | -- | -- | -- |
| 4851-CO on Village & Small Industries | -- | 13.61 | -- | 0.23 | -- |
| 5425-CO on other Scientific and Environment Research | -- | 0.07 | -- | -- | -- |
| 5452-CO on Tourism | -- | -- | -- | 0.09 | -- |
| 5475-CO on General Economic Services | 17.15 | -- | -- | 0.01 | -- |
| Total | 1,490.03 | 130.60 | 0.23 | 7.83 | 555.25 |

2.6 Outcome of Inspection of Treasuries

2.6.1 Excess Payment of Pension

Inspection of treasuries/sub-treasuries for the year ended 31st March 2017 by the office of the Accountant General (A&E) brought out excess payment of pension amounting to ₹36.81 lakh due to reasons such as wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/non-regularisation of commuted value of pension and other miscellaneous reasons.

The control at the level of Treasury Officer should be stricter in so far as pension related payments are concerned.

2.6.2 Non reimbursement of Pension etc. by Pay & Accounts Offices/Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/Defence are placed under suspense for eventual adjustments. An amount of ₹173.50 crore, ₹5.09 crore and ₹1.63 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi, Controller of Defence Accounts and FA&CAO Northern Railways respectively ending March 2017 are still adjustable in the accounts of the State Government due to non-submission of vouchers to the respective quarters by the treasuries or non-response from the Central Pension Accounting Officer and Defence Departments.

2.7 Outcome of Review of Selected Grants

2.7.1 Grant No. 23 - Public Health Engineering Department and 28 - Rural Development Department

A review of Budgetary Procedure and control over Expenditure in two test checked grants i.e. Grant No's 23 and 28 showed the following audit observations:

2.7.2 Unrealistic Budget Provision

Audit Scrutiny of Grants No's 23 and 28 revealed that there was huge savings/excess in both Revenue (Voted) as well as Capital (Voted) Section as tabulated below:-

Table 2.9: Saving / Excesses in Grant Nos. 23 and 28

(₹ in crore)

| Grant No. | Revenue (Voted) | | | Capital (Voted) | | | Total Appropriation (Rev.+Cap.) | Total Expenditure (Rev.+Cap.) |
|--------------|---------------------|-----------------|---------------------------|---------------------|-----------------|-----------------------------|---------------------------------|-------------------------------|
| | Total Appropriation | Expenditure | Saving(-)/ Excess(+) & % | Total Appropriation | Expenditure | Saving (-) / Excess (+) & % | | |
| 23 | 1,071.88 | 1,099.66 | (+)27.78 (3) | 637.82 | 479.70 | (-)158.12 (25) | 1,709.70 | 1,579.36 |
| 28 | 439.84 | 534.37 | (+) 94.53 (21) | 1,915.38 | 1,117.19 | (-)798.19 (42) | 2,355.22 | 1,651.56 |
| Total | 1,511.72 | 1,634.03 | (+) 122.31 (8) | 2,553.20 | 1,596.89 | (-)956.31 (37) | 4,064.92 | 3,230.92 |

In the Grant Nos. 23 and 28, there was excess of ₹27.78 crore and ₹94.53 crore under Revenue (Voted) Section; total ₹122.31 crore (8 per cent). In the Capital (Voted) Section, the savings was ₹158.12 crore and ₹798.19 crore, respectively; total ₹956.31 crore (37 per cent), against the budget/appropriation of ₹2553.20 crore. This showed that the departments either made unrealistic budget provisions or did not disburse the amount during 2016-17 and which was also not surrendered during the year. The excess ranged between 3 per cent and 21 per cent under Revenue (Voted) Section and the savings ranged between from 25 per cent to 42 per cent under Capital (Voted) Section and the overall savings was 37 per cent. Besides, there was overall excess of ₹122.31 crore under Revenue (Voted) Section of Grant No 23 and 28 which had not been regularized.

2.7.3 Excess over provision requiring regularization

As per Section 82 of the Constitution of Jammu & Kashmir, it is mandatory for the State Government to get the excess over Grant/Appropriation regularized by the State Legislature. The excess expenditure of ₹177.02 crore (*Appendix 2.10*) in Grant No 23, and ₹212.03 crore in Grant No.28 (*Appendix 2.10*) during the year 2016-17 require regularization.

2.7.4 Anticipated Savings not Surrendered

As per State Budget Manual, the spending departments are required to surrender the Grant/Appropriation or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2016-17, in 4 cases in respect of Grant No. 23 (*Appendix 2.9*), saving of ₹306.09 crore (30 per cent) and in 23 cases in respect of Grant No. 28 (*Appendix 2.9*) saving of ₹296.82 crore (22 per cent) was not surrendered by the concerned department. The significant savings also deprived the beneficiaries of the intended benefits. It also, indicated inadequate budgetary control.

2.7.5 Expenditure incurred without Budgetary Provision

An amount of ₹276.71 crore was incurred in eighteen cases in Grant No. 23 and 28 (*Appendix 2.8*) without Budgetary Provision, either in Original Estimates or in Supplementary Demands. These services may be new services or new instrument of services not contemplated in the Demand for Grants against which no token Grant was even obtained.

2.8 Audit of Sanctions

Para 2.2.37 and 38 of MSO Audit provides for audit of sanctions to see whether the sanctioning authority is vested with powers in respect of certain class of expenditure, the expenditure is a legitimate charge on the provisions from which it is proposed to be met, and the classification of heads has been provided in the sanction orders as per the provisions provided in the relevant grant. During audit of sanctions it was observed that 457 copies of Sanctions of 20 departments were received during 2016-17. The following discrepancies/shortcomings were noticed in these sanctions:-

2.8.1 Sanctions issued without any provision in the Demand for Grants

In 41 sanctions involving an amount of ₹5580.86 lakh, no provision was made in Demand for Grants either at Detailed Head, Minor Head and Major Head level etc.

2.8.2 No classification was provided in the sanctions

No classification was provided in 23 sanctions involving an amount of ₹12,583.06 lakh.

2.8.3 Incomplete Classification

Incomplete classification was noticed in 12 sanctions involving an amount of ₹8,042.06 lakh. Either Demand Number or Minor Head or Detailed Head was not found recorded in the sanctions.

2.8.4 Wrong Classification

Wrong classification was noticed in 6 sanctions involving an amount of ₹1,100.30 lakh.

2.8.5 Sanctions issued at the fag end of the financial year

34 sanctions involving an amount ₹3,642.98 lakh were issued during the month of Feb-2017 and March-2017

2.9 Conclusion

The overall savings of ₹15,385.06 crore was the result of saving of ₹18,281.91 crore in various grants and appropriations offset by excess of ₹2,896.86 crore.

Excess expenditure of ₹1,07,664.29 crore till 31st March 2017 over the approved provision ending March 2017 requires regularization under Section 82 of the Constitution of Jammu and Kashmir. Home, Finance, Law, Industries and Commerce, Agriculture, Animal Husbandry, Tourism, Forest, Irrigation and Flood Control, Hospitality and Protocol, Transport, Power, Health and Medical Education Department, Housing and Urban Development, Labour, Stationery and Printing and Rural Development Department posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March, leaving no scope for utilization of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/excessive Supplementary Grants besides 'Rush of Expenditure' in the last quarter of the financial year, indicating inadequate budgetary control in the departments.

No Re-appropriation/Surrenders orders were issued for providing the funds out of anticipated savings to the needy areas/works.

Annual review on the working of treasuries showed excess payment of gratuity and Pension.

There is an accumulated balance of ₹515.52 crore under Minor Head-800–Other Deposits subordinate to Major Head-8443-Civil Deposits at the close of the year which has not been written back to the Major Heads of Account under the Consolidated Fund from which these were originally transferred.

During 2016-17, a sum of ₹1,490.03 crore of Grant-in-Aid, Subsidy of ₹130.60 crore, ₹0.23 crore Stipend & Scholarship, ₹7.83 crore as Salary and ₹555.25 crore as Operating Cost of Procurement/Sale of Essential Commodities through PDS has been disbursed under Capital Major Heads of expenditure.

2.10 Recommendations

The Government may consider the following:

- The Government should ensure timely submission of explanation for excess expenditure and seek Legislative approval,
- The State Govt. may take up requisite steps for strengthening budgetary control in all the government departments, particularly in those departments where saving/excesses have been observed regularly, and
- The State Govt. may consider writing back balance under Deposit Accounts to the respective Major/Minor Heads at the close of the year to ensure legislative scrutiny.

Chapter-III
Financial Reporting

CHAPTER – III

FINANCIAL REPORTING

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making.

3.1 Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills

In terms of Para 7.10 of the Jammu & Kashmir Financial Code Vol-I, the bills which are countersigned after payment, are drawn as advance payments on Abstract Contingent (AC) Bills. The subordinate officers are required to submit the DC bill by the end of the month following that in which AC Bill is drawn to the Controlling Officer and the Controlling Officer is required to submit the same to the Accountant General, duly countersigned, within one month of its receipt.

In contravention thereto, against a total amount of ₹1,264.55 crore comprising of 1,923 bills (*Appendix 3.1*) drawn on AC bills by various drawing and disbursing officers upto 31st January 2017, corresponding DC bills were not submitted (August-2017) to the Accountant General (A&E), Jammu & Kashmir. Out of outstanding AC bills, ₹1,078.39 crore pertains upto 2014-15, ₹108.36 crore pertains to 2015-16 and the balance of ₹77.80 crore pertains to the year 2016-17. Non- rendition of DC bills for such a huge amount over a very long period is fraught with the risk of misappropriation.

Further, 83 AC bills amounting to ₹429.91 crore were drawn during the year 2016-17, out of which 42 AC bills amounting to ₹154.95 crore (36.04 *per cent*) were drawn in March 2017 alone and ₹107.86 crore (69.60 *per cent*) was drawn on the last day of the financial year.

The matter has continually been brought to the notice of the Government/Finance Department, from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills to the Accountant General (A&E).

3.2 Delay in furnishing of Utilization Certificates

Autonomous Bodies/authorities not having sufficient resources of their own are assisted financially by the Government through release of Grant-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the State to Autonomous Bodies/ Authorities during 2011-12 to 2016-17 is given in **Table 3.1**.

Table-3.1: Grant-In-Aid provided by the State to Autonomous Bodies/Authorities

(₹ in Crore)

| Sl. No. | Body/Authority | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---------|--|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| 1 | Srinagar Municipal Corporation | 112.42 | 89.65 | 117.73 | 161.16 | 158.18 | 285.02 |
| 2 | Jammu Municipal Corporation | 69.98 | 127.95 | 74.30 | 108.64 | 98.54 | 134.49 |
| 3 | Urban Local Bodies (Kashmir) | 62.39 | 50.32 | 74.49 | 87.36 | 56.03 | 1.95 |
| 4 | Urban Local Bodies (Jammu) | 41.30 | 35.03 | 36.97 | 62.94 | 76.65 | 69.61 |
| 5 | SKUAST* – Kashmir | 90.63 | 99.43 | 80.92 | 100.54 | 132.18 | 166.75 |
| 6 | SKUAST* – Jammu | 30.59 | 45.55 | 70.15 | 59.48 | 54.61 | 81.00 |
| 7 | Kashmir University | 61.85 | 83.94 | 82.60 | 114.67 | 156.80 | 145.84 |
| 8 | Jammu University | 63.70 | 58.66 | 74.08 | 76.14 | 85.80 | 124.00 |
| 9 | J&K Sports Council | 10.26 | 13.55 | 21.76 | 16.93 | 19.52 | 24.55 |
| 10 | J&K Academy of Art and Culture | 19.93 | 17.32 | 14.31 | 17.16 | 15.18 | 23.97 |
| 11 | Institute of Management & Public Administration (IMPA) | 10.51 | 8.70 | 9.63 | 10.47 | 10.13 | 12.14 |
| 12 | Khadi and Village Industries Board | 12.01 | 14.72 | 19.46 | 7.48 | 17.47 | 13.11 |
| 13 | Others | 44.96 | 48.27 | 134.37 | 446.28 | 641.59 | 646.72 |
| | Total | 630.53 | 693.09 | 810.77 | 1,269.25 | 1,522.68 | 1,729.15 |

*Sher-e-Kashmir University of Agriculture Sciences & Technology Jammu/Kashmir

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (A&E), Jammu and Kashmir within 18 months from the date of their sanction, unless specified otherwise.

The position of outstanding Utilization Certificates (UCs) at the end of 2016-17 is detailed in **Table 3.2**.

**Table-3.2: Age-wise arrears of Utilization Certificates:
Status as on 31st March 2017**

| Range of delay (in number of years) | Total Grants Paid | | Utilization Certificates Received | | Utilization Certificates Outstanding | |
|---|--------------------|--------------------|---|--------------------|--|--------------------|
| | Number of items | Amount (₹crore) | Number of items | Amount (₹crore) | Number of items | Amount (₹crore) |
| 0 – 1 | 353 | 1,783.70 | Nil | Nil | 353 | 1,783.70 |
| 1 – 2 | 267 | 1,612.82 | 32 | 885.91 | 235 | 726.91 |
| Above 2 | 6,175 | 3,710.25 | 5,883 | 2,782.85 | 292 | 927.40 |
| Total | 6,795 | 7,106.77 | 5,915 | 3,668.76 | 880 | 3,438.01 |

A total number of 880 UCs involving ₹3,438.01 crore were outstanding as on 31st March 2017 of which 235 UCs amounting to ₹726.91 crore were outstanding for more than one year and 292 UCs amounting to ₹927.40 crore were outstanding for more than two years.

3.3 Non-submission/delay in submission of Annual accounts by Autonomous Bodies

A total of 650 annual accounts of 49 Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Section 14, were awaited (*Appendix-3.2*) as on 31st March 2017. Ten Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19(3) and 20(1) of the said Act had also not furnished the annual accounts as tabulated in **Table 3.3**.

Table 3.3: Non-submission of accounts by Autonomous Bodies

| Name of Body/Authority | Delay in number of years | No of accounts | Grants during 2016-17 (₹ in crore) | Remarks |
|--|--------------------------------|-------------------|--|---|
| Ladakh Autonomous Hill District Council, Leh (LAHDC-L) | 1-22 | 22 | 265.03 | - |
| Ladakh Autonomous Hill District Council, Kargil (LAHDC-K) | 1-13 | 13 | 266.11 | - |
| Compensatory Afforestation Management and Planning Authority (CAMPA) | 1-8 | 08 | NA | Accounts have not been rendered by the Authority since its inception i.e. November-2009. |

| | | | | |
|---|------|-----------|---------------|---|
| Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar | 1-6 | 06 | 154.00 | - |
| Sher-i-Kashmir University of Agricultural Science and Technology, Jammu | 1-2 | 02 | 70.50 | - |
| EPF Board Srinagar | 1-10 | 10 | NA | - |
| Jammu & Kashmir State Housing Board | 1-4 | 04 | NA | - |
| Khadi and Village Industries Board (KVIB) | 0-1 | 01 | 13.11 | - |
| Building and Other Construction Workers Welfare Board (BOCWVB) | 1-3 | 03 | NA | - |
| State Legal Service Authority (SLSA) | 0-1 | 01 | NA | - |
| Total | | 70 | 768.75 | |

The audit of Ladakh Autonomous Hill District Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96, although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception.

Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State Legislature, as required under the Statutes under which these Bodies were created. This has deprived the State Legislature the opportunity to get a feedback on their activities and financial performance.

3.4 Departmentally Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *proforma* accounts from 1968-69 to 2016-17 (August 2017). In Kashmir and Ladakh Divisions, the PDS operations are directly carried out by departmentally run PDS shops. The *proforma* accounts have not been prepared in these two Divisions from 1975-76 (Revised Account) and onwards (August 2017). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the *proforma* accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 to 2016-17. The *proforma* accounts for 1998-99 were finalised during 2002-03(2017).

Year wise position of the proforma account of PSUs in the State is given in the **Appendix 3.3**.

3.5 Opaqueness in Govt. Accounts

Minor Head 800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Heads 800 for budgeting and accounting renders the accounts opaque, without identifying the expenditure to its appropriate object of expenditure or revenue. During the year, ₹10,828.76 crore (including significant portion of revenue receipt of ₹2,770.24 crore on account of sale of power by Electricity Department for which no appropriate minor head is prescribed in the list of Major and Minor Heads of Account) under 37 Revenue Major Heads of Account constituting 25.80 *per cent* of the total Revenue receipts of ₹41,978.47 crore, was recorded under the Minor Head 800-‘Other Receipts’. Similarly ₹5,330.99 crore expenditure under 55 Major Heads of Accounts constituting 11.08 *per cent* of total expenditure of ₹48,097.71 crore was booked under Minor Head 800-Other Expenditure, out of which an amount of ₹ 2097.56 crore could have been booked under relevant minor heads close to the function.

3.6 Outstanding Liability to Contractors

The committed liability of the State for the year 2016-17 amounts to ₹1,882.16 crore on Major Works and Contracts (₹496.02 crore), Land Acquisition Charges (₹1,038.61 crore) and unpaid bills on Works/Supply (₹347.53 crore). The State Government is getting work done by the

contractors without provision of funds by the legislature and the contractors are not getting paid and has thus resulted in creation of liability on this account.

3.7 Conclusion

Against the total amount of ₹1,264.55 crore drawn on AC bills by various drawing and disbursing officers upto 31st January 2017, corresponding DC bills were not submitted to the Accountant General (A&E) J&K.

The position regarding outstanding Utilization Certificates increased in the current year as compared to 2015-16. A total number of 880 UCs involving a total amount of ₹3,438.01 crore remained outstanding as on 31st March, 2017, which was 7.86 *per cent* of the total expenditure of ₹43,739.37 crore under Voted Section.

650 Annual Accounts of 49 Autonomous Bodies were awaited for audit, as on 31st March 2017, ranging from the year 1972-73 to 2016-17.

Due to non-compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.

Classification of large amounts booked under the Minor Head '800'-Other Receipts does not give the fair picture in accounts.

3.8 Recommendations

The Government may consider the following:

- The State Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules,
- The State Government may consider timely submission of utilization certificates in respect of Grants released for specific purposes to the grantee institutions,
- The State Government may consider timely preparation of annual accounts by the autonomous bodies to facilitate auditing, and

- The State Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly, instead of clubbing the Receipts and Expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts.

Srinagar/Jammu
The 2nd February 2020


(SUSHIL KUMAR THAKUR)
Accountant General (Audit)
Jammu & Kashmir and Ladakh

Countersigned

New Delhi
The 11th February 2020


(RAJIV MEHRISHI)
Comptroller and Auditor General of India

APPENDICES

| Appendix - 1.1 <i>(Reference: Paragraph: 1)</i> Profile of Jammu & Kashmir | | | | | | |
|---|--|--------------------------------|-------------------------------|--------------------------------|----------------------------|--|
| A. General Data | | | | | | |
| Sl. No. | Particulars | | | | Figures | |
| 1 | Area | | | | 2.22 lakh sq.Kms | |
| 2 | Population | | | | | |
| | As per 2011 Census | | | | 1.25 crore | |
| 3 | Density of population (as per 2011 Census). (All India Density=382 persons per Sq.Km) | | | | 124 per sq.Kms | |
| 4 | Population below poverty line (BPL)for 2011-12 (All India Average=21.9 per cent) | | | | 10.4 | |
| 5 | Literacy (as per 2011 Census) (All India Average=73.0 per cent) | | | | 67.2 | |
| 6 | Infant mortality (per 1000 live births). (All India Average=37 per 1000 live births (2015)) | | | | 26 | |
| 7 | Life Expectancy at birth (All India Average=68.3 years as per Economic Survey 2011-15) | | | | 73.2 | |
| 8 | Gini Coefficient (a major of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa){2009-10} | | | | | |
| | a. | Rural (All India=0.29) | | | 0.24 | |
| | b. | Urban (All India=0.38) | | | 0.31 | |
| 9 | Per Capita GSDP CAGR(2007-08 to 2016-17) for General Category States (Jammu & Kashmir) | | | | 13.8 | |
| 10 | GSDP CAGR (2007-08 to 2016-17) | | Jammu & Kashmir | | 15.2 | |
| | | | Other Special Category States | | 15.7 | |
| 11 | Population Growth (2007 to 2016) | | Jammu & Kashmir | | 11.7 | |
| | | | Other Special Category States | | 11.4 | |
| B. Financial Data | | | | | | |
| Sl. No. | Particulars (CAGR) | Figures (in per cent) | | | | |
| | | 2007-08 to 2015-16 | | 2015-16 to 2016-17 | | |
| | | Special Category States | Jammu & Kashmir | Special Category States | Jammu & Kashmir | |
| a. | Revenue Receipts | 13.40 | 13.19 | 14.44 | 17.32 | |
| b. | Own Tax Revenue | 17.20 | 16.93 | 4.99 | 14.31 | |
| c. | Non Tax Revenue | 6.58 | 21.80 | 21.61 | 4.06 | |
| d. | Total Expenditure | 11.78 | 13.48 | 18.78 | 9.87 | |
| e. | Capital Expenditure | 6.178 | 8.86 | 50.62 | 13.03 | |
| f. | Revenue Expenditure on Education | 15.30 | 21.54 | 13.86 | 4.61 | |
| g. | Revenue Expenditure on Health | 17.91 | 18.70 | 20.55 | 4.83 | |
| h. | Salary & Wages | 15.59 | 16.52 | 4.41 | 0.77 | |
| i. | Pension | 17.87 | 15.51 | 11.76 | 11.50 | |

Appendix - 1.2

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B: Layout of Finance Accounts

| Statement | Layout |
|-----------------|--|
| Statement No.1 | Statement of Financial Position |
| Statement No.2 | Statement of Receipts and Disbursements |
| Statement No.3 | Statement of Receipts in Consolidated Fund |
| Statement No.4 | Statement of Expenditure in Consolidated Fund |
| Statement No. 5 | Statement of Progressive Capital Expenditure |
| Statement No.6 | Statement of Borrowings and Other Liabilities |
| Statement No.7 | Statement of Loans and Advances given by the Government |
| Statement No.8 | Statement of Investment of the Government |
| Statement No.9 | Statement of Guarantees given by the Government |
| Statement No.10 | Statement of Grants- in-Aid given by the Government |
| Statement No.11 | Statement of Voted and Charged Expenditure |
| Statement No.12 | Statement of Sources and Application of funds for Expenditure other than Revenue |
| Statement No.13 | Summary of Balances under Consolidated Fund, Contingency Fund and Public Account |
| Statement No.14 | Detailed Statement of Revenue and Capital Receipts by Minor heads |
| Statement No.15 | Detailed Statement of Revenue Expenditure by Minor heads |
| Statement No.16 | Detailed Statement of Capital Expenditure by Minor Heads and Sub Heads |
| Statement No.17 | Detailed Statement of Borrowings and Other Liabilities |
| Statement No.18 | Detailed Statement of Loans and Advances given by the Government |
| Statement No.19 | Detailed Statement of Investments of the Government |
| Statement No.20 | Detailed Statement of Guarantees given by the Government |
| Statement No.21 | Detailed Statement on Contingency Fund and Other Public Account Transactions |
| Statement No.22 | Detailed Statement on Investments of Earmarked Funds |

Appendix - 1.3
Methodology Adopted for the Assessment of Fiscal Position

Part A

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that the Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The trends in GSDP for the last five years are indicated below:

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|--------------------|-------------------|-------------------|-------------------|------------------|
| India GDP*(₹ in crore) at Current prices | 99,51,344 | 1,12,72,764 | 1,24,88,205 | 1,35,76,086 | 1,51,92,588 |
| Growth rate of GDP# (in percentage) | 13.91 | 13.28 | 10.78 | 8.71 | 11.90 |
| State GSDP at (₹ in crore) Constant prices | 76,916 | 87,570 | 87,921 | 91,850 | 98,826 |
| State GSDP ¹ (₹ in crore) at Current prices | 74,623 | 79,055 | 92,773 | 1,14,637 | 1,15,654 |
| Growth rate of GSDP | 12.80*/ 17.35** | 13.85*/ 5.94** | 0.40*/ 17.35** | 4.46*/ 23.57** | 7.59*/ 0.89** |

Source: (FRBM, Finance Department, J&K and GOI, Ministry of Finance, Department of Expenditure Plan Finance-I Division)

#Source :-Web site of the Ministry of Statistics and Programme Implementation, Government of India

*Growth rate at Constant Price

**Growth rate at Current Price

| Terms | Basis of calculation |
|--|--|
| Buoyancy of a parameter | Rate of Growth of the parameter/GSDP Growth |
| Buoyancy of a parameter (X) With respect to another parameter (Y) | Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y) |
| Rate of Growth (ROG) | $[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$ |
| Development Expenditure | Social Services + Economic Services |
| Average interest paid by the State | $\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$ |
| Interest received as <i>per cent</i> to Loans Outstanding | $\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$ |
| Revenue Deficit | Revenue Receipt – Revenue Expenditure |
| Fiscal Deficit | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest payments |
| Pre-Devolution Non-Plan Revenue Deficit | Non-Plan Revenue Expenditure – (State's Own Tax Revenues + State's Own Non-Tax Revenues) |
| State's Own Deficit | Fiscal Deficit – Share in Union Taxes/Duties – Grants-in-Aid received from the Union Government |
| Non-Plan Revenue Gap | Revenue Deficit – Revenue Deficit on 'Plan' Account = Revenue Deficit – (Plan Revenue Expenditure – Plan Grants) |

¹ The GSDP figures as accepted by Ministry of Finance Government of India based on current prices used for evaluation of fiscal parameters w.e.f 2012-13 to 2016-17

Appendix - 1.4
(Reference: Paragraph: 1.2; Paragraph:1.2.1 & Paragraph:1.4)
Time Series Data on the State Government Finances

(₹ in crore)

| Part – A Receipts | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Fiscal Aggregate | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| 1.Revenue Receipts (a) + (b) | 26,217 | 27,128 | 28,939 | 35,781 | 41,978 |
| (a) Tax Revenue | 9,703 (37) | 10,415 (38) | 10,811 (37) | 15,141 (42) | 17,308 (41) |
| (i) Revenue from State Taxes | 5,833 (22) | 6,273 (23) | 6,334 (22) | 7,326 (20) | 7,819 (19) |
| Of which | | | | | |
| Taxes on sales, trade, etc. | 4,174 (72) | 4,579 (73) | 4,602 (16) | 5,277 (15) | 6,012 (77) |
| State Excise | 421 (7) | 440 (7) | 466 (2) | 533 (2) | 569 (7) |
| Taxes on vehicles | 118 (2) | 134 (2) | 132 (1) | 145 (0.43) | 150 (2) |
| Stamps and Registration fees | 240 (4) | 261 (4) | 248 (1) | 264 (1) | 227 (4) |
| Land Revenue | 96 (2) | 16 (1) | 15 (0.05) | 12 (0.03) | 17 (0.28) |
| Other Taxes | 784 (13) | 843 (13) | 871 (5) | 1,095 (3) | 844 (11) |
| (ii) State's share of Union taxes and duties | 3,870 (15) | 4,142 (15) | 4,477 (15) | 7,814 (22) | 9,489 (23) |
| (b) Non-Tax Revenue | 16,514 (63) | 16,713 (62) | 18,127 (63) | 20,640 (58) | 24,670 (59) |
| (i) State's Own Non-Tax Revenue | 2,160 (8) | 2,870 (11) | 1,978 (7) | 3,913 (11) | 4,072 (10) |
| Of which | | | | | |
| Power Department receipts | 1,589 (74) | 1,533 (53) | 1,428 (72) | 1,477 (38) | 2,770 (68) |
| (ii) Grants-in-aid from the Union Government | 14,354 (55) | 13,843 (51) | 16,150 (56) | 16,728 (47) | 20,598 (49) |
| State's Own Revenues (a) (i) + (b) (i) | 7,993 | 9,143 | 8,312 | 11,239 | 11,891 |
| Revenue transfers from Centre (a) (ii) + (b) (ii) | 18,224 | 17,985 | 20,627 | 24,542 | 30,087 |
| 2. Miscellaneous capital receipts (Recoveries of Loans and Advances) | 2 | 4 | 3 | 4 | 19 |
| 3. Gross Public Debt receipts (including receipts of Ways and Means Advances) | 7,029 | 6,002 | 10,259 | 14,645 | 20,749 |
| 4. Total receipts in the Consolidated Fund (1+2+3) | 33,248 | 33,134 | 39,200 | 50,430 | 62,746 |
| 5. Contingency Fund receipts | - | - | 0.55 | 0 | 0 |
| 6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment) | 33,438 | 32,406 | 37,242 | 49,546 | 35,983 |
| Gross Receipts (4+5+6) | 66,686 | 65,540 | 76,443 | 99,976 | 98,729 |
| Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment | 1,974 | 2,790 | 3,906 | 4,312 | 2,396 |

| Part – B Disbursement | | | | | |
|---|------------------|-------------------|------------------|------------------|------------------|
| Fiscal Aggregate | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| 1. Revenue Expenditure | 25,117 | 27,058 | 29,329 | 36,420 | 39,812 |
| (a) + (b)=(i) + (ii) + (iii) | (83) | (85) | (85) | (83) | (83) |
| (a) Plan/CSS | 1,557 (6) | 1,839 (7) | 2,872 (10) | 1,573 (4) | 2,000 (5) |
| (b) Non-Plan/Normal/General | 23,560 (93) | 25,219 (93) | 26,457 (90) | 34,847 (96) | 37,812 (95) |
| General Services (including interest payments) | 10,614 (42) | 11,374 (42) | 12,039 (41) | 13,675 (38) | 15,110 (38) |
| Social Services | 5,548 (22) | 6,319 (23) | 8,501 (29) | 11,331 (31) | 11,564 (29) |
| Economic Services | 7,399 (29) | 7,526 (28) | 8,789 (30) | 11,414 (31) | 13,138 (33) |
| 2. Capital Expenditure | 5,224 | 4,507 | 5,134 | 7331 | 8,286 |
| (a) + (b)=(i) + (ii) + (iii) | (17) | (15) | (15) | (17) | (17) |
| (a) Plan/CSS | 4,971 (95) | 4,172 (93) | 4,501 (88) | 1,256 (17) | 1,440 (17) |
| (b) Non-Plan/General | 253 (5) | 335 (7) | 633 (12) | 6,075 (83) | 6,846 (83) |
| (i) General Services | 637 (12) | 648 (14) | 608 (12) | 1112 (17) | 769 (9) |
| (ii) Social Services | 1,599 (31) | 1,230 (28) | 1,608 (31) | 2674 (36) | 2,306 (28) |
| (iii) Economic Services | 2,989 (57) | 2,629 (58) | 2,918 (57) | 3,545 (48) | 5,211 (63) |
| 3. Disbursement of loans and advances | 93 (↓) | 121 (↓) | 87 (↓) | 94 (↓) | 76 (↓) |
| 4. Total (1+2+3) | 30,434 | 31,686 | 34,550 | 43,845 | 48,174 |
| 5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances) | 5,085 | 4,147 | 8,549 | 10,815 | 17,023 |
| Internal Debt (excluding Ways and Means Advances and Overdraft) | 1,265 | 1,218 | 1,213 | 1,485 | 1,951 |
| Net transactions under Ways and Means Advances and Overdraft | - | - | 226 | 0 | 890 |
| Loans and Advances from Government of India ² | 78 | 79 | 112 | 113 | 114 |
| 6. Appropriation to Contingency Fund | - | - | - | 0 | 0 |
| 7. Gross disbursement out of Consolidated Fund (4+5) | 35,519 | 35,833 | 43,099 | 54,660 | 65,197 |
| 8. Contingency Fund disbursements | - | - | - | 0 | 0 |
| 9. Gross Public Account disbursements | 31,464 | 29,616 | 33,336 | 45,234 | 33,587 |
| 10. Gross disbursements (7+8+9) | 66,983 | 65,449 | 76,435 | 99,894 | 98,784 |
| 11. Increase in Cash Balance | (-) 297 | 972 | 338 | 82 | (-)55 |
| 12 Grand Total | 66,686 | 66,421 | 76,773 | 99,976 | 98,729 |

² Includes Ways and Means Advances.

| Part – C Deficits | | | | | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 1. Revenue Surplus (Revenue Receipts-Revenue Expenditure) | 1,100 | 70 | (-)390 | (-) 640 | 2,166 |
| 2. Fiscal Deficit (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts) | 4,216 | 4,554 | 5,608 | 8,060 | 6,177 |
| 3. Primary Deficit (Fiscal Deficit – Interest Payment) | 1,510 | 1,553 | 2,075 | 4,341 | 1,610 |
| 4. Interest Payments (included in revenue expenditure) | 2,707 | 3,001 | 3,533 | 3,719 | 4,567 |
| 5. Arrears of Revenue | 1,614 | 1,433 | 1,399 | 1,399 | 1,468 |
| 6. Financial Assistance to local bodies, etc. | 2,084 | 1,481 | 1,535 | 1,523 | 1,729 |
| 7. Ways and Means Advances/ overdraft availed (days) | 119 (overdraft on 9 days) | 107 (overdraft on 7 days) | 207 (overdraft on 2 days) | 215 (overdraft on 7 days) | 242 (overdraft on 2 days) |
| 8. Interest on WMA/Overdraft | 6 | 4 | 9 | 13 | 19 |
| 9. Public Debt Receipts | 3,286 | 3,152 | 10,033 | 14,645 | 20,749 |
| 10. Gross State Domestic Product (GSDP ³) | 74,623 | 79,055 | 92,773 | 1,14,637 | 1,15,654 |
| 11. Outstanding Public Debt ⁴ (year end) excluding Public Account | 24,635 | 26,490 | 28,201 | 32,031 | 35,756 |
| 12. Outstanding guarantees (year end) | 611 | 2,714 | 2,860 | 2,827 | 2,636 |
| 13. Maximum amount guaranteed (year end) | 2,650 | 4,656 | 4,232 | 4,214 | 4,270 |
| 14. Number of incomplete projects | 202 | 267 | 671 | 938 | 119 |
| 15. Capital blocked in incomplete projects | 685 | 832 | 1,902 | 1,734 | 393 |
| Total Expenditure/GSDP | 40.78 | 40.08 | 32.24 | 38.25 | 41.65 |
| Revenue Receipts/Total expenditure | 86 | 86 | 84 | 82 | 87 |
| Revenue Expenditure/Total Expenditure | 83 | 85 | 85 | 83 | 83 |
| Expenditure on Social Services/Total Expenditure | 23.48 | 23.82 | 29.26 | 31.94 | 29 |
| Expenditure on Economic Services/Total Expenditure | 34.13 | 32.05 | 33.88 | 34.12 | 38 |
| Capital Expenditure/Total Expenditure | 17.17 | 14.22 | 14.86 | 16.72 | 17.20 |
| Capital Expenditure on Social and Economic Services/Total Expenditure | 15.08 | 12.18 | 13.10 | 14.18 | 15.60 |
| Revenue Surplus as % of GSDP | 1.47 | 0.09 | (-)0.42 | (-) 0.56 | 1.87 |
| Fiscal Deficit as % of GSDP | 5.64 | 5.76 | 6.04 | 7.03 | 5.34 |
| Primary Deficit as % of GSDP | 2.02 | 1.96 | 2.24 | 3.79 | 1.39 |
| Revenue Deficit/Fiscal Deficit | N/A | N/A | 6.95 | 8.08 | N/A |
| Fiscal Liabilities/GSDP | 53.96 | 56.51 | 52.08 | 48.29 | 53.79 |
| Fiscal Liabilities/Revenue Receipts | 153.58 | 164.67 | 166.95 | 154.71 | 148.22 |
| Debt Redemption (Principal+Interest)/Total Debt Receipts for the year | 90.75 | 89.41 | 99.39 | 99.24 | 104.05 |
| Return on Investment | 87.35 | 128.88 | 128.88 | 54.13 | 45.11 |
| Financial Assets/Liabilities | 1.36 | 1.36 | 1.28 | 1.23 | 1.24 |

³ Figures of GSDP based on information supplied by the State Government.

⁴ Includes internal debt and Loan and Advances from Central Government only.

Appendix - 1.5
(Reference: Paragraph: 1.2)
Abstract of Receipts and Disbursements for the year 2016-17

(₹ in crore)

| Receipts | | | | Disbursements | | | |
|---|------------------|-----------|------------------|--|------------------|------------------|------------------|
| Various items | 2015-16 | 2016-17 | | Various items | 2015-16 | 2016-17 | |
| | 1 | 2 | 3 | | 4 | 5 | 6 |
| Section-A: Revenue | | | | | | | |
| I. Revenue Receipts | 35,780.60 | | 41,978.47 | I. Revenue Expenditure | 36,420.40 | | 39,812.18 |
| Tax revenue | 7,326.19 | 7,819.13 | | General Services | 13,674.92 | 15,110.66 | |
| | | | | Social Services | 11,330.96 | 11,563.68 | |
| Non-tax revenue | 3,912.79 | 4,072.19 | | Education, Sports, Art and Culture | 6,048.69 | 5,769.91 | |
| | | | | Health and Family Welfare | 2,369.31 | 2,375.49 | |
| State's share of Union taxes | 7,813.48 | 9,488.60 | | Water Supply, Sanitation/H&UD | 1,729.86 | 1,900.83 | |
| | | | | Information and Broadcasting | 44.94 | 48.34 | |
| Non-Plan grants | 11,135.59 | 12,776.41 | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 98.07 | 95.52 | |
| | | | | Labour and Labour Welfare | 58.39 | 31.59 | |
| Grants for State Plan Schemes | 4,364.95 | 7,765.93 | | Social Welfare and Nutrition | 952.86 | 1,311.38 | |
| | | | | Others | 28.84 | 30.62 | |
| Grants for Central and Centrally Sponsored Plan Schemes | 1,227.60 | 56.21 | | | | | |
| Grants for Special Plan Schemes | | | | Economic Services | 11,414.52 | 13,137.84 | |
| | | | | Agriculture and Allied Activities | 1,774.23 | 1,954.71 | |
| | | | | Rural Development | 573.50 | 515.77 | |
| | | | | Special Areas Programmes | 554.31 | 564.90 | |
| | | | | Irrigation and Flood Control | 497.95 | 506.67 | |
| | | | | Energy | 6,835.34 | 8,060.17 | |
| | | | | Industries and Minerals | 323.07 | 303.28 | |
| | | | | Transport | 424.64 | 777.64 | |
| | | | | Science, Technology and Environment | 28.93 | 28.24 | |
| | | | | General Economic Services | 402.55 | 426.46 | |
| II. Revenue deficit carried over to Section – B | 639.80 | | - | II. Revenue Surplus carried over to Section-B | | | *2,166.29 |
| Total Section-A | 36,420.40 | | 41,978.47 | Total Section-A | 36,420.40 | | 41,978.47 |

* Excluding the expenditure met from UDAY Bonds to extent of ₹1,397.55 crore the revenue surplus is ₹3,563.84 crore

Audit Report on State Finances for the year ended 31 March 2017

| Receipts | | | | Disbursements | | | |
|---|-----------------|---------|-----------------|--|-----------------|-----------------|-----------------|
| Various items | 2015-16 | 2016-17 | | Various items | 2015-16 | 2016-17 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Section B: Capital | | | | | | | |
| III. Opening Cash balance including Permanent Advances and Cash Balance Investment | 1,400.76 | | 526.90 | | | | |
| IV. Misc. Capital receipts | 0 | | 0 | III. Capital Outlay | 7,330.93 | | 8,285.53 |
| | | | | General Services | 1,111.54 | 768.71 | |
| | | | | Social Services | 2,673.81 | 2,305.78 | |
| | | | | Education, Sports, Art and Culture | 553.91 | 566.01 | |
| | | | | Health and Family Welfare | 240.73 | 434.85 | |
| | | | | Water Supply, Sanitation/H&UD | 698.43 | 863.26 | |
| | | | | Information and Broadcasting | 6.05 | 2.97 | |
| | | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 36.88 | 36.43 | |
| | | | | Social Welfare and Nutrition | 1,061.54 | 311.24 | |
| | | | | Other Social Services | 76.27 | 91.02 | |
| | | | | Economic Services | 3,545.58 | 5,211.04 | |
| | | | | Agriculture and Allied Activities | 676.19 | 732.67 | |
| | | | | Rural Development | 811.79 | 1,117.19 | |
| | | | | Special Areas Programmes | 209.20 | 198.32 | |
| | | | | Irrigation and Flood Control | 372.95 | 466.62 | |
| | | | | Energy | 298.61 | 699.46 | |
| | | | | Industries and Minerals | 154.17 | 204.35 | |
| | | | | Transport | 399.95 | 831.85 | |
| | | | | Science, Technology and Environment | 26.55 | 9.59 | |
| | | | | General Economic Services | 596.17 | 950.99 | |
| V. Recoveries of Loans and Advances | 4.09 | | 19.37 | IV. Loans and Advances disbursement | 93.79 | | 76.24 |
| Industries and Minerals | 0.63 | 2.50 | | Industries and Minerals | 45.93 | 32.49 | |
| Energy | | | | Transport | 30.00 | 30.00 | |
| Government servants | 0.81 | 1.17 | | Government servants | 0.85 | 2.45 | |
| Others | 2.65 | 15.70 | | Others | 17.01 | 11.30 | |
| VI. Revenue surplus | -- | | 2,166.29 | V. Revenue deficit | 639.80 | | 0.00 |

| Receipts | | | | Disbursements | | | |
|--|------------------|-----------|------------------|---|------------------|-----------|------------------|
| Various items | 2015-16 | 2016-17 | | Various items | 2015-16 | 2016-17 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| VII. Public debt receipts | 14644.99 | | 20,748.53 | VI. Repayment of Public Debt | 10815.08 | | 17,023.29 |
| Internal debt other than Ways and Means Advances and Overdraft | 14,627.78 | 20,723.83 | | Internal debt other than Ways and Means Advances and Overdraft | 10701.54 | 16,908.71 | |
| Loans and Advances from GOI | 17.21 | 24.70 | | Repayment of loans and advances from GOI. | 113.54 | 114.58 | |
| Net transactions under Overdrafts from Reserve Bank | | | | Net transactions under Ways and Means Advances including Overdrafts | | | |
| VIII. Appropriation to Contingency Fund | -- | -- | -- | VII. Appropriation to Contingency Fund | -- | | -- |
| IX. Amount recouped to contingency fund | -- | -- | -- | III-Expenditure from Contingency Fund | 0.05 | | 0.10 |
| X. Public Account receipts | 27,450.54 | | 21,811.06 | IX-Public Account disbursements | 24,093.83 | | 19,458.37 |
| Small Savings and Provident Funds | 5,271.16 | 4,625.73 | | Small Savings and Provident Funds | 2,384.74 | 2,779.95 | |
| Reserve Funds | 353.75 | 452.41 | | Reserve Funds | 140.07 | 111.29 | |
| Deposits and Advances | 3,798.22 | 3,823.50 | | Deposits and Advances | 3,685.83 | 2,874.23 | |
| Suspense and Miscellaneous | 565.92 | 3,589.86 | | Suspense and Miscellaneous | 218.99 | 3,682.92 | |
| Remittances | 17,461.49 | 9,319.56 | | Remittances | 17,664.20 | 10,009.98 | |
| | | | | X. Cash balance at the end | 526.90 | | 428.62 |
| | | | | Cash in treasuries and local remittances | | 6.77 | |
| | | | | Deposits with Banks | 83.93 | 21.98 | |
| | | | | Departmental cash balance including permanent advances | 5.33 | 5.09 | |
| | | | | Cash balance investment | 426.78 | 383.92 | |
| | | | | Reserve fund investment | 10.86 | 10.86 | |
| Total Section-B | 43,500.38 | | 45,272.15 | Total Section-B | 43,500.38 | | 45,272.15 |

Explanatory Notes

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the State and others pending settlement, etc.

Appendix - 1.5 (Continued)
Summarized financial position of the Government of
Jammu and Kashmir as on 31 March 2017

(₹ in crore)

| As on 31 March 2016 | | | As on 31 March 2017 | |
|---------------------|------------------|---|---------------------|------------------|
| Liabilities | | | | |
| | 30,451.64 | Internal Debt | | 34,266.75 |
| 20,146.04 | | Market Loans bearing interest | 22,045.60 | |
| 1,673.78 | | Loans from LIC | 1,547.52 | |
| 8,631.82 | | Loans from other Institutions | 10,673.63 | |
| | 1,579.07 | Loans and Advances from Central Government | | 1,489.20 |
| 37.79 | | Pre 1984-85 Loans | 37.79 | |
| 96.29 | | Non-Plan Loans | 96.29 | |
| 1,435.75 | | Loans for State Plan Schemes | 1,345.87 | |
| -- | | Loans for Central Plan Schemes | - | |
| -- | | Loans for Centrally Sponsored Plan Schemes | - | |
| 9.24 | | Ways and Means Advances | 9.25 | |
| | 1.00 | Contingency Fund | | 1.00 |
| | 17,516.85 | Small Savings, Provident Funds, etc. | | 19,362.63 |
| | 1,544.27 | Reserve Funds | | 1,885.38 |
| | 4,264.97 | Deposits | | 5,214.24 |
| | 4,408.79 | Remittance Balances | | 3,718.37 |
| | 13,949.55 | Surplus on Government Account | | 16,115.84 |
| | | Revenue surplus ending 2014-15 | | - |
| 13,949.55 | | Revenue Surplus 2015-16 | | - |
| | 73,716.14 | Total | | 82,053.41 |

| As on 31 March 2016 | | | As on 31 March 2017 | |
|---------------------|------------------|--|---------------------|------------------|
| Assets | | | | |
| | 71,426.74 | Gross Capital Outlay on Fixed Assets | | 79,712.27 |
| 547.84 | | Investments in shares of Companies, Corporations, etc. | 803.74 | |
| 70,878.91 | | Other Capital Outlay | 78,908.53 | |
| | 1,583.64 | Loans and Advances | | 1,640.52 |
| 716.53 | | Industries and Minerals | 746.51 | |
| 536.12 | | Transport | 566.12 | |
| 85.05 | | Energy | 85.05 | |
| 42.77 | | Agriculture and Allied Activities | 40.73 | |
| 186.04 | | Other Development Loans | 183.70 | |
| 17.13 | | Loans to Government servants and Miscellaneous Loans | 18.41 | |
| | 12.70 | Advances | | 12.69 |
| | 166.11 | Suspense and Miscellaneous Balances | | 259.16 |
| | 0.05 | Contingency Fund(un-recouped) | | 0.15 |
| | -- | Amount written off from Heads of accounts closing to balances | | - |
| | 526.90 | Cash | | 428.62 |
| | -- | Cash in Treasuries and Local Remittances | 6.77 | |
| 83.93 | | Deposits with Bank | 21.98 | |
| 5.21 | | Departmental Cash Balance | 4.97 | |
| 0.12 | | Permanent Advances | 0.12 | |
| 426.78 | | Cash Balance Investments | 383.92 | |
| 10.86 | | Reserve Fund Investments | 10.86 | |
| | | Deficit on Government Account: | | |
| | --- | Revenue deficit ending 2014-15 | | - |
| | 73,716.14 | Total | | 82,053.41 |

Appendix - 1.6

(Reference: Paragraph: 1.2.3)

Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2016-17. Direct transfer of Central Scheme Funds costing more than ₹one crore to implementing agencies in the State (funds routed outside State Budgets) (unaudited figures)

(₹ in lakh)

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|---|---|------------------------------|----------|----------|-----------|-----------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Hospital and Dispensary under NRHM | Health and Family Welfare, Jammu and Kashmir | - | - | - | - | 240.30 |
| National Rural Health Mission (NRHM) | State Health Department including others | - | - | - | 35,488.95 | 13,922.91 |
| Package for Special Category State DIPP (other than North East) | Jammu and Kashmir Financial Corporation Ltd. | - | - | 3,569.47 | 4,116.86 | 3,320.63 |
| Integrated Watershed Management Programme DPAD, DDP, IWDP,(IWMP) | Assistant Commissioners (Development) DRDA | - | - | - | 481.37 | 4,271.81 |
| DRDA Administration RD | Assistant Commissioners (Development) DRDA | - | - | - | 1,161.49 | - |
| Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) | Assistant Commissioners (Development) District Rural Development Agencies | - | - | - | 60,315.73 | 76,276.16 |
| Pradhan Mantri Gram Sadak Yojana (PMGSY) | State Rural Roads Agency | - | - | - | 52,323.93 | 26,632.50 |
| Rural Housing IAY | Assistant Commissioner District Rural Development Agencies | - | - | - | 5,642.49 | 5,009.74 |
| Sarva Shiksha Abhiyan | Ujala Society Jammu and Kashmir | - | - | - | 89,143.50 | 50,805.85 |
| MP's Local Area Development Scheme (MPLADS) | District Deputy Commissioners | 3,250.00 | 5,500.00 | 3,500.00 | - | 4,500.00 |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|---|---|------------------------------|---------|---------|-----------|-----------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Buddhist and Tibetan Studies | GaldanTargaisling Cultural Welfare Society, Culture Preservation Society, Kukshow, Cultural Preservation And Area Development thekhana Chosling welfare society and various NGO,s and other Welfare Societies | - | - | 967.67 | - | 296.70 |
| National Afforestation Programme | Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc. | - | - | - | 810.82 | 337.00 |
| Assistance of IHMS,FCIs etc. | Institute of Hotel Management and catering | 27.91 | 366.00 | 871.00 | - | 300.00 |
| Product Infrastructure Development for destinations and Circuits | State Tourism Department | | - | - | - | 221.80 |
| Central Rural Sanitation Programme | SWSM Member, Secretary Cum Superintending Engineer Kupwara/Srinagar/ Baramulla/Badgam | - | - | - | 3,957.20 | 3,511.01 |
| Research and Development Support (SERC) | University of Jammu, University of Kashmir, Shri Mata Vaishno Devi University of Agriculture Science and Technology, Baba University etc. | 270.00 | 219.18 | - | - | 314.75 |
| Conservation of natural resources and Eco system/Comprehensive Handloom Development Scheme (CHDS) | J&K Lakes and Water ways Development Authority Director Handloom Development J&K Srinagar | - | - | - | 2,989.53 | - |
| Rashtriya Madhyamik Shiksha Abhiyan (RMSA) | Ujala Society, Srinagar/Noor Society | - | - | - | 13,578.18 | 10,935.54 |
| National Rural Drinking Water Programme | State Water and Sanitation Mission (SWSM) | - | - | - | 41,266.25 | 47,450.03 |

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| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|---|------------------------------|----------|----------|---------|----------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Off Grid DRPS | Renewable Energy Development Agency Kargil/Ladakh, J&K Energy Development/Royal Spring Golf Course Srinagar/6 th BN ITBP | 3,515.92 | 5,996.19 | 2,201.96 | - | 3,392.72 |
| Technology Up-gradation Fund Scheme (TUFS) | J & K Bank Ltd. | - | 569.35 | 892.35 | - | 1,634.37 |
| Renewal Energy for Rural Applications for all & (Remote Villages) | J & K Energy Development Agency | - | 143.32 | - | - | - |
| Comprehensive Handloom Development Scheme (CHDS) | Director Handloom Development Department, J&K Srinagar | 871.50 | 131.87 | - | 142.04 | - |
| AAJEEVIKA Swaran Jayanti Gram Swarjona | District Rural Development Agency (DRDA) | - | - | - | 2837.79 | 289.73 |
| Grid interactive renewal power MNRE | J&K Power Development Corporation Ltd. | 1,448.88 | 2,929.77 | 3,864.21 | - | 2,919.65 |
| Horticulture Mission for North East and Himalayan | Central Institute of Temperate Horticulture, Srinagar (ICAR) | - | -- | - | 148.91 | 250.00 |
| Industrial Infrastructure up gradation schemes IIUS DIPP | J&K State Industrial Development Corporation. | - | - | - | - | 602.15 |
| Assistance to voluntary organization for providing social Defense Services including prevention of Alcoholism and Drug Abuse | Council for Rehabilitation of widows, orphans Handicapped and old persons (Victims of Militancy) | 300.00 | 304.97 | 288.11 | - | 300.00 |
| Baba Sahib Ambedkar Hastshilpa Vikas Yojana | Various NGOs and J&K, Entrepreneurship Development Institute | - | - | - | - | 328.07 |
| Capacity Building for Service Providers | Institute and Hotel Management and Catering Technology Srinagar/Food Craft institute Jammu, Jawahar Institute of Mountaineering and winter Sports | - | 302.16 | 255.12 | - | 386.37 |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|--|------------------------------|----------|----------|----------|----------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Human Resource University of Jammu Development Biotechnology, | S.K.University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotec, University of Jammu, university of Kashmir | 613.85 | - | 122.89 | - | 100.99 |
| National Aids Control Programme | J&K State AIDS Prevention & Control Society | - | - | - | 487.40 | 125.69 |
| National Food Security Mission | State Agriculture Management and Extension Training Institute of (SAMETI) Jammu | - | - | - | 1,749.92 | 1,187.23 |
| National Mission on Food Processing (SAMPDA) CS | JK SIDCO, Super Star Spices, Ziyafat Oil Mills, Mir Agro Industries, Basantar Breweries, Daily Need Milk Processing and Milk Products, FIL Industries Limited, Hansraj Exports, Kachroo Integrated Cold Chain. | - | 1,815.75 | - | - | 112.50 |
| Promotion and Dissemination of Art and Culture | Sanggmtru Art Production | - | - | - | - | 101.89 |
| Rashtriya Gram Swaraj Yojana | J&K State Rural Employment Guarantee Society Civil Sectt. J&K | - | - | - | - | 443.00 |
| Scheme for Integrated Textile Park (SITP) | J&K Integrated Textile Park Limited | - | - | 1,191.00 | - | 397.00 |
| Skill Development | J&K Skill Development Initiative modular Employable Skills Society | - | - | 263.10 | 1130.63 | 627.00 |
| State Schedule Cast Development Corporations | J&K SCST & BC Development Corporation Ltd. | - | - | - | - | 120.00 |
| Support to National Institute of Technology (NIT) including Ghani Khan Institute | NIT, Srinagar | - | 2,900.00 | 4,250.00 | - | 2,000.00 |

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| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | |
|--|--|------------------------------|---------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Support to National State Scheduled Tribes Finance and Development Corporation | J&K SC/ST and Backward Classes Development Corporation Ltd | - | - | 470.00 | - | 350.00 |
| Support of NGO/Institutions/SRCs for Adult Education and Skill Development (merged Scheme of NGOs, JSS SRCs) | Jan Shikshan Sansthan /State Resource Centre, J&K | - | 114.25 | - | - | 133.56 |
| Support to State Extension Programme for Extension Reforms | NIT Srinagar/J&K State Agro Industries Development Corporation Ltd. | - | - | - | 544.31 | 900.00 |
| Technology Development Programme | Sher-e-Kashmir University of Agriculture Science and Technology Jammu/J&K State Council for Science and Technology | - | - | - | - | 110.18 |
| Modernization of State Police Forces by Police | Police Housing Corporation J&K | - | - | - | 270.00 | - |
| Swaran Janyati Shahari Rozgar Yojana (SJSRY) National Urban | State Urban Development Agency J&K | - | - | - | 607.94 | - |
| National Mission on Bamboo | Bamboo Development Agency J&K | - | - | - | 108.25 | - |
| National Project for Cattle and Buffalo Breeding | Jammu & Kashmir Srinagar | - | - | - | 500.00 | - |
| Grant for construction of Boys & Girls Hostels for SC & OBC | University Jammu | - | - | 135.00 | 100.00 | - |
| Development of Infrastructure of Promotion of Health Research | Govt. Medical College, Jammu | - | 216.00 | 252.00 | - | - |
| Drugs and Pharmaceuticals Research | Regional Institute of Unani Medicines Srinagar | - | - | 148.80 | - | - |
| Electronic Governance | J&K Government Agencies/Kashmir University | - | - | 344.92 | - | - |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|---|------------------------------|---------|----------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Free Coaching and Allied Schemes for minorities MACs | Human Welfare Organizations | - | - | 134.51 | - | - |
| Mega Clusters Textiles | J&K State Scale Industrial Development Corporation | - | 128.90 | 1,010.00 | - | - |
| Manpower Development (Including Skill Development in IT) DIT | J&K E-Governance Agencies | - | - | 136.84 | - | - |
| Mega Facilities for Basic Research | Jammu University | - | 158.00 | 140.36 | - | - |
| National Mission on Nano Science and Nano Technology | NIT Srinagar | - | - | 132.12 | - | - |
| National Programme for Youth and Adolescent Development General | Jawahar Institute of Mountaineering and Winter Sports | - | 164.16 | 200.19 | - | - |
| Research and Development Department of Bio Technology | JK Universities | - | - | 1,159.13 | - | - |
| Scheme for infrastructure and Development FPI | Mir Agro Industries/Kachroo Integrated Cold Chain | - | - | 480.33 | - | - |
| Scheme arising out of the implementation of the person with disabilities | Composite Regional Centres | 733.89 | 691.02 | 249.47 | - | - |
| Science and Technology Programme for Socio Economic Development | Kashmir environment and Social Organization | - | 349.81 | 116.59 | - | - |
| Seismological Research | Jammu University | - | - | 224.98 | - | - |
| State Science & Technology Programme | Universities | - | - | 112.84 | - | - |

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| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|--|------------------------------|---------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Alliance and R & D Mission | Indian Institute of Integrated Medicines, Shri Mata Vaishno Devi University, National Institute of Technology Srinagar, University of Kashmir, SKUAST Jammu/Kashmir. | 436.76 | 4,28.80 | - | - | - |
| Biotechnology Research and Development | SKUAST Jammu/Kashmir, University of Kashmir, Sheri Kashmir Institute of Medical Sciences, Indian Institute of Intragative Medicines, Baba Ghulam Shah University, Defence Institute of High Altitude Research. | - | 734.54 | - | - | - |
| DISHA Programme for Women in Science | Indian Institute of Integrated Medicines, Shri Mata Vaishno Devi University, SKUAST Jammu/Kashmir, University of Kashmir. | 108.74 | 114.14 | - | - | - |
| Human Resource Development Biotechnology | SKUAST Jammu/Kashmir, University of Kashmir, Degree College Udhampur, Coordinator Star College Program, FVSC and Animal Husbandry Shuhama, Govt. College for Women, Gandhi Nagar, Jammu. | - | 192.86 | - | - | - |
| National Plan for Diary Development | Jammu & Kashmir State Implementing Agency | - | 150.00 | - | - | - |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|---|------------------------------|----------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| National Rural Livelihood Mission | Jammu and Kashmir Rural Livelihoods Society (JKRLS) | 4,675.75 | 194.46 | - | - | - |
| Pashmina Wool Development Programme | Ladakh Autonomous Hill Development Council, Leh/Kargil. | 162.00 | 1,099.25 | - | - | - |
| Research Education Training and Outreach | University of Kashmir, The Kashmir Environmental and Social Organization. | - | 133.78 | - | - | - |
| Scheme of Art and Culture and Centenary Celebrations | Sonam Stobgais, Cultural & Welfare Society Stakna Gonpa, SHAH-E-JAHAN Ahmed Bhagat, Cultural & Welfare Society, Tukla Gonpa, Kashmir Music Society, National Bhand Theatre, Sangam Theatre Group, Central Institute of Buddhist Studies, Lalok Kunfan Thundel Tsogspa, Karma Dupgyud Choeling Cultural & Welfare Association, Service Sacrifice Brotherhood Dharma Centre, etc. | - | 966.36 | - | - | - |
| Seekho aur Kamao-Skill Development Initiatives | NIIT, Human Welfare Organization. | 109.76 | 893.02 | - | - | - |

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| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | |
|---|---|------------------------------|---------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Setting up of five Mega Clusters | J&K Small Scale Industries Development Corporation Limited (J&K SICOP). | - | 310.00 | - | - | - |
| Technology Development Programme | SKUAST Kashmir, NIIT Srinagar. | - | 139.04 | - | - | - |
| Ammended Technology Upgradation Scheme | Jammu and Kashmir Bank Ltd. | 8,47.33 | - | - | - | - |
| Central Assistance for Pakul Dul HEP under J&K PMDP Grant to Chenab Valley Power. | Chenab Valley Power Projects (P) Ltd. | 2,00,00.00 | - | - | - | - |
| Development of Khadi, Village and Coir Industries. | J&K Khadi and Village Industries Board. | 5,23.49 | - | - | - | - |
| Industrial Development of Backward and Remote Areas | Jammu and Kashmir Development Finance Corporation Ltd | 1,040.07 | - | - | - | - |
| Industrial Infrastructure Up-gradation Scheme | Jammu and Kashmir State Industrial Development Corporation (SIDCO) | 506.70 | - | - | - | - |
| Infrastructure Development Programme | Jammu and Kashmir State Industrial Development Corporation (SIDCO). | 1,10.62 | - | - | - | - |
| Kala Sanskriti Vikas Yojna | Various Cultural and Welfare Societies in Jammu and Kashmir | 2,71.38 | - | - | - | - |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|---|------------------------------|---------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Khelo India National Programme for Development of Sports | Jammu & Kashmir State Sports Council/ LAHDC | 7,86.87 | - | - | - | - |
| Legal Metrology and Quality Assurance Weights and Measures | Jammu and Kashmir Housing Boards Jammu/Srinagar. | 6,50.00 | - | - | - | - |
| Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes | Institute of Management and Public Administration (IMPA)/ Regional Extension Training Centre Budgam. | 7,50.45 | - | - | - | - |
| Nai Manzil | Comtech Insitute of Technology/ National Education Society and Social Welfare Organization/ Society for Development and Training. | 4,93.25 | - | - | - | - |
| National Aids Control Programme | J&K State AIDS Prevention & Control Society | 803.06 | - | - | - | - |
| National Education Mission- Sakshar Bharat CS | Jan Shiksha Sanasthan Jammu/ Tangdar/ State Resource Centres Srinagar. | 1,95.60 | - | - | - | - |

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| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|--|---|------------------------------|---------|---------|---------|---------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| National Handloom Development Programme CS | Aash Kanishawl Pashmina and Raffal Handloom Weavers Industrial Co-operative Society Limited / Bright Pashmina Raffal and Cotton Handloom Weavers Industrial Co-operative Society Limited/ J&K State Handloom Development Corporation/ J&K Handicrafts Corporation Ltd.,etc. | 181.25 | - | - | - | - |
| National Mission for Justice Delivery and Legal Reforms | Registrar General High Court/ Kashmir foundation for organization Research and Development. | 5,31.31 | - | - | - | - |
| National mission on Food Processing | Indo Kashmir/ Kachroo Integrated Cold Chain/ Saffron Spices and Foods/ Wazan Foods, Safe and Fresh Foods/ Shafat Oil Mills and Spices/ Mir Agro Industries etc. | 13,25.22 | - | - | - | - |
| Prasad-National Mission on Pilgrimage Regeneration and Spiritual Augmentation Drive. | J&K State Cable Car Corporation Ltd. | 8,40.42 | - | - | - | - |
| Setting up of State Spinal Injury Centre's | PMNRF/ Flood Relief J&K Principal/CAO GMC Srinagar/ Government Medical College Jammu. | 3,17.00 | - | - | - | - |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India Releases | | | | 2012-13 |
|---|---|------------------------------|------------------|------------------|--------------------|--------------------|
| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | |
| Swadesh Darshan-Integrated Development of Theme Based Tourism Circuits. | J&K Tourism Development Corporation/ J&K State Cable Car Corporation. | 1,18,62.79 | - | - | - | - |
| State Science and Technology Programme | Sher-e-Kashmir University of Agricultural Science and Technology Jammu /J&K State Council for Science and Technology/SKI MS/ Shri Mata Vaishno Devi University Jammu. | 1,56.78 | - | - | - | - |
| Upgrading the Skills and Training in Traditional Arts/Crafts for Development (USTTAD) | Human Welfare Organizations/ National Institute for Technical and Trainings, Bandipora College of Information Technology. | 1,67.00 | - | - | - | - |
| Pradhan Mantri Kaushal Vikas Yagna | Jammu and Kashmir Skill Development Initiative- Modular Employable Skill Society. | 10,53.88 | - | - | - | - |
| Others Schemes | Others schemes | 2,859.16 | 1,442.98 | 1,681.16 | 89.38 | 1,583.66 |
| Grand Total | | 6,27,98.59 | 29,799.93 | 29,366.12 | 3,19,992.87 | 2,66,742.49 |

Appendix - 1.7
(Reference: Paragraph: 1.4.3)
Status of Grants-in-Aid Projections/releases under the award of the 14th Finance Commission

(₹ in crore)

| Sl. No. | Transfers | Recommendation of 14 th Finance Commission (2015-20) | Projection (Department wise) | | Grants received during the year (2015-17) | UC's Submitted | US's Pending | Grants pending for release |
|--------------|---|---|------------------------------|-----------------|---|----------------|---------------|----------------------------|
| | | | 2015-16 | 2016-17 | | | | |
| 1 | Urban Local Bodies (Housing Department) General Basic Grant | 1,044.51 | 125.30 | 173.50 | Nil | Nil | Nil | Nil |
| | General Performance Grant | 261.13 | --- | 51.21 | Nil | Nil | Nil | Nil |
| 2 | Rural Local Bodies (RDD) General Basic Grant | 3,117.36 | 373.96 | 517.81 | 367.72 | 367.72 | Nil | 524.05 |
| | General Performance Grant | 346.37 | --- | 67.92 | Nil | Nil | Nil | 67.92 |
| 3 | SDRF Central Share | 1,268.00 | 229.00 | 241.00 | 470.20 | 18.66 | 451.54 | Nil |
| | State Share | 141.00 | 25.00 | 27.00 | 38.50 | | | 13.50 |
| Total | | 6,178.37 | 753.26 | 1,078.44 | 876.42 | 386.38 | 451.54 | 605.47 |

Appendix - 1.8
(Reference: Paragraph;1.13)
**The Jammu and Kashmir Fiscal Responsibility and
 Budget Management (FRBM) Act, 2006**

Section 9 of the FRBM Act imposed the following obligations on the State Government for the period 2006-07 to 2009-10:

(a) The revenue surplus was to be maintained and steps were to be initiated for progressive strengthening of the surplus.

(b) The pre-devolution non-plan revenue deficit was to be progressively reduced to at most 20 *per cent* of GSDP by 2009-10 and to maintain the level thereafter, with minimum annual reduction by one *per cent* of GSDP beginning from 2006-07. (The pre-devolution non-plan revenue deficit of the State was 24.73 *per cent* of GSDP in 2005-06.)

(c) The fiscal deficit was to be progressively reduced to at most three *per cent* of GSDP by 2009-10 with minimum annual reduction by 0.5 *per cent* of GSDP beginning from 2006-07. (The fiscal deficit of the State was 9.96 *per cent* of GSDP in 2005-06.)

(d) The 'outstanding total liabilities' were to be progressively reduced to at most 55 *per cent* of GSDP by 2009-10 with minimum annual reduction by five *per cent* of GSDP beginning from 2006-07. (The 'outstanding total liabilities' of the State, as defined in the Act, for the base year 2005-06 are not readily available due to accounts of Public Sector Undertakings being in arrears. Government's outstanding liabilities as per Government Accounts were 63.31 *per cent* of GSDP in 2005-06. As per 13th Finance Commission's Report, the State's Outstanding Debt Relative to GSDP was 63.27 *per cent* of GSDP).

(e) The annual incremental risk weighted guarantees in any financial year were to be limited to 75 *per cent* of the total revenue receipts in the previous financial year or to 7.5 *per cent* of GSDP of the previous financial year, whichever is lower.

The Act also contemplated that the Government may setup an agency independent of the Government to review periodically the compliance of the provisions of the Act, and table such reviews in each House of the State Legislature.

The FRBM Rules prescribed (January 2008) the fiscal indicators to be monitored, the formats of the Macro Economic Framework Statement (MEFS)/ Medium Term Fiscal Policy Statement (MTFPS)/ Fiscal Policy Strategy Statement (FPSS) to be annually presented along with the Budget to the State Legislature and several statements disclosing fiscal information to the Legislature. The Disclosure Requirements under the Act/ Rules were implemented from the Budget for the year 2008-09. The FRBM Act has been amended to reset/ relax the debt/ deficit reduction targets as per 12th and 13th Finance Commission's accepted recommendations as detailed below:

- On 17th December, 2008, the FRBM Act was amended to provide for reducing pre-devolution non-plan revenue deficit, Fiscal Deficit and outstanding total liabilities to at most 20 *per cent*, three *per cent* and 55 *per cent* respectively by March 2009 instead of March 2010 as in the original Act.
- An amendment to the Act on 20 April 2010 raised the target fiscal deficit for 2009-10 from three *per cent* of GSDP to four *per cent* of GSDP. Since the year 2009-10 was already over, the reset target was not implementable.
- An amendment to the Act on 9th April 2011, reset the annual Fiscal Deficit targets for the five years' period 2010-11 to 2014-15 to be 5.3 *per cent*, 4.7 *per cent*, 4.2 *per cent*, 3.6 *per cent* and 3.0 *per cent* of GSDP. Since the year 2010-11 was already over, the reset target was not implementable.
- On 25 August 2011, an amendment in the FRBM Act through an Ordinance reset the annual targets for outstanding debt as percentage of GSDP to 56.1 *per cent*, 55.1 *per cent*, 53.6 *per cent*, 51.6 *per cent* and 49.3 *per cent* during the five years period from 2010-11 to 2014-15, as recommended by the 13th Finance Commission. (Since the year 2010-11 was already over, the reset target was not implementable).

Appendix - 1.9
(Reference: Paragraph: 1.13)
Implementation of the FRBM Act and Rules

Any State government can meet the targets for reduction/elimination of fiscal deficit, revenue deficit, total liabilities etc., if the Central government chooses to provide sufficient grants-in-aid or debt relief, especially outside the scope of the award of a Finance Commission. A truer measure of a State's fiscal prudence or fiscal responsibility is the State's own deficit, which measures the resource gap between the State's expenditure and the non-debt receipts within the control of the State, assuming that old financial liabilities continue to be refinanced out of fresh borrowings. These non-debt resources depend upon State's own fiscal policies. The State has shown improvement by reducing dependence on transfer of resources from the Central government from 67 *per cent* in 2006-07 to 60 *per cent* in 2014-15. This, of course, does not take into account the resources transferred by the Union Ministries directly to implementing agencies, bye-passing the State government accounts.

- The State has continued to be revenue surplus upto 2013-14 but only due to high levels of grants from the Central government. However, the revenue surplus has witnessed a sharp decline from ₹1100 crore (2012-13) to ₹70 crore (2013-14) and could not maintained it during the year 2014-15 and 2015-16 resulting in revenue deficit of ₹390 crore and ₹640 crore, However during the year 2016-17 there is revenue surplus of ₹2166 crore. The State's own deficit has been consistently high and steadily rising with expenditure growth far outpacing revenue mobilisation.
- The original target of reducing the fiscal deficit to three *per cent* of the GSDP by the end of 2009-10 was missed by a very wide margin as the actual fiscal deficit shot up to 9.1 *per cent* in that year. An amendment in the FRBM Act in April 2010 raising the 2009-10 target to four *per cent* was of no avail. The State had to cap the fiscal deficit at 4.7 *per cent* of GSDP in 2011-12 and 4.2 *per cent* of GSDP in 2012-13 and 3.6 *per cent* in 2013-14 but the fiscal deficit actually was 5.6, 5.4 and 5.2 *per cent* respectively. The year 2014-15, 2015-16 and 2016-17 ended with a fiscal deficit of 6.4, 8.8 and 5.4 *per cent* of GSDP which continued to be significantly higher than the target of 3 *per cent*.
- The FRBM rules specified only the annual targets for (a) revenue deficit as percentage of total revenue receipts (b) fiscal deficit as percentage of GSDP and (c) total outstanding liabilities as percentage of GSDP. These rule omitted to define annual targets for "pre-devolution non plan revenue deficit" which was to be reduced to 20 percent of GSDP by 2009-10. In fact, this fiscal parameter is not even being mentioned in the budget documents presented to the State legislature. Obviously this parameter did

not receive Government's attention because fiscal concessions/ incentives are attached to its compliance.

- The FRBM Act defines 'total liabilities' to mean the "liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the Public Sector Undertakings (PSUs) and the Special Purpose Vehicles (SPVs) and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget." It was this wider aggregate that was targeted to be capped to 55.1 *per cent* of GSDP. However, the State government continues to include only the financial liabilities of the government forming part of the government accounts. The liabilities of PSUs/ SPVs have been excluded. This compliance was made difficult by the fact that the accounts of several PSUs are heavily in arrears and therefore their liabilities could not be ascertained. These do not include the liabilities on account of funds held by government officers in bank accounts outside the government accounts, which should have in normal course been credited to the Public Accounts of the State. The Finance Department is not monitoring these cash balances held outside the government accounts though operated by government officers. The unfunded liabilities on account of pensions and other retirement benefits are also excluded, though these were also required to be included as per the FRBM Act. Thus, substantive provisions of the FRBM Act regarding computation of 'total liabilities' have not been complied so far.
- The 'committed liabilities' disclosed in the FRBM statements presented to the Legislature do not include such liabilities as (a) liability of undisbursed arrears of pay and pension revision (b) liability of counterpart matching funds under various Centrally Sponsored Schemes/ Programmes. The debt/ deficit reduction targets were thus missed despite postponement of such expenditures.
- The annual targets for Fiscal Deficit, Total Liabilities etc. were recommended by the 12th and 13th Finance Commissions on certain assumptions and forecast about GSDP. Even after the GSDP data was revised, these targets were not correspondingly revised. After these were revised with 2004-05 as the base year, the GSDP for 2007-08 shot up to ₹ 35620 crore. Thus, the targets set with reference to GSDP series with 1999-2000 as base year with a new GSDP series giving significantly higher numbers should have been revised downwards. However, this was not done. Thus, the debt/ deficit reduction targets (as *per cent* of GSDP) under the FRBM Act stand diluted due to increase in GSDP on change in methodology of its calculation, beyond the contemplation of the Thirteenth Finance Commission. Thus, the assessment of fiscal consolidation efforts carried out by the government and the process of evaluating compliance to the FRBM Act in the Budget documents should distinguish between the

denominator effect (increase in GSDP) and the numerator effect (reduction in government's debt and deficit in absolute amount).

- FRBM Act contemplate that the Government may set up an agency independent of the Government to review periodically the compliance of the provisions of the act, and table such reviews in each house of the State Legislature. However, no such independent review has been carried out so far.
- The FRBM Act required that in the Medium Term Fiscal Policy Statement to be presented with the Budget to the Legislature, the government shall set forth the fiscal management objectives of the Government and three year rolling targets for the prescribed fiscal indicators with clear enunciation of the underlying assumptions. The Statement was also to include the various assumptions behind the fiscal indicators and assessment of sustainability relating to (i) the balance between Revenue receipts and Revenue expenditure (ii) the use of Capital receipts including borrowings for generating productive assets and (iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years. The Act provided that in case it was not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the enforcement of the Act, Government may, during that period, estimate the pension liabilities by forecasts on the basis of trend growth rates. However, these provisions of the FRBM Act were not given adequate attention and in fact in the Medium Term Fiscal Policy Statements actually presented to the Legislature, the provisions of the Rules were repeated.
- Under the FRBM Act, the Government has committed to disclose the summary of assets in the Budget documents. The statements presented with the budget depict book value of assets including land. These numbers could not be independently verified by the audit in absence of audit of the subsidiary records to see the basis of evaluation and completeness.
- Notwithstanding the above deviations, the State has made good use of the opportunities presented by increased economic activities to substantially increased tax revenues. There has been record mobilization of commercial taxes and the States own revenues have shown very high growth. However, areas of concern remain, States own deficit continues to remain high mainly on account of high increase in expenditure and commitments on establishment related expenditure and serious shortfalls in bridging the resource gap in the power sector.

Appendix - 2.1

(Reference: Paragraph:2.3.6)

**Statement of various grants/ appropriations where saving was more than
₹one crore each or more than 20 per cent of the total provision**

(₹in crore)

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/ Appropriation | Savings | Percentage |
|--------------------------|--------------|---|----------------------------|-----------------|------------|
| I-Revenue (Voted) | | | | | |
| 1 | 01 | General Administrative Department | 310.14 | 70.30 | 23 |
| 2 | 02 | Home Department | 4,591.33 | 230.95 | 05 |
| 3 | 04 | Information Department | 60.88 | 12.54 | 21 |
| 4 | 05 | Ladakh Affairs Department | 589.24 | 24.34 | 04 |
| 5 | 06 | Power Development Department | 10,365.56 | 2,283.44 | 22 |
| 6 | 07 | Education Department | 6,485.64 | 1,352.98 | 21 |
| 7 | 08 | Finance Department | 5,650.29 | 1,171.11 | 21 |
| 8 | 09 | Parliamentary Affairs Department | 49.26 | 4.28 | 09 |
| 9 | 10 | Law Department | 321.25 | 154.81 | 48 |
| 10 | 11 | Industries and Commerce Department | 305.69 | 86.65 | 28 |
| 11 | 12 | Agriculture Department | 1,009.95 | 75.63 | 07 |
| 12 | 13 | Animal Husbandry Department | 432.39 | 56.23 | 13 |
| 13 | 14 | Revenue Department | 1,182.96 | 285.13 | 24 |
| 14 | 15 | Consumer Affairs & Public Distribution Department | 157.34 | 26.47 | 17 |
| 15 | 17 | Health & Medical Education Department | 2,433.21 | 57.72 | 02 |
| 16 | 18 | Social Welfare Department | 1,315.42 | 199.03 | 15 |
| 17 | 20 | Tourism Department | 157.10 | 8.50 | 05 |
| 18 | 21 | Forest Department | 717.54 | 127.63 | 18 |
| 19 | 22 | Irrigation & Flood Control Department | 550.59 | 69.95 | 13 |
| 20 | 24 | Hospitality and Protocol Department | 199.77 | 51.94 | 26 |
| 21 | 25 | Labour, Stationery and Printing Department | 105.01 | 54.18 | 52 |
| 22 | 26 | Fisheries Department | 66.62 | 1.73 | 03 |
| 23 | 27 | Higher Education Department | 878.95 | 205.41 | 23 |
| 24 | 29 | Transport Department | 52.40 | 6.76 | 13 |
| Total | | | 37,988.53 | 6,617.71 | |

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/Appropriation | Savings | Percentage |
|--------------------------|--------------|--|---------------------------|------------------|------------|
| Revenue (Charged) | | | | | |
| 25 | 01 | General Administration Department | 16.02 | 1.98 | 12 |
| 26 | 08 | Finance Department | 4,771.98 | 204.68 | 04 |
| 27 | 10 | Law Department | 34.27 | 7.32 | 21 |
| Total | | | 4,822.27 | 213.98 | |
| Capital (Voted) | | | | | |
| 28 | 01 | General Administration Department | 251.38 | 239.53 | 95 |
| 29 | 02 | Home Department | 541.75 | 435.44 | 80 |
| 30 | 03 | Planning and Development Department | 2,436.28 | 1,893.23 | 78 |
| 31 | 06 | Power Development Department | 2,877.07 | 2,177.61 | 76 |
| 32 | 07 | Education Department | 1,127.23 | 814.78 | 72 |
| 33 | 09 | Parliamentary Affairs Department | 3.55 | 1.10 | 31 |
| 34 | 10 | Law Department | 52.40 | 49.04 | 94 |
| 35 | 12 | Agriculture Department | 949.94 | 634.82 | 67 |
| 36 | 13 | Animal Husbandry Department | 69.80 | 45.91 | 66 |
| 37 | 14 | Revenue Department | 2,312.29 | 2,208.38 | 96 |
| 38 | 16 | Public Works Department | 1,856.99 | 420.42 | 23 |
| 39 | 17 | Health & Medical Education Department | 603.40 | 168.56 | 28 |
| 40 | 18 | Social Welfare Department | 468.83 | 391.20 | 83 |
| 41 | 19 | Housing and Urban Development Department | 778.15 | 394.59 | 51 |
| 42 | 20 | Tourism Department | 372.85 | 194.82 | 52 |
| 43 | 21 | Forest Department | 69.66 | 25.33 | 36 |
| 44 | 22 | Irrigation & Flood Control Department | 785.20 | 331.39 | 42 |
| 45 | 23 | Public Health Engineering Department | 637.82 | 158.12 | 25 |
| 46 | 24 | Hospitality and Protocol Department | 43.16 | 10.21 | 24 |
| 47 | 25 | Labour, Stationery and Printing Department | 108.26 | 14.54 | 13 |
| 48 | 27 | Higher Education Department | 274.94 | 42.66 | 16 |
| 49 | 28 | Rural Development Department | 1,915.38 | 798.19 | 42 |
| Total | | | 18,536.33 | 11,449.87 | |

Appendix - 2.2
(Reference: Paragraph:2.3.8)
Details of saving of ₹one crore and above not surrendered

(₹ in crore)

| Sl. No | Grant Number | Number and Name of Grant/ Appropriation | Savings | Surrender | Saving which remained to be surrendered |
|--------------------------|--------------|---|-----------------|------------|---|
| I-Revenue (Voted) | | | | | |
| 1 | 01 | General Administrative Department | 70.30 | Nil | 70.30 |
| 2 | 02 | Home Department | 230.95 | Nil | 230.95 |
| 3 | 04 | Information Department | 12.54 | Nil | 12.54 |
| 4 | 05 | Ladakh Affairs Department | 24.34 | Nil | 24.34 |
| 5 | 06 | Power Development Department | 2,283.44 | Nil | 2,283.44 |
| 6 | 07 | Education Department | 1,352.98 | Nil | 1,352.98 |
| 7 | 08 | Finance Department | 1,171.11 | Nil | 1,171.11 |
| 8 | 09 | Parliamentary Affairs Department | 4.28 | Nil | 4.28 |
| 9 | 10 | Law Department | 154.81 | Nil | 154.81 |
| 10 | 11 | Industries and Commerce Department | 86.65 | Nil | 86.65 |
| 11 | 12 | Agriculture Department | 75.63 | Nil | 75.63 |
| 12 | 13 | Animal Husbandry Department | 56.23 | Nil | 56.23 |
| 13 | 14 | Revenue Department | 285.13 | Nil | 285.13 |
| 14 | 15 | Consumer Affairs & Public Distribution Department | 26.47 | Nil | 26.47 |
| 15 | 17 | Health & Medical Education Department | 57.72 | Nil | 57.72 |
| 16 | 18 | Social Welfare Department | 199.03 | Nil | 199.03 |
| 17 | 20 | Tourism Department | 8.50 | Nil | 8.50 |
| 18 | 21 | Forest Department | 127.63 | Nil | 127.63 |
| 19 | 22 | Irrigation & Flood Control Department | 69.95 | Nil | 69.95 |
| 20 | 24 | Hospitality and Protocol Department | 51.94 | Nil | 51.94 |
| 21 | 25 | Labour, Stationery and Printing Department | 54.18 | Nil | 54.18 |
| 22 | 26 | Fisheries Department | 1.73 | Nil | 1.73 |
| 23 | 27 | Higher Education Department | 205.41 | Nil | 205.41 |
| 24 | 29 | Transport Department | 6.76 | Nil | 6.76 |
| Total-I | | | 6,617.71 | Nil | 6,617.71 |

| Sl. No | Grant Number | Number and Name of Grant/ Appropriation | Savings | Surrender | Saving which remained to be surrendered |
|------------------------------|--------------|--|------------------|------------|---|
| II- Revenue (Charged) | | | | | |
| 25 | 01 | General Administration Department | 1.98 | Nil | 1.98 |
| 26 | 08 | Finance Department | 204.68 | Nil | 204.68 |
| 27 | 10 | Law Department | 7.32 | Nil | 7.32 |
| Total-II | | | 213.98 | Nil | 213.98 |
| III-Capital (Voted) | | | | | |
| 28 | 01 | General Administration Department | 239.53 | Nil | 239.53 |
| 29 | 02 | Home Department | 435.44 | Nil | 435.44 |
| 30 | 03 | Planning and Development Department | 1,893.23 | Nil | 1,893.23 |
| 31 | 06 | Power Development Department | 2,177.61 | Nil | 2,177.61 |
| 32 | 07 | Education Department | 814.78 | Nil | 814.78 |
| 33 | 09 | Parliamentary Affairs Department | 1.10 | Nil | 1.10 |
| 34 | 10 | Law Department | 49.04 | Nil | 49.04 |
| 35 | 12 | Agriculture Department | 634.82 | Nil | 634.82 |
| 36 | 13 | Animal Husbandry Department | 45.91 | Nil | 45.91 |
| 37 | 14 | Revenue Department | 2,208.38 | Nil | 2,208.38 |
| 38 | 16 | Public Works Department | 420.42 | Nil | 420.42 |
| 39 | 17 | Health & Medical Education Department | 168.56 | Nil | 168.56 |
| 40 | 18 | Social Welfare Department | 391.20 | Nil | 391.20 |
| 41 | 19 | Housing & Urban Development Department | 394.59 | Nil | 394.59 |
| 42 | 20 | Tourism Department | 194.82 | Nil | 194.82 |
| 43 | 21 | Forest Department | 25.33 | Nil | 25.33 |
| 44 | 22 | Irrigation & Flood Control Department | 331.39 | Nil | 331.39 |
| 45 | 23 | Public Health Engineering Department | 158.12 | Nil | 158.12 |
| 46 | 24 | Hospitality and Protocol Department | 10.21 | Nil | 10.21 |
| 47 | 25 | Labour, Stationery and Printing Department | 14.54 | Nil | 14.54 |
| 48 | 27 | Higher Education Department | 42.66 | Nil | 42.66 |
| 49 | 28 | Rural Development Department | 798.19 | Nil | 798.19 |
| Total-III | | | 11,449.87 | Nil | 11,449.87 |
| Grand Total-I+II+III | | | 18,281.56 | Nil | 18,281.56 |

Appendix - 2.3

(Reference: Paragraph:2.3.1)

Statement of various grants/appropriations where excess expenditure was more than ₹one crore each or more than 20 per cent of the total provision

(₹ in crore)

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/Appropriation | Expenditure | Excess (Percentage) |
|------------------------------------|--------------|--|---------------------------|------------------|--------------------------|
| I-Revenue (Voted) | | | | | |
| 1 | 3 | Planning and Development Department | 72.71 | 248.73 | 176.02 (242) |
| 2 | 16 | Public Works Department | 690.57 | 1,297.89 | 607.32 (88) |
| 3 | 19 | Housing & Urban Development Department | 672.67 | 690.32 | 17.65 (03) |
| 4 | 23 | Public Health Engineering Department | 1,071.88 | 1,099.66 | 27.78 (03) |
| 5 | 28 | Rural Development Department | 439.84 | 534.37 | 94.53 (21) |
| Total (I-Revenue Voted) | | | 2,947.67 | 3,870.97 | 923.30 |
| II-Capital (Voted) | | | | | |
| 6 | 04 | Information Department | 1.50 | 2.97 | 1.47 (98) |
| 7 | 05 | Ladakh Affairs Department | 197.54 | 198.85 | 1.31 (01) |
| 8 | 08 | Finance Department | 36.00 | 261.89 | 225.89 (627) |
| 9 | 11 | Industries and Commerce Department | 152.90 | 233.72 | 80.82 (53) |
| 10 | 26 | Fisheries Department | 10.41 | 13.34 | 2.93 (28) |
| 11 | 29 | Transport Department | 40.86 | 42.50 | 1.64 (04) |
| Total (II-Capital Voted) | | | 439.21 | 753.27 | 314.06 |
| III-Capital Charged | | | | | |
| 12 | 08 | Finance Department | 15,364.37 | 17,023.29 | 1,658.92 (11) |
| Total (III-Capital Charged) | | | 15,364.37 | 17,023.29 | 1,658.92 (11) |
| Grand Total (I+II+III) | | | 18,751.25 | 21,647.53 | 2,896.28 |

Appendix - 2.4
(Reference: Paragraph:2.3.4)
Statement showing expenditure incurred without budget provisions in
49 Major Heads of Accounts during 2016-17

(₹ in lakh)

| Sl. No | Grant/Head of Account | Amount of Expenditure without provision | Amount |
|--------|--|---|------------------|
| 1 | 01-General Administration | | 12.24 |
| | 2013-Council of Ministers | 2.66 | |
| | 2070- Other Administrative Services | 9.58 | |
| 2 | 02-Home | | 4,436.80 |
| | 2070-Other Administrative services | 456.51 | |
| | 4055-Capital Outlay on Police | 3,980.29 | |
| 3 | 03-Planning and Development | | 29,269.53 |
| | 3451-Secretariat Economic Services | 19,615.79 | |
| | 3475- Other General Economic Services | 229.11 | |
| | 5475-Capital Outlay on Other General Economic Services | 9,424.63 | |
| 4 | 06-Power Development Department | | 99.89 |
| | 2801-Power | 99.89 | |
| 5 | 07-Education | | 2,681.16 |
| | 2202-General Education | 2,681.16 | |
| 6 | 08-Finance | | 25,133.03 |
| | 2035-Collection of other Taxes on Property & Capital | 2.49 | |
| | 2039-State Excise | 59.54 | |
| | 2054-Treasury & Accounts Section | 46.57 | |
| | 3475- Other General Economic Services | 5.71 | |
| | 4059-Capital Outlay on Public Works | 18.72 | |
| | 5465-Investments in General Financial & Trading Institution | 25,000.00 | |
| 7 | 10- Law Department | | 2,045.47 |
| | 2014-Administration of Justice | 2,045.47 | |
| 8 | 11-Industries and Commerce | | 12,286.46 |
| | 4851-Capital Outlay on Village and Small Industries | 2,274.23 | |
| | 4852- Capital Outlay on Iron & Steel Industries | 9,729.61 | |
| | 4853-Capital Outlay on Non Ferrous Mining & Metallurgical Industries | 282.62 | |
| 9 | 12-Agriculture Department | | 13,293.69 |
| | 2401-Crop Husbandry | 1,082.42 | |
| | 2402-Soil and Water Conservation | 39.22 | |
| | 2425- Co-Operation | 661.98 | |
| | 4401-Capital Outlay on Crop Husbandry | 11,404.73 | |
| | 4402-Capital Outlay on Soil and Water Conservation | 105.34 | |
| 10 | 13-Animal Husbandry Department | | 164.63 |
| | 4403- Capital Outlay on Animal Husbandry | 62.33 | |
| | 4404- Capital Outlay on Dairy Development | 102.30 | |
| 11 | 14- Revenue Department | | 2,540.72 |

| Sl. No | Grant/Head of Account | Amount of Expenditure without provision | Amount |
|--------------------|---|---|--------------------|
| | 2055-Police | 2,540.72 | |
| 12 | 15-Consumer Affairs and Public Distribution Department | | 989.60 |
| | 4235- Capital Outlay on Social Security & Welfare | 31.78 | |
| | 4408- Capital Outlay on Food Storage & Ware Housing | 957.82 | |
| 13 | 16-Public Works Department | | 348.84 |
| | 4059-Capital Outlay on Public Works | 74.31 | |
| | 5054-Capital Outlay on Roads & Bridges | 274.53 | |
| 14 | 17-Health and Medical Education Department | | 44,894.90 |
| | 2210-Medical and Public Health | 36,676.79 | |
| | 2211-Family Welfare | 4,711.62 | |
| | 4210-Capital Outlay on Medical and Public Health | 3,506.49 | |
| 15 | 18-Social Welfare Department | | 29,276.42 |
| | 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 95.26 | |
| | 2235- Social Security & Welfare | 26,378.64 | |
| | 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 89.51 | |
| | 4235- Capital Outlay on Social Security & Welfare | 969.77 | |
| | 4236-Capital Outlay on Nutrition | 1,743.24 | |
| 16 | 19-Housing and Urban Development Department | | 21,432.08 |
| | 2217-Urban Development | 6,690.54 | |
| | 4217-Capital Outlay on Urban Development | 14,741.54 | |
| 17 | 20-Tourism Department | | 147.76 |
| | 3452-Tourism | 116.33 | |
| | 5452-Capital Outlay on Tourism | 31.43 | |
| 18 | 21-Forest Department | | 290.38 |
| | 2402- Soil and Water Conservation | 208.48 | |
| | 2406-Forestry and Wild Life | 81.90 | |
| 19 | 23-Public Health Engineering Department | | 3.56 |
| | 4215-Capital Outlay on Water Supply & Sanitation | 3.56 | |
| 20 | 25- Labour, Stationery & Printing Department | | 58.08 |
| | 2230- Labour Employment | 58.08 | |
| 21 | 27-Higher Education Department | | 358.29 |
| | 4202-Capital Outlay on Education, Sports, Art and Culture | 358.29 | |
| 22 | 28-Rural Development Department | | 27,667.74 |
| | 2215- Water Works and Sanitation | 2,990.62 | |
| | 2501-Special Programme for Rural Development | 1,285.82 | |
| | 2515-Other Rural Development Programme | 187.73 | |
| | 4515-Capital Outlay on other Rural Development Programme | 23,203.57 | |
| 23 | 29-Transport Department | | 42.91 |
| | 2041-Taxes on Vehicles | 38.58 | |
| | 5055- Capital Outlay on Road Transport | 4.33 | |
| Grand Total | | | 2,17,474.18 |

Appendix - 2.5
(Reference: Paragraph:2.3.3)
Year-wise details of excess expenditure for the years 1980-81 to 2015-16
pending with Finance Department for regularization

(₹ in crore)

| Year | No. of Grants/ Appropriation | Grant/Appropriation No. | Excess | Stage of consideration by Public Accounts Committee |
|-----------|---------------------------------|---|-----------|---|
| 1980-81 | 16 | 1,5,6,7,8,9,12,13,14,16,18, 19,20,21,22,23 | 227.90 | Not discussed by Public Account Committee |
| 1981-82 | 13 | 1,3,5,6,8,13,14,16,18,19, 20,21,23 | 41.99 | |
| 1982-83 | 10 | 6,8,9,12,14,18,19,21,22,23 | 119.74 | |
| 1983-84 | 12 | 1,5,6,7,8,14,18,19,20,21, 22,23 | 176.75 | |
| 1984-85 | 10 | 1,6,8,10,14,16,18,19,21,23 | 65.42 | |
| 1985-86 | 10 | 1,4,6,10,17,18,19,22,23,26 | 19.64 | |
| 1986-87 | 15 | 1,2,4,6,7,8,10,13,18,19,20,22,23,25,26 | 104.22 | |
| 1987-88 | 17 | 1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26,27 | 177.32 | |
| 1988-89 | 14 | 1,2,8,9,10,12,13,15,17,18, 22,23,26,27 | 438.42 | |
| 1989-90 | 09 | 1,7,8,11,12,20,21,23,24 | 205.23 | |
| 1990-91 | 11 | 1,2,5,8,12,17,19,21,23,25,26 | 427.72 | |
| 1991-92 | 13 | 1,2,5,7,8,11,12,14,21,22, 23,26,27 | 1,152.23 | |
| 1992-93 | 14 | 1,4,5,8,10,11,12,14,16,20, 21,23,24,26 | 1,029.71 | |
| 1993-94 | 17 | 2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27 | 1,730.03 | |
| 1994-95 | 14 | 5,6,8,9,10,12,13,14,20,21, 23,24,26,27 | 2,057.49 | |
| 1995-96 | 19 | 2,5,6,8,9,10,11,12,13,16,17,18,20,21,23,24,25,26,27 | 2,936.89 | |
| 1996-97 | 18 | 2,4,5,6,8,10,11,12,13,14, 16,18,20,21,23,24,26,27 | 3,482.20 | |
| 1997-98 | 16 | 1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27 | 4,189.21 | |
| 1998-99 | 06 | 4,5,6,8,23,27 | 4,185.25 | |
| 1999-2000 | 12 | 2,3,6,8,9,12,17,18,20,23,24,26 | 5,851.08 | |
| 2000-01 | 11 | 1,6,8,9,12,16,18,23,25, 26, 27 | 6,310.25 | |
| 2001-02 | 15 | 3,5,6,8,11,17,18,20,21,23,25,26,27,28,29 | 6,393.41 | |
| 2002-03 | 15 | 3,5,6,7,8,12,14,16,17,18,21,23,25,26,28 | 505.61 | |
| 2003-04 | 18 | 3,5,7,8,12,13,14,15,16,17,18,20,21,23,24,25,26,28 | 9,770.53 | |
| 2004-05 | 15 | 3,6,8,9,12,14,15,16,18,20,25,26,27,28,29 | 2,108.42 | |
| 2005-06 | 16 | 3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28 | 12,954.06 | |
| 2006-07 | 14 | 8,12,14,15,16,17,18,20,21,23,25,26,27,28 | 2,150.03 | |
| 2007-08 | 14 | 6,8,11,12,14,15,16,20,24,25,26,27,28,29 | 2,277.91 | |
| 2008-09 | 15 | 5,6,8,11,12,15,16,19,20,22,23,24,25,26,27 | 3,277.38 | |

| Year | No. of Grants/ Appropriation | Grant/Appropriation No. | Excess | Stage of consideration by Public Accounts Committee |
|--------------|---|--|--------------------|--|
| 2009-10 | 14 | 1,6,8,11,15,16,18,20,23,24,25,26,27,29 | 4,062.58 | |
| 2010-11 | 14 | 5,6,8,9,16,18,19,22,23,25,26,27,28,29 | 6,130.76 | |
| 2011-12 | 14 | 1,6,8,11,12,15,16,18,19,20,23,25,26,27 | 5,638.79 | |
| 2012-13 | 12 | 1,5,8,11,13,16,18,20,23,25,26,27 | 4,741.57 | |
| 2013-14 | 13 | 4,6,7,8,14,15,16,18,20,23,24,25,28 | 4,469.79 | |
| 2014-15 | 12 | 2,6,7,8,11,16,18,19,21,23,24,25 | 1,099.28 | |
| 2015-16 | 11 | 4,6,7,8,15,16,17,18,23,26,28 | 4,258.62 | |
| Total | | | 1,04,767.43 | |

Appendix - 2.6
(Reference: Paragraph:2.3.9)
Cases of unnecessary supplementary grant/appropriation

(₹ in crore)

| Sl. No. | Number and Name of the Grant | Original Provision | Supplementary Provision | Actual Expenditure | Savings out of original provision |
|-----------------------------|--|--------------------|-------------------------|--------------------|-----------------------------------|
| I-Revenue (Voted) | | | | | |
| 1 | 07-Education Department | 6,419.37 | 66.27 | 5,132.66 | 1,352.98 |
| 2 | 10- Law Department | 319.57 | 1.68 | 166.44 | 154.81 |
| 3 | 20-Tourism Department | 155.39 | 1.71 | 148.60 | 8.50 |
| 4 | 24-Hospitality and Protocol Department | 187.34 | 12.43 | 147.83 | 51.94 |
| 5 | 26-Fisheries Department | 66.02 | 0.60 | 64.89 | 1.73 |
| Total-I | | 7,147.69 | 82.69 | 5,660.42 | 1,569.96 |
| II-Revenue (Charged) | | | | | |
| 6 | 08-Finance Department | 4,725.37 | 46.61 | 4,567.30 | 204.68 |
| 7 | 09-Parliamentary Affairs Department | 1.08 | 0.33 | 1.06 | 0.35 |
| Total-II | | 4,726.45 | 46.94 | 4,568.36 | 205.03 |
| II-Capital (Voted) | | | | | |
| 8 | 10-Law Department | 51.55 | 0.85 | 3.36 | 49.04 |
| 9 | 14-Revenue Department | 906.62 | 1,405.67 | 103.91 | 2,208.38 |
| 10 | 18-Social Welfare Department | 458.46 | 10.37 | 77.63 | 391.20 |
| 11 | 20-Tourism Department | 342.08 | 30.77 | 178.03 | 194.82 |
| Total-II | | 1,758.71 | 1,447.66 | 362.93 | 2,843.44 |
| Grand Total | | 13,632.85 | 1,577.29 | 10,591.71 | 4,618.43 |

Appendix - 2.7
(Reference: Paragraph:2.3.9)
Statement of various grants/appropriation where supplementary provision provided was insufficient by more than ₹one crore

(₹ in crore)

| Sl. No. | Grant No | Name of the Grant/Appropriation | Original | Supplementary | Total | Expenditure | Excess |
|--------------------------|----------|--|-----------------|---------------|-----------------|-----------------|---------------|
| I-Revenue (Voted) | | | | | | | |
| 1 | 16 | Public Works Department | 682.13 | 8.44 | 690.57 | 1,297.89 | 607.32 |
| 2 | 19 | Housing and Urban Development Department | 620.82 | 51.85 | 672.67 | 690.32 | 17.65 |
| Total-I | | | 1,302.95 | 60.29 | 1,363.24 | 1,988.21 | 624.97 |
| Capital (Voted) | | | | | | | |
| 3 | 11 | Industries and Commerce Department | 148.78 | 4.12 | 152.90 | 233.72 | 80.82 |
| 4 | 26 | Fisheries Department | 9.71 | 0.70 | 10.41 | 13.34 | 2.93 |
| 5 | 29 | Transport Department | 40.62 | 0.24 | 40.86 | 42.50 | 1.64 |
| Total-II | | | 199.11 | 5.06 | 204.17 | 289.56 | 85.39 |
| Grand Total | | | 1,502.06 | 65.35 | 1,567.41 | 2,277.77 | 710.36 |

Appendix - 2.8
(Reference: Paragraph: 2.7.5)
Statement showing cases where expenditure incurred without budget provision in Grant No:23

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Total Grant | Expenditure |
|--------------|-----------------------|-------------|-------------|
| 1 | 4215/01/102/0011/1171 | Nil | 3.55 |
| Total | | | 3.55 |

Statement showing cases where expenditure incurred without Budget Provision in Grant No: 28

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Total Grant | Expenditure |
|--------------|-----------------------|-------------|------------------|
| 1 | 2215/02/105/0031/0230 | Nil | 2,990.62 |
| 2 | 2501/01/800/0031/1956 | Nil | 229.52 |
| 3 | 2501/01/800/0099/0004 | Nil | 652.25 |
| 4 | 2501/01/800/0099/1354 | Nil | 37.49 |
| 5 | 2501/01/800/0099/1956 | Nil | 366.56 |
| 6 | 2515/001/0099/0051 | Nil | 107.80 |
| 7 | 2515/001/0099/0487 | Nil | 76.04 |
| 8 | 2515/102/0031/0230 | Nil | 3.89 |
| 9 | 2515/102/0099/0055 | Nil | 0.09 |
| 10 | 2515/102/0099/0070 | Nil | 0.01 |
| 11 | 4515/101/0011/0051 | Nil | 3,865.42 |
| 12 | 4515/102/0031/0003 | Nil | 531.86 |
| 13 | 4515/102/0031/0004 | Nil | 9,688.35 |
| 14 | 4515/800/0011/2050 | Nil | 750.00 |
| 15 | 4515/800/0031/1671 | Nil | 6,830.98 |
| 16 | 4515/800/0031/2275 | Nil | 1.97 |
| 17 | 4515/800/0031/2650 | Nil | 1,535.00 |
| Total | | Nil | 27,667.85 |

Appendix - 2.9
(Reference: Paragraph:2.7.4)
Statement showing cases where significant savings were not surrendered in Grant No. 23

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Total Grant | Expenditure | Saving |
|--------------|-----------------------|--------------------|------------------|------------------|
| 1 | 2055/117/0099/0957 | 80.00 | 0.51 | 79.49 |
| 2 | 2215/01/001/0099/1002 | 57,316.36 | 57,248.06 | 68.30 |
| 3 | 4215/01/102/0031/1001 | 22,500.00 | 4,942.36 | 17,557.64 |
| 4 | 4215/01/102/0031/1002 | 22,500.00 | 9,596.26 | 12,903.74 |
| Total | | 1,02,396.36 | 71,787.19 | 30,609.17 |

Statement showing cases where significant savings were not surrendered in Grant No. 28

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Total Grant | Expenditure | Saving |
|---------|-----------------------|-------------|-------------|----------|
| 1 | 2236/80/800/0099/1839 | 724.14 | 495.10 | 229.04 |
| 2 | 2501/01/001/0099/0003 | 1,000.00 | 998.44 | 1.56 |
| 3 | 2515/001/0099/0029 | 125.74 | 8.64 | 117.10 |
| 4 | 2515/001/0099/0055 | 7,477.71 | 2,484.70 | 4,993.01 |
| 5 | 2515/001/0099/0105 | 6,408.19 | 5,315.12 | 1,093.07 |
| 6 | 2515/001/0099/2357 | 16.00 | 5.48 | 10.52 |
| 7 | 2515/001/0099/0107 | 19.97 | 13.69 | 6.28 |
| 8 | 2515/102/0099/0109 | 299.14 | 232.84 | 66.30 |
| 9 | 2515/102/0099/0111 | 1,003.50 | 278.16 | 725.34 |
| 10 | 2515/102/0099/0118 | 264.74 | 86.06 | 178.67 |
| 11 | 2515/102/0099/0376 | 6,348.26 | 4,611.81 | 1,736.45 |
| 12 | 2515/102/0099/0574 | 24.36 | 1.17 | 23.18 |
| 13 | 2515/800/0099/0097 | 2,460.72 | 1,648.75 | 811.97 |
| 14 | 2515/800/0099/0099 | 2,335.24 | 848.44 | 1,486.80 |
| 15 | 2515/800/0099/0487 | 762.52 | 170.44 | 592.08 |
| 16 | 2515/800/0099/0548 | 3,326.03 | 1,014.16 | 2,311.87 |
| 17 | 4515/102/0011/0230 | 1,000.00 | 39.31 | 960.69 |
| 18 | 4515/102/0031/0341 | 500.00 | 12.21 | 487.79 |

**Statement showing cases where significant savings were not surrendered in
Grant No. 28**

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Total Grant | Expenditure | Saving |
|--------------|----------------------|--------------------|--------------------|------------------|
| 19 | 4515/102/0031/0064 | 4,000.00 | 269.27 | 3,730.73 |
| 20 | 4515/103/0031/2377 | 1,500.00 | 0.60 | 1,499.40 |
| 21 | 4515/103/0011/2143 | 8,059.00 | 5,017.58 | 3,041.42 |
| 22 | 4515/800/0031/2143 | 81,496.99 | 77,274.35 | 4,222.64 |
| 23 | 4515/800/0031/2376 | 5,067.46 | 3,711.57 | 1,355.89 |
| Total | | 1,34,219.71 | 1,04,537.89 | 29,681.82 |

Appendix - 2.10
(Reference: Paragraph: 2.7.3)
*Statement showing cases where excess expenditure under
Grant No. 23*

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Grant | Expenditure | Excess |
|--------------|-----------------------|------------------|------------------|------------------|
| 1 | 2055/117/0099/1002 | 739.00 | 795.71 | 56.71 |
| 2 | 2215/01/001/0099/1001 | 48,923.30 | 51,922.20 | 2,998.90 |
| 3 | 4215/01/102/0011/1001 | 9,697.62 | 20,413.79 | 10,716.17 |
| 4 | 4215/01/102/0011/1002 | 9,084.27 | 13,014.07 | 3,929.80 |
| Total | | 68,444.19 | 86,145.77 | 17,701.58 |

*Statement showing cases where Excess Expenditure under
Grant No. 28*

(₹ in lakh)

| Sl. No. | Major/Minor/Sub-head | Grant | Expenditure | Excess |
|----------------------------------|-----------------------|------------------|--------------------|------------------|
| 1 | 2501/01/800/0099/0230 | 238.54 | 337.51 | 98.97 |
| 2 | 2515/101/0099/1519 | 35.00 | 18,074.44 | 18,039.44 |
| 3 | 2515/102/0099/0051 | 9,813.99 | 12,348.02 | 2,534.03 |
| 4 | 4515/102/0011/0704 | 835.00 | 1,365.64 | 530.64 |
| Total | | 10,922.53 | 32,125.61 | 21,203.08 |
| Grand Total (23 & 28) | | 79,366.72 | 1,18,271.38 | 38,904.66 |

Appendix - 2.11
(Reference: Paragraph: 2.3.10)
Statement showing Provisions remained un-utilized for more than ₹ one crore

(₹ in crore)

| Sl. No. | Grant No | Major Head | Name of Grant | Amount |
|---------|----------|------------|---|----------|
| 1 | 01 | 2251 | Secretariat Social Services | 1.36 |
| | | 4075 | Capital Outlay on Misc. General Services | 30.00 |
| 2 | 02 | 4055 | Capital Outlay on Police | 11.70 |
| 3 | 03 | 3454 | Census, Survey and Statistics | 6.29 |
| | | 5475 | Capital Outlay on Other General Economic Services | 1,261.00 |
| 4 | 07 | 2202 | General Education | 30.08 |
| | | 4202 | Capital Outlay on Education, Sports, Art and Culture | 825.57 |
| 5 | 08 | 2047 | Other Fiscal Services | 1.64 |
| 6 | 10 | 4059 | Capital Outlay on Public Works | 36.80 |
| 7 | 11 | 2055 | Police | 10.00 |
| | | 4851 | Capital Outlay on Village and Small Industries | 14.12 |
| | | 4852 | Capital Outlay on Iron and Steel Industries | 2.75 |
| | | 4853 | Capital Outlay on Non Ferrous Mining and Metallurgical Industries | 3.00 |
| 8 | 12 | 4401 | Capital Outlay on Crop Husbandry | 355.60 |
| | | 4705 | Capital Outlay on Command Area Development | 43.43 |
| | | 4851 | Capital Outlay on Village and Small Industries | 9.04 |
| 9 | 13 | 4403 | Capital Outlay on Animal Husbandry | 35.62 |
| 10 | 14 | 4059 | Capital Outlay on Public Works | 1.50 |
| | | 4235 | Capital Outlay on Social Security and Welfare | 5.00 |
| 11 | 16 | 3054 | Roads and Bridges | 1.73 |
| | | 4059 | Capital Outlay on Public Works | 131.87 |
| | | 5054 | Capital Outlay on Roads and Bridges | 950.00 |
| 12 | 17 | 4210 | Capital Outlay on Medical and Public Health | 48.95 |

| | | | | |
|--------------|----|------|--|-----------------|
| 13 | 18 | 2055 | Police | 7.72 |
| | | 4225 | Capital Outlay on Welfare of SC, ST and OBC | 1.45 |
| | | 4235 | Capital Outlay on Social Security and Welfare | 114.82 |
| 14 | 19 | 4217 | Capital Outlay on Urban Development | 239.21 |
| 15 | 20 | 3452 | Tourism | 1.80 |
| | | 4202 | Capital Outlay on Education, Sports, Art and Culture | 10.14 |
| | | 5452 | Capital Outlay on Tourism | 56.50 |
| 16 | 21 | 2406 | Forestry and Wild Life | 1.06 |
| | | 4406 | Capital Outlay on Forestry and Wild Life | 29.50 |
| 17 | 22 | 4701 | Capital Outlay on Medium Irrigation | 69.96 |
| | | 4702 | Capital Outlay on Minor Irrigation | 275.91 |
| | | 4711 | Capital Outlay on Flood Control Projects | 360.00 |
| 18 | 23 | 2215 | Water Supply and Sanitation | 1.30 |
| 19 | 27 | 4202 | Capital Outlay on Education, Sports, Art and Culture | 146.92 |
| | | 4250 | Capital Outlay on Other Social Services | 10.27 |
| 20 | 28 | 2501 | Special Programmes for Rural Development | 13.00 |
| | | 4515 | Capital Outlay on Other Rural Development Programmes | 748.90 |
| Total | | | | 5,905.51 |

Appendix - 3.1
(Reference: Paragraph: 3.1)
Major Head -wise outstanding DC Bills ending March 2017

(₹ in crore)

| Sl. No. | Major Head | Nomenclature | Kashmir Division | Jammu Division | Total |
|---------|------------|---|------------------|----------------|--------|
| 1 | 2012 | President/Vice-President/Governor/Administrator of UT's | 0.11 | 0.00 | 0.11 |
| 2 | 2013 | Council of Ministers | 0.22 | 0.00 | 0.22 |
| 3 | 2014 | Administration of Justice | 0.00 | 0.02 | 0.02 |
| 4 | 2015 | Election | 2.01 | 2.87 | 4.88 |
| 5 | 2030 | Stamps & Registration | 0.00 | 1.90 | 1.90 |
| 6 | 2040 | Taxes on sales, trade etc. | 0.01 | 0.11 | 0.12 |
| 7 | 2052 | Secretariat General Services | 0.08 | 0.00 | 0.08 |
| 8 | 2053 | District Administration | 0.25 | 0.06 | 0.31 |
| 9 | 2055 | Police | 0.00 | 90.22 | 90.22 |
| 10 | 2056 | Jails | 0.42 | 0.00 | 0.42 |
| 11 | 2059 | Public Works | 0.00 | 0.27 | 0.27 |
| 12 | 2070 | Other Administrative Services | 0.86 | 1.47 | 2.33 |
| 13 | 2202 | General Education | 62.61 | 0.46 | 63.07 |
| 14 | 2203 | Technical Education | 0.25 | 0.03 | 0.28 |
| 15 | 2204 | Sports & Youth services | 1.66 | 0.00 | 1.66 |
| 16 | 2205 | Art & Culture | 2.63 | 0.00 | 2.63 |
| 17 | 2210 | Medical & Public Health | 5.15 | 0.48 | 5.63 |
| 18 | 2217 | Urban Development | 0.05 | 0.00 | 0.05 |
| 19 | 2211 | Family Welfare | 0.00 | 0.02 | 0.02 |
| 20 | 2225 | Welfare of SC,ST & OB's | 0.25 | 0.00 | 0.25 |
| 21 | 2230 | Labour & Employment | 0.60 | 0.12 | 0.72 |
| 22 | 2235 | Social Security & Welfare | 2.24 | 22.54 | 24.78 |
| 23 | 2245 | Relief on account of Natural Calamities | 2.28 | 210.60 | 212.88 |
| 24 | 2403 | Animal Husbandry | 0.03 | 0.32 | 0.35 |
| 25 | 2415 | Agricultural Research and Education | 0.02 | 0.00 | 0.02 |
| 26 | 2501 | Special Programmes for Rural Development | 1.35 | 22.24 | 23.59 |
| 27 | 2515 | Other Rural Development Programme | 10.52 | 0.00 | 10.52 |

| Sl. No. | Major Head | Nomenclature | Kashmir Division | Jammu Division | Total |
|----------------|-------------------|--|-------------------------|-----------------------|--------------|
| 28 | 2801 | Power | 0.00 | 0.20 | 0.20 |
| 29 | 2851 | Village and Small Industries | 3.39 | 0.00 | 3.39 |
| 30 | 3451 | Secretariat – Economic Services | 0.03 | 0.04 | 0.07 |
| 31 | 3452 | Tourism | 0.22 | 0.91 | 1.13 |
| 32 | 3454 | Census Survey & Statistics | 0.25 | 0.00 | 0.25 |
| 33 | 3475 | Other General Economic Services | 0.00 | 1.12 | 1.12 |
| 34 | 4058 | Capital Outlay on Stationery and Printing | 0.23 | 0.00 | 0.23 |
| 35 | 4059 | Capital Outlay on Public Works | 8.10 | 6.30 | 14.40 |
| 36 | 4070 | Capital Outlay on Other Administrative Services | 0.25 | 0.00 | 0.25 |
| 37 | 4075 | Capital Outlay on Miscellaneous General Services | 8.48 | 0.00 | 8.48 |
| 38 | 4202 | Capital Outlay on Education , Sports Art & Culture | 197.01 | 23.84 | 220.85 |
| 39 | 4210 | Capital Outlay on Medical & Public Health | 0.80 | 149.32 | 150.12 |
| 40 | 4215 | Capital Outlay on Water Supply & Sanitation | 0.00 | 3.75 | 3.75 |
| 41 | 4217 | Capital Outlay on Urban Development | 15.00 | 13.33 | 28.33 |
| 42 | 4220 | Capital Outlay on Information & Publicity | 0.00 | 4.57 | 4.57 |
| 43 | 4225 | Capital Outlay on Welfare of SC,ST and OB's | 0.50 | 0.00 | 0.50 |
| 44 | 4235 | Capital Outlay on Social Security & Welfare | 2.42 | 17.16 | 19.58 |
| 45 | 4401 | Capital Outlay on Crop Husbandry | 7.51 | 0.34 | 7.85 |
| 46 | 4402 | Capital outlay on Soil and Water Conservation | 0.07 | 0.00 | 0.07 |
| 47 | 4403 | Capital outlay on Animal Husbandry | 0.75 | 0.60 | 1.35 |
| 48 | 4408 | Capital Outlay on Food Storage & Ware Housing | 48.08 | 1.00 | 49.08 |

| Sl. No. | Major Head | Nomenclature | Kashmir Division | Jammu Division | Total |
|----------------|-------------------|---|-------------------------|-----------------------|----------------|
| 49 | 4415 | Capital Outlay on Agricultural Research and Education | 8.25 | 0.00 | 8.25 |
| 50 | 4425 | Capital Outlay on Cooperation | 10.10 | 0.00 | 10.10 |
| 51 | 4515 | Capital Outlay on Other Rural Development Programme | 96.49 | 91.41 | 187.90 |
| 52 | 4851 | Capital Outlay on Village & Small Industries | 26.84 | 1.07 | 27.91 |
| 53 | 4852 | Capital Outlay on Iron & Steel Industries | 0.12 | 0.00 | 0.12 |
| 54 | 5055 | Capital outlay on Roads Transport | 6.20 | 0.00 | 6.20 |
| 55 | 5425 | Capital Outlay on Other Scientific Environmental Research | 0.12 | 0.00 | 0.12 |
| 56 | 5452 | Capital Outlay on Tourism | 36.91 | 6.76 | 43.67 |
| 57 | 5475 | Capital Outlay on Other General Economic Services | 14.44 | 2.94 | 17.38 |
| Total | | | 586.16 | 678.39 | 1264.55 |

Appendix - 3.2

(Reference: Paragraph:3.3)

Statement showing details of Annual accounts awaited relating to audit under section 14 of the CAG's (DPC) Act, 1971

| Sl. No | Name of the Body/Authority | Period for which accounts awaited | Number of awaited accounts |
|--------|--|---|----------------------------|
| 1 | Srinagar Municipality | 1988-89 to 2016-17 | 29 |
| 2 | Kashmir University | 2001-02 to 2016-17 | 16 |
| 3 | Kashmir Urban Development Agency Srinagar | 1999-2000 to 2016-17 | 17 |
| 4 | District Rural Development Agency Srinagar | 2002-03 to 2016-17 | 15 |
| 5 | District Rural Development Agency Anantnag | 2007-08 to 2016-17 | 10 |
| 6 | District Rural Development Agency Pulwama | 2002-03 to 2016-17 | 15 |
| 7 | District Rural Development Agency Leh | 2008-09 to 2016-17 | 09 |
| 8 | District Rural Development Agency Kargil | 2008-09 to 2016-17 | 09 |
| 9 | Sher-e-Kashmir International Conference Centre, Srinagar (SKICC) | 1999-2000 to 2013-14, 2015-16 & 2016-17 | 17 |
| 10 | Srinagar Development Authority, Bemina | 1999-2000 to 2016-17 | 18 |
| 11 | J&K State Social Welfare Advisory Board, Srinagar | 2003-04 to 2016-17 | 14 |
| 12 | Islamia College of Sciences and Commerce, Srinagar | 2001-02 to 2016-17 | 16 |
| 13 | Lakes and Water Ways Development Authority, Srinagar | 2005-06 to 2016-17 | 12 |
| 14 | Jammu University | 2002-03 to 2016-17 | 15 |
| 15 | District Rural Development Agency Jammu | 2008-09 to 2016-17 | 09 |
| 16 | District Rural Development Agency Kathua | 2008-09 to 2016-17 | 09 |
| 17 | District Rural Development Agency Poonch | 2008-09 to 2016-17 | 09 |
| 18 | District Rural Development Agency Doda | 2003-04 to 2016-17 | 14 |
| 19 | Academy of Art Culture and Languages | 2003-04 to 2016-17 | 14 |
| 20 | Jammu Development Authority | 1972-73 to 2016-17 | 45 |
| 21 | J&K Pollution Control Board, Srinagar | 1995-96 to 2016-17 | 22 |
| 22 | Jammu and Kashmir Sports Council, Srinagar | 2003-04 to 2016-17 | 14 |
| 23 | Jammu and Kashmir Energy Development Agency, (JAKEDA), Srinagar. | 2003-04 to 2016-17 | 14 |
| 24 | District Rural Development Agency Budgam | 2007-08 to 2016-17 | 10 |

| | | | |
|--------------|---|--|------------|
| 25 | District Rural Development Agency Baramulla | 2007-08 to 2016-17 | 10 |
| 26 | District Rural Development Agency Kupwara | 2006-07 to 2016-17 | 11 |
| 27 | District Rural Development Agency Ganderbal | 2008-09 to 2016-17 | 09 |
| 28 | District Rural Development Agency Kulgam | 2008-09 to 2016-17 | 09 |
| 29 | District Rural Development Agency Shopian | 2008-09 to 2016-17 | 09 |
| 30 | District Rural Development Agency Bandipora | 2008-09 to 2016-17 | 09 |
| 31 | Jammu Municipality | 2002-03 to 2016-17 | 15 |
| 32 | J&K Entrepreneurship Development Institute, (JKEDI) Pampore | 1996-97 to 2002-03, 2015-16 & 2016-17 | 09 |
| 33 | Tourism Development Authority, Doodpathri | 2005-06 to 2016-17 | 12 |
| 34 | Tourism Development Authority, Kokernag | 2004-05 to 2016-17 | 13 |
| 35 | Tourism Development Authority, Manasbal | 2005-06 to 2016-17 | 12 |
| 36 | Tourism Development Authority, Pahalgam | 2002-03 to 2016-17 | 15 |
| 37 | Tourism Development Authority, Sonamarg | 2003-04 to 2016-17 | 14 |
| 38 | Tourism Development Authority, Yousmarg | 2005-06 to 2016-17 | 12 |
| 39 | Tourism Development Authority, Verinag | 2006-07 to 2016-17 | 11 |
| 40 | Wullar Conservation & Management Authority, Srinagar | 2012-13 to 2016-17 | 05 |
| 41 | District Rural Development Agency, Ramban | 2007-08 to 2016-17 | 10 |
| 42 | Tourism Development Authority, Mansar, Surinsar | 2006-07 to 2016-17 | 11 |
| 43 | Tourism Development Authority, Rajouri | 2005-06 to 2016-17 | 12 |
| 44 | Tourism Development Authority, Poonch | 2005-06 to 2016-17 | 12 |
| 45 | Tourism Development Authority, Lakhanpur | 2005-06 to 2016-17 | 12 |
| 46 | Tourism Development Authority, Kishtwar | 2005-06 to 2016-17 | 12 |
| 47 | Jammu Urban Development Agency (JUDA) | 1999-2000 to 2016-17 | 18 |
| 48 | Jammu and Kashmir State Housing Board | 2002-03 to 2016-17 | 15 |
| 49 | Royal Spring Golf Course | 2016-17 | 1 |
| Total | | | 650 |

Note: - In respect of 15 offices the information regarding no of awaited accounts is not available in the office.

Appendix - 3.3
(Reference: Paragraph:3.4)
Statement showing the position of finalization of accounts and Government investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings

(₹ in crore)

| Sl. No. | Name of the Commercial undertaking | Accounts finalized up to | Period of accounts pending | Investments as per last accounts finalized | | | Reasons for delay in finalization of Accounts |
|---------|---|--------------------------|----------------------------|--|----------|----------|--|
| | | | | Share Capital | Loans | Total | |
| 1. | J&K Bank Ltd. | 2015-16 | 00 | 48.49 | 2,240.00 | 2,288.49 | Not furnished |
| 2. | J&K Bank Financial Services | 2015-16 | 00 | 20.00 | 0.00 | 20.00 | Not furnished |
| 3. | J&K SC/ST/OBC Dev. Corporation Ltd. | 1997-98 | 18 | 10.23 | 3.73 | 13.96 | Not furnished |
| 4. | J&K Women Development Corporation Ltd. | 2012-13 | 03 | 9.09 | 45.55 | 54.64 | Not furnished |
| 5. | J&K Agro Industries Dev. Corporation Ltd. | 2003-04 | 12 | 3.54 | 11.48 | 15.02 | Not furnished |
| 6. | J&K Horticulture Produce & Marketing Corporation Ltd. | 2000-01 | 15 | 9.20 | 43.21 | 52.41 | Not furnished |
| 7. | J&K Small Scale Industries Dev. Corporation Ltd. | 2002-03 | 13 | 3.12 | 8.99 | 12.11 | Not furnished |
| 8. | J&K State Industrial Dev. Corporation Ltd. | 2010-11 | 05 | 17.65 | 31.18 | 48.83 | Not furnished |
| 9. | J&K Project Construction Corporation Ltd. | 2003-04 | 12 | 1.97 | 0.61 | 2.58 | Not furnished |
| 10. | J&K Police Housing Corporation Ltd. | 2006-07 | 09 | 2.00 | 0.00 | 2.00 | Not furnished |
| 11. | J&K Industries Dev. Corporation Ltd. | 2005-06 | 10 | 16.27 | 384.92 | 401.19 | Not furnished |
| 12. | J&K Handicraft (S&E) Corporation Ltd. | 1998-99 | 17 | 5.05 | 22.80 | 27.85 | Draft Annual Accounts has been prepared upto 2013-14 by the company but not finalized by the Statutory Auditors. Further records washed out in Floods. |

| Sl. No. | Name of the Commercial undertaking | Accounts finalized up to | Period of accounts pending | Investments as per last accounts finalized | | | Reasons for delay in finalization of Accounts |
|--------------|---|--------------------------|----------------------------|--|-----------------|-----------------|--|
| | | | | Share Capital | Loans | Total | |
| 13. | J&K Handloom Development Corporation Ltd. | 1999-2000 | 16 | 2.99 | 21.28 | 24.27 | Company has prepared accounts up to 2014-15; audit Financial Statement awaited |
| 14. | J&K Cements Ltd. | 2007-08 | 08 | 34.50 | 48.94 | 83.44 | Not furnished |
| 15. | J&K Minerals Ltd. | 1996-97 | 19 | 8.00 | 68.17 | 76.17 | Not furnished |
| 16. | J&K Power Development Corporation Ltd. | 2011-12 | 04 | 5.00 | 1,493.55 | 1,498.55 | Not furnished |
| 17. | J&K Chenab Valley Power Project Ltd. | 2015-16 | 00 | 200.10 | 0.00 | 200.10 | Not furnished |
| 18. | J&K Tourism Development Corporation Ltd. | 2012-13 | 03 | 15.96 | 4.26 | 20.22 | Not furnished |
| 19. | J&K State Cable Car Corporation Ltd. | 2010-11 | 05 | 23.57 | 0.00 | 23.57 | The company is preparing its accounts for 2011-12 & 2012-13 |
| 20. | J&K, Overseas Employment Corporation Ltd. | 2010-11 | 05 | 2.56 | 0.00 | 2.56 | Accounts not submitted / prepared by the company |
| 21. | J&K State Financial Corporation Ltd. | 2015-16 | 00 | 98.19 | 0.81 | 99.00 | Not furnished |
| 22. | J&K State Road Transport Corporation | 2011-12 | 04 | 154.60 | 896.48 | 1,051.08 | Not furnished |
| 23. | J&K State Forest Corporation | 1996-97 | 19 | NA | NA | NA | Not furnished |
| Total | | | 197 | 692.08 | 5,325.96 | 6,018.04 | |

Appendix - 4
Glossary of Terms

| Sl. No. | Terms | Description |
|---------|-----------------------------|--|
| 1. | State Implementing Agency | State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State e.g. State Implementation Society for SSA and State Health Mission for NRHM etc. |
| 2. | GSDP | GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices |
| 3 | Buoyancy ratio | Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent |
| 4 | Internal Debt | Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government. |
| 5. | Core Public and Merit goods | Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc. |

| | | |
|----|---|--|
| 6 | Development Expenditure | The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure. |
| 7. | Debt sustainability | The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt. |
| 8 | Sufficiency of Non-debt receipts (Resource Gap) | Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure |
| 9 | Net availability of borrowed funds | Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. |
| 10 | Non debt receipts | Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. |
| 11 | Net Debt Available | Excess of Public Debt receipts over Public Debt repayment and Interest payment on Public Debt. |

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