

Union Territory Finances Audit Report
of
the Comptroller and Auditor General of India
for the year ended 31 March 2022

**Government of Union Territory of Jammu and
Kashmir**

Report No.1 of the year 2023

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PREFACE

This Report for the year ended 31 March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019. 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 would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

Chapter I of this report describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and fiscal position including the deficits/ surplus.

Chapter II provides a broad perspective of the finances of the Union Territory, major fiscal aggregates, debt profile and key public accounts transactions based on the Finance Account of the Union Territory.

Chapter III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Union Territory Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter V discusses the financial performance of Public Sector Undertakings.

The Report containing the findings of 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 Union Territory of Jammu and Kashmir is brought out to assess the financial performance of the Union Territory during the year 2021-22 *vis-à-vis* the Budget Estimates, to provide the Union Territory Government and UT Legislature with timely inputs based on audit analysis of financial data. The report analyses the structural profile of Government's receipts and disbursements.

The Report

Based on the audited accounts of the Government of Union Territory for the year ended 31 March 2022 and additional data such as Budget of the Union Territory, other data with Departmental Authorities, GSDP data and other UT related statistics, this report has been structured into the following five Chapters.

Chapter-I describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and UT's fiscal position including the deficits/ surplus.

Chapter-II provides a broad perspective of the finances of the Union Territory, debt profile of the Union Territory and key Public Account transactions, based on the Finance Accounts of the Union Territory.

Chapter-III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Government of Union Territory and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter-IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter-V discusses the financial performance of Public Sector Undertakings.

Audit findings

Chapter-I & II: Overview and Finances of the Union Territory

During 2021-22, Revenue Receipts increased by 13 *per cent* with respect to last year but it fell short off budget estimates by 39 *per cent*. Government could not keep its Fiscal Deficit and Primary Deficit within the projections estimated in the budget. Against projection of Revenue Surplus of ₹28,337 crore in budget there was Revenue deficit of ₹31 crore during 2021-22.

(Para 1.5)

There was Revenue Deficit of ₹30.83 crore in the accounts of Union Territory of Jammu and Kashmir for the year 2021-22 which was understated by ₹200.29 crore due to misclassification of Revenue Expenditure as Capital Expenditure, Non Payment of Interest on State Compensatory Afforestation Fund and Deposit. There was Fiscal Deficit of ₹11,150.61 crore during 2021-22 which was understated by ₹41.53 crore due to Non Payment of Interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit.

(Para 1.7.1)

The Government of Jammu and Kashmir had outstanding liability of ₹29,335.41 crore ending 31 March 2022. In addition to above, there is outstanding borrowings amounting to ₹2,122.77 crore of JKIDFC and an amount of ₹10,321.83 crore of JKPCL. Government has paid Principal/Interest on account of these borrowings.

(Para 1.7.2)

Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07 per cent of the total revenue receipts of ₹59,238.50 crore for 2021-22.

(Para 2.3.2.2)

The total committed expenditure accounted for 75.93 per cent of Revenue Expenditure during 2021-22.

(Para 2.4.2.2)

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹73.77 crore and recovered loans and advances amounting to ₹1.03 crore. Out of total loans disbursed during 2021-22 loans amounting ₹40.00 crore was disbursed to J&K Road Transport Corporation Limited which already had outstanding loans of ₹439.23 crore ending 31 March 2021 (₹383.73 crore received from erstwhile State and ₹55.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore.

(Para 2.4.3.2)

The total accumulated balance at the end of 31 March 2022 in reserve funds was ₹920.13 crore. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting ₹2,806 crore of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two successor UTs.

(Para 2.5.2)

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 62 days without resorting to Normal Ways and Advances and Overdraft and availed Normal Ways and Means Advances on 125 days and on 178 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2022 was ₹499.54 crore under Normal Ways and Means Advances.

(Para 2.7.3)

Chapter-III: Budgetary Management

An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants without Budgetary Provisions during 2021-22.

(Para 3.3.1)

During 2021-22, a sum of ₹158.76 crore of Revenue expenditure was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to the extent of ₹158.76 crore.

(Para 3.3.2)

Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions

(Para 3.3.3)

There were huge savings of ₹100 crore and above by the departments under Capital Section in 22 grants amounting to ₹18,723.63 crore. Out of the 35 grants, except in Grant No. 08- Finance Department, there were savings in the remaining 34 Grants.

(Para 3.4)

Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes remained unutilised during the year.

(Para 3.5)

The Excess expenditure amounting to ₹2,049.26 crore under Revenue Voted, Revenue *Charged* and Capital *charged* section in Grant No. 08-Finance Department and Revenue Voted section in Grant No. 16-Public Works Department incurred by the Government during 2021-22 is to be got regularised.

(Para 3.5.1)

The expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants.

(Para 3.7.2)

Chapter-IV: Quality of Accounts and Financial Reporting Practices

3,089 number of Utilisation Certificates for grants paid up to 30 October 2019 amounting to ₹8,158.32 crore by erstwhile State and 770 number of UCs for grants paid by UT of Jammu and Kashmir amounting to ₹3,137.11 crore were outstanding up to 31 March 2022.

(Para 4.5)

DCC bills in respect of ₹5,830.41 crore drawn on 2,154 number of AC bills drawn upto 30 October 2019 and DCC bills for ₹11,448.03 crore drawn on 1,139 AC bills post reorganization by UT of Jammu and Kashmir are outstanding ending 31 March 2022.

(Para 4.6)

During 2021-22, Receipts of ₹53,275.15 crore (89.93 *per cent* of the total Revenue Receipts of ₹59,238.50 crore of Union Territory of J&K) and Expenditure of ₹49,058.57 crore (69.77 *per cent* of total Revenue and Capital Expenditure of ₹70,316.36 crore) were reconciled with the Office of the Principal Accountant General (A&E).

(Para 4.9)

Certain Grants-in-aid to be classified under Revenue Section were classified under Capital Section and details in respect of Grants-in-aid given in kind was not provided (IGAS 2).

(Para 4.11)

In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 37 number of accounts were not rendered for the period ranging between one to 12 years.

(Para 4.12)

Chapter-V: Financial Performance of Public Sector Undertakings

As on 31 March 2022, of the total equity capital of ₹6,029.99 crore in Power Sector PSUs, ₹2,593.54 crore (43.01 *per cent*) was contributed by the GoJ&K. Further, the total equity investment of GoJ&K in 36 PSUs of sectors other than Power Sector was ₹975.87 crore. The Government had also advanced loans of ₹1,539.42 crore to PSUs functioning in other than power sector.

(Para 5.4.1)

Budgetary assistance of ₹3,473.11 crore was received by PSUs from the GoJ&K during 2021-22.

(Para 5.4.2)

The market value of shares of J&K Bank Limited was ₹3,013.22 crore as on 31 March 2022 as compared to ₹1,901.35 crore as on 31 March 2021.

(Para 5.4.5)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

This chapter describes the basis and approach to the report and the underlying data provides overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and Union Territory's key fiscal position including the deficits/surplus.

1.1 Profile of the Union Territory of Jammu and Kashmir

The Union Territory (UT) of Jammu and Kashmir is located in Himalayan region of northern part of India. It has two divisions i.e. Jammu and Kashmir and has 20 districts. It has two Capitals i.e. Jammu during winter and Srinagar during summer. The projected population of UT of Jammu and Kashmir for the year 2022 is 1.35 crore. Kashmiri, Dogri, Hindi, Urdu and English are major languages of UT. GSDP during 2021-22 was ₹1,95,118 crore.

1.1.1 Gross State Domestic Product of the Union Territory of Jammu and Kashmir

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the UT in a given period of time. Growth of GSDP is an important indicator of the economy, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time. Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. Comparison of growth of GSDP and GDP has been shown in **Table 1.1**.

Table 1.1: GSDP compared to the GDP

(₹ in crore)

Year	2019-20	2020-21	2021-22
GDP (2011-12 Series)	2,00,74,856 (2 nd RE)	1,98,00,914 (1 st RE)	2,36,64,637 (AE)
Growth rate of GDP over previous year (in per cent)	6.2	-1.4	19.4
GSDP (2011-12 Series)	1,64,135	1,70,201	1,95,118
Growth rate of GSDP over previous year (in per cent)	N/A*	3.70	14.64

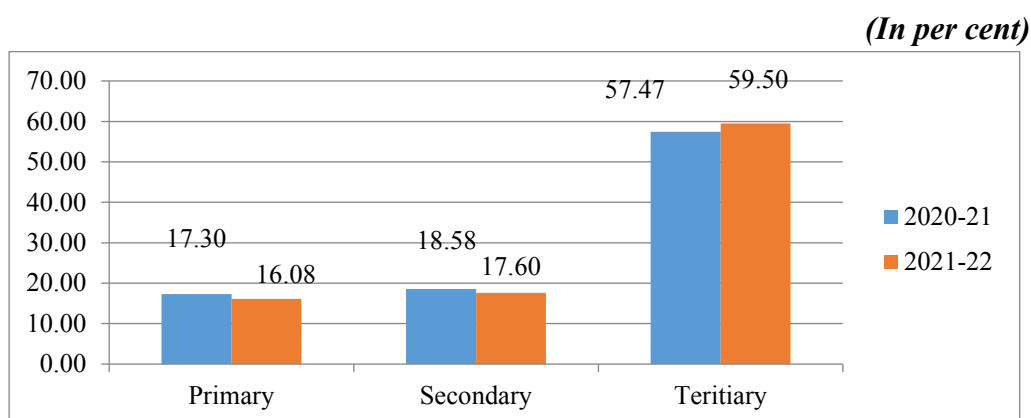
Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website.

RE = Revised Estimates and AE = Advanced Estimates.

* Erstwhile State of J&K was bifurcated into two UTs w.e.f 31 October 2019.

Sectoral contribution in GSDP during the year 2020-21 and 2021-22 has been depicted in **Chart 1.1**.

Chart 1.1: Change in sectoral contribution to GSDP 2020-21 and 2021-22



Source: Directorate of Economic and Statistics, J&K Government

During 2021-22, GSDP increased by ₹24,917 crore which is 14.64 per cent more than previous year. The growth of GSDP was due to increase under all three sectors, there was growth rate of 6.58, 8.59 and 18.69 per cent under Primary Sector, Secondary Sector, and Tertiary Sector respectively with respect to previous year. There was sharp increase in growth in some activities i.e. Hotel and Restaurants (212.83 per cent), Trade and Repair Services (37.50 per cent), Road Transport (34.63 per cent), Mining and quarrying (21.78 per cent), Other Services (33.31 per cent) and Real estate, ownership of dwelling & professional services (9.32 per cent). During the exit conference held in October 2022, it was stated by the Finance Department, that the economy of UT has shown recovery during 2021-22, after the pandemic year of 2020-21, resulting in increase in GSDP.

1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of UT of Jammu and Kashmir are to be submitted to the Lt. Governor of the UT, who shall cause them to be laid before the Legislature of the UT.

Pr. Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the UT of Jammu and Kashmir, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the Government of UT of Jammu and Kashmir and the statements received from the Reserve Bank of India. These accounts are audited independently by the Pr. Accountant General (Audit), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the UT constitute the core data for this report. Other sources include the following:

- Budget of the UT: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Pr. Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other UT related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fiscal Responsibility and Budget Management Act, best practices and guidelines of the Government of India.

1.3 Report Structure

The Union Territory Finances Audit Report is structured into the following five Chapters:

Chapter – I	Overview This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and UTs fiscal position including the deficits/ surplus.
Chapter – II	Finances of the Union Territory This chapter provides a broad perspective of the finances, debt profile of the UT of Jammu and Kashmir and key Public Account transactions, based on the Finance Accounts of the UT of Jammu and Kashmir for the year 2021-22.
Chapter – III	Budgetary Management This chapter is based on the Appropriation Accounts of UT of Jammu and Kashmir for the year 2021-22 and reviews the appropriations and allocative priorities of the Government of UT of Jammu and Kashmir and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter – IV	Quality of Accounts and Financial Reporting Practices This chapter has comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the Government.
Chapter – V	Financial Performance of Public Sector Undertakings This chapter contains comments about the financial performance of Public Sector Undertakings of UT of Jammu and Kashmir during the year 2021-22.

1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the Government of UT of Jammu and Kashmir are kept in three parts:

1. Consolidated Fund of the Union Territory of Jammu and Kashmir (Section 67 of the Jammu and Kashmir Reorganisation Act 2019)

This Fund comprises all revenues received in the UT of Jammu and Kashmir by the Government of India or Lieutenant Governor of the UT of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the UT of Jammu and Kashmir has power to make laws, and all grant made and all loans advanced to the UT of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT of Jammu and Kashmir and all moneys received by the UT of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Reorganisation Act 2019.

2. Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69 of the Jammu and Kashmir Reorganisation Act 2019)

This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of UT of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the UT of Jammu and Kashmir.

3. Public Accounts of the Union Territory of Jammu and Kashmir (Section 68 of the Jammu and Kashmir Reorganisation Act 2019)

Apart from above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re-payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest),

Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement under Section 41 of the Jammu and Kashmir Reorganisation Act 2019 to present before the Legislature of the UT, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consists of Tax Revenue, Non-Tax Revenue, share of Union Taxes/ Duties, and grants from Government of India.

Revenue Expenditure consists of all those expenditures of the government of UT, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

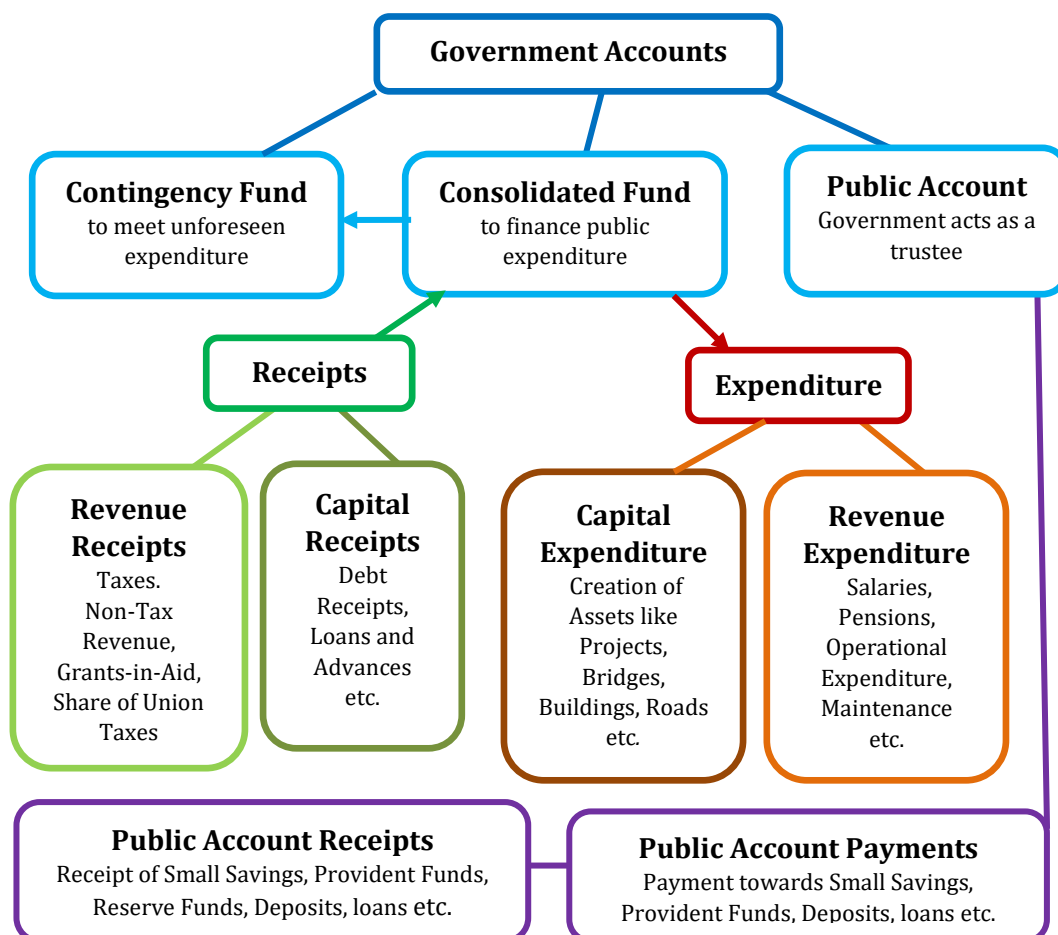
At present, we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads by Controller General of Accounts	Function- Education, Health, etc. /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States/UT	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, etc. (2-digit)

1.4.1 Structure of Government Accounts

Chart 1.2: Structure of Government Accounts

Government finances comprise the following:



1.4.2 Budgetary Process

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of UT of Jammu and Kashmir shall cause to be laid before Legislative Assembly, a statement of the estimated receipts and expenditure of the UT, in the form of an Annual Financial Statement. In terms of Section 42, the statement is to be submitted to the Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund.

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31st day of October 2019, Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O. 3937(E) dated 31st October, 2019, under section 73 of Jammu and Kashmir Reorganisation Act, 2019, read with Article 239 and 239A of the Constitution and Section 74 of

the Jammu and Kashmir Reorganisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure *charged* on the Consolidated Fund and the grants made for the expenditure of the UT of Jammu and Kashmir for the financial year 2021-22 was introduced in Parliament (Lok Sabha) on 18 March 2021. It was passed by both the Houses on 18 March 2021 (Lok Sabha) and 23 March 2021 (Rajya Sabha) and was assented to on 25 March 2021. Appropriation Accounts of UT of Jammu and Kashmir for the period 2021-22 was audited and commented in **Chapter 3** of this Report.

1.5 Snapshot of Finances

The position of budget estimate and actual in respect of some components have been shown in **Table 1.2**.

Table 1.2: Actual vs Budget for the year 2021-22

(₹ in crore)

Sl. No	Components	Actual 2020-21	(Budget Estimate) 2021-22	(Actual) 2021-22	Percentage of Actual to B.E.	Percentage of Actual to GSDP
1	Tax Revenue	8,877	16,276	11,707	71.93	6.00
	(i) Own Tax Revenue	8,877	16,276	11,707	71.93	6.00
	(ii) Share of Union Taxes/duties	-	-	-	-	-
2	Non-Tax Revenue	4,077	8,209	4,840	58.96	2.67
3	Grants-in-aid and Contributions	39,542	62,656	42,691	68.14	21.88
4	Additional Resource Mobilisation	0.00	10,000	0.00	0.00	0.00
5	Revenue Receipts (1+2+3+4)	52,496	97,141	59,238	60.98	30.36
6	Recovery of Loans and Advances	2	5	1	20.00	0.00
7	Other Receipts	0.00	828	0.00	0.00	0.00
8	Borrowings and other Liabilities#	10,693	10,647	11,151	104.73	5.72
9	Capital Receipts (6+7+8)	10,695	11,480	11,152	97.14	5.72
10	Total Receipts (5+9)	63,191	1,08,621	70,390	64.80	36.08
11	Revenue Expenditure	52,634	68,804	59,269	86.14	30.38
12	Interest payments	6,372	7,692	7,360	95.68	3.77
13	Capital Expenditure	10,532	39,817	11,121	27.93	5.70
14	Capital outlay	10,470	39,708	11,047	27.82	5.66
15	Loan and advances	62	109	74	67.89	0.04
16	Appropriation to Contingency Fund	25	0	0	0	0.00
17	Total Expenditure (11+13+16)	63,191	1,08,621	70,390	64.80	36.08

Sl. No	Components	Actual 2020-21	(Budget Estimate) 2021-22	(Actual) 2021-22	Percentage of Actual to B.E.	Percentage of Actual to GSDP
18	Revenue Deficit /Surplus (5-11)	-138	28,337	-31	-0.11	-0.02
19	Fiscal Deficit {17-(5+6+7)}	10,693	10,647	11,151	104.73	5.72
20	Primary Deficit (19-12)	4,321	2,955	3,791	128.29	1.94

Source: Budget 2021-22 and Finance Accounts 2021-22.

#Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance. Public Debt receipts includes ₹,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During 2021-22, Revenue Receipts increased by 13 per cent with respect to last year, but it fell short off budget estimates by 39 per cent. UT's own tax revenue increased by 32 per cent and non-tax revenue increased by 19 per cent with respect to previous year. There was increase in Revenue receipts by ₹6,742 crore and increase in Revenue Expenditure by ₹6,635 crore with respect to previous year which resulted in reduction of Revenue Deficit to ₹31 crore with respect to last year's Revenue Deficit of ₹138 crore. The increase in Capital expenditure by ₹589 crore was major contributor in increase of Fiscal Deficit. Government could not keep its Fiscal Deficit and Primary Deficit within the projections estimated in the budget. Against projection of Revenue Surplus of ₹28,337 crore in budget there was Revenue deficit of ₹31 crore during 2021-22.

1.5.1 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.2* gives an abstract of such liabilities and assets as on 31 March 2022, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the UT Government and cash balances. Summarised position of assets and liabilities is depicted in *Table 1.3*.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
	2020-21	2021-22	Per cent increase		2020-21	2021-22	Per cent increase		
Consolidated Fund									
A	Internal Debt	10,562	19,306	82.79	A	Gross Capital Outlay	15,893	26,940	69.51
B	Loans and Advances from GoI*	2,105	5,832	177.05	B	Loans and Advances	95	168	76.84
Contingency Fund									

Liabilities				Assets					
	2020-21	2021-22	Per cent increase		2020-21	2021-22	Per cent increase		
A	Contingency Fund	25	25	0	A	Contingency Fund	25	-	(-)100
Public Account									
A	Small Savings, Provident Funds, etc.	2,186	1,592	(-)27.17	A	Remittance	-	698	100
B	Deposits	1,356	1,686	24.34	B	Cash balance (including investment in Earmarked Fund)	1,448	1,448	0
C	Remittances	635	-	-100	C	Total	17,461	29,254	67.54
D	Reserve Funds	771	920	19.33	D	Excess Expenditure over receipt	300	356	18.67
E	Suspense and Misc Balance	121	249	105.79					
	Total	17,761	29,610	66.71		Total	17,761	29,610	66.71

Source: Finance Accounts.

* Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

In addition, assets and liabilities of erstwhile State of Jammu and Kashmir ending 30 October 2019 are yet to be distributed between UT of Jammu and Kashmir and UT of Ladakh.

1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in the Parliament by UT of Jammu and Kashmir, no rolling targets for the fiscal indicators were specified for the year 2021-22 in respect of UT of Jammu and Kashmir.

1.6.1 Fiscal Parameters of the Union Territory of Jammu and Kashmir

Revenue Deficits/Surplus: The difference between revenue expenditure and revenue receipts is revenue deficit. The UT of Jammu and Kashmir had revenue deficit of ₹30.83 crore during 2021-22.

Fiscal Deficit: Fiscal deficit is the difference between the Government's total expenditure and its total receipts excluding borrowings. During the year 2021-22 UT of Jammu and Kashmir had Fiscal Deficit of ₹11,150.61 crore, which was 5.72 per cent of GSDP.

Primary Deficit/Surplus refers fiscal deficit minus interest payments. During the year 2021-22 there was Primary Deficit (PD) of ₹3,790.30 crore. Primary deficit was 1.94 per cent of GSDP during the year.

1.7 Deficits after examination in Audit

In order to present better picture of UT finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations.

1.7.1 Post Audit - Deficits

Misclassification of revenue expenditure as capital, short contributions to new pension scheme has impacted the Revenue and Fiscal Deficit as shown below.

Table 1.4: Revenue and Fiscal Deficit, post examination by Audit

Sl. No	Item	Impact on Revenue Deficit {Understated (+) / overstated (-)} (₹ in crore)	Impact on Fiscal Deficit Under Statement (₹ in crore)
1	Misclassification between Revenue and Capital	158.76	-
2	Non-Payment of Interest on State Compensatory Afforestation Fund MH 8121	25.61	25.61
3	Non-Payment of interest on State Compensatory Afforestation Deposit MH 8336	15.92	15.92
Total Net impact		200.29	41.53

Source: Finance Accounts.

There was Revenue Deficit of ₹30.83 crore in the accounts of UT of Jammu and Kashmir for the year 2021-22, which was understated by ₹200.29 crore due to misclassification of Revenue Expenditure of ₹158.76 crore (Grants-in-aid ₹63.60 crore and Subsidy ₹95.16 crore) as Capital Expenditure and Non Payment of Interest on State Compensatory Afforestation Fund (₹25.61 crore) and State Compensatory Afforestation Deposit (₹15.92 crore). There was Fiscal Deficit of ₹11,150.61 crore during 2021-22 which was understated by ₹41.53 crore due to Non-Payment of Interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit as shown in the table above.

1.7.2 Post Audit – Total Public Debt

As per the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006, total liabilities means the liabilities under the Consolidated Fund and the Public Account and includes borrowings by the public sector undertakings and special purpose vehicles and other equivalent instruments including guarantees where the principal and /or interest are to be serviced out of the budget. The outstanding debt/liabilities can be split into various components as given in **Table 1.5**.

Table 1.5: Components of outstanding debt/liabilities as on 31 March 2022
(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	19,306.08
Market Loans	15,022.22
Loans from other Institutions, etc.	197.81
Special Securities issued to the National Small Savings Fund of the Central Government	4,086.05
Loans and Advances from Central Government (B)	5,831.75
Non-plan Loans	0.00
Loans for State/UT Plan Schemes	-293.72
Others	6,125.47*
Liabilities upon Public Accounts (C)	4,197.58
Small Savings, Provident Funds, etc.	1,591.41
Deposits	1,686.04
Reserve Funds	920.13
Total (A+B+C)	29,335.41

Source: Finance Accounts. Liabilities upon Public Account is excluding Suspense & Miscellaneous and Remittance heads.

* Includes ₹5,945.29 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Liabilities of UT of Jammu and Kashmir to GSDP is 11.99¹ per cent. Apart from the above, the Government of UT has disclosed an amount of ₹850.00 crore Off Budget Borrowings (OBBs) by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC) in the year 2021-22. This was in addition to OBBs of ₹1,400.00 crore taken by JKIDFC, in 2019-20 (₹650.00 crore) and 2020-21 (₹750.00 crore). The repayment of these loans were to be made by way of revision of taxes and duties. In this regard, it was further stated by the Director Finance, JKIDFC that principal of ₹127.23 crore had been repaid by the UT Government of Jammu and Kashmir. Thus, the outstanding amount of OBB on account of JKIDFC was ₹2,122.77 crore, as on 31st March 2022.

It was also intimated (November 2022) by the Finance Department, Government of UT of Jammu and Kashmir that there are Off budget borrowings by Jammu and Kashmir Power Corporation Ltd (JKPCL) amounting to ₹10,321.83 crore. Out of this total amount of ₹10,321.83 crore, ₹7,531.83 crore had been availed from Power Finance Corporation (PFC) and an amount of ₹2,790.00 crore had been availed from Rural Electrification Corporation (REC). No payment of principal has been done, as they are in the moratorium period. However, the

¹ The Debt to GSDP ratio has been arrived at after reducing back to back loans amounting to ₹ 5,945.29 crore (₹ 2,099.80 crore in 2020-21 & ₹ 3,845.49 crore in 2021-22) received in lieu of GST compensation.

interest payment on account of these loans is being done by the UT Government from its own resources.

Thus, as per Finance Department, UT Government there was outstanding off-budget borrowing amounting ₹2,122.77 crore raised by JKIDFC and loans amounting to ₹10,321.83 crore against JKPCL from Power Finance Corporation and Rural Electric Corporation ending 31 March 2022. Taking into account the above off budget borrowing the ratio of liabilities to GSDP will increase from 11.99 *per cent* to 18.37 *per cent*. There is also borrowing of erstwhile State of Jammu and Kashmir ending 30 October 2019 amounting to ₹83,536.63 crore which is yet to be bifurcated between two successor UTs.

Chapter-II
Finances of the Union Territory

CHAPTER-II

FINANCES OF THE UNION TERRITORY

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir (UT) during the year 2021-22.

2.1 Major changes in Key Fiscal Aggregates vis-à-vis 2020-21

The major key fiscal aggregates of the UT for the year 2021-22 have been compared with fiscal aggregates for the year 2020-21.

Changes in key fiscal aggregates during 2021-22 w.r.t 2020-21

Revenue Receipt	<ul style="list-style-type: none">✓ Revenue receipts increased by 12.84 <i>per cent</i>✓ Own Tax receipts increased by 31.88 <i>per cent</i>✓ Own Non-tax receipts increased by 18.74 <i>per cent</i>✓ Grants-in-Aid from Government of India increased by 7.96 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">✓ Revenue expenditure increased by 12.61 <i>per cent</i>✓ Revenue expenditure on General Services increased by 16.14 <i>per cent</i>.✓ Revenue expenditure on Social Services increased by 7.51 <i>per cent</i>.✓ Revenue expenditure on Economic Services increased by 13.81 <i>per cent</i>✓ Expenditure on Grants-in-Aid decreased by 25.70 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">✓ Capital expenditure increased by 5.51 <i>per cent</i>✓ Capital expenditure on General Services decreased by 15.10 <i>per cent</i>✓ Capital expenditure on Social Services increased by 9.23 <i>per cent</i>✓ Capital expenditure on Economic Services increased by 6.44 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">✓ Public Debt Receipts increased by 26.47 <i>per cent</i>✓ Repayment of Public Debt increased by 23.87 <i>per cent</i>

Public Accounts	✓ Public Account Receipts increased by 9.62 per cent ✓ Disbursement of Public Account increased by 22.14 per cent
Cash Balance	✓ Cash balance decreased by ₹0.04 crore during 2021-22 compared to previous year

2.2 Sources and Application of Funds

The summary of components of the sources and application of funds of the Union Territory during the year 2020-21 and 2021-22 is as under.

Table 2.1: Details of Sources and Application of funds during 2020-21 and 2021-22

(₹ in crore)

	Particulars	2020-21	2021-22	Increase/decrease
Sources	Opening Cash Balance with RBI and other cash balances	1,482.28	1,447.69	-34.59
	Revenue Receipts	52,495.48	59,238.50	6,743.02
	Recoveries of Loans and Advances	1.93	1.03	-0.90
	Public Debt Receipts (Net)	9,169.61*	12,470.19*	3,300.58
	Public Account Receipts (Net)	1,464.16	-1,319.63	-2,783.79
	Total	64,613.46	71,837.78	7,224.32
Application	Revenue Expenditure	52,633.75	59,269.33	6,635.58
	Capital Outlay	10,470.38	11,047.03	576.65
	Disbursement of Loans and Advances	61.64	73.77	12.13
	Closing Cash Balance with RBI and other cash balances	1,447.69	1,447.65	-0.04
	Total	64,613.46	71,837.78	7,224.32

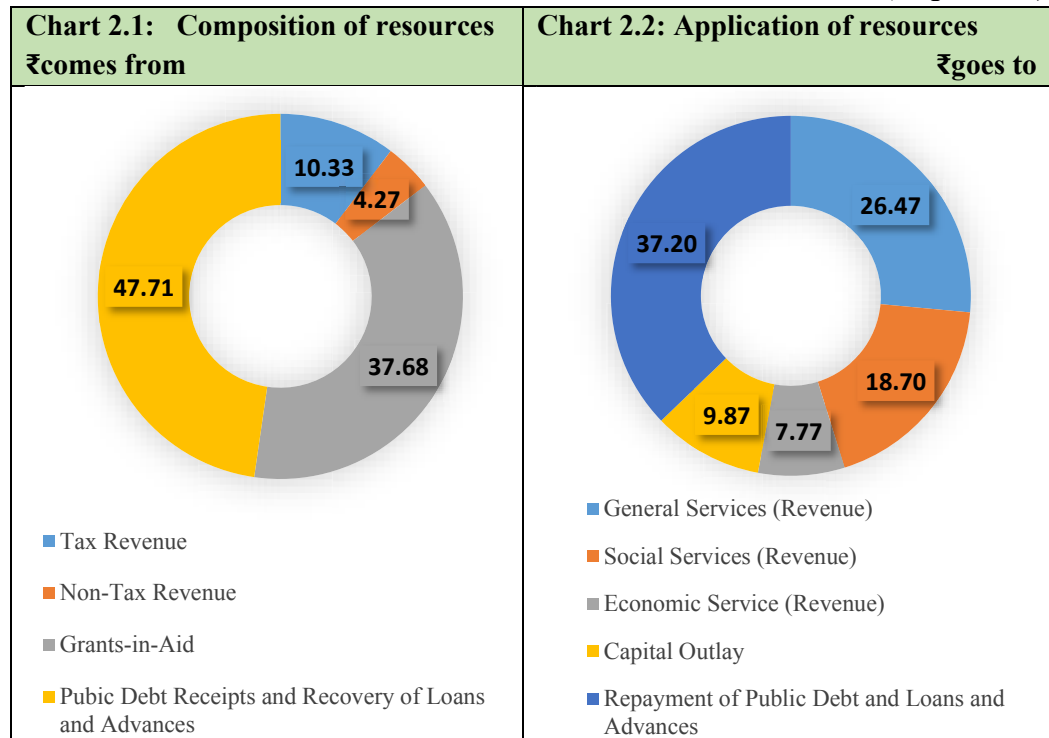
Source: Finance Accounts.

*Includes ₹2,099.80 crore & ₹3,845.49 crore back-to-back loans from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.

Revenue receipts are the biggest source (82.46 per cent) of revenue and biggest part (82.50 per cent) of resources are utilised towards Revenue Expenditure.

The composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2021-22 is given in *Chart 2.1* and *Chart 2.2*.

(In per cent)



Public Debt Receipts and Grants-in-Aid together constitute 85.39 *per cent* of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) together accounted for 63.60 *per cent* of total expenditure.

2.3 Resources of the Union Territory of Jammu and Kashmir

The resources of the Union Territory (UT) are described below:

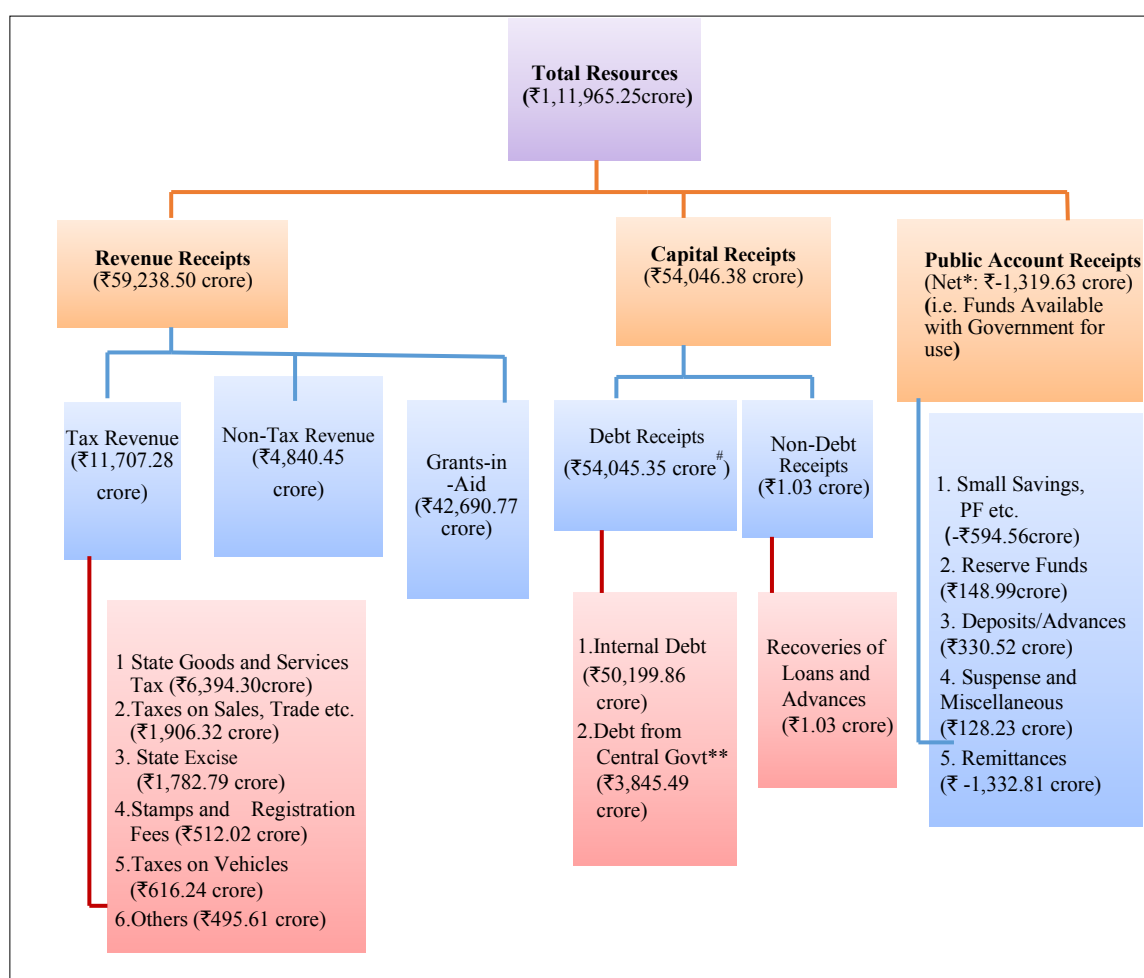
1. **Revenue Receipts** consist of tax revenue, non-tax revenue, and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the UT.
3. **Net Public Accounts Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Union Territory's Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the Union Territory

Revenue and Capital are the two streams of receipts that constitute the resources of the Union Territory Government. Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, and Grants-in-Aid from the Government of India (GoI). Capital Receipts comprise Miscellaneous Capital Receipts such as proceeds from Disinvestments, Recoveries of Loans and Advances, Debt Receipts from internal sources (Market Loans, Borrowings from financial institutions/commercial banks) and Loans and Advances from GoI as well as accruals from Public Account. **Chart 2.3** showing the composition of resources of the Union Territory during the current year is given below.

Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2021-22



Source: Finance Accounts.

*Public Accounts Receipts Net {₹(-)1,319.63 crore} = Public Accounts Receipts (₹27,223.47 crore) less Public Accounts Disbursements (₹28,543.10 crore)

** Includes ₹ 3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Includes Ways and Means Advance.

2.3.2 Union Territory's Revenue Receipts

The components of revenue receipts of UT of Jammu and Kashmir and their share in revenue receipts, during 2020-21 and 2021-22 is as shown in **Table 2.2**.

Table 2.2: Trend and Components of Revenue Receipts

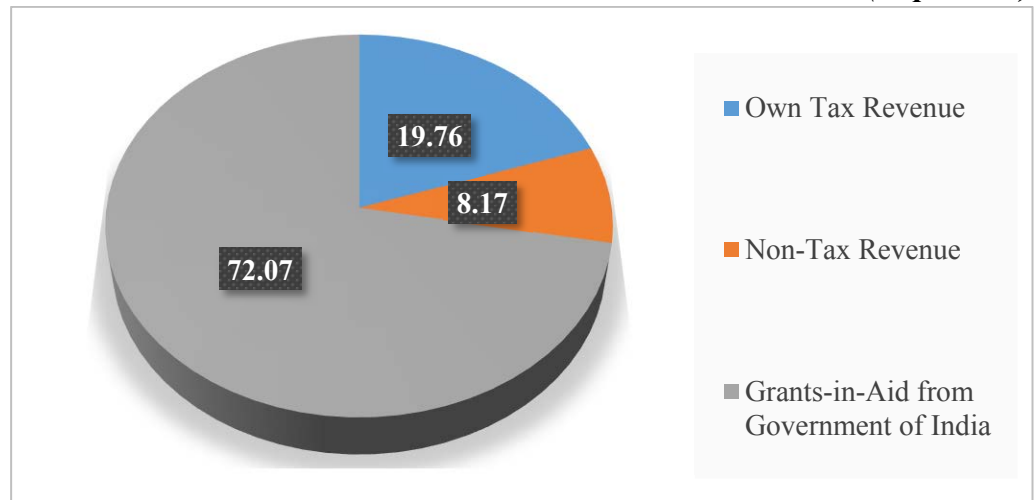
(₹ in crore)

Components	2020-21	2021-22	Percentage
Total Revenue Receipts (RR)	52,495.48	59,238.50	
Own Tax Revenue	8,876.99	11,707.28	19.76
Non-Tax Revenue	4,076.38	4,840.45	8.17
Grants in Aid from Government of India	39,542.11	42,690.77	72.07
GSDP	1,70,201	1,95,118	
Revenue Receipts to GSDP (percentage)	30.84	30.36	

Source of GSDP figures: Ministry of Statistics and Programme Implementation (MOSPI)GoI website.

Chart 2.4: Components of Revenue Receipts

(In per cent)



Out of total Revenue Receipts of ₹59,238.50 crore during 2021-22, the Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07 per cent of total revenue receipts.

2.3.2.1 Own Resources of UT of Jammu and Kashmir

Government's performance in mobilisation of resources is assessed in term of its own tax resources comprising revenue from its own tax and non-tax sources. Details of own tax revenue, own non tax revenue and its components are shown in following sub paragraphs.

(A) Own Tax revenue

Own tax revenues of the UT consist of State Goods and Services Tax (SGST), State Excise, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc. Component wise breakup of Own tax revenue is shown in the table below.

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

	2020-21	2021-22	Percentage Increase
Taxes on Sales, Trade etc.	1,495.61	1,906.31	27.46
SGST	4,839.35	6,394.31	32.13
State Excise	1,347.42	1,782.79	32.31
Taxes on Vehicles	488.38	616.24	26.18
Stamp duty and Registration fees	325.54	512.02	57.28
Land Revenue	60.57	113.28	87.02
Taxes on Goods and Passengers	0.90	5.73	536.67
Other Taxes	319.22	376.60	17.98
Total	8,876.99	11,707.28	31.88

Source: Finance Accounts.

There was increase in all components of own tax revenue during 2021-22 with respect to previous year 2020-21 and own tax revenue showed an increase of 31.88 per cent with respect to previous year. SGST, State Excise and Taxes on Sales/Trade etc. showed maximum increase of ₹1,554.95 crore, ₹435.37 crore and ₹410.70 cores respectively. The highest percentage increase with respect to 2020-21 was 536.67 per cent and 87.02 per cent under Taxes on Goods and Passengers and Land Revenue respectively.

(B) State Goods and Services Tax (SGST)

Goods and Services Tax (GST) Act became effective in Jammu and Kashmir with effect from 8th July 2017. During the year 2021-22, the State/UT GST collection was ₹6,394.31 crore compared to ₹4,839.35 crore in 2020-21, registering an increase of ₹1,554.96 crore (32.13 per cent). This includes Advance Apportionment of IGST amounting to ₹4,334.63 crore. The Government of Union Territory of Jammu and Kashmir received compensation of ₹892.56 crore as Revenue Receipt on account of loss of revenue arising out of implementation of GST during 2021-22. Further, the Government of Union Territory of Jammu and Kashmir also received ₹3,845.49 crore debt during 2021-22 (total debt of ₹5,945.29 crore as on 31 March 2022) as back-to-back loan from the Central Government in lieu of GST compensation, which would not be treated as debt of the Government of Union Territory for any norms which may be prescribed by the Finance Commission as per the decision of Department of Expenditure, Government of India. The audit of revenue figures has been taken up to assess the compensation payable under GST (Compensation to States) Act 2017.

(C) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. **Table 2.4** depicts components of Non-Tax Revenue of the Union Territory during 2021-22.

Table 2.4: Components of UT's Non-Tax Revenue

(₹ in crore)

Revenue Head	2020-21	2021-22	Percentage Increase (+) /Decrease (-)
Interest Receipts	17.86	16.54	-7.39
Dividend and Profits	0.00	0.00	-
Other Non-Tax Receipts	4,058.52	4,823.91	18.86
a) Power	2,349.74	2,715.75	15.58
b) Medium Irrigation	996.66	886.62	-11.04
c) Non-Ferrous Mining and Metallurgical Industries	227.91	128.78	-43.50
d) Water Supply and Sanitation	93.89	111.88	19.16
e) Education, Sports, Art and Culture	41.33	474.12	1,047.16
f) Police	39.91	68.68	72.09
g) Other misc.	309.08	438.08	41.74
Total	4,076.38	4,840.45	18.74

Source: Finance Accounts.

Non-Tax revenue receipts increased by 18.74 per cent during 2021-22 with respect to previous year and major increase was under power, water supply and sanitation, Education, Sports Art and Culture, Police and other Misc. head. Medium irrigation and Non-ferrous Mining and Metallurgical Industries showed a decline in receipt with respect to previous year. Receipt under Education, Sports, Art and Culture increased by 1,047.16 per cent during 2021-22 with respect to 2020-21, due to remittance of ₹461.61 crore by Chief Accounts Officer (CAO) Samagra Shiksha J&K on account of salary of teachers.

2.3.2.2 Transfers from the Centre

Transfers from the Centre is constituted of Grants-in-Aid and devolution under Finance Commission Award.

(A) Grants-in-aid from GoI

The details of Grants-in-aid (GIA) from Government of India is shown below.

Table 2.5: Grants-in-aid from Government of India

(₹ in crore)		
Head	2020-21	2021-22
Grants for Centrally Sponsored Schemes (CSS)	6,533.49	6,713.77
Other transfers/Grants to States/Union Territories with Legislature	33,008.62	35,977.00
Total	39,542.11	42,690.77
Percentage of GIA to Revenue Receipts	75.32	72.07

Source: Finance Accounts

Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07 per cent of the total revenue receipts of ₹59,238.50 crore for 2021-22. The percentage of GIA to Revenue receipts has declined from 75.32 per cent to 72.07 per cent which showed Government's dependence on Grants in Aid from Government of India has reduced to that extent.

(B) 15th Finance Commission Grants

There is no devolution of share of taxes to Union Territory under 15th Finance Commission Award. However as per Finance Commission recommendation one per cent of the net proceeds of Union taxes is to be retained by the Central Government for financing the requirements of Union Territories of Jammu & Kashmir and Ladakh and 41 per cent as against 42 per cent of net proceeds of Union Taxes is to be divisible among 28 States.

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Table 2.6: Composition of Capital Receipts

(₹ in crore)			
Sources of UT's Receipts	2020-21	2021-22	Growth rate (per cent)
Capital Receipts	42,734.86	54,046.38	26.47
<i>Miscellaneous Capital Receipts</i>	0.00	0.00	-
<i>Recovery of Loans and Advances</i>	1.93	1.03	-46.63
Public Debt Receipts	42,732.93	54,045.35	26.47
<i>Internal Debt</i>	40,450.24	50,199.86	24.10
<i>Loans and advances from GoI*</i>	2,282.69	3,845.49	68.46

Source: Finance Accounts.

*Includes ₹2,099.80 crore 2020-21 and ₹3,845.49 crore 2021-22 as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Total Capital receipts of Union Territory of Jammu and Kashmir increased from ₹42,734.86 crore during 2020-21 to ₹54,046.38 crore during 2021-22. There was an increase of 26.47 per cent during 2021-22 with respect to previous year. Internal debt receipts of ₹50,199.86 crore was the major component of total capital receipt of ₹54,046.38 crore and it showed increase of ₹9,749.63 crore.

Government of Union Territory of Jammu and Kashmir received ₹3,845.49 crore as back to back loans from GoI, in lieu of GST compensation shortfall and ₹1.03 crore on account of recovery of loans and advances.

2.3.4 UT's Performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own Non-Tax Receipts for the year 2021-22 *vis-à-vis* budget estimates are given below:

Table 2.7: Tax and Non-Tax Receipts *vis-à-vis* projections

(₹ in crore)

	Budget Estimates	Actual	Percentage of actual over Budget estimates
Own Tax Revenue	16,276	11,707	71.93
Non-Tax Revenue	8,209	4,840	58.96
Total	24,485	16,547	67.58

Source: Budget document and Finance Accounts.

The collection under own resources fell short by 32.42 *per cent* of Budget Estimates. The UT Government could not achieve its own targets for Own Tax Revenue and Own Non-Tax Revenue in the Budget Estimates. Own Tax Revenue fell short by 28.07 *per cent* and Non tax revenue fell short by 41.03 *per cent* of budget estimates. UT's own resources (Own Tax Revenue and Own Non-Tax Revenue) of ₹16,547.73 crore during the year 2021-22 was 36.77 *per cent* of committed expenditure (salaries & wages, interest payments and pension) of ₹45,000.95 crore for the year 2021-22.

2.4 Application of Resources

The Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the UT is not at the cost of expenditure directed towards development of capital infrastructure and social sector. The sub-paragraphs give the analysis of allocation of expenditure in Union Territory of Jammu and Kashmir.

2.4.1 Composition of Expenditure

Table 2.8: Trend of expenditure and its composition

(₹ in crore)

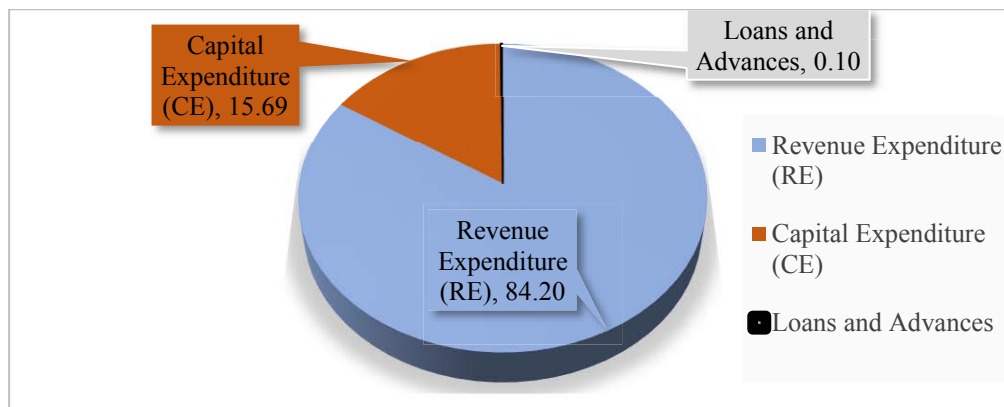
Parameters	2020-21	2021-22	Percentage
Revenue Expenditure (RE)	52,633.75	59,269.33	84.20
Capital Expenditure (CE)	10,470.38	11,047.04	15.69
Loans and Advances	61.64	73.77	0.10
Total Expenditure (TE)	63,165.77	70,390.14	100.00
TE/GSDP (<i>per cent</i>)	37.11	36.08	
RE/GSDP (<i>per cent</i>)	30.92	30.38	
CE/GSDP (<i>per cent</i>)	6.15	5.66	

Parameters	2020-21	2021-22	Percentage
Loans and Advances /GSDP (per cent)	0.04	0.04	

Source: Finance Accounts.

Chart 2.5: Total Expenditure- Share of its components

(In per cent)



Percentage of Revenue Expenditure and Capital Expenditure to GSDP during the year 2021-22 was 30.38 per cent and 5.66 per cent respectively.

Table 2.9: Relative share of various sectors of expenditure

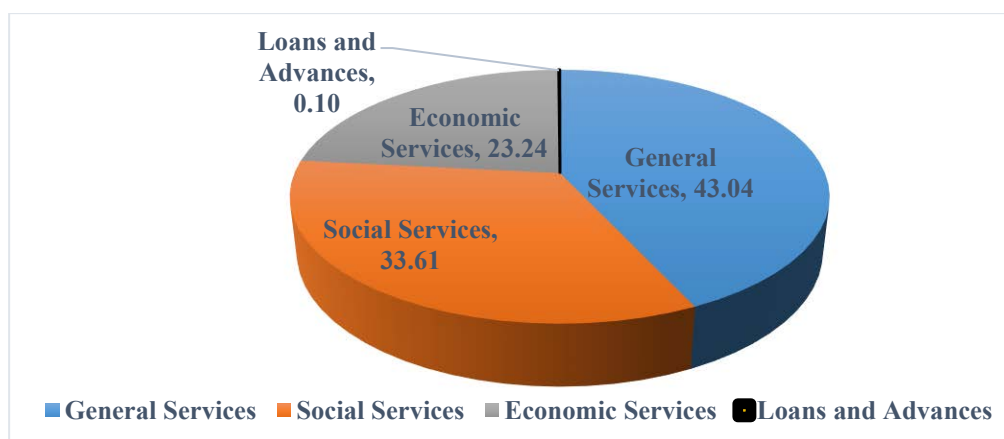
(₹ in crore)

Parameters	2020-21	2021-22	Percentage Increase
General Services	26,297.40	30,298.89	15.22
Social Services	21,964.27	23,655.75	7.70
Economic Services	14,842.46	16,361.73	10.24
Loans and Advances	61.64	73.77	19.68

Source: Finance Accounts.

Chart 2.6: Total expenditure - Expenditure by activities

(In per cent)

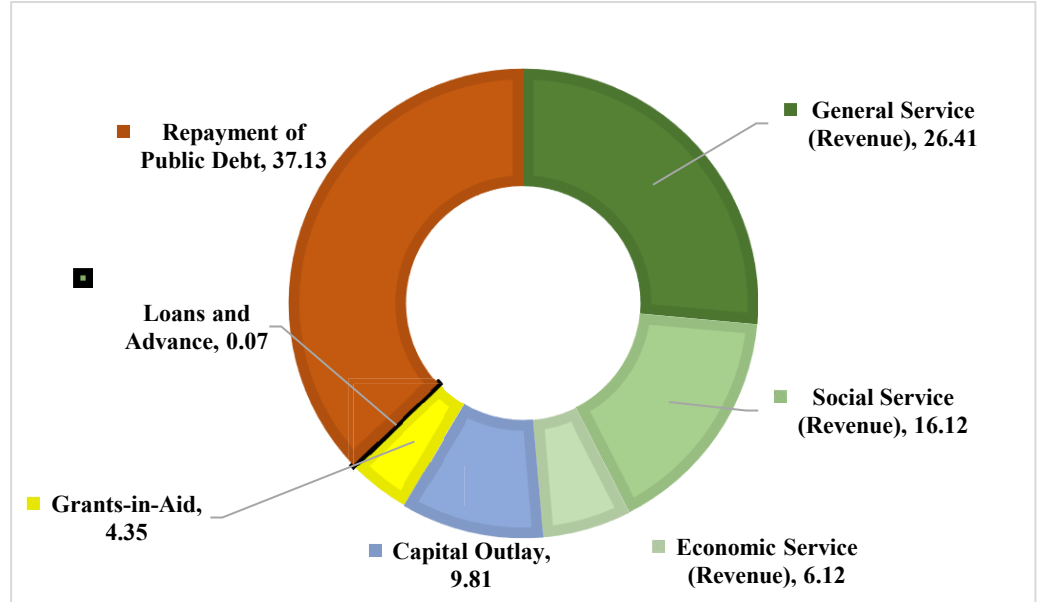


During 2021-22, the combined share of Social and Economic Services which

represented Development Expenditure was 56.85 per cent of total expenditure and 43.04 per cent of total expenditure was incurred on General Services.

Chart 2.7: Composition of expenditure by function during 2021-22

(In per cent)



It can be seen from above that repayment of Public debt accounted for 37.13 per cent which was the largest component of total expenditure and General Services (Revenue) accounts for 26.41 per cent of total expenditure. Expenditure on Social and Economic Service (Revenue) accounts for 22.24 per cent and Grants-in-Aid accounts for 4.35 per cent. Capital expenditure accounts for 9.81 per cent of total disbursement from the Consolidated Fund during 2021-22.

2.4.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the UT’s infrastructure and service network. **Table 2.10** presents Revenue Expenditure and basic parameters of Union Territory of Jammu and Kashmir.

Table 2.10: Revenue Expenditure – Basic Parameters

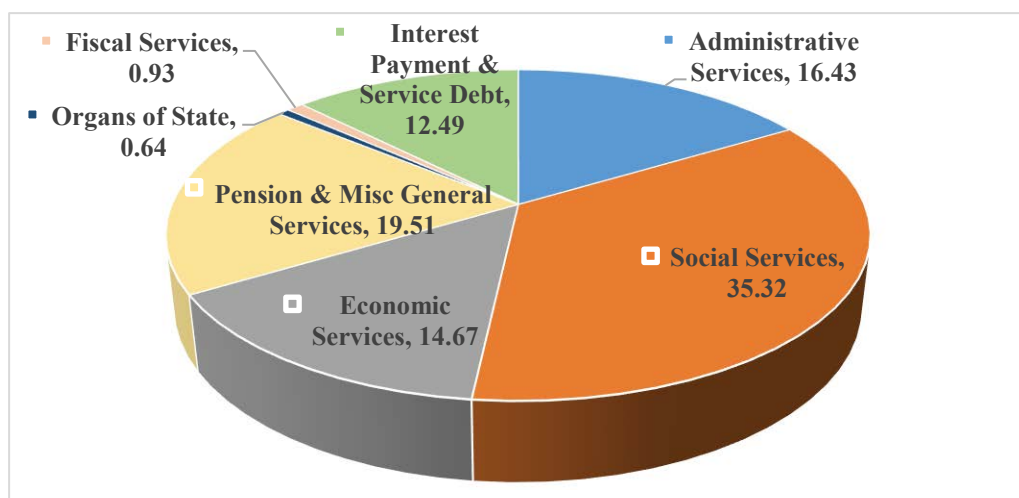
(₹ in crore)

Parameters	2020-21	2021-22
Total Expenditure (TE)	63,165.77	70,390.14
Revenue Expenditure (RE)	52,633.75	59,269.33
Revenue Expenditure as percentage of TE	83.33	84.20
RE/GSDP (per cent)	30.92	30.38
RE as percentage of RR	100.26	100.05

Source: Finance Accounts.

Chart 2.8: Sector wise distribution of Revenue Expenditure during 2021-22

(In per cent)



During 2021-22, the combined share of Revenue Expenditure on Economic Services and Social services accounted for 49.99 per cent and General Services accounted for 50.01 per cent of Revenue Expenditure. The expenditure on Administrative Services (16.43 per cent), Interest payments & Servicing of debts (12.49 per cent), Pension & Miscellaneous General Services (19.51 per cent) were the major components of expenditure on General Services.

2.4.2.1 Major Changes in Revenue Expenditure

The revenue expenditure increased by ₹6,635.58 crore (12.61 per cent) from ₹52,633.75 crore in 2020-21 to ₹59,269.33 crore in 2021-22. Significant increase/decrease of above ₹100 crore under Major Heads of Accounts with regard to revenue expenditure of the UT during the current year as compared to Revenue Expenditure of the previous year is shown in **Table 2.11**.

Table 2.11: Significant increase/decrease in revenue expenditure with respect to previous year

Major Head	(₹ in crore)		
	2020-21	2021-22	Increase/Decrease(-)
2071 Pension and other retirement benefits	9,078.11	11,563.00	2,484.89
2049 Interest Payments	6,372.46	7,360.31	987.85
2202 General Education	9,570.80	10,320.50	749.70
2055 Police	7,112.39	7,636.11	523.72
3054 Roads and Bridges	210.37	620.78	410.41
2801 Power	2,812.84	3,131.10	318.26
2211 Family Welfare	212.33	407.84	195.51
2236 Nutrition	405.88	574.90	169.02
2217 Urban Development	987.16	755.78	-231.38

The major increase of ₹2,484.89 crore was under Pension and other retirement benefits with respect to previous year. The increase was due to revision in

Government contribution of Defined Contribution Pension Scheme percentage and disbursement of other retirement benefits.

Increase under expenditure on Interest Payments is mainly due to meeting liability on account of interest on Internal debt and other obligation.

Increase under General Education was mainly due to increased expenditure on Mid-Day Meals, Primary, Secondary and Higher Education. Increase under Police was mainly due to increased expenditure on Special Police, District Police and Modernization of Police Force.

The expenditure under Roads and Bridges increased due to more transfer of Central Fund and increased expenditure on Direction and Administration.

Expenditure under Power increased due to increased expenditure on purchase of power. Expenditure under Tourism increased due to more expenditure on Tourist centers, promotion and publicity.

Major decrease under Urban Development was due to disbursement of less assistance to local bodies.

2.4.2.2 Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources. Heavy Committed expenditure leaves the Government with lesser flexibility for development sector.

Table 2.12: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22
Salaries & Wages	23,851.70	26,077.64
Interest Payments	6,372.46	7,360.31
Expenditure on Pensions & gratuities	9,078.11	11,563.00
Total	39,302.27	45,000.95
As a percentage of Revenue Receipts (RR)		
Salaries & Wages	45.44	44.02
Interest Payments	12.14	12.42
Expenditure on Pensions & gratuities	17.29	19.52
Total	74.87	75.96
As a percentage of Revenue Expenditure (RE)		
Salaries & Wages	45.31	44.00
Interest Payments	12.11	12.42
Expenditure on Pensions & gratuities	17.25	19.51
Total	74.67	75.93

Source: Finance Accounts.

Salary and Wages accounted for 44.00 per cent of Revenue Expenditure during 2021-22. The total committed expenditure accounted for 75.93 per cent of Revenue Expenditure and it is equal to 75.96 per cent of Revenue Receipts during 2021-22. It shows that major portion of revenue receipts was exhausted

to meet committed expenditures and Government was left with less than 25 per cent of its revenue receipts for other expenditure.

2.4.2.3 Undischarged liabilities in National Pension System

In terms of the Defined Contribution Pension Scheme, the State Government Employees recruited on or after 1 January 2010 who are covered under the Scheme, the employee contributes 10 per cent of basic pay and dearness allowance, which is matched by the Government with equal amount. Government of Union Territory contribution has, however, been enhanced to 14 per cent in May 2021 (Government of Union Territory of Jammu and Kashmir S.O No. 178 dated 20 May 2021) with retrospective effect from 1 April 2020.

During the year 2021-22, total contribution to Defined Contribution Pension Scheme was ₹1,587.13 crore (Employee's contribution ₹652.55 crore and Government of Union Territory contribution ₹934.58 crore).

The Government of Union Territory transferred ₹1,587.13 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension Scheme. Out of which ₹1,574.89 crore was transferred from this Head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As on 31 March 2022, an amount of ₹11.71 crore was lying under the Major Head 8342- "Other Deposits"-117 "Defined Contribution Pension Scheme" (New Pension Scheme) for the Government Employees awaiting transfer to NSDL/Trustee Bank. There was also liability of ₹53.67 crore required for transfer to NSDL/Trustee Bank pertaining to erstwhile State of Jammu and Kashmir ended 30 October 2019 (pre re-organisation) yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

2.4.2.4 Subsidies

Amounts being booked under the object head 'subsidies' have been shown below.

Table 2.13: Expenditure on subsidies during 2021-22

Particulars	2020-21	2021-22
Non-Committed Expenditure (₹ in crore)	13,331.48	14,268.38
Subsidy (₹ in crore)	128.24	95.16
Subsidy as percentage of Non-Committed Expenditure	0.96	0.67
Subsidies as a percentage of Revenue Receipts	0.24	0.16
Subsidies as a percentage of Revenue Expenditure	0.24	0.16

Source: Finance Accounts

The expenditure on subsidies by Union Territory of J&K has decreased from ₹128.24 crore in 2020-21 to ₹95.16 crore in 2021-22. It constituted 0.16 per cent of Revenue Receipts (₹59,238.50 crore) and Revenue Expenditure (₹59,269.33

crore). Horticulture Department was provided maximum subsidy (₹88.72 crore) which was 93.23 *per cent* of total expenditure on subsidy during the year.

2.4.2.5 Financial Assistance by the UT Government to Local Bodies and other Institutions

Financial assistance is provided by the Union Territory Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in **Table 2.14**.

Table 2.14: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2020-21	2021-22
(A) Local Bodies		
Municipal Corporations	502.15	388.43
Others	356.32	256.03
Total (A)	858.47	644.46
(B) Others		
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,256.56	2,205.67
Development Authorities	68.43	71.08
Jammu and Kashmir Power Companies*	2,759.98	1,188.23
Other Institutions	588.42	761.41
Total (B)	5,673.39	4,226.39
Total (A+B)	6,531.86	4,870.85
Revenue Expenditure	52,633.75	59,269.33
Assistance as percentage of Revenue Expenditure	12.41	8.22

Source: Finance Accounts

*J&K Power Development Corporation, Jammu Power Discom, Kashmir Power Discom and JK Power Corporation Ltd

Jammu and Kashmir Power Companies were the major beneficiary of assistance, which received financial assistance of ₹1,188.23 crore, which was 24.39 *per cent* of total financial assistance disbursed during 2021-22. Grant-in-Aid as percentage of Revenue expenditure has declined from 12.41 *per cent* to 8.22 *per cent*.

2.4.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex is being met from budgetary support and extra budgetary resources/off budget. The share of capital expenditure (excluding loans and advances) in total expenditure was 15.69 *per cent* during 2021-22.

2.4.3.1 Major Changes in Capital Expenditure

Capital outlay increased by ₹576.66 crore (5.51 per cent) from ₹10,470.38 crore in 2020-21 to ₹11,047.04 crore in 2021-22. Significant variations of ₹100 crore and above under various Major Heads of Accounts with regard to Capital Outlay of the UT during the current year as compared to previous year is shown in table below.

Table 2.15: Significant increase/decrease of more than ₹100 crore with respect to previous year

(₹ in crore)

Major Head description	2020-21	2021-22	Increase(+)/ Decrease(-)
4801-Capital outlay on Power Projects	589.58	1,230	(+)640.42
4210-Capital outlay on Medical and Public Health	529.85	636.79	(+)106.94
4515-Capital outlay on Other Rural Development Programmes	2,022.86	1,267.65	(-)755.21
4215-Capital outlay on Water Supply and Sanitation	311.28	174.99	(-)136.29

Source Finance Accounts.

Increased expenditure under Capital Outlay on Power Projects was mainly due to more expenditure on works under MH-4801 Capital Outlay on Power Projects 01- Hydel Generation 800- Other Expenditure, 011-General, 2021- Generation with respect to previous year.

Increase in expenditure under Capital Outlay on Medical and Public Health was mainly due to increase in expenditure on New Medical Colleges, Implementation of Ayush and Strengthening of State Drug Regulatory Authority.

There was major decrease under Capital Outlay on other Rural Development Programme and Capital Outlay on Water Supply and Sanitation, the decrease was due to less expenditure on works under National Rural Drinking Water Programme (Jammu), Augmentation of Srinagar City Master Plan Water Supply compared to last year.

2.4.3.2 Quantum of loans disbursed and recovered

The Government has been providing Loans and Advances to many of the institutions/organisations, such as Co-operative Societies, Corporations, Companies and Government servants. **Table 2.16** presents the position of Loans and Advances outstanding as on 31 March 2022, interest receipts *vis-à-vis* interest payments during the year 2020-21 and 2021-22.

Table 2.16: Quantum of loans disbursed and recovered during the year 2020-21 and 2021-22*(₹ in crore)*

Quantum of loans disbursed and recovered	2020-21	2021-22
Opening Balance of loans outstanding	35.80 (1,740.44)	95.51 (1,740.44)
Amount advanced during the year	61.64	73.77
Amount recovered during the year	1.93	1.03
Closing Balance of the loans outstanding	95.51 (1,740.44)	168.25 (1,740.44)
Net addition	59.71	72.74
Interest received on loans and Advances	Nil	0.13
Interest rate on Loans and Advances given by the Government.	Nil	Nil
Rate of Interest paid on the outstanding borrowings* of the Government	7.01	7.10
Difference between the rate of interest paid and interest received (<i>per cent</i>)	7.01	7.10

Source: Finance Accounts.

* Worked out on borrowings including Outstanding borrowing of erstwhile State which is to be apportioned between successor UTs.

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹73.77 crore and recovered loans and advances amounting to ₹1.03 crore. Out of total loans disbursed during 2021-22 loans amounting to ₹40.00 crore was disbursed to J&K Road Transport Corporation Limited (JKRTC) which already had outstanding loans of ₹439.23 crore ending 31 March 2021 (₹383.73 crore received from erstwhile State and ₹55.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore. 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. The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹168.25 crore ending 31 March 2022. In addition, there were Loans and Advances of ₹1,740.44 crore disbursed by the Government of erstwhile State which were outstanding ending 30 October 2019 and were yet to be divided between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. It was intimated in Exit Conference that the Government is looking forward to disinvestment in PSUs not doing well.

2.4.3.3 Capital blocked in incomplete works

As per information regarding incomplete works estimated cost more than rupee one crore furnished by the Government, 397 Capital Works having original estimated cost of ₹1,518.66 crore, taken up by four Departments (viz. Irrigation and Flood Control Department, Jammu (61 works) and Jal Shakti (PHE) Department Kashmir (216 work) Jal Shakti (PHE) Department Jammu (119

Works)) and Mechanical Engineering Department Kashmir (one) targeted to be completed during the period 2012-13 to 2014-15 and 2017-18 to 2021-22 were incomplete at the end of the year 2021-22. Cumulative expenditure of ₹1,095.52 crore incurred on these incomplete works got blocked.

Table 2.17: Age-wise Profile of incomplete projects as on 31 March 2022
(₹ in crore)

Target year of completion	No of incomplete works	Estimated Cost	Expenditure ending 31 March 2022
2012-13	01	1.57	3.52
2013-14	02	6.95	6.44
2014-15	09	49.42	43.25
2017-18	02	3.90	3.71
2018-19	05	10.65	9.83
2019-20	85	205.40	176.71
2020-21	203	971.87	674.10
2021-22	90	268.90	177.96
Total	397	1,518.66	1,095.52

Source: Finance Accounts.

Table 2.18: Department wise position of incomplete works
(₹ in crore)

Name of the Department	No of works	Estimated Cost	Expenditure ending 31 March 2022
Irrigation and Flood Control Department, Jammu	61	848.15	614.22
Jal Shakti (PHE) Department, Kashmir	216	363.66	233.65
Jal Shakti (PHE) Department, Jammu	119	306.15	246.95
Mechanical Engineering Department, Kashmir	01	0.70	0.70
Total	397	1,518.66	1,095.52

Source: Finance Accounts.

2.4.3.4 Implementation of Ujwal Discom Assurance Yojana (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to takeover 75 per cent of DISCOM debt as on September 2015 over two years i.e. 50 per cent of DISCOM debt was to be taken over in 2015-16 and 25 per cent in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 per cent to 8.72 per cent with maturity date from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally, so the money was utilised by the

Government to clear liabilities towards the Central Public Sector Undertakings (CPSU). The Government has to pay interest on the bonds and bonds will also be maturing every year from 2021-22 to 2031-32. During the year 2021-22, Government paid ₹284.12 crore towards interest on bonds issued under UDAY Scheme and also paid principal amounting to ₹214 crore.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Fiscal priority is the Ratio of expenditure under a category to aggregate expenditure for a particular sector. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. The expenditure priority of Government of UT of Jammu and Kashmir during 2020-21 and 2021-22 is shown in *Table 2.19*.

Table 2.19: Expenditure priority with regards to Health, Education, Capital expenditure etc.

(In per cent)

Year	TE/ GSDP	RE/ TE	CE/ TE	SSE/ TE	ESE/ TE	DE/ TE	Education/ TE	Health & FW/ TE
2020-21	37.11	83.33	16.67	34.77	23.59	58.37	16.28	7.85
2021-22	36.08	84.20	15.80	33.61	23.35	56.96	15.66	7.98

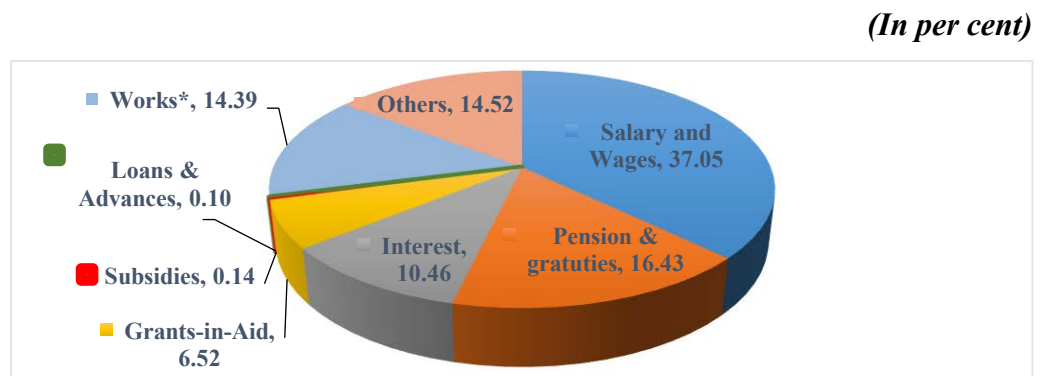
T.E: Total expenditure, RE: Revenue Expenditure, CE: Capital Outlay + Loans and Advances, SSE: Social Sector Expenditure, ESE: Economic Sector Expenditure and DE: Development Expenditure (Social Sector+ Economic Sector).

During the year 2021-22 the UTs expenditure on all above sectors increased but its percentage to total expenditure declined except for Revenue expenditure.

2.4.5 Object head wise Expenditure

Object head wise expenditure gives information about the object/ purpose of the expenditure.

Chart 2.9: Object head wise Expenditure



*Major Works+ Minor Works+ Construction

Salary and wages of UT of Jammu and Kashmir accounted for 37.05 per cent and pension and gratuities accounted for 16.43 per cent of total expenditure. It

indicates that more than 53 per cent of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 14.39 per cent of total expenditure.

2.5 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 Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the Union Territory of Jammu and Kashmir, the UT 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, and also cash balance transactions. **Table 2.20** given below shows component-wise net balances in Public Account of the State/UT.

Table 2.20: Component-wise net balances in Public Account at close of the years

		(₹ in crore)	
Sector	Sub Sector	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)	-1,591.41 (-27,161.62)
J. Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)	-873.86 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)	-46.27 (-1,533.95)
K. Deposits and Advances	(a) Deposits bearing Interest	-474.74 (-53.67)	-495.52 (-53.67)
	(b) Deposits not bearing Interest	-880.79 (-6,860.56)	-1190.52 (-6,860.56)
	(c) Advances	0.00 (12.69)	0.00 (12.69)
L. Suspense and Miscellaneous	(b) Suspense	-121.14 (344.15)	-249.38 (344.15)

Sector	Sub Sector	2020-21	2021-22
	(c) Other Accounts	-0.0002 (389.01)	-0.0002 (389.01)
M. Remittances	(a) Money Orders, and other Remittances	-632.57 (-2,856.74)	689.07 (-2,856.74)
	(b) Inter- Governmental Adjustment Account	-1.93 (9.26)	9.25 (9.26)
Total		-5,068.27 (-38,972.05)	-3,748.64 (-38,972.05)

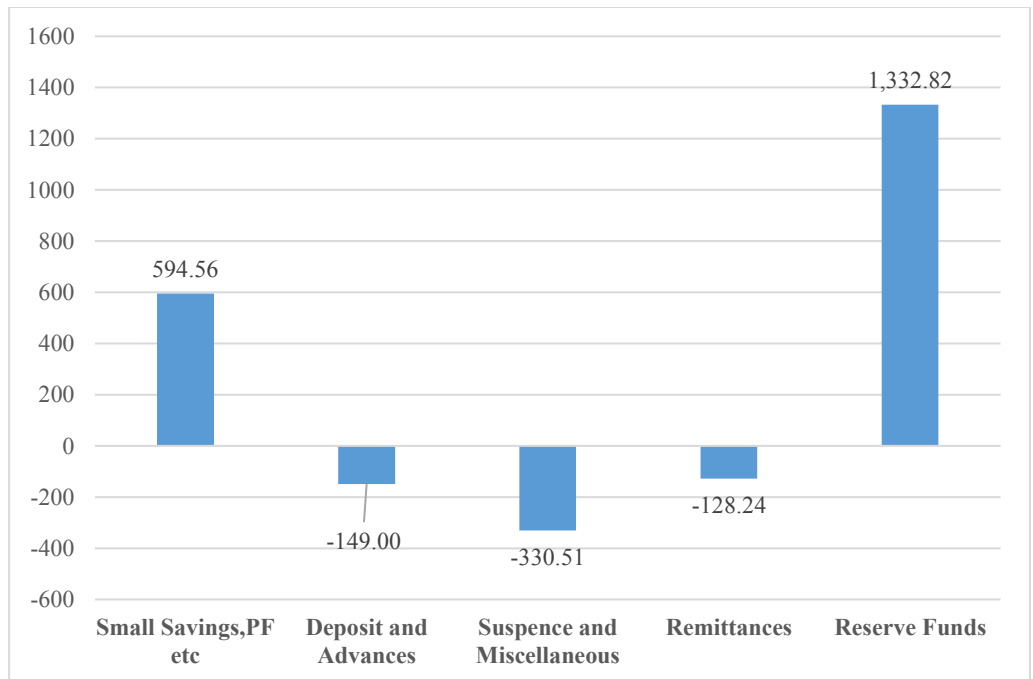
Source: Finance Accounts.

Note: +ve denotes debit balance and -ve denotes credit balances

The total credit balance under Public Accounts of UT of Jammu and Kashmir was ₹3,748.64 crore ending 31 March 2022. There was also a credit balance of ₹38,972.05 crore ending 30 October 2019 under Public Account of erstwhile State of Jammu and Kashmir, which is yet to be bifurcated between Union Territory of Jammu and Kashmir and UT of Ladakh.

Chart 2.10: Yearly change in Balances in Public Account of UT of J&K during 2021-22

(₹ in crore)



During the year 2021-22, major change occurred in Small Savings, PF etc. and Remittances components of Public Account.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds get contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. The position of reserve funds in the accounts of UT of Jammu and Kashmir is shown in the Table below. The total accumulated balance at the end of 31 March 2022 in these funds was ₹920.13 crore out of which ₹873.86 crore (Credit) was under interest bearing Reserve Fund and ₹46.27 crore (Credit) under Non-Interest bearing Reserve Fund. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting ₹2,806 crore of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two successor UTs.

Table 2.21: Closing Balances under Reserve Funds

<i>(₹ in crore)</i>		
RESERVE FUNDS	2020-21	2021-22
Reserve Funds Bearing interest		
State Disaster Response Fund	16.32	109.29
State Compensatory Afforestation Fund	764.57	764.57
Total - Reserve Fund Bearing Interest	780.89	873.86
Reserve Funds Not Bearing interest		
Sinking fund	55.63	100.63
Other Development and Welfare Funds	-90.38	-103.72
General Insurance Fund (Janta Insurance)	20.12	37.01
Guarantee Redemption Fund	2.00	4.00
Other Funds	2.87	8.35
Total - Reserve Funds Not Bearing interest	(-9.76)	46.27
Total -Reserve Funds	771.13	920.13

Source: Finance Accounts.

@ Balances ending 30 October 2019 of erstwhile State were not apportioned between the two UTs (UT of Jammu & Kashmir and UT of Ladakh). As such, opening balance of UT of Jammu & Kashmir has been taken as zero, due to which there were negative closing balances.

2.5.2.1 Consolidated Sinking Fund

No Consolidated Sinking Fund was separately created in Union Territory of Jammu and Kashmir after re-organisation of the erstwhile State of Jammu and Kashmir. The Government of erstwhile State of Jammu and Kashmir set up the Consolidated Sinking Fund for amortisation of loans in January 2012. According to the guidelines of the Fund, Government may contribute a minimum of 10 per cent of 0.5 per cent of the outstanding liabilities as at the end of 2010-11 every year beginning with the financial year 2011-12 upto 2021-22 to make it equal to 0.5 per cent of outstanding liabilities of 2010-11. In addition, contribution in respect of incremental liabilities as from year to 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. The Government of Union

Territory continued with the existing Fund and in the year 2021-22, Government of Union Territory of Jammu and Kashmir contributed ₹45.00 crore. The amount required to be contributed to the Fund as per guidelines of 2012 could not be worked out as the available balance under the Fund amounting to ₹355.87 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The total accumulation of the Fund (for the period 31 October 2019 to 31 March 2022- post re-organisation) was ₹100.63 crore as on 31 March 2022.

2.5.2.2 State Disaster Response Fund

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head ‘8121- General & Other Reserve Funds’ which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On Re-organisation of the State of Jammu and Kashmir into two new Union Territories, the Union Territory of Jammu and Kashmir continued with the Fund. During the year 2021-22, an amount of ₹279.00 crore on account of ‘Grants towards contribution to Union Territory Disaster Response Fund’ was released by the Ministry of Home Affairs, Government of India. The Government of Union Territory of Jammu and Kashmir transferred ₹361.23 crore (Central share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹49.61 crore and unspent balance ₹1.62 crore) to the Fund under Major Head 8121-122 SDRF. The contributions to the Fund, expenditure and the balance therein relating to Union Territory of Jammu and Kashmir during the year 2021-22 are as under:

Table 2.22: Receipts and Expenditure under State Disaster Response Fund
(₹ in crore)

Opening balance (1 April 2021)	Contribution by Centre	UT Share	Receipts under NDRF	Total receipts during the year	Amount set off (MH 2245-05)	Balance in the fund
16.32	279.00	31.00	Nil	361.23*	268.26	109.29

*Includes interest ₹ 49.61 crore and unspent balance ₹ 1.62 crore

There was opening balance of ₹16.32 crore under the Fund as on 1 April 2021 and during the year 2021-22, Government of Union Territory of Jammu and Kashmir transferred ₹361.23 crore (Central Share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹49.61 crore and unspent balance of ₹1.62 crore) and credited to the Fund. Expenditure of ₹268.26 crore was incurred during the year 2021-22 under Minor Head-101 Gratuitous Relief, leaving a balance of ₹109.29 crore as on 31 March 2022. The balance under the Fund has not been invested by the Government of UT of Jammu and Kashmir.

There was Gross balance of ₹1,271.48 crore under State Disaster Response Fund (SDRF) as on 30 October 2019 which is yet to be apportioned between the two new successor Union Territories viz Union Territory of Jammu and Kashmir and Union Territory of Ladakh. An amount of ₹10.86 crore stood invested from the Fund leaving net un-apportioned balance of ₹1,260.62 crore.

2.5.2.3 Guarantee Redemption Fund

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding Guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding Guarantees of the previous year.

The Government of Union Territory of Jammu and Kashmir has not framed Guarantee Redemption Fund Act as on 31 March 2022. Further, the Guarantee Redemption Fund Scheme of erstwhile State of Jammu and Kashmir did not have any target for contribution to the Fund.

During the year, Government of UT of Jammu and Kashmir contributed only ₹2.00 crore to the Fund. The total accumulation of the Fund was ₹4.00 crore as on 31 March 2022 (₹2.00 crore as on 31 March 2021) for the period post re-organisation viz. 31 October 2019 to 31 March 2022. There was also balance of ₹20.42 crore in the Fund as on 30 October 2019 pre re-organisation yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The entire amount of ₹24.42 crore [₹4.00 crore relating to UT of Jammu and Kashmir (31 October 2019 to 31 March 2022) and ₹20.42 crore relating to erstwhile State of Jammu and Kashmir (upto 30 October 2019)] has not been invested by the Government.

2.5.2.4 Central Road Fund (CRF)

Government of India provides annual grants under the Central Road Fund (CRF) to the Government of Union Territory to incur expenditure on specific road projects. During the year 2021-22, the Government of Union Territory received grants of ₹320.78 crore towards CRF and transferred the entire amount to the Deposit Head- 8449 through expenditure Head-3054. The Government of Union Territory incurred expenditure of ₹30.98 crore from the Fund during the year leaving closing balance of ₹367.14 crore in the Fund as on 31 March 2022.

There was also a balance of ₹573.33 crore as on 30 October 2019 (pre-re-organisation) under the Fund, which is yet to be apportioned between the Union Territories viz. Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

2.6 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

2.6.1 Debt profile: Components

Total debt of the State/UT Government typically constitutes of Internal debt of the State/UT (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The components of the outstanding debt are given below.

Table 2.23: Component wise outstanding debt

		(₹ in crore)	
		2020-21	2021-22
Outstanding Overall Debt*		14,880.48	23,390.12
Public Debt	Internal debt	10,562.21	19,306.08
	Debt from GoI*	5.64	-113.54
Liabilities on Public Account		4,312.63	4,197.58
Off budget borrowing		-	12,444.60
Gross State Domestic Product (GSDP)		1,70,201	1,95,118
Debt/GSDP (per cent)		8.74	11.99
Total Debt Receipts		52,919.18	64,784.48
Total Debt Repayments		41,439.26	52,429.36
Total Debt Available		11,479.92	12,355.12
Debt Repayments/Debt Receipts (percentage)		78.31	80.93

Source: Finance Accounts

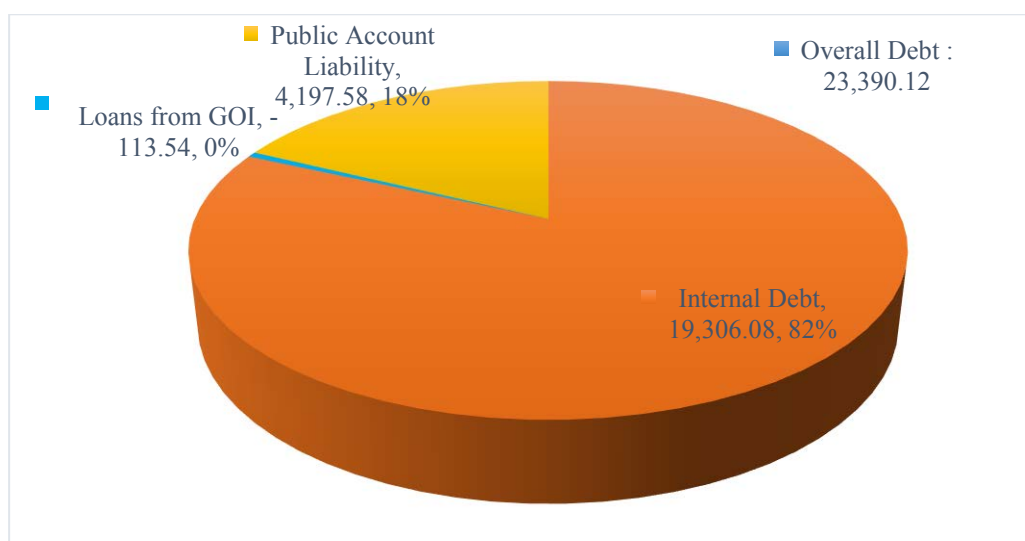
* Exclude ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall received during 2020 -21 and 2021-22 respectively.

Note: Liabilities on Public Account is excluding liabilities under Suspense and Misc. and Remittance Head

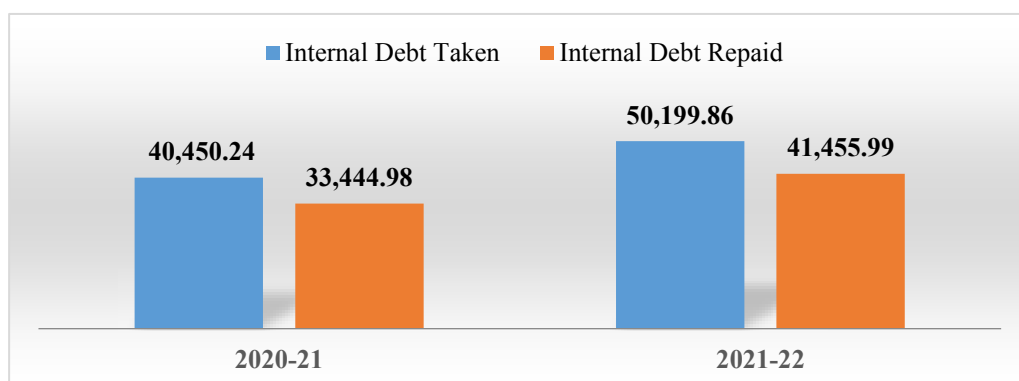
The overall outstanding debt with repayment liability is ₹23,390.12 crore. During 2021-22, debt repayment was 80.93 per cent of total debt receipts resulting in only ₹12,355.12 crore (19.07 per cent) of total debt receipts was available with the Government. During 2021-22, the increase in debt receipts was by 22 per cent whereas net debt available improved by 7.06 per cent with respect to 2020-21. Taking into account off budget borrowings, the debt to GSDP percentage of UT will increase from 11.99 per cent to 18.37 per cent.

Chart 2.11: Breakup of outstanding overall debt of UT of Jammu and Kashmir at the end of the year 2021-22

(₹ in crore)


Chart 2.12: Internal debt taken vis-a-vis repaid

(₹ in crore)



The percentage of internal debt repaid to internal debt taken was 82.58 per cent during the year 2021-22.

Table 2.24: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22
Composition of Fiscal Deficit		10,693.36	11,150.61
1	Revenue Deficit	-138.27	-30.83
2	Net Capital Expenditure	-10,470.38	-11047.04
3	Net Loans and Advances	-59.71	-72.74
4	Appropriation to Contingency Fund	-25.00	0
Financing Pattern of Fiscal Deficit			
1	Market Borrowings	7,508.66	4,088.00
2	Loans from GoI*	2,164.35	3,726.31
3	Special Securities issued to NSSF	-348.65	4,651.36
4	Loans from Financial Institutions	-154.75	4.52

Particulars		2020-21	2021-22
5	Small Savings, PF, etc.	1,144.17	-594.55
6	Deposits and Advances	581.96	330.52
7	Suspense and Miscellaneous	-82.34	128.23
8	Remittances	-763.81	-1,332.81
9	Reserve Fund	584.18	148.99
10	Contingency Fund	25.00	0
11	Overall Deficit	10,658.77	11,150.57
12	Increase/Decrease in cash balance	34.59	0.04
13	Gross Fiscal Deficit	10,693.36	11,150.61

Source: Finance Accounts

* Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.

During 2021-22, Union Territory of Jammu and Kashmir has fiscal deficit of ₹11,150.61 crore. Special Securities issued to NSSF, Market borrowings and borrowings from Government of India were major sources to meet fiscal deficit. Small Savings, PF etc. contributed to meet fiscal deficit in 2020-21, but this year Government had to arrange funds for payments of Small Savings, PF etc.

Table 2.25: Receipts and disbursements under components financing the fiscal deficit (2021-22)

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	44,665.03	40,577.03	4,088.00
2	Loans from GOI*	3,845.49	119.18	3,726.31
3	Special Securities issued to NSSF	5,000.00	348.64	4,651.36
4	Loans from Financial Institutions	534.83	530.31	4.52
5	Small Savings, PF, etc.	6,023.99	6,618.54	-594.55
6	Deposits and Advances	4,282.24	3,951.72	330.52
7	Suspense and Miscellaneous	16,438.34	16,310.11	128.23
8	Remittances	46.01	1,378.82	-1,332.81
9	Reserve Fund	432.89	283.90	148.99
10	Contingency Fund	0	0	0
11	Overall Deficit	81,268.82	70,118.25	11,150.57
12	Increase/Decrease in cash balance	1,447.69	1,447.65	0.04
13	Gross Fiscal Deficit	82,716.51	71,565.90	11,150.61

Source: Finance Accounts.

* Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

2.7 Debt Analysis

The position of outstanding public debt and its comparison with other fiscal aggregates are shown below.

Table 2.26: Position of Outstanding Public debt

Debt Sustainability Indicators	2020-21	2021-22
Outstanding Public Debt* (₹in crore)	10,567.85	19,192.54
GSDP (₹in crore)	1,70,201	1,95,118
Rate of Growth of GSDP	3.70	14.64
Public Debt/GSDP	6.21	9.84
Average interest Rate of Outstanding Public Debt@ (per cent) (interest paid/OB of Public Debt + CB of Public Debt/2)	7.82	7.94
Percentage of Interest payment on Public Debt to Revenue Receipt	8.16	8.78
Percentage of Public Debt Repayment to Public Debt Receipt	78.54	76.93
Net Public Debt available to the UT# (₹in crore)	4,887.23	7,267.25
Net Public Debt available as per cent to Public Debt Receipts	11.44	13.45

Source Finance Accounts

*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. It excludes GST compensation of ₹2,099.80 crore and ₹3,845.49 crore received as back-to-back loans under debt receipts from Department of Expenditure, GoI during 2020-21 and 2021-22 respectively. The back-to-back loans would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc.

@ Public debt (including outstanding public debt amounting ₹46,666.22 crore of erstwhile State) to GSDP.

#Net debt available to the UT Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

Some of the indicators of debt sustainability are as under.

- Net Public Debt available during the year 2021-22 increased from ₹4,887.23 crore to ₹7,267.25 crore and net public debt available has improved from 11.44 per cent in 2020-21 to 13.45 per cent in 2021-22.
- Public Debt Repayments/Public Debt Receipts: Ratio of public debt repayment to public debt receipt has improved from 78.54 per cent in 2020-21 to 76.93 per cent in 2021-22. It also indicates that 23.07 per cent of public debt receipt was available with the Government after repayment of earlier debts.
- Percentage of Interest payment on Public debt to total Revenue Receipts increased from 8.16 per cent in year 2020-21 to 8.78 per cent during 2021-22.
- There is outstanding public debt amounting to ₹46,666.22 crore of erstwhile State, which is yet to be apportioned between two UTs.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.27: Utilisation of borrowed funds during 2020-21 and 2021-22

(*₹ in crore*)

Year	1	2020-21	2021-22
Total Borrowings*	2	42,732.93	54,045.35
Repayment of earlier borrowings (Principal) (percentage)	3	33,563.32 (78.54)	41,575.17 (76.93)
Balance borrowings for capital expenditure (percentage)	4	9,169.61 (21.46)	11,047.04 (20.44)
Balance of borrowing for net disbursement of loans and advances (percentage)	5	NA	72.74 (0.13)
Portion of Revenue Expenditure met out of net available borrowings (percentage)	6=2-3-4-5	NA	1,350.40 (2.50)

Source: Finance Accounts.

* Includes ₹ 2,099.80 crore and ₹ 3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.

During 2021-22, 76.93 per cent of borrowings were utilised towards repayment of earlier loans/borrowed funds resulting just 23.07 per cent of borrowed funds remaining available for development works. Out of that 20.57 per cent were utilised towards Capital Expenditure and disbursement of loans and advance and amount of ₹1,350.40 crore (2.50 per cent) was expended on revenue nature of expenditure.

2.7.2 Status of Guarantees – Contingent Liabilities

As at the end of the year 2021-22 (31 October 2019 to 31 March 2022) post re-organisation cumulative amount guaranteed by the Government of Union Territory is ₹12,328.80 crore (under reconciliation with Government of Union Territory of Jammu and Kashmir). Further, there is also outstanding Guarantees of ₹452.65 crore [revised data received from Principal Accountant General (Audit), Jammu and Kashmir] given by the erstwhile State of Jammu and Kashmir (ending 30 October 2019 pre re-organisation) which is yet to be apportioned between successor Union Territories of Jammu and Kashmir and Ladakh. No Guarantee Commission/ fee was received by Government of Union Territory of Jammu and Kashmir during 2021-22. J&K FRBM Act 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. Outstanding Guarantee of UT during 2021-22 was within both these limit of ₹12,765 crore and ₹39,372 crore.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, UT Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below

the agreed minimum amount on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 62 days without resorting to Normal Ways and Means Advances and Overdraft and availed Normal Ways and Means Advances on 125 days and on 178 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2022 was ₹499.54 crore under Normal Ways and Means Advances.

There was also a balance of ₹692.11 crore under Normal Ways and Means Advances as on 30 October 2019 which is yet to be apportioned between the successor Union Territories viz. Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

Union Territory Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are to be credited as receipts under the head '0049-Interest Receipts'. Position of cash balance and their investment is as under.

Table 2.28: Cash Balances and their investment

(₹ in crore)

	Opening balance on 31 March 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	1,447.69	1,447.65
Deposits with J&K Bank and other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	1,447.69	1,447.65
Investments held in Cash Balance investment account	0.00	0.00
Total (A)	1,447.69	1,447.65
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0.00	0.00
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	0.00	0.00
Total (B)	0.00	0.00
Total (A + B)	1,447.69	1,447.65
Interest realised	0.11	Nil

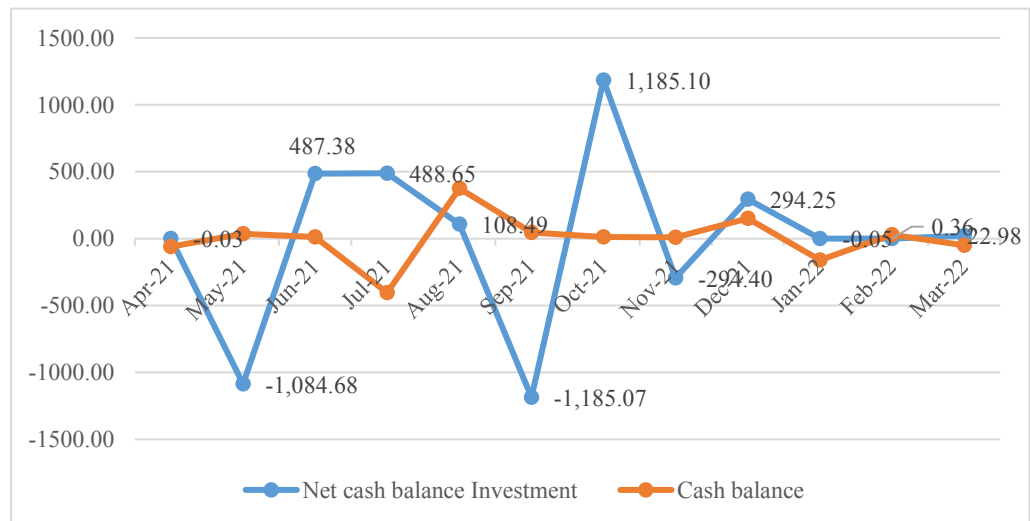
Source: Finance Accounts.

The Cash balance as on 31 March 2022 as per the record of Principal Accountant General was ₹1,447.65 crore (Debit) and that reported by the Reserve Bank of India (RBI)¹ was ₹1,445.73 crore (Credit). There was a net difference of ₹1.92 crore (Debit), mainly due to non-reconciliation by Government of UT of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

No amount was held in Cash Balance Investment Account by the Government of UT of Jammu and Kashmir at the close of the year 2021-22. There was no amount outstanding under Cash balance investment account. However, an amount of ₹383.92 crore was held in the Cash Balance Investment Account at the end of 30 October 2019, which is yet to be apportioned between UT of J&K and UT of Ladakh. No interest was earned on cash balance investment during 2021-22.

Chart 2.13: Month wise movement of Cash Balances and net cash balance investments during the year

(₹ in crore)



Source: Finance Accounts.

2.8 Conclusions

- Revenue Expenditure constituted of 84.20 per cent of Total Expenditure.
- Capital Outlay of ₹11,047.04 crore constituted 15.69 per cent of Total expenditure.
- Outstanding Public debt of UT of Jammu and Kashmir at the end of 31 March 2022 was ₹19,192.54 crore and there is also an amount of

¹ worked out by Principal Accountant General (A&E) by excluding transactions pertaining to the UT of Ladakh for the period 31 October 2019 to 31 March 2020, during which a single account was maintained by RBI in respect of both UTs (UT of J&K and UT of Ladakh)

₹46,666.22 crore at the end of 30 October 2019 which is to be bifurcated between two Union Territories.

- The Union Territory of Jammu and Kashmir had outstanding loans of ₹168.25 crore disbursed up to ending 31 March 2022. In addition to above, the Erstwhile State had outstanding loans amounting ₹1,740.43 crore disbursed up to ending 30 October 2019 which are to be distributed between two Union Territories.
- During 2021-22, the balance under reserve funds of UT of Jammu and Kashmir was ₹920.13 crore. There was also balance under Reserve funds at the end of 30 October 2019 amounting to ₹2,806 crore, which is to be bifurcated between two Union Territories.

2.9 Recommendations

1. The Government should explore ways to minimize its committed expenditure, so that more funds could be made available for development expenditure.
2. As recovery of loans advanced by the Government has been poor, the Government may consider treating loans and advances as grants and booking them as Revenue Expenditure for ensuring that accounts reflects the correct position.

Chapter-III
Budgetary Management

CHAPTER-III

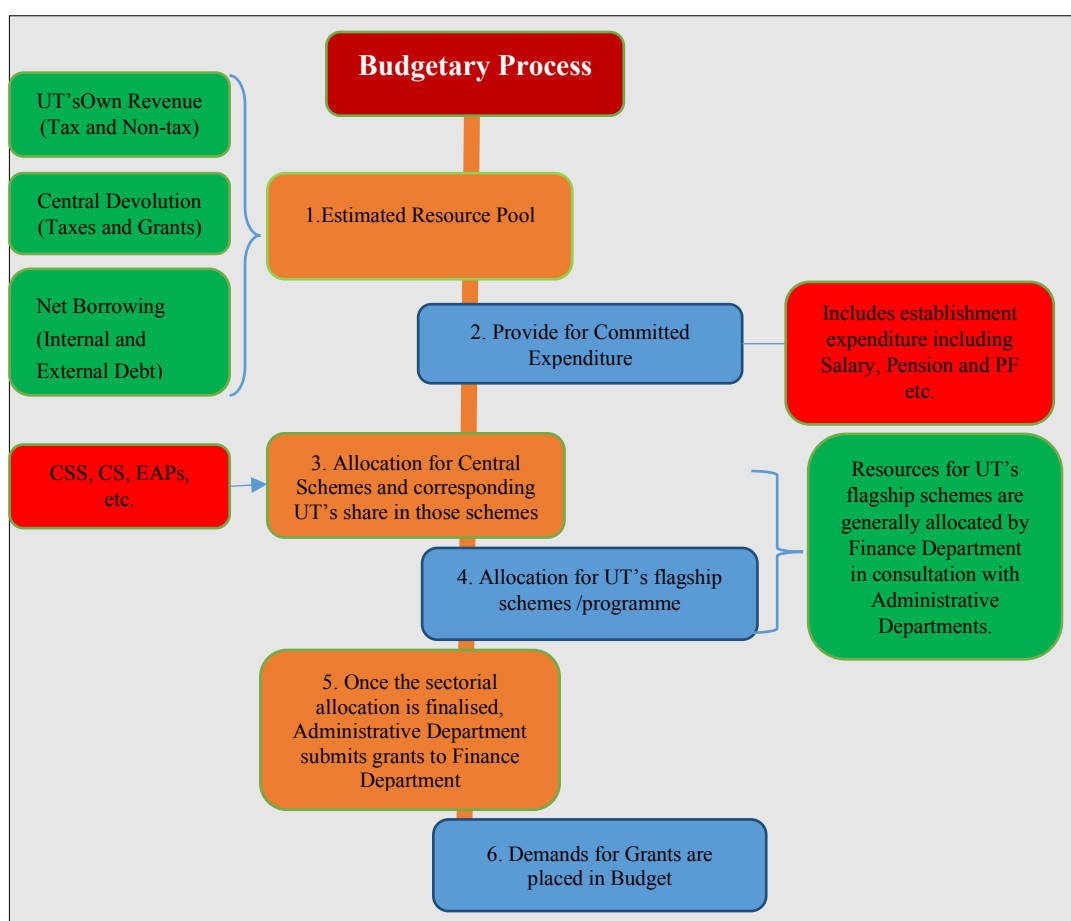
BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. 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 schedule appended to the Appropriation Acts passed under Section 43 and 44 of the Jammu and Kashmir Reorganisation Act 2019.

Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts. Budget glossary is given in *Appendix 6*. A typical budget preparation process is given in *Chart 3.1*.

Chart 3.1: Budget Process

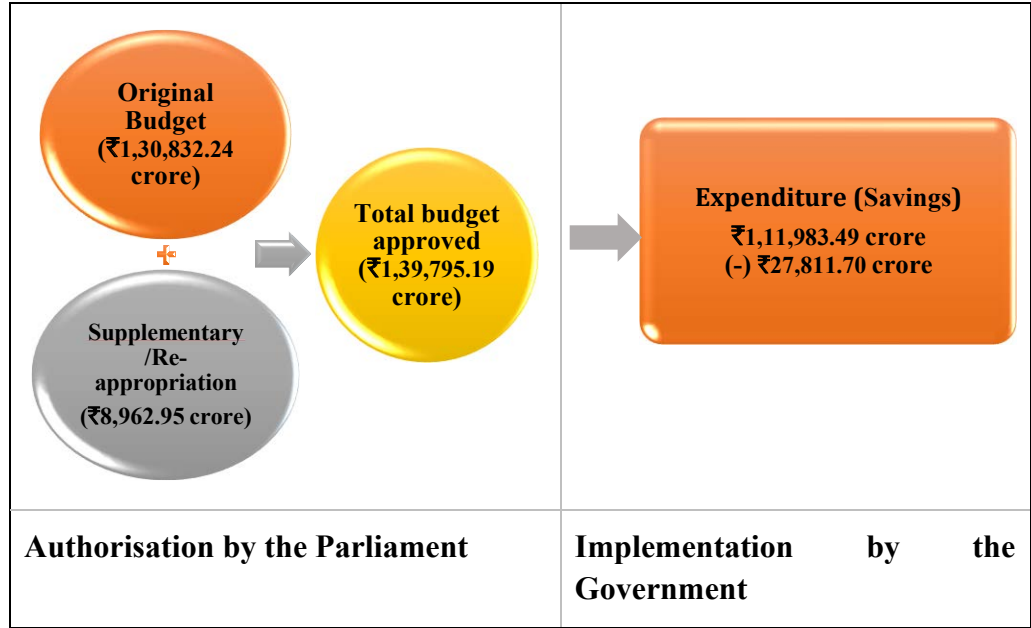


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

After creation of Union Territory of Jammu and Kashmir by virtue of Jammu and Kashmir Reorganisation Act, 2019 w.e.f. 31 October, 2019, the Union

Territory of Jammu and Kashmir continues to be under the President's rule vide Gazette Notification S.O. 3937 (E), dated 31 October, 2019. The powers of the legislature of the Union Territory of J&K are exercised by or under the authority of the Parliament. The various components of budget 2021-22 are depicted in **Chart 3.2.**

Chart 3.2: Components of Budget



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

3.1.1 Summary of total provisions, actual disbursements and savings during 2021-22

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2021-22 is as under:

Table 3.1: Budget provision, disbursement and saving/excess during 2021-22

(₹ in crore)

Total Budget provision		Disbursements		Saving(-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
91,172.23	48,622.96	62,966.45	49,017.04	(-)28,205.78	(+)394.08

Source: Appropriation Accounts

During 2021-22, ₹28,205.78 crore (31 per cent) of savings was noticed in the voted section whereas excess expenditure of ₹394.08 crore (one per cent) was incurred in the charged section, as shown in the table above.

3.1.2 Charged and Voted disbursements

Break-up of total disbursement into *charged* and voted during 2020-21 and 2021-22 is given in the table below:

Table 3.2: Disbursement and Saving/Excess during 2020-21 and 2021-22
(₹ in crore)

Year	Disbursements		Saving(-)/ Excess(+)	
	Voted	Charged	Voted	Charged
2020-21	56,782.00	40,004.29	(-)43,472.92	(+)6,663.48
2021-22	62,966.45	49,017.04	(-)28,205.78	(+)394.08

Source: Appropriation Accounts.

As can be seen from the above table, the savings in the voted section have decreased from ₹43,472.92 crore in 2020-21 to ₹28,205.78 crore in the year 2021-22. Similarly, excesses have decreased from ₹6,663.48 crore in 2020-21 to ₹394.08 crore during the year 2021-22.

3.2 Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be *charged* under the provisions is so *charged*. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Comments on Integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of section 43 of Jammu and Kashmir Reorganisation Act 2019.

An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants (*Appendix 3.1*) without Budgetary Provisions during 2021-22 which needs to be regularised.

3.3.2 Classification of expenditure of Revenue nature as Capital expenditure or vice-versa

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During 2021-22, a sum of ₹158.76 crore of Revenue expenditure as detailed below was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of

Revenue Expenditure and Revenue deficit to the extent of ₹158.76 crore. This includes Grant-in-aid of ₹63.60 crore under the schemes National Horticulture Mission, National Rural Livelihood Mission, Strengthening of State Drug Regulatory System, Implementation of AYUSH and Prevention and Control of Diseases. Besides this, there was mis-classification of subsidy amount of ₹95.16 crore for the schemes Replacement of Old Fleet, Soil Survey, Pradhan Mantri Krishi Sinchayi Yojna and National Horticulture Mission.

Table 3.3: Classification of expenditure of Revenue nature as Capital expenditure

Sl. No.	Major Head of Account	Type of Misclassification	Amount (₹ in crore)
1	4210,4515 and 4401	Grant-in-aid classified as Capital Expenditure	63.60
3	4401,4402 and 5055	Subsidy booked as Capital Expenditure	95.16
		Total	158.76

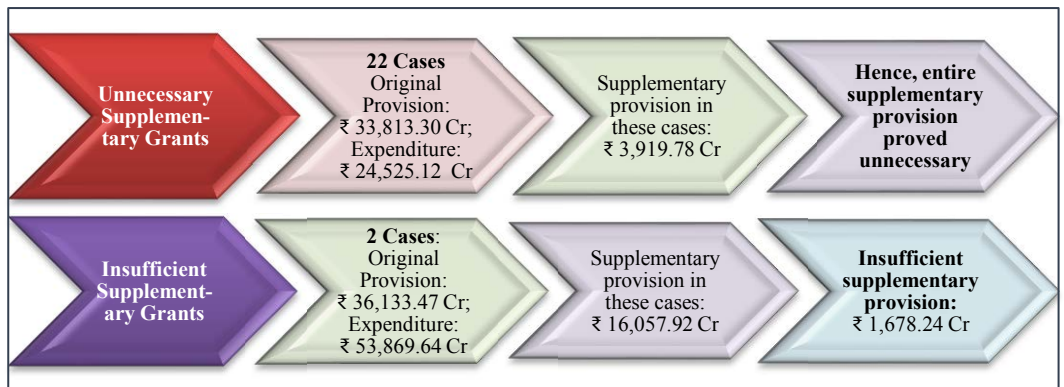
Source: Finance Accounts 2021-22.

3.3.3 Unnecessary or insufficient Supplementary Grants

As per section 44 of Jammu and Kashmir Reorganisation Act 2019, a Supplementary or Additional Grant over the provision made by the Appropriation Act for the year, can be made during the current financial year.

Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Appendix 3.2**. On the other hand, in grant 08-Finance Department, supplementary grant of ₹16,057.92 crore was not adequate to meet the requirement (**Chart 3.3**).

Chart 3.3: Unnecessary and Insufficient Supplementary Provisions



Source: Appropriation Accounts

The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

3.4 Substantial Savings

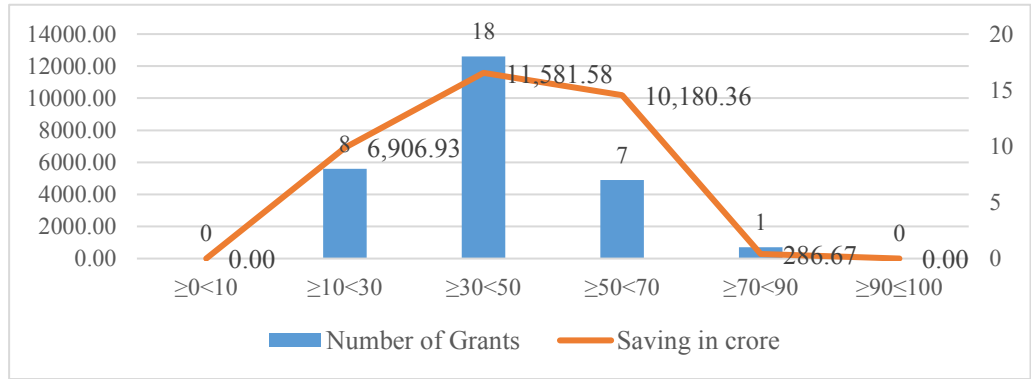
As per the Jammu and Kashmir Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Out of the 35 grants, except in Grant no. 8- Finance Department, there were savings in the remaining 34 Grants. Out of these 34 grants, there were 33 grants in which savings of ₹10 crore and above had occurred as on 31st March 2022. In case of 26 grants, the savings of ₹100 crore and above were noticed, with the percentage savings ranging between 14 *per cent* and 86 *per cent*. However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was ₹28,504.50 crore. Relevant details are indicated in **Appendix 3.3**. The above savings also include huge savings of ₹100 crore and above by the departments under Capital Section in 22 grants amounting to ₹18,723.63 crore. Savings under Capital Section ranged between 42 *per cent* and 98 *per cent* of the total appropriation of the grant during 2021-22. The savings under Capital section indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets.

3.4.1 Percentage of utilisation of provision under each Grant

Audit examination of utilisation of grants shows that the percentage savings ranged between 10 *per cent* to 30 *per cent* amounting to ₹6,906.93 crore in eight grants, 30 to 50 *per cent* amounting to ₹11,581.58 crore in 18 grants, 50 to 70 *per cent* amounting ₹10,180.36 crore in seven grants and 70 *per cent* to 90 *per cent* amounting to ₹286.67 crore in one grant. In the remaining one grant (Grant No. 08- Finance Department), there was over utilisation of two *per cent* resulting in excess over provisions during 2021-22 as detailed in **Appendix 3.4**. Savings (under utilisation) by these departments is indicative of non-prioritising of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Over utilisation of grant indicates the incurring of excess expenditure over the budget provisions by the department during the period, which needs to be regularised, as per the existing rules and regulations.

Some of the departments wherein the savings in the respective grants were more than 50 *per cent* were Rural Development Department (₹3,196.11 crore, 64 *per cent*), Housing and Urban Development Department (₹2,382.21 crore, 63 *per cent*), Public Health Engineering Department (₹2,063.12 crore, 53 *per cent*) and Planning Department (₹1,238.81 crore, 68 *per cent*), which indicate that the Government could not utilise the funds earmarked for the planned purposes.

Chart 3.4: Distribution of number of Grants/Appropriations grouped by the percentage of savings



3.5 Grants with Nil expenditure

Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes as detailed in *Appendix 3.5* which included the developmental schemes under Public Health Engineering, Irrigation and Flood Control, Housing and Urban Development, Power Development and Planning Department remained unutilised during the year resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

3.5.1 Excess over provisions requiring regularisation

As per Section 43 of Jammu and Kashmir Reorganisation Act 2019, no money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of this section.

Total excess expenditure amounting to ₹13,019.16 crore was incurred by the UT Government during the period 31 October 2019 to 31 March 2022 which includes excess expenditure amounting to ₹2,049.26 crore as detailed in *Appendix 3.6* under Revenue Voted, Revenue Charged and Capital charged section in Grant No. 08 (Finance Department) and Revenue Voted section in Grant No. 16-Public Works Department incurred by the Government during 2021-22. Excess expenditure remaining un-regularised for extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.5.2 Persistent excesses in one Grant

The details of persistent excess expenditure during the period 2020-21 and 2021-22 are mentioned below.

Table 3.4: Details of excess expenditure noticed in one Grant during 2020-21 to 2021-22

(₹ in crore)

Description of Grant/Appropriation	2020-21	2021-22
Grant No. 08- Finance Department		
Capital Charged		
Total Grant	26,469.03	41,420.20
Expenditure	33,563.32	41,575.17
Excess	7,094.29	154.97
Revenue Charged		
Total Grant	0.00	7,093.67
Expenditure	0.00	7,360.31
Excess	0.00	266.64
Revenue Voted		
Total Grant	0.00	10,771.20
Expenditure	0.00	12,294.47
Excess	0.00	1,523.28
Total	7,094.29	1,944.89

Source: Appropriation Accounts of respective years.

As is evident from the above table, persistent excesses were noticed in Grant number 08-Finance Department. The excess was mainly under Major Head 2071-Pension and Other Retirement Benefits in Revenue Voted section during 2021-22 and under Major Head 6003-Internal Debt of the State Government in Capital Charged section during 2020-21. This is indicative of the fact that the proper budget exercise is not being carried out as was required under Paragraph 6.2.4 of Government of Jammu and Kashmir Budget Manual.

3.5.3 Regularisation of excess expenditure of previous financial years pertaining to erstwhile State of Jammu and Kashmir

As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (1 April 2019 to 30 October 2019) pertaining to erstwhile State of Jammu and Kashmir, as detailed in **Appendix 3.7** is yet to be regularised. Excess expenditure remaining un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-Aid for creation of Capital Assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee,

except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India. It has been seen that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit. It was noticed that there was booking of GIA as Capital expenditure during the year 2020-21 to 2021-22 as shown in the table below.

Table 3.5: Extent of classification of GIA as Capital Expenditure

Item	₹ in crore	
	2020-21	2021-22
GIA booked as Capital Expenditure	61.59	63.60
Total Capital Expenditure	10,470.38	11,047.04
Share of GIA in Capital Expenditure (<i>in per cent</i>)	0.59	0.58
Revenue Deficit (-)/ Revenue Surplus (+)	(-)138.27	(-)30.83
Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-)199.86	(-)94.43

Source: Finance Accounts (NTA) of respective years

The Union Territory Government has continued to book Grants-in-aid as capital expenditure over the period 2020-21 to 2021-22. This has resulted in understatement of revenue deficit to the tune of ₹61.59 crore and ₹63.60 crore during 2020-21 and 2021-22 respectively.

3.7 Comments on effectiveness of Budgetary and Accounting Process

3.7.1 Budget projection and gap between expectation and actual

The total provision for expenditure during 2021-22 was ₹1,39,795.19 crore. The actual expenditure during the year was ₹1,11,983.49 crore (80 per cent). This resulted in savings of ₹27,811.70 crore during 2021-22. The summarised position of actual expenditure during 2021-22 against 35 grants/ appropriations is given below:

Table 3.6: Summarised position of actual expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2021-22

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2022	
							Amount	per cent
Voted	I. Revenue	61,009.64	-975.5	60,034.14	51,827.46	-8,206.68	Nil	Nil
	II. Capital	35,654.32	-4,631.12	31,023.20	11,065.23	-19,957.97	Nil	Nil
	III. Loans & Advances	108.90#	6.00	114.90	73.77*	-41.13	Nil	Nil
	Total	96,772.86	-5,600.62	91,172.24	62,966.46	-28,205.78	Nil	Nil
Charged	IV. Revenue	7,794.16	-591.41	7,202.76	7,441.87	239.11	Nil	Nil
	V. Capital	0.00	0.00	0.00	0.00	0.00	Nil	Nil

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2022	
							Amount	per cent
	VI. Public Debt-Repayment	26,265.22	15,154.98	41,420.20	41,575.17	154.97	Nil	Nil
	Total	34,059.38	14,563.57	48,622.96	49,017.04	394.08	Nil	Nil
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	Nil	Nil
	Grand Total	1,30,832.24	8,962.95	1,39,795.19	1,11,983.49	-27,811.70	Nil	Nil

Source: Appropriation Accounts.

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* Finance Account Vol-1 (St.-7)

The savings in grants is indicative of over budgeting which is as much a financial irregularity as excess in expenditure in terms of Rule 6.2.4 of Jammu and Kashmir Budget Manual. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised and also non-surrender of funds (savings) is in contravention to the instructions of the Jammu and Kashmir Budget Manual.

3.7.2 Rush of expenditure

Rule 62 (3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure exceeding 50 per cent of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants and the percentage of expenditure ranged between 50 per cent and 100 per cent, as detailed in *Appendix 3.8*.

The monthly pace of expenditure was not uniform, as 83 per cent of expenditure under 25 Major Heads was incurred in the last quarter of the financial year 2021-22.

3.8 Review of selected Grants

A review of Budgetary Procedure and control over expenditure in test checked two grants (Grant No. 35: Science and Technology Department) and (Grant No. 30: Tribal Affairs Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

3.8.1 Grant No. 35: Science and Technology Department

Against total allocation of ₹121.76 crore under the Grant, the total expenditure booked is ₹62.45 crore only. An amount of ₹59.31 crore (49 per cent) remained unspent during the year which indicates preparation of unrealistic budget estimates during 2021-22 by the Department. Saving of ₹4.36 crore in Revenue Voted and ₹54.95 crore in Capital Voted sections was noticed. No portion of saving of ₹59.31 crore was anticipated and surrendered. Major Head/Section-wise breakup is given as below:

Table 3.7: Budget provision under Revenue and Capital sections

(₹ in crore)

S. No	Revenue /Capital	Major Head	Original Grant	Supplementary Grant	Total	Expenditure Booked	Saving (-) (percentage)
1	Revenue (Voted)	3435	19.01	-3.15	15.85	11.49	-4.36(28)
2	Capital (Voted)	5425	105.91	0.00	105.91	50.96	-54.95(52)
		Total	124.92	-3.15	121.76	62.45	-59.31(49)

Source: Appropriation Accounts.

3.8.1.1 Injudicious re-appropriation

An amount of ₹3.81 crore as original grant was allotted under the Salary component of the Scheme “Additional Director Council for Science and Technology” (Sub Head-2172) under Major Head 3435-Ecology & Environment during 2021-22. However, audit noticed that withdrawal of ₹75.99 lakh under re-appropriation proved injudicious owing to the fact that there has been excess expenditure of ₹43.10 lakh under the Salary component.

3.8.1.2 Unnecessary supplementary grants

Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/ internal controls lead to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries. Audit noticed that saving had occurred in the following scheme where supplementary grant of ₹50.00 thousand and above were provided to the department.

Table 3.8: Unnecessary supplementary grants

(₹ in lakh)

Major Head	Reference to Sub Head/Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
Revenue voted							
3435	SH-2172						
	002-Travel expenses	8.50	0.50	9.00	2.00	7.00	78
	009-Rent, Rates and Taxes	7.36	30.48	37.84	6.81	31.03	82
	103-Office Equipment's and appliances	5.00	0.50	5.50	3.54	1.96	36
	SH-2173						
	002-Travel Expenses	17.00	3.00	20.00	7.08	12.92	65
	006-Telephone	3.00	1.00	4.00	1.26	2.74	69
	007-Office Expenses	10.00	2.00	12.00	9.59	2.41	20
	008- Electric Charges	1.50	2.50	4.00	0.51	3.49	87
	009-Rent Rates and Taxes	13.00	1.00	14.00	7.90	6.10	44
	014-POL	10.00	1.00	11.00	7.69	3.31	30

Major Head	Reference to Sub Head/Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
	037-Professional and Special service charges	2.00	3.00	5.00	0.56	4.44	89
	071-Medical reimbursement	3.00	1.00	4.00	0.97	3.03	76

At times, while obtaining supplementary provision, the Departments report to legislature/Parliament large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend even the original budget provision which leads to large savings. As is evident from above table, huge amount of provision under certain sub heads was not utilised and there were savings by the departmental officers without giving any reason for the same. These savings were much more than the supplementary provisions which were indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak internal control.

3.8.1.3 Less expenditure (saving) against the provision under Revenue and Capital Heads

(i) Revenue section

Against the budget allocation of ₹12.07 crore under the scheme Chief Executive Officer, Jammu and Kashmir Energy Development Agency (JAKEDA), Sub Head-2173 under Revenue section, an amount of ₹7.68 crore has been incurred, resulting into saving of ₹4.39 crore which includes a saving of ₹3.86 crore under the salary component during 2021-22.

In reply, the department attributed the savings to non drawal of salaries of three officers who were repatriated to their parent departments and non-filling of vacant posts against which the funds for salaries had been projected in the budget. The reply is not tenable in view of the fact that despite department having been aware of non-filling of vacant posts for which projection was kept in the Budget; the savings could have been anticipated and surrendered well before the close of financial year.

(ii) Capital Section

Less expenditure (saving) against the provision under Capital Head is as follows:

Table 3.9: Less expenditure (saving) against the provision

(₹ in crore)

S. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less expenditure/Savings
1	5425	-	800	0011	0868	7.91	5.94	1.97
2	5425	-	800	0011	1700	98.00	45.02	52.98
Total						105.91	50.96	54.95

Against the budget allocation of ₹7.91 crore under the scheme Scientific Services and Research (SH-0868), an amount of ₹5.94 crore has been incurred in the

Works component, resulting into saving of ₹1.97 crore during 2021-22. Similarly, against the budget allocation of ₹98.00 crore under the scheme New Renewable Sources of Energy (SH-1700) in the Works component, an amount of ₹45.02 crore has been incurred, resulting into saving of ₹52.98 crore during 2021-22. The savings were not anticipated and surrendered.

In reply, the department attributed the savings to non-completion of works, late return of funds, non-submission of works plan by the implementing agencies besides, non-finalisation of tendering process, late acquisition of land and non-release of funds. The reply is not tenable as no effective monitoring mechanism is in place in the department to review and monitor the progress and execution of works, so that anticipated savings could be surrendered timely during the year.

3.8.1.4 Expenditure under Minor Head-800

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 Head-800 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure.

Audit noticed the following position of booking of Revenue and Capital expenditure under Minor Head 800-Other expenditure during 2021-22.

Table 3.10: Expenditure under Minor Head-800-Other expenditure
(₹ in crore)

Major Head	Total amount of Grant during 2021-22	Total expenditure under Minor Head 800-Other expenditure	Percentage of expenditure under Minor Head 800-Other expenditure
3435-Ecology and Environment	15.85	11.49	72
5425-Capital outlay on other Scientific and Environment Research	105.91	50.96	48
Total	121.76	62.45	51

It is noticed that whole budget amounting to ₹121.76 crore under Revenue and Capital head of accounts was provided under Minor Head 800- Other Expenditure. The entire amount of expenditure of ₹62.45 crore (51 per cent) of the total amount of grant has been booked under the Minor Head-800-Other expenditure in the Revenue and Capital Heads of account during 2021-22. Reply to issue of non- budgeting under other available Minor Heads and budgeting only under Minor Head-800 is awaited from the department.

3.8.1.5 Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23.03.2021, zero balance Single Nodal Accounts (SNAs) were required to be opened for each Centrally Sponsored Schemes (CSS) operational either in the Union Territory or in any State. The Department had not opened any zero balance SNA during 2021-22. However, the Department had already two existing accounts¹ opened during the years 2015 and 2018 which were operational during 2021-22 and the scheme-wise funds to the tune of ₹42.26 crore² from GoI, Ministry of New and Renewable Energy were received (2021-22) directly in these accounts. The department utilized ₹37.01 crore on these projects and ₹05.25 crore remained un-utilised as on 31st March 2022. Audit, however, noticed that consequent upon the issuance of revised procedure vide GoI, MoF, Department of Expenditure, OM No.1/18/PFMS/FCD/2021 dated 09.03.2022 for flow of funds under central sector schemes through Central Nodal Agency (CNA), three zero balance SNAs for three³ CSSs were opened (19.07.2022 and 27.07.2022) by the department and the funds are received through CNA on real time basis.

3.8.2 Grant No. 30: Tribal Affairs Department

Against the total allocation of ₹411.87 crore under the grant, an expenditure of ₹173.17 crore was booked and an amount of ₹238.70 crore (58 per cent) remained unspent during the year which indicates that the Department made unrealistic budget provisions during the year 2021-22. There is a saving of ₹64.40 crore (50 per cent) under the Revenue Head (Voted) and ₹174.30 crore (62 per cent) in the Capital Head (Voted) as detailed below:

Table 3.11: Budget provision, expenditure booked and savings under Revenue and Capital Heads

(₹ in crore)							
S. No.	Revenue/Capital	Major Head	Original Grant	Supplementary Grant	Total	Expenditure Booked	Saving (-) (percentage)
1	Revenue (Voted)	2225	104.72	24.92	129.64	65.24	-64.40 (50)
2	Capital (Voted)	4225	273.43	8.80	282.23	107.93	-174.30 (62)
Total			378.15	33.72	411.87	173.17	-238.70 (58)

The following discrepancies were noticed among various scheme heads under the grant.

¹ For the schemes of Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE and Grid connected Solar Rooftop.

² Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE: ₹22.08 crore and Grid connected Solar Rooftop: ₹20.18 crore

³ Grid connected Solar Rooftop ; PM-KUSUM Component-B and Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE

3.8.2.1 Unnecessary supplementary grants

Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/ internal controls lead to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries. Audit noticed that savings had occurred in the following schemes Advisory Board for Gujjar and Bakerwal (Sub Head-0442), Welfare of Gujjar and Bakerwal (Sub Head-1796) and Director Tribal Affairs (Sub Head-2253) where supplementary grants of ₹ 50 thousand and above were provided to the Department.

Table 3.12: Unnecessary supplementary grants

(₹ in lakh)

Major Head	Reference to Sub Head/ Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
Revenue voted							
2225	SH-0442						
	001-Salary	108.90	1.14	110.04	67.42	42.62	39
	SH-1796						
	008-Electricity Charges	70.00	11.60	81.60	36.56	45.04	55
	011-Books, Periodicals and Publication	3.45	0.55	4.00	1.90	2.10	53
	017-Honorarium and Remuneration	22.54	1.96	24.50	3.20	21.30	87
	023-Maintenance and Repairs	10.00	2.00	12.00	8.73	3.27	27
	071-Medical reimbursement	3.00	0.93	3.93	0.00	3.93	100
	103-Office Equipments and Appliances	7.00	3.00	10.00	4.59	5.41	54
	SH-2253						
006-Telephone	1.00	1.00	2.00	0.76	1.24	62	

As is evident from above table, provision under supplementary grants in certain sub heads was not utilised and savings were made by the departmental officers without giving any reason for the same. These savings were much more than the supplementary provisions which were indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak internal control.

3.8.2.2 Excess expenditure against the allocation

Grant-in-aid of ₹16.00 crore under the supplementary grants has been provided in the scheme Tribal Sub Plan (SCA) Sub Head-1814 against which an expenditure of ₹21.13 crore has been booked, resulting in an extra expenditure

of ₹5.13 crore as detailed in **Table 3.13**. The reasons for excess are awaited from department.

Table 3.13: Excess expenditure under Revenue Head of Account

(₹ in crore)

S.No.	MH	SM	MI	GH	SH	Budget allocation	Expenditure Booked	Excess
1	2225	02	800	0031	1814	16.00	21.13	5.13

3.8.2.3 Less expenditure against the allocation

(i) Revenue section

During the year 2021-22, against the budget allocation of ₹40.00 crore, an expenditure of ₹8.05 crore has been booked under the scheme Post Matric Scholarship, Sub Head (1829), resulting in to saving of ₹31.95 crore. Similarly, against the allocation of ₹42.46 crore under the scheme Welfare of Gujjar and Bakarwal, Sub-Head (1796), an expenditure of ₹29.36 crore has been booked, resulting in saving of ₹13.10 crore. Further, against the allocation of ₹1.39 crore under the Scheme Advisory Board for Gujjar and Bakarwals, Sub Head (0442), an expenditure of ₹0.81 crore has been booked, resulting in saving of ₹0.58 crore and against the allocation of ₹10.11 crore under Director Tribal Affairs Sub Head (2253), an expenditure of ₹8.37 crore has been booked, resulting in saving of ₹1.74 crore. The percentage of saving ranged between 17 and 80 per cent.

It was seen in audit that the department has not made any assessment with regard to coverage of eligible beneficiaries for the scholarship under the scheme Post Matric Scholarship. Neither any budget estimates nor any plan proposal were framed, in absence of which actual coverage of actual beneficiaries could not be verified. Non framing of projected requirement of eligible students resulted into huge unspent balance of scholarship under the scheme.

Table 3.14: Less expenditure (Savings) against the provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less/savings	Percentage of savings
1	2225	02	277	0031	1829	40.00	8.05	31.95	80
2	2225	03	102	0099	1796	42.46	29.36	13.10	31
3	2225	03	102	0099	0442	1.39	0.81	0.58	42
4	2225	03	102	0099	2253	10.11	8.37	1.74	17
Total						93.96	46.59	47.37	50

(ii) Capital section

Against the allocation of ₹100.00 crore under the scheme Infrastructure for welfare of Tribals, Sub-Head (0896), an expenditure of ₹61.28 crore has been booked, resulting in saving of ₹38.72 crore. Similarly, against budget allocation of ₹9.04 crore under 115-Works, component of Tribal Sub Plan, Sub-Head

(1814), an expenditure of ₹2.05 crore has been booked, resulting in saving of ₹6.99 crore. Further, under the Scheme Tribal Sub Plan, Sub-Head (1814), against the allocation of ₹65.25 crore, an expenditure of only ₹10.81 crore has been booked, resulting into saving of ₹54.44 crore. Against the allocation of ₹103.66 crore under Special Central Assistance (SCA to TSP), Sub-Head (2518), an expenditure of only ₹31.56 crore has been booked, resulting in to saving of ₹72.10 crore and under the scheme welfare of SC/ST Jammu Sub-Head (1827)-115 works against the allocation of ₹4.28 crore, an expenditure of ₹2.22 crore has been booked, resulting in saving of ₹2.06 crore during the year 2021-22. The percentage of savings ranged between 39 per cent and 83 per cent. The savings has resulted in slow progress in execution of works and delay in completion of works.

In reply, the Department attributed the savings and delay in completion of work to late finalization of formalities by the executing agencies such as availability of encumbrance free land, delay in finalisation of tenders, awarding of technical sanctions etc.

Table 3.15: Less expenditure (Savings) against the provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less/savings	Percentage of savings
1	4225	02	800	0011	0896	100.00	61.28	38.72	39
2	4225	02	800	0011	1814	9.04	2.05	6.99	77
3	4225	02	800	0031	1814	65.25	10.81	54.44	83
4	4225	02	800	0031	2518	103.66	31.56	72.10	70
5	4225	02	800	0031	1827	4.28	2.22	2.06	48
Total						282.23	107.92	174.31	62

3.8.2.4 Nil expenditure booked under provision of funds

Against the allocation of ₹1.84 crore under the scheme Welfare of SC/ST/OBC, Sub-Head (1827), ₹8.38 crore under the scheme SCA to TSP Sub-Head (2518) and ₹9.46 crore under the scheme Pre-Matric Scholarship for minority community, Sub-Head (1444), nil expenditure has been booked, resulting in saving of ₹19.68 crore under these three schemes during the year 2021-22.

Table 3.16: Nil expenditure booked under provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation
1	2225	03	800	0031	1827	1.84
2	2225	03	102	0099	2518	8.38
3	2225	02	277	0031	1444	9.46
Total						19.68

3.8.2.5 Expenditure under Minor Head-800

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 Head-800 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure.

Audit noticed the following position of booking of Revenue and Capital expenditure under Minor Head 800-Other expenditure during 2021-22.

Table 3.17: Expenditure under Minor Head 800-Other expenditure*(₹ in crore)*

Major Head	Total amount of Grant during 2021-22	Total expenditure under Minor Head 800-Other expenditure	Percentage of expenditure under Minor Head 800-Other expenditure
2225- Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	129.64	21.13	16
4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	282.23	107.93	38
Total	411.87	129.06	31

As can be seen from the above table that an expenditure of ₹129.06 crore (31 per cent) of the total amount of grant has been booked under the Minor Head 800-Other expenditure in the Revenue and Capital Heads of account during 2021-22.

There are Minor Heads 277-Education and 282-Health under Major head 4225 under Sub Major Head 02 Welfare of Scheduled Tribes and 03-Welfare of backward classes. As per test check of the Work Activity Monitoring System⁴ (Department wise) for the year 2021-22, it was noted that expenditure to the tune of ₹3.27 crore was incurred on account of Construction of CHC/PHC in tribal areas. Further, expenditure was incurred to the tune of ₹1.85 crore on account of Construction/Repair/Renovation of ST/G&B Hostels and ₹0.20 crore on Establishing E-classrooms/smart classes/libraries, sports and reading rooms at Middle School Dhanwan, District Rajouri. The above expenditures should have been budgeted and expended under Minor Heads 282-Health and 277-Education, but it was noticed that no expenditure has been budgeted/booked under these

⁴ Source: beamsjk.gov.in

Minor Heads under Capital Major Head 4225. Department need to use relevant minor head while formulation of budget.

Reasons for use of Minor heads like 800- Other expenditures and 102 Economic development instead of more relevant heads are awaited from the department.

3.8.2.6 Single Nodal Accounts

Single Nodal Accounts were required to be opened by the department for each Centrally Sponsored Schemes (CSS) in every State or Union Territory vide Govt. of India, Ministry of Finance, Department of Expenditure PFMS Division, Office Memorandum (OM) F.No.1(13) PFMS/FCD/2020 dated 23-03-2021. Five SNAs for five centrally sponsored schemes i.e., SCA to TSS, Article 275 (1)-Constitution of India, Pre-Matric Scholarship to ST Students, Post-Matric Scholarship to ST Students & Support to Tribal Research Institute, J&K were opened by the department of Tribal Affairs on 29-01-2022. No funds were received by the department under CSSs during the year 2021-22 except one centrally sponsored scheme i.e., Support to Tribal Research Institute J&K under which funds to the tune of ₹2.00 crore were received at the fag end of the year 2021-22 and are being deposited into the SNAs during 2022-23.

3.9 Conclusions

- The overall utilisation of budget was 20 *per cent* less than the total amount of grants and appropriations during the year 2021-22. Budgetary allocations were based on unrealistic proposals as out of total 35 grants, in 22 grants, savings were more than ₹100 crore in the capital section.
- During 2021-22, ₹28,205.78 crore (31 *per cent*) of savings was noticed in the voted section where as excess expenditure of ₹394.08 crore (one *per cent*) was incurred in the *charged* section.
- Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.
- Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. On the other hand, in grant 08-Finance Department, supplementary grant of ₹16,057.92 crore was not adequate to meet the requirement.
- There were 33 grants in which savings of ₹ten crore and above had occurred as on 31st March 2022, which included 26 grants wherein savings of ₹100 crore and above were noticed.
- An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants without Budgetary Provisions during 2021-22.

- Expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants. The percentage of expenditure ranged between 50 *per cent* and 100 *per cent*.
- Against the total allocation of ₹121.76 crore under Grant No. 35-Science & Technology Department, the total expenditure booked is ₹62.45 crore only. An amount of ₹59.31 crore (49 *per cent*) remained unspent during the year which indicates preparation of unrealistic budget estimates during 2021-22 by the Department. Saving of ₹4.36 crore in Revenue Voted and ₹54.95 crore in Capital Voted sections was noticed. No portion of saving of ₹59.31 crore was anticipated and surrendered.
- Against the total allocation of ₹411.87 crore under Grant No. 30-Tribal Affairs Department, an expenditure of ₹173.17 crore was booked and an amount of ₹238.70 crore (58 *per cent*) remained unspent during the year which indicates that the Department made unrealistic budget provisions during the year 2021-22. There is a saving of ₹64.40 crore under the Revenue Head (Voted) and ₹174.30 crore in the Capital Head (Voted). No portion of saving of ₹238.70 crore was anticipated and surrendered.

3.10 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest, along with fixing responsibility for incurring excess expenditure.
3. Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.
4. Government may consider strengthening of financial monitoring to avoid rush of expenditure at fag end of the year.

Chapter-IV
Quality of Accounts and Financial
Reporting Practices

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

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

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir

Section 67 of Jammu and Kashmir Reorganisation Act 2019 envisages that all revenues received in the Union Territory of Jammu and Kashmir by the Government of India or Lieutenant Governor of the Union Territory of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the Union Territory of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the Union Territory of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the Union Territory of Jammu and Kashmir upon the Security of the Consolidated Fund of the Union Territory of Jammu and Kashmir and all moneys received by the Union Territory of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Reorganisation Act, 2019. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory of Jammu and Kashmir (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

4.1.1 Building and other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed Building and Other

Construction Workers (Regulation of Employment and Conditions of Service) Rules 2006 under the Act and constituted Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits. The Government of Union Territory of Jammu and Kashmir continued with the same rules. During 2021-22, opening balance with the Board on account of Labour cess was ₹601.61 crore. The receipts during the year were ₹175.60 crore and disbursements were ₹172.49 crore. The closing balance of Labour cess as on 31 March 2022 was ₹604.72¹ crore which remained out of Government account.

4.1.2 Water Usage Charges

The Water Usage Charges are being levied on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. During 2021-22, no transaction was made in this fund account except for crediting of interest amounting to ₹0.55 crore and as on 31 March 2022, an amount of ₹15.53 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Government Account of the Union Territory of Jammu and Kashmir. The amount lying in the saving account on account of water usage charges and interest there upon needs to be credited to Government account. During the exit conference, it was assured that the amount will be taken in Government account.

4.1.3 District Mineral Foundation Trust

Section 9(B) of Mines and Minerals (Development and Regulation) Act, 1957 provides that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation. The objective of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government. The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government

The Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Financing, Funding & Trust) Rules were notified vide SRO No 3

¹ Figures are provisional as accounts/balance sheet is yet to be finalized.

dated 11 January 2017. As per the Rules, the Government shall set up a fund under the Trust to be called as the District Mineral Foundation Trust Fund which shall be managed by the Executive Committee². The Trust Fund shall receive Contribution Fund as per the contributions defined in these rules. The holders of mineral concessions, granted under the Act and rules made thereunder, shall make payments for contribution to the trust fund of amount payable to the State Government simultaneously with payments of the royalty.

As per rule 11(1), all holders of Major Mineral Concessions shall, in addition to royalty, pay to the respective District Mineral Foundation, an amount equivalent to such percentage of royalty as may be prescribed by the Central Government under sub-section (5) or sub-section (6) of section 9B of the Act as the case may be. As per rule 11(2), out of the total amount of royalty realized from the holders of Minor Mineral Concessions, 10 *per cent* shall be deposited/paid towards the respective trust by the department.

There are 20 District Mineral Foundation Fund Trust in UT of Jammu and Kashmir. During 2017-18 to 2021-22, the total collection under DMF Fund by all Trusts was amounting to ₹32.89 crore. Out of this total amount, a balance of ₹16.91 crore was lying in bank accounts of 18³ District Mineral Foundation Trusts as on 31 March 2022. This amount remained out of Government Account. However, as per Government of India Ministry of Mines order dated 12 July 2021, no fund shall be transferred from District Mineral Foundation Trust to State exchequer. As per Constitution of India and as per J&K Re-organisation Act 2019, all receipts are to be accounted for either in Consolidated Fund or Public Accounts, but these receipts are being remitted into bank accounts of the respective District Mineral Foundation Trusts, as per the direction of Government.

4.2 Loans of UT Government not being credited to the Consolidated Fund

As per J&K FRBM Act 2006, the 'total liabilities' means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public sector undertakings the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget. As per Section 10 (3) of the FRBM Act 2006, whenever the Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

² Divisional commissioner Kashmir/Jammu, Chairperson, Director Geology and Mining Kashmir/Jammu, Director Health Services Kashmir/Jammu, Director Rural Development, Kashmir/Jammu, Chief Engineer, PWD, Kashmir/Jammu, Special Invitees having knowledge and experience in Mineral Administration/exploration to be invited by the Chairperson.

³ Jammu, Kathua, Samba, Reasi, Udhampur, Ramban, Doda, Kishtwar, Rajouri, Poonch, Srinagar, Anantnag, Kulgam, Ganderbal, Pulwama, Bandipura, Baramulla and Kupwara.

The Government of Union Territory has intimated an amount of ₹850.00 crore Off Budget Borrowings (OBBs) by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC) in the year 2021-22. This was in addition to OBBs of ₹1,400.00 crore taken by JKIDFC, in 2019-20 (₹650.00 crore) and 2020-21 (₹750.00 crore). The repayment of these loans were to be made by way of revision of taxes and duties. In this regard, it was further stated by the Director Finance, JKIDFC that principal of ₹127.23 crore had been repaid by the UT Government of Jammu and Kashmir. Thus, the outstanding amount of OBB was ₹2,122.77 crore as on 31 March 2022.

JK Power Corporation Ltd (JKPCL) purchases power for UT of Jammu and Kashmir. There was outstanding liability to the tune of ₹11,024.47 crore on account of purchase of power ending June 2020. Loans amounting to ₹11,024.47 crore were sanctioned for repayment of dues towards power generating companies, out of which ₹10,321.83 crore was lifted by JKPCL and was used for clearance of outstanding liability. It was intimated (November 2022) by the Finance Department, Government of UT of Jammu and Kashmir that out of this total amount of ₹10,321.83 crore, ₹7,531.83 crore had been availed from Power Finance Corporation (PFC) and an amount of ₹2,790.00 crore had been availed from Rural Electrification Corporation (REC). No payment of principal has been done, as they are in the moratorium period. However, the interest payment on account of these loans is being done by the UT Government from its own resources. Further, JKPCL has again created liability on account of purchase of power to the tune of ₹13,145.55 crore ending 31 March 2022.

Thus, as per Finance Department, UT Government, there were outstanding off budget borrowing amounting ₹2,122.77 crore raised by Jammu and Kashmir Infrastructure Development Finance Corporation and loans amounting to ₹10,321.83 crore against Jammu and Kashmir Power Corporation from Power Finance Corporation and Rural Electric Corporation ending 31 March 2022. These borrowing are being serviced by the Government from budget but this debt has not been included in liability of Government in accounts which is against the provision of JKFRBM Act.

4.3 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and Programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2021-22 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹820.36 crore (*Appendix 4.1*). This is 12.22 *per cent* of the amount (₹6,713.77 crore) released by the GoI for Centrally Sponsored Schemes as Grants-in-Aid through the Union Territory Budget. In addition to above, Central Government released

an amount of ₹3,190.72 crore directly to various Autonomous Bodies, Central Government Organisations, Societies etc.

The scheme where direct funding is more than ₹100 crore during the year 2021-22 are given below:

Table 4.1: Scheme where more than ₹100 crore funds transferred by Government of India directly to Government Department

(₹ in crore)

Sl. No.	Name of the Scheme of Government of India	Name of the Implementing Agency	Government of India releases during 2021-22
1	Pradhan Mantri Kissan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	664.58

Source: Finance Accounts.

4.4 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act provides that Halqa Panchayat would maintain Halqa Panchayat Fund which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this Act and all money otherwise received by the Municipalities are to be kept in the Municipal Fund. These are kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds and 102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2021-22 is shown in **Table 4.2.**

Table 4.2: Deposits of Local Funds

Local Funds		Sl. No	(₹ in crore)
Panchayat Fund	(8448-109)	Opening Balance	1 Nil
		Receipt	2 Nil
		Expenditure	3 Nil
		Closing Balance	4 Nil (0.27)
Total Closing Balance at end of the year			
Municipal Fund	(8448-102)	Opening Balance	5 275.27 (133.39)
		Receipt	6 616.38
		Expenditure	7 638.78
		Closing Balance	8 252.87 (133.39)

Source: Finance Accounts. Figures in bracket shows closing balance ending 30 October 2019 of erstwhile State of Jammu and Kashmir which has to be bifurcated between two UTs

There is no receipt and expenditure from the Panchayat Fund during 2021-22. However, there is a closing balance of ₹0.27 crore of erstwhile State of Jammu

and Kashmir. Municipal Fund has closing balance of ₹252.87 crore ending 2021-22, besides there is closing balance of ₹133.39 crore of erstwhile State of Jammu and Kashmir which is yet to be divided between the two Union Territories.

Issues related to transparency

4.5 Delay in submission of Utilisation Certificates

The Government of UT of Jammu and Kashmir has not framed revised rules relating to drawal of Grants-in-aid and submission of Utilisation Certificate (UCs) thereof. However, in terms of para 10.19 of the erstwhile State of Jammu and Kashmir (Pre re-organisation) Financial Code Volume-I, Utilisation Certificates (UCs) in respect Grants-in-Aid received by the Grantee should be furnished by the grantee to the authority that sanctioned it, within 18 months from the date of receipt of grant or before applying for a further grant on the same subject whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries.

The position of outstanding UCs relating to Union Territory of Jammu and Kashmir (post re-organisation) for the period from 31 October 2019 to 30 September 2020 is given in the **Table 4.3**.

Table 4.3: Year-wise arrears in submission of Utilisation Certificates of UT of Jammu and Kashmir

Year*	Number of UCs Outstanding	Amount (₹ in crore)
2021-22 (31.10.2019 to 30.09.2020)	770	3,137.11
Total	770	3,137.11

* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

The position of outstanding UCs relating to erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 (yet to be apportioned) as on 31 March 2022 is given below.

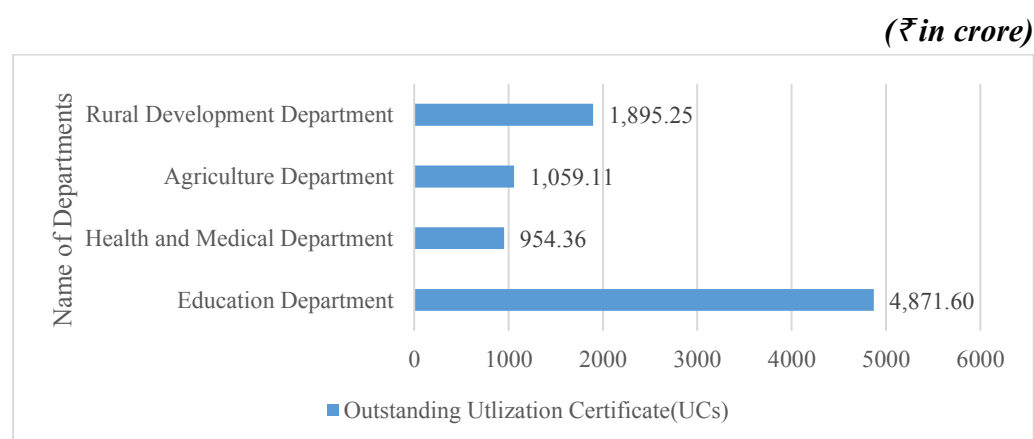
Table 4.4: Year-wise arrears in submission of Utilisation Certificates of erstwhile State of Jammu and Kashmir

Year*	Number of UCs Outstanding	Amount (₹ in crore)
Upto 2019-20	1,737	6,186.73
2020-21	1,352	1,971.59
2021-22(01.10.2019 to 30.10.2019)	Nil	Nil
Total	3,089	8,158.32

* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

There are 3,859 number of UCs amounting to ₹11,295.43 crore pertaining to erstwhile State and UT of Jammu and Kashmir outstanding as on 31 March 2022. Department wise breakup of total outstanding UCs shows that 77.73 per cent of total amount of outstanding UCs pertain to below noted four departments, of which 43.13 per cent of outstanding UCs pertain to Education department.

Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2020



Source: Finance Accounts.

Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. It is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner. No UC was found outstanding from the two departments covered for detailed comprehensive audit of Grant i.e Department of Science and Technology and Department of Tribal Affairs. It was intimated in exit conference that reconciliation with respect to pending UCs will be conducted and settled on fast track mode.

4.6 Abstract Contingent bills

The Government of UT of J&K has not revised codal provisions for drawal of Abstract Contingent (AC) bills and settlement thereof. However, Financial Code Volume-I (Para 7.18) of erstwhile State of J&K envisage that when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment. Drawing and Disbursing Officer (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre reorganised) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final

expenditure within two months from the date on which the advance was drawn. The year wise position of AC bills is as shown below.

Table 4.5 (A): Year-wise position of AC bills of UT of Jammu and Kashmir

Year	No of unadjusted AC Bills	Amount (₹ in crore)
Upto 2020-21 (31.10.2019 to 31.01.2021)	354	5,267.71
2021-22 (01.02.2021 to 31.01.2022)	785	6,180.32
Total	1,139	11,448.03

Table 4.5 (B): Year-wise position of DCC submission against AC bills

(₹ in crore)

Year	Opening balance		Addition		Clearance		Closing balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31/10/2019 to 31/01/2020	0	0	51	339.68	0	0	51	339.68
2020-21	51	339.68	333	5,059.58	30	131.55	354	5,267.71
2021-22 (upto 31/01/2022)	354	5,267.71	830	6,505.65	45	325.33	1,139	11,448.03

As evident from the above table, the number of AC bills cleared was less than the number of new AC bills drawn during the respective periods. This resulted in increase in the number of unadjusted AC bills, resulting in a total of 1,139 bills amounting to ₹11,448.03 crore as on 31 March 2022.

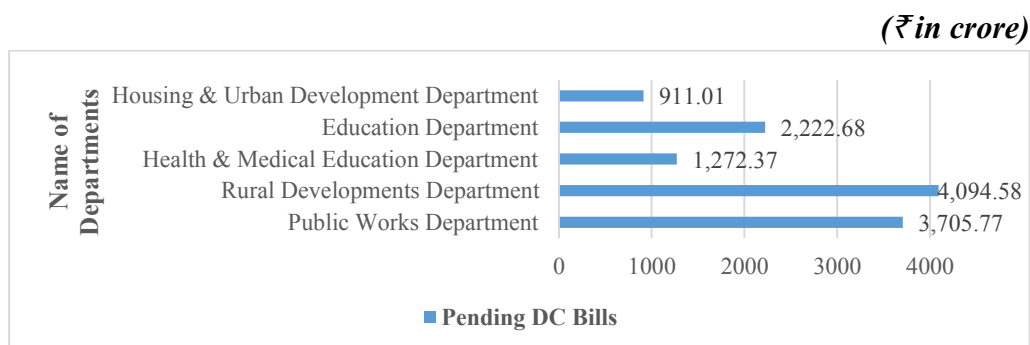
DCC bills in respect of 2,154 AC bills amounting to ₹5,830.41 crore drawn upto 30 October 2019 by the erstwhile State of Jammu and Kashmir were awaited as on 31 March 2022. The bifurcation of these outstanding AC bills is yet to be done between successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh. More than 70 per cent of DCC bills are awaited from five departments shown in **Table 4.6**.

Table 4.6: Awaited DC bills from Departments of UT/Erstwhile State of Jammu and Kashmir

Sl. No	Name of the Department	Amount Outstanding (₹ in crore)	Percentage of total outstanding amount of ₹17,278.44 crore as on 31 March 2022
1	Public Works Department	3,705.77	21.45
2	Rural Development Department	4,094.58	23.70
3	Health and Medical Education Department	1,272.37	7.36
4	Education Department	2,222.68	12.86
5	Housing and Urban Development Department	911.01	5.27

Source: Finance Accounts.

Chart 4.2: Pending DCC Bills in respect of Major Departments of UT/ Erstwhile State of Jammu and Kashmir



Source: Finance Accounts.

554 AC bills amounting to ₹5,122.00 crore were drawn during the year 2021-22, out of which 391 AC bills amounting to ₹1,848.60 crore (36.09 per cent) were drawn in March 2022. Expenditure against AC Bills in March indicate that the drawals were primarily to exhaust the Budget Provisions and reveals inadequate budgetary control.

Comprehensive audit of two grants/ departments i.e Department of Tribal Affairs and Department of Science and Technology was conducted. It is noticed that Detailed Countersigned Contingent Bills for an amount of ₹8.73 crore and ₹19.15 crore were outstanding in respect of Advance drawals made by the Department of Tribal affairs and Department of Science and Technology respectively.

Detailed Countersigned Contingent Bills for an amount ₹8.73 crore is outstanding in respect of Advance drawals made by the Department of Tribal affairs. Out of ₹8.73 crore, an amount of ₹4.73 crore was drawn on account of pre- matric scholarship out of which ₹2.48 crore has been disbursed and balance amount of ₹2.25 crore has been remitted into SNA. An amount of ₹4.00 crore was drawn on account of Post Matric scholarship out of which ₹2.56 crore has been disbursed to beneficiaries and balance amount of ₹1.44 crore was still with Directorate Office which could not be disbursed due to inactive bank account number/non linking of Adhar with the bank account etc, the DCC bills of amount are still pending.

Detailed Countersigned Contingent Bills for an amount ₹19.15 crore is outstanding in respect of Advance drawals made by Department of Science and Technology. The above amount of advance drawn has been utilized but projects are yet to be completed and DCC bills are awaited. It was assured in exit conference that reconciliation with respect to pending DCC bills will be conducted and settled on fast track mode.

4.7 Indiscriminate use of Minor Head-800

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 Head-800 for budgeting and accounting renders the Accounts opaque, without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure. During the year 2021-22, ₹4,134.84 crore (including Revenue Receipt of ₹2,715.75 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 37 Revenue Major Heads of Accounts constituting 6.98 *per cent* of the total Revenue Receipts of ₹59,238.50 crore, was recorded under the Minor Head-800-‘Other Receipts’. Similarly, expenditure of ₹4,289.52 crore under 36 Major Heads of Accounts constituting 6.10 *per cent* of total Revenue and Capital Expenditure of ₹70,316.37 crore was classified under Minor Head- 800-‘Other Expenditure’. Instances where a substantial proportion (50 *per cent* or more/significant amount) of the Receipts and Expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts/Expenditure are shown in the table below.

The 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, for better clarity in Accounts.

Table 4.7: Significant expenditure booked under Minor Head-800-Other Expenditure during the period 2021-22

Major Head	Total Expenditure including Expenditure under Minor Head- 800	Expenditure under Minor Head-800	Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head
	(₹ in crore)	(₹ in crore)	
2040-Taxes on Sales, Trade etc	1.49	1.27	85.23
2075-Miscellaneous General Services	2.36	2.00	84.75
4070-Capital Outlay on Other Administrative Services	10.31	10.31	100.00
4075-Capital Outlay on Miscellaneous General Services	1.06	1.06	100.00
4216- Capital Outlay on Housing	209.43	208.83	99.71
4220- Capital Outlay on Information and Publicity	0.21	0.21	100.00
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	125.34	116.34	92.82
4236- Capital Outlay on Nutrition	26.86	26.86	100.00

Major Head	Total Expenditure including Expenditure under Minor Head- 800	Expenditure under Minor Head-800	Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head
4250-Capital Outlay on Other Social Services	15.96	10.46	65.54
4401-Capital Outlay on Crop Husbandry	362.86	194.51	53.60
4405-Capital Outlay on Fisheries	31.16	31.16	100.00
4406-Capital Outlay on Forestry and Wild life	127.84	75.54	59.09
5425-Capital Outlay on Other Scientific and Environmental Research	52.61	50.96	96.86
5452-Capital Outlay on Tourism	133.97	133.97	100.00

Source: VLC Data.

Table 4.8: Significant receipts booked under Minor Head-800–Other Receipts during 2021-22

Major Head	Total Receipts including Receipts under Minor Head-800	Receipts under Minor Head-800	Percentage of Receipts under Minor Head-800 to Total Receipts under the Major Head
	(₹ in crore)	(₹ in crore)	
0049-Interest Receipt	16.54	16.41	99.21
0059-Public Works	29.62	17.90	60.43
0070-Other Administrative Services	41.63	28.18	67.69
0071-Contributions and recoveries towards Pension and other retirement benefits.	8.19	5.12	62.52
0211-Family Welfare	0.03	0.03	100.00
0217-Urban Development	12.30	12.30	100.00
0235-Social Security and Welfare	5.62	5.62	100.00
0701-Major and Medium Irrigation	886.62	886.62	100.00
0702-Minor Irrigation	10.93	9.64	88.20
0801-Power	2,715.75	2,715.75	100.00
0853-Non-ferrous mining and Metallurgical Industries	128.78	81.77	63.50

Source: VLC Data.

Issues related to measurement

4.8 Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2021-22 in *Table 4.9*.

Table 4.9: Balances under Suspense and Remittances

Minor Head	2021-22		
	(Dr)	(Cr)	Net (Dr /Cr.)
(₹ in crore)			
8658- Suspense Account-			
101 PAO Suspense	107.20	0.01	107.19(Dr)
102 Suspense Account (Civil)	51.59	20.07	31.52(Dr)
109-RBI Suspense (Hqrs)	0.09	0.40	0.31(Cr)
110- RBI Suspense (Central Accounts)	0.67	0.18	0.49(Dr)
112- Tax Deducted at Source (TDS) Suspense	-	384.71	384.71(Cr)
123- All India Service officers Group Insurance Scheme	0.88	-	0.88(Dr)
139-GST- Tax Deducted at Source Suspense	0.72	5.16	4.44(Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	689.07	-	689.07 (Dr)
8793- Inter State Suspense Account	9.29	0.04	9.25(Dr)

Source: Finance Accounts.

There was also a net credit balance of ₹2,114.33 crore {₹733.16 crore (Debit) under Suspense and ₹2,847.49 crore (Credit) under Remittances} at the end of 30 October 2019 (pre re-organisation) relating to erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh. Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

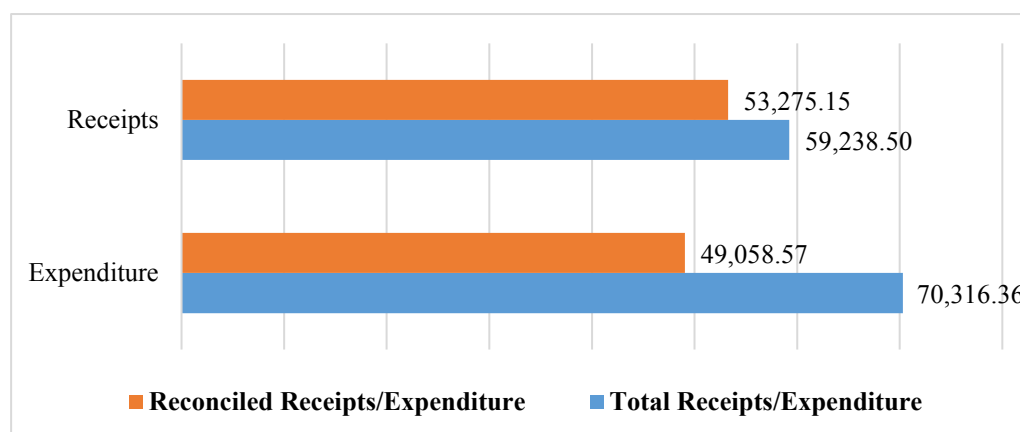
4.9 Non-reconciliation of Departmental figures

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 receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal

provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2021-22

(₹ in crore)



Source: Finance Accounts.

During the year 2021-22, receipts amounting to ₹53,275.15 crore (89.93 per cent of total receipts of ₹59,238.50 crore) and expenditure amounting to ₹49,058.57 crore (69.77 per cent of total expenditure of ₹70,316.36 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir. In comparison, receipts amounting to ₹48,444.58 crore (92.28 per cent of total receipts of ₹52,495.48 crore) and expenditure amounting to ₹40,905.14 crore (64.82 per cent of total expenditure of ₹63,104.13 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir with the Office of the Principal Accountant General (A&E) during 2020-21. It was assured in exit conference that efforts would be made for further improvement in reconciliation of annual receipts and disbursement.

4.10 Reconciliation of Cash Balances

The Cash balance as on 31 March 2022 as per the record of Principal Accountant General was ₹1,447.65 crore (Debit) and that reported by the Reserve Bank of India (RBI) [as worked out by Principal Accountant General (A&E)] was ₹1,445.73 crore (Credit). There was a net difference of ₹1.92 crore (Debit), mainly due to non-reconciliation by Government of Union Territory of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

There was also a net difference of ₹83.32 crore (Credit) between RBI and Principal Accountant General figure as on 30 October 2019 which is yet to be reconciled and apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Issues related to disclosure

4.11 Compliance with Accounting Standards

As per Section 71 of Jammu and Kashmir Re-organisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2021-22 and deficiencies therein are given below:

Table 4.10: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1	IGAS-2: <i>Accounting and Classification of Grants-in-Aid</i>	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the UT Government.
2	IGAS-3: <i>Loans and Advances made by Government</i>	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	The closing balances have not been reconciled by the Loanee Entities/ Government of UT, The Government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts.

4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (AB's) set up by the Government is conducted under Section 19(2), 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 37 number of accounts were not rendered for the period ranging between one to 12 years as tabulated below:

Table 4.11: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending as on 31 March 2022
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	12	12
2	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	11	11
3	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	01	01
4	JK Employee Provident Funds Organisation*(EPFO)	06	06
5	Jammu & Kashmir Housing Board	01	01
6	J&K Khadi and Village Industries Board (KVIB)	01	01
7	J&K Building and Other Construction Workers Welfare Board (BOCWFB)	02	02
8	J&K State Legal Service Authority (SLSA)	03	03
	Total		37

*Accounts for the year 2015-16 to 2019-20 were received from JKEPFO but the same were not approved by the Governing board. The matter has been taken up by the board with Government.

Compensatory Afforestation Management and Planning Authority (CAMPA) has submitted the accounts for audit for period up to 2008-09, accounts for 12 years are pending. SKUAST, Kashmir, has not submitted its accounts for audit for last 11 years. Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the budget is a serious financial irregularity persisting for years. Despite taking up issue of preparation and submission of accounts to this office with the Government, the accounts are in arrears. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State/UT Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation. This has also deprived the Legislature/Government the opportunity to get a feedback on their activities and financial performance.

The Government may take up the matter with the bodies for timely preparation and submission of accounts for presentation to the UT Legislature.

4.13 Departmental Commercial Undertakings/Corporations/Companies

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 accounts and submit the same to the Pr. 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 submitted their *proforma* accounts from 1968-69 to 2020-21. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2020-21 and Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2020-21.

The status of audit of Companies/Corporations of Union Territory of Jammu and Kashmir is shown in **Appendix 4.2**. Accounts in respect of only three Companies were audited up to 2020-21 and accounts of three Companies were audited up to 2019-20. In respect of 22 Companies/Corporations, audit of accounts is in arrear for the period ranging between 2 to 10 years. Despite taking up issue of preparation and submission of accounts to this office with the Government, the accounts are in arrears. In absence of timely finalisation of accounts, results of the investment of the Government remains outside the purview of Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame.

4.14 Non-submission of details of Grants/ Loans given to Bodies and Authorities

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971(C&AG's DPC Act), the Government / HODs are required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The Government, however, did not furnish the above mentioned information, which is in violation of Regulations on Audit and Account (Amendments) 2020. In absence of above information audit could not identify the bodies /authorities attracting audit under Section 14 and 15 of C&AG's DPC Act.

4.15 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one virtual Treasury), and Advices of the Reserve Bank of India. As the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2021-22. No account was excluded at the end of the year 2021-22.

Other Issues

4.16 Follow up action on State/UT Finances Audit Report

To ensure accountability of executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Pr. Accountant General (Audit), within a period of three months from the date of presentation of Audit Reports in the State Legislature.

Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governor's/President rule since 20 June 2018 as such the Report on State Finances /State Finances Audit Report for the year 2016-17, 2017-18, 2018-19, 1 April 2019 to 30 October 2019 and UT Finance Audit Report for the period 31 October 2019 to 31 March 2020 and 2020-21 have been tabled in the Parliament along with the other Audit

Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

4.17 Conclusions

- Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission/delay in submission of accounts by the Bodies receiving substantial funding from the Government is a serious financial irregularity. It deprived the Legislature the opportunity to get a feedback on activities and financial performance of these bodies.
- Advances drawn through Abstract Contingent Bills and their detailed countersigned bills not submitted increased the possibility of wastage/ misappropriation/ malfeasance, etc.
- Significant amount of expenditure and receipts booked under Minor head-800-Other Expenditure and 800-Other Receipts under various Major Heads affects the transparency in the accounts.

4.18 Recommendations

1. Timely submission of Utilisation certificates may be ensured by the department in respect of grants released for specific purpose.
2. Necessary steps may be taken to ensure adjustment of the advances drawn on the abstract contingent bills within the stipulated period as required under the extant rules.
3. The issue of timely preparation and submission of accounts may be taken with respective autonomous bodies.
4. Operation of omnibus Minor Head-800 should be discouraged.
5. The assets and liability ending 30 October 2019 may be apportioned between both the Union Territories.

Chapter-V
Financial Performance of
Public Sector Undertakings

CHAPTER-V

FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS

This chapter discusses the financial performance of Public Sector Undertakings (PSUs) as revealed from their accounts. PSUs comprise of Government of Jammu & Kashmir (GoJ&K) owned companies set up under the Companies Act, 2013, Statutory Corporations set up under the statutes enacted by the Parliament and Government Controlled Other Companies (GCOCs). Impact of significant comments issued after conducting supplementary audit of the financial statements of these PSUs by the Comptroller and Auditor General (CAG) of India for the year 2021-22 (or of earlier years which were finalised during the current year) has also been discussed in the Chapter.

5.1 Definition of Government Company

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the State Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company¹ owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

Audit of Government companies and Government controlled other companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has right to conduct a supplementary audit. The statutes governing Statutory Corporations require their accounts to be audited by CAG.

5.3 PSUs and their contribution to the GSDP of J&K

PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the economy of J&K. As on 31 March 2022, there were 42 PSUs in Jammu & Kashmir under

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

the audit jurisdiction of the CAG. These include 39 Government Companies (including six² inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company³. The names of these PSUs are given in **Appendix 5.1**.

One PSU (Jammu & Kashmir Bank Limited) is listed on the stock exchange. There are six inactive PSUs (including four under liquidation) having investment of ₹57.57 crore towards capital (GoJ&K: ₹56.59 crore and Others: ₹0.98 crore) and long term loans ₹0.83 crore (GoJ&K: ₹0.83 crore and Others: Nil). This is a critical area as the investments in inactive PSUs do not contribute to the economic growth of the J&K. The Government may therefore consider continuation these inactive PSUs early.

The ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) of J&K indicates the contribution of their activities in the economy of J&K. The details of turnover of PSUs are given in **Appendix 5.2**.

Table 5.1 provides the details of turnover of the PSUs and GSDP of J&K for a period of three years ending March 2022.

Table 5.1: Details of turnover of PSUs vis-a-vis GSDP of J&K

Particulars	₹ in crore)		
	2019-20	2020-21	2021-22
Turnover as per latest finalised accounts	11,298.17	10,590.68	10,515.82
GSDP of J&K	1,64,135.00	1,70,201.00	1,95,118.00
Percentage of Turnover to GSDP of J&K	6.88	6.22	5.39

Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website and latest finalised accounts of PSUs for year to year comparison.

The contribution of PSUs to the GSDP reduced from 6.88 per cent in 2019-20 to 5.39 per cent in 2021-22. The major contributors to turnover of PSUs in 2021-22 were Jammu & Kashmir Bank Limited (₹8,013.48 crore), Jammu & Kashmir Power Development Corporation Limited (₹1,037.85 crore) and Jammu & Kashmir Small Scale Industries Development Corporation Limited (₹438.50 crore).

5.4 Investment in PSUs and Budgetary support

5.4.1 (A) Quality of Investments in the Companies, Corporations and other bodies

During 2021-22, Government of UT of Jammu and Kashmir booked ₹69.37 crore as investment. However, Companies, Corporations and other bodies

² (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited and (5) Jammu & Kashmir International Trade Centre and (6) Jammu & Kashmir Asset Reconstruction Limited

³ Chenab Valley Power Projects (Private) Limited (CVPPPL), a joint venture of Jammu and Kashmir Power Development Corporation Limited (JKPDCL), National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC) wherein Government of Jammu & Kashmir has not made any direct investment

concerned had shown an investment of ₹573.01 crore during 2021-22, thereby resulting in variation of ₹503.64 crore.

Out of total investment of ₹69.37 crore, an amount of ₹53.12 crore has been invested in J&K Road Transport Corporation (JKRTC), which had reported loss of ₹117.62 crore as per its last audited accounts for the year 2018-19.

UT of Jammu and Kashmir had total investment of ₹879.13 crore as on 31 March 2022 in 39 Companies (₹445.03 crore), two Statutory Corporations (₹191.90 crore), eight Co-operative Institutions/ Local Bodies (₹239.85 crore), two Rural Banks (₹2.35 crore). The major portion of investments has been made in JKRTC ₹191.91 crore and Chenab Valley Power Projects ₹409.15 crore.

Erstwhile J&K State Government had cumulative investment of ₹4,620.16 crore in 37 Companies (₹4,157.86 crore), three Statutory Corporations (₹368.31 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. **Table 5.2(A)** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table 5.2 (A): Return on Investment

	(₹ in crore)	
Investment/return/ cost of borrowings	2020-21	2021-22
Investment at the end of the year (₹ in crore)	306.12	879.13
Return (₹ in crore)	Nil	Nil
Return (per cent)	Nil	Nil
Average rate of interest on Government Borrowings (Public debt) (per cent)	7.82	7.94
Difference between interest rate and return (per cent)	7.82	7.94
Difference between cost of Government borrowings and return on investment (₹ in crore) [#]	23.94	69.80

[#] $\frac{\text{Investment at the end of the year} \times \text{Difference between interest rate and return}}{100}$

100

Source: Finance Accounts.

Average rate of interest paid on its borrowings by the Government during 2021-22 was 7.94 per cent against which Nil return on investment was received by the Government. Cost of borrowing of the Government during 2021-22 has increased from ₹23.94 crore to ₹69.80 crore. Taking into account the investment of erstwhile State amounting to ₹4,620.17 crore, the cost of borrowing amounts to ₹436.64 crore.

5.4.1 (B) Equity holding and Loans given

Details of Investment made in 42 PSUs in form of equity and long term loans upto 31 March 2022 are given in *Appendix 5.3*. Sector wise summary of this investment is given in *Table 5.2(B)*.

Table 5.2(B): Government of J&K investment in PSUs

(₹ in crore)

Name of Sector	Number of PSUs	Investment				Total Investment	Total Investment of GoJ&K
		Equity		Long term loans			
		Total	GoJ&K	Total	GoJ&K		
Power Sector PSUs	6	6,029.99	2,593.54	11,984.80	0.00	18,014.79	2,593.54
Non power Sector PSUs	36	1,127.51	975.87	6,176.05	1,539.42	7,303.56	2,515.29
Total	42	7,157.50	3,569.41	18,160.85	1,539.42	25,318.35	5,108.83

(Source: Compiled based on information received from PSUs)

The thrust of investment was mainly on power sector. This sector had attracted 71.15 per cent (₹18,014.79 crore) of total investment of ₹25,318.35 crore. The GoJ&K had invested 50.77 per cent (₹2,593.54 crore) of its total investment of ₹5,108.83 crore in power sector PSUs.

5.4.2 Subsidy and Grant to PSUs

The GoJ&K provides financial support to the PSUs in various forms through the annual budget as equity, loans, grants/subsidies, loans written off and loans converted into equity.

Summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of PSUs for the last three years ending March 2022 are given in *Table 5.3*.

Table 5.3: Details regarding budgetary support by GoJ&K to PSUs during the period 2019-20 to 2021-22

(₹ in crore)

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1	Equity Capital outgo	3	2,616.82	7	83.47	3	554.32#
2	Loans given	8	48.07	7	51.85	9	73.27
3	Grants/Subsidy provided	12	100.50	11	3,016.38	14	2,845.52
	Total outgo		2,765.39		3,151.70		3,473.11
4	Loan repayment written off	-	-	-	-	-	-
5	Loans converted into equity	-	-	2	152.42	-	-
6	Guarantees	-	-	-	-	3	5,404.59

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
	issued						
7	Outstanding Guarantee Commitment	3	1,580.90	5	7,698.97	7	12,522.72

(Source: Compiled based on information received from PSUs)

* Number of PSUs represents those PSUs which have received outgo from budget under one or more heads i.e. equity, loans and grants/subsidies.

This includes ₹ 500 crore in respect of J&K Bank. 16,76,72,702 equity share of ₹ one (face value) each issued to GoJK on preferential basis at the issue price of ₹ 29.82 per share (including share premium of ₹ 28.82 per share).

The increase in assistance during 2021-22 was mainly due to grant/subsidy given to five power sector PSUs viz. Jammu & Kashmir Power Development Corporation, Jammu & Kashmir Power Corporation Limited, Jammu & Kashmir Power Transmission Corporation Limited, Jammu Power Distribution Corporation Limited and Kashmir Power Distribution Corporation Limited.

The increase in guarantee commitments in the year 2021-22 were in case of Jammu & Kashmir Power Development Corporation Limited (₹1,209.83 crore), Jammu & Kashmir Power Corporation Limited (₹10,321.83 crore), Jammu & Kashmir Infrastructure Development Finance Corporation (₹750.00 crore), Jammu & Kashmir SC, ST and Backward Classes Development Corporation Limited (₹101.38 crore), Jammu & Kashmir Women's Development Corporation Limited (₹91.61 crore), Jammu & Kashmir and Ladakh Financial Corporation Limited (₹44.94 crore) and Jammu & Kashmir Cement Limited (₹3.13 crore).

5.4.3 Reconciliation with the Finance Accounts of the Government of Jammu and Kashmir

The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2022 is given in **Table 5.4** below:

Table 5.4: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2022

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records ⁴ of PSU	Difference
Share capital	3,032.27	3,078.09	45.82
Outstanding Loans	884.24	1,238.52	354.28
Guarantees	1,209.83	1,212.96	3.13

(Source: Compiled based on information received from PSUs and Finance Accounts)

⁴ Unaudited current figures up to March 2022.

The differences occurred in respect of six PSUs as detailed in **Appendix 5.4**. The differences between the figures are persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Jammu & Kashmir Power Development Corporation, Jammu & Kashmir Minerals Limited and Jammu & Kashmir Road Transport Corporation relating to outstanding loans.

It is recommended that the GoJ&K and the respective PSUs should reconcile the differences in accounts in a time-bound manner.

5.4.4 Adequacy of assets to meet loan liabilities in PSUs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 20 PSUs which had outstanding loans as per their latest finalized accounts as of 30 September 2022 is given in **Table 5.5** below:

Table 5.5: Coverage of long term loans with total assets

Nature of PSU	Positive Coverage				Negative Coverage			
	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans
	₹ in crore				₹ in crore			
Government Company	13	5,805.22	1,50,111.84	2,585.81	0	0	0	0
Statutory Corporation	2	715.45	1,651.77	230.87	5	1,576.60	876.32	55.58
Total	15	6,520.67	1,51,763.61	2,327.42	5	1,576.60	876.32	55.58

(Source: Latest finalized accounts of PSUs).

5.4.5 Market Capitalisation of equity investment in Government Companies

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2022, there was only one PSU viz. Jammu & Kashmir Bank Limited, having a total paid-up equity of ₹93.30 crore, listed on the stock exchange. The majority (70.12 per cent) of paid-up equity of ₹93.30 crore of the Bank is held by the Government of Jammu & Kashmir and the remaining (29.88 per cent)⁵ by Foreign Institutional Investors, Resident Individuals and others. The market value of shares of Jammu & Kashmir Bank

⁵ Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies

Limited was ₹3,013.22 crore as on 31 March 2022 as compared to ₹1,901.35 crore as on 31 March 2021.

5.4.6 Disinvestment, restructuring and privatisation

During the year 2021-22, there was no case of disinvestment, restructuring and privatisation of PSUs.

5.5 Returns from PSUs

There were 12 PSUs that reported profit in their latest financial statements as detailed in *Appendix-5.5*. The reported profit earned increased to ₹566.10 crore in 2021-22 from ₹520.12 crore in 2020-21.

The details of top three PSUs which contributed maximum profit are summarised in *Table 5.6*.

Table 5.6: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total SPSEs profit
Jammu & Kashmir Bank Limited	501.56	88.60
Jammu & Kashmir Power Development Corporation Limited	20.42	3.61
Jammu & Kashmir Police Housing Corporation Limited	12.23	2.16
Total	534.21	94.37

(Source: Latest finalized accounts of PSUs).

It may be seen that these three SPSEs had contributed 94.37 per cent of the total profit of ₹566.10 crore.

5.5.1 Dividend payout by PSUs

As per the latest finalized accounts as of 30 September 2022, 12 PSUs earned an aggregate profit of ₹566.10 crore. No PSU had declared/ paid dividend⁶.

5.6 Debt Servicing and legal compliances

5.6.1 Position of Long Term Loan of PSUs

The details of long term loan of PSUs during the period 2019-20 to 2021-22 are as follows:

Table 5.7: Details of Long Term Loan

Year	Long term Loans at the end of the year		
	GoJ&K	Others	Total
2019-20	1,567.01	4,358.66	5,925.67
2020-21	1,437.72	10,852.46	12,290.48
2021-22	1,539.42	16,621.43	18,160.85

⁶ Only those PSUs were considered that had submitted accounts for 2021-22

Long Term Loans of the PSUs increased to ₹18,160.85 crore as on 31 March 2022 from ₹5,925.67 crore as at the end of March 2020 mainly due to the long term loans of ₹1,256.80 crore and ₹6,012.24 crore⁷ availed by Jammu & Kashmir Power Development Corporation Limited (JKPDCL) and Jammu & Kashmir Power Corporation Limited (JKPCL) respectively from banks and other financial institutions during 2020-21 and ₹4,309.59 crore and ₹2,372.77 crore availed by JKPCL and Jammu & Kashmir Infrastructure Development Finance Corporation respectively during 2021-22. GoJ&K share in total long term loan of the PSUs decreased from ₹1,567.01 crore by end of March 2020 to ₹1,437.72 crore by end of March 2021 and increased to ₹1,539.42 crore by end of March 2022.

5.6.2 Interest Coverage in PSUs

Interest Coverage Ratio (ICR) is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An ICR of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest.

The details of interest coverage ratio of PSUs as per the latest finalised accounts during the period from 2017-18 to 2021-22 are given below in **Table 5.8**.

Table 5.8: Interest Coverage Ratio of PSUs

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2017-18	413.61	872.62	17	6	11
2018-19	529.65	1,360.47	15	6	9
2019-20	493.47	-452.04	15	7	8
2020-21	529.36	1,031.19	14	7	7
2021-22	535.22	1,104.64	14	7	7

(Source: Latest finalized accounts of PSUs).

Of these 14 PSUs⁸ having liability of loans from Government as well as Banks

⁷ Special Long Term Transition Loan amounting to ₹11,024.47 crore (Power Finance Corporation Limited: ₹8,234.47 crore and from REC Limited: ₹2,790 crore) sanctioned in favour of Jammu & Kashmir Power Corporation Limited for clearing overdues on account of power purchased, out of which loan amount of ₹6,012.24 crore has been availed during 2020-21 and ₹4,309.59 crore during 2021-22.

⁸ Excluding: (A) six inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited and (5) Jammu & Kashmir International Trade Centre, (6) Jammu & Kashmir Asset Reconstruction Limited, (B), four working PSU (1) Jammu & Kashmir Medical Supplies Corporation Limited, (2) AIC-Jammu & Kashmir EDI Foundation, (3) Jammu Mass Rapid Transit Corporation Pvt. Limited, (4) Srinagar Mass Rapid Transit Corporation Pvt. Limited, which never submitted their accounts since inception,

and other Financial Institutions during 2021-22, seven PSUs had interest coverage ratio of more than one, whereas remaining seven PSUs had Interest Coverage Ratio below one, which indicated that these seven PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.6.3 Age wise analysis of interest outstanding on Government Loans

As on 31 March 2022, interest amounting to ₹2,694.51 crore was outstanding on the long term loans of ten PSUs provided by GoJ&K. The age wise analysis of interest outstanding on Government Loans in PSUs is depicted in **Table 5.9**.

Table 5.9: Interest outstanding on Government Loans

(₹ in crore)

Sl. No	Name of PSU	Outstanding Interest on GoJ&K Loan	Interest on GoJ&K loans outstanding for less than 1 year	Interest on GoJ&K loans outstanding for 1 to 3 years	Interest on GoJ&K loans outstanding for more than 3 years
1	Jammu & Kashmir Minerals Limited	950.94	19.27	38.54	893.13
2	Jammu & Kashmir Industries Limited	753.59	39.39	118.17	635.43
3	Jammu & Kashmir Road Transport Corporation	720.60	61.51	123.02	536.07
4	Jammu & Kashmir Handloom Development corporation Limited	88.17	0.00	0.00	88.17
5	Jammu & Kashmir Forest Development Corporation Limited	44.08	0.00	0.00	44.08
6	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	17.37	1.10	3.52	12.75
7	Jammu & Kashmir Women Development corporation	2.61	0.00	0.00	2.61
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	1.99	0.17	0.76	1.06
9	Jammu & Kashmir Tourism Development Corporation Limited	0.20	0.00	0.00	0.20
10	Jammu & Kashmir Handicrafts (S&E) Development Corporation Limited	114.96	6.97	13.94	94.05
Total		2,694.51	128.41	297.95	2,307.55

(Source: Compiled based on information received from PSUs)

(C) 12 PSUs (1) JKB Financial Services Limited (2) Jammu & Kashmir Police Housing Corporation Limited (3) Jammu & Kashmir Cable Car Corporation Limited (4) Jammu & Kashmir Overseas Employment Corporation Limited (5) Jammu & Kashmir Trade Promotion Organisation (6) Srinagar Smart City Limited (7) Jammu & Kashmir Power Transmission Corporation Limited, (8) Jammu & Kashmir Power Corporation Limited, (9) Jammu Power Distribution Corporation Limited, (10) Kashmir Power Distribution Corporation Limited and (11) Jammu & Kashmir IT Infrastructure Development Pvt. Limited, (12) Jammu Smart City Limited and which have not availed any loan,

(D) five PSUs (1) Jammu & Kashmir Agro Industries Development Corporation Limited, (2) Jammu & Kashmir Forest Development Corporation Limited (3) Jammu & Kashmir Projects Construction Corporation Limited and (4) Jammu & Kashmir Handloom Development Corporation Limited (5) Jammu & Kashmir Infrastructure Development Finance Corporation P Limited which have not provided for the interest in their books of account, and

(E) one PSU viz. CVPPPL as all its projects are under construction.

5.7 Operating efficiencies of PSUs

5.7.1 Value of production

The details of value of production, total assets and capital employed⁹ during 2019-20 to 2021-22 are given in **Table 5.10**.

Table 5.10: Value of production, total assets and capital employed during 2019-20 to 2021-22

(₹ in crore)			
Year	Value of production	Total assets	Capital employed
2019-20	11,298.17	1,26,488.40	5,960.28
2020-21	10,590.64	1,36,643.45	5,865.24
2021-22	10,515.82	1,48,646.69	7,381.74

(Source: Latest finalized accounts of the Companies)

Value of production decreased from ₹11,298.17 crore in 2019-20 to ₹10,515.82 crore in 2021-22. However, total assets increased to from ₹1,26,488.40 crore in 2019-20 to ₹1,48,646.69 crore in 2021-22. The Capital employed increased from ₹5,960.28 crore in 2019-20 to ₹7,381.74 crore in 2021-22.

5.7.2 Return on Investment in Listed PSU

Return on investment (ROI) is a performance metric to evaluate the efficiency of investment over time in comparison to alternate investment opportunities or a benchmark investment opportunity. Only one PSU of GoJ&K, Jammu & Kashmir Bank Limited is listed on the stock exchange. Calculation of ROI along with compound annual growth rate is given in **Appendix 5.6**. The detail of ROI during last five years ending March 2022 is given in **Table 5.11**.

Table: 5.11 Return on Investment of Listed PSU

(In per cent)					
	2017-18	2018-19	2019-20	2020-21	2021-22
ROI¹⁰	409.61	361.60	182.79	243.81	291.95

The ROI showed a decreasing trend from 2017-18 to 2019-20, however it increased during 2020-21 and 2021-22. The compounded annual growth rate decreased from 1.98 per cent to (-)2.05 per cent during 2017-18 to 2019-20 and improved to (-)0.67 per cent during 2020-21 and to 0.14 per cent during 2021-22.

⁹ Capital Employed= Paid-up Capital + Free Reserves and Surplus + Long Term Loans - Accumulated Losses - Deferred Revenue Expenditure.

¹⁰ ROI= (Government's share of the Market Capitalisation of the Company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ Number of intervening annual periods

5.7.3 Return on Capital Employed and Equity in Listed PSUs

The profitability of a Company is traditionally assessed through return on equity and return on capital employed. Return on Capital Employed (ROCE)¹¹ is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)¹² is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

Detail of ROCE and ROE of Jammu & Kashmir Bank Limited, the only listed Company, is given in **Table 5.12**:

Table 5.12: ROCE and ROE of Listed PSU

	<i>(In per cent)</i>				
	2017-18	2018-19	2019-20	2020-21	2021-22
ROCE	11.55	17.93	-23.18	15.50	14.56
ROE	7.56	15.46	-61.63	21.00	20.47

The ROCE and ROE was high during last five years (except during 2019-20), mainly due to high profit after tax earned by Jammu & Kashmir Bank Limited. During 2019-20, ROCE and ROE was negative due to loss incurred by the Bank.

The ROCE worked at realised value¹³ of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.13: ROCE for Listed PSUs considering share premium

	<i>(In per cent)</i>				
	2017-18	2018-19	2019-20	2020-21	2021-22
	10.12	16.17	-18.06	12.20	10.67

The ROCE after considering the share premium account of Jammu & Kashmir Bank Limited, ranged between (-)18.06 *per cent* to 16.17 *per cent* during the period 2017-18 to 2021-22.

5.7.4 Return on Capital Employed and Equity of Non-Listed PSUs

The details of ROCE and ROE of non-listed PSUs¹⁴ during the period from 2017-18 to 2021-22 are given in **Table 5.14**.

¹¹ ROCE = Earnings before Interest and Tax/ Capital Employed. Figures are as per the latest year for which accounts of the PSUs are finalised

¹² ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + Free Reserves and Surplus– Deferred Revenue Expenditure – Accumulated Losses

¹³ Investment including share premium

¹⁴ Excluding six inactive PSUs, four PSUs initial accounts of which were not received since inception and one company viz. CVPPPL as all its projects are under construction

Table 5.14: Return on Capital Employed and Equity

(₹ in crore)

Year	PBIT	PAT	Capital Employed ¹⁵	Shareholders Fund	ROCE	ROE
2017-18	391.70	-8.52	7,826.10	3,999.47	5.01	-0.21
2018-19	350.81	-29.92	7,779.10	3,811.35	4.51	-0.79
2019-20	480.33	117.26	7,878.91	3,433.16	6.10	3.42
2020-21	437.75	-119.66	7,593.02	3,040.39	5.77	-3.94
2021-22	437.10	-126.04	8,337.07	2,818.82	5.24	-4.47

The ROCE ranges between 4.51 *per cent* and 6.10 *per cent* and ROE ranges between (-)4.47 *per cent* and 3.42 *per cent* during the period 2017-18 to 2021-22.

5.7.5 Rate of Real Return (RORR) on Government Investment PSUs

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2022, Present Value (PV) of money invested was computed where funds had been infused by the GoJ&K as equity, interest free loan and interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2022.

The PV in these undertakings was computed on the following assumptions:

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.
- The GoJ&K infused ₹5.00 crore as equity in JKPDCL. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to Jammu and Kashmir Power Development Department and Assets transferred to JKPDCL by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- Jammu Power Distribution Company Limited, Kashmir Power Distribution Company Limited, Jammu and Kashmir Power Transmission Corporation Limited and JKPCL started their operations

¹⁵ Including plan fund infusion of GoJ&K in JKPDCL

w.e.f. 1 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.

- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2021-22 has been taken for considering the investment of GoJ&K in PSUs.

The year wise position of investment made by the GoJ&K in PSUs and calculation of Net Present Value of the investment relating to those PSUs wherein the GoJ&K had made investment is indicated in **Appendix 5.7**.

The historical cost of investment by the GoJ&K in these PSUs at the end of 2021-22 increased to ₹4,136.69 crore¹⁶ from ₹352.29 crore at the beginning of 1999-2000. The GoJ&K made investments in form of equity (₹3,662.11 crore) and interest free loans (₹139.79 crore) during the period 1999-2000 to 2021-22. Besides, GoJ&K made investment of ₹522 crore¹⁷ in plan fund up to March 2022 in JKPDCL.

The PV of the investment infused by the GoJ&K as on 31 March 2022 amounted to ₹7,519.26 crore. The net earnings of PSUs as per their latest finalized accounts was ₹380.19 crore.

An analysis of the earnings *vis-à-vis* investments in respect of 40¹⁸ PSUs where funds had been infused by the GoJ&K was carried out to assess the profitability of these PSUs which is given in **Table 5.15**.

Table 5.15: Real Rate of Return

(₹ in crore)

Financial year	PV of total investment at the beginning of the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	PV of total investment at the end of the year	Total Earnings ¹⁹	RORR
2017-18	2,181.27	101.63	2,282.903	7.23	2,447.96	192.85	7.88
2018-19	2,447.96	143.92	2,591.876	7.20	2,778.49	434.33	15.63
2019-20	2,778.49	2632.7	5,411.19	7.20	5,800.80	-1,022.15	-17.62
2020-21	5,800.80	130.57	5,931.37	7.82	6,395.20	306.12	4.79
2021-22	6,395.20	570.95	6,966.15	7.94	7,519.26	372.64	4.96

During the period from 2017-18 to 2021-22, these 40 PSUs had a positive return on investment (except for the year 2019-20). During 2021-22, return on GoJ&K investment on the basis of historical value was 9.01 *per cent*. However, the Real Rate of Return considering the present value of investment was 4.96 *per cent* only.

¹⁶ Opening balance: (₹352.29 crore) + Equity: (₹3,662.11 crore) + Interest free loans: (₹139.79 crore) - Interest free loan converted into equity: (₹17.5 crore)

¹⁷ This investment was made from 2018-19 to 2021-22 and investment before this period had been converted into equity of GoJ&K

¹⁸ Excluding JKB Financial Services Limited and CVPPPL wherein the GoJ&K had not made any investment

¹⁹ As per the latest finalized accounts

5.8 PSUs incurring losses

There were 17 PSUs that incurred losses during the year 2021-22 as per their latest finalized accounts as detailed in *Appendix-5.8*. The losses incurred by these PSUs decreased to ₹186.28 crore in 2021-22 from ₹1,354.96 crore in 2019-20 as per their latest finalized accounts as given below in *Table 5.16*.

Table 5.16: Summary of PSUs that incurred losses during 2019-20 to 2021-22

(₹ in crore)				
Year	No of PSUs incurred loss	Net loss for the year	Accumulated Profit/ Loss	Net Worth ²⁰
A. Statutory Corporations				
2019-20	2	132.98	(-)1,563.95	(-)1,309.35
2020-21	1	117.62	(-)1,634.94	(-)1,426.98
2021-22	1	117.62	(-)1,634.94	(-)1,426.98
B. Government Companies				
2019-20	11	1221.98	357.72	527.18
2020-21	14	93.71	(-)1,780.54	(-)1,643.83
2021-22	16	68.66	(-)1,120.03	(-)986.72
C. Government Controlled Other Company				
2019-20	0	-	-	-
2020-21	1	3.18	49.34	2,773.00
2021-22	0	-	-	-
Total PSUs				
2019-20	13	1,354.96	(-)1,206.23	(-)782.17
2020-21	16	214.51	(-)3,366.14	(-)297.81
2021-22	17	186.28	(-)2,755.24	(-)2,413.70

Source: Latest finalized accounts as on 31 December 2020, 30 November 2021 and 30 September 2022.

Out of total loss of ₹186.28 crore incurred by 17 PSUs in 2021-22, loss of ₹177.70 crore was attributed to seven PSUs listed in *Table 5.17* which incurred loss of more than ₹five crore as per their latest information provided. The majority of the loss for the year 2019-20 is attributable to the loss of ₹1,139.41 crore reported by Jammu & Kashmir Bank Limited. The bank reported profit in its operations in the year 2020-21 of ₹428.45 crore and in the year 2021-22 of ₹501.56 crore.

Table 5.17: PSUs (other than power sector) that incurred losses of more than ₹five crore

Sl. No.	Name of the PSU	Net loss (₹ in crore)
1	Jammu & Kashmir Road Transport Corporation	117.62
2	Jammu & Kashmir State Industrial Development Corporation Limited	20.54
3	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	10.25

²⁰ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Sl. No.	Name of the PSU	Net loss (₹ in crore)
4	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	8.60
5	Jammu & Kashmir Minerals Limited	8.38
6	Jammu & Kashmir Tourism Development Corporation	6.14
7	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	6.17

Source: Latest finalised accounts as on 30 November 2021.

It is recommended that GoJ&K may review the functioning of its loss making PSUs and consider measures to improve them since they are causing substantial drain on the public exchequer.

5.8.1 Erosion of Capital in PSUs

As on 31 March 2022, there were 20 PSUs with accumulated losses of ₹3,881.66 crore (**Appendix 5.9**). Of these 20 PSUs, 16 PSUs incurred losses amounting to ₹184.26 crore and four PSUs had not incurred loss, even though they had accumulated loss of ₹1,133.63 crore. The net worth of 13 out of 20 PSUs had been completely eroded by accumulated losses. The net worth of these 13 PSUs was (-)₹3,368.15 crore against equity investment of ₹505.42 crore as on 31 March 2022. Out of these 13 PSUs, whose capital had been eroded, three PSUs had earned profit of ₹3.29 crore during 2021-22. The details of 13 PSUs are given below.

Table 5.18: Details of PSUs whose net worth has been eroded as per their latest finalized accounts

(₹ in crore)

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
1	2	3	4	5	6	7	8	9
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	3.54	0.04	-50.30	-46.76	2.60	25.19
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation	2016-17	9.20	-10.25	-134.76	-125.56	6.80	11.75

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
	Limited							
3	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	47.37	-6.17	-49.35	-1.98	21.97	61.03
4	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	17.65	-20.54	-146.99	-129.34	17.64	22.72
5	Jammu & Kashmir Industries Limited	2018-19	16.27	0.07	-907.17	-890.90	16.27	264.99
6	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	8.52	-8.60	-170.06	-161.54	7.08	64.72
7	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	4.99	-1.28	-132.99	-128.00	3.49	71.46
8	Jammu & Kashmir Forest Development Corporation Limited	2019-20	9.03	-3.99	-249.13	-240.10	9.03	18.06
9	Jammu & Kashmir Minerals Limited	2010-11	8.00	-8.38	-225.01	-216.85	8.00	169.78
10	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	172.89	3.18	-172.97	-0.08	172.35	10.48

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
11	Kashmir Power Distribution Corporation Limited	2018-19	0.00	0.00	-0.03	-0.03	0.05	0.00
12	Jammu Power Distribution Corporation Limited	2018-19	0.00	0.00	-0.03	-0.03	0.05	0.00
13	Jammu & Kashmir Road Transport Corporation	2018-19	207.96	-117.62	-1,634.94	-1,426.98	387.86	780.61
	Grand Total		505.42		-3,873.73	-3,368.15		

Note: Column 8 and 9 are unaudited figures.

5.9 Oversight Role of CAG

5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company²¹ under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes Governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.10 Appointment of statutory auditors of PSUs by CAG

Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a State Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

5.11 Submission of accounts by PSUs

5.11.1 Need for timely submission

According to Section 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after

²¹ A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 per cent of the paid up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company. Any other company owned or controlled, directly, or indirectly, by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite above, annual accounts of various PSUs were pending as on 30 September 2022, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by Government Companies

As of 31 March 2022, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due²² from 34 Government Companies²³. However, only three Government Companies submitted their accounts for the financial year 2021-22 for audit by CAG on or before 30 September 2022. Accounts of 31 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of these are given in **Table 5.19**.

Table 5.19: Details of arrears in submission of accounts

Particulars	Total
Total number of Companies under the purview of CAG's audit as on 31.03.2022	40
<i>Less:</i> New Companies from which accounts for 2021-22 were not due	0
<i>Less:</i> Companies under liquidation/ inactive ²⁴	6
Number of companies from which accounts for 2021-22 were due	34
Number of companies which presented 2021-22 accounts for CAG's audit by 30 September 2022	3
Number of companies with accounts in arrears	31

²² The due date for submission of accounts has been considered as 30 September 2022

²³ Excluding inactive Companies

²⁴ Jammu & Kashmir Asset Reconstruction Limited, Tawi Scooters Limited, Himalayan Wool Combers Limited and Jammu & Kashmir State Handloom Handicrafts Raw Materials Supply Organisation Limited (under liquidation); Jammu & Kashmir State Road Development Corporation Limited and Jammu & Kashmir International Trade Centre (inactive)

Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	4
	(iii) Others	27
Age-wise analysis of arrears against 'Others' category	Up to one year (2021-22)	3
	Up to two years (2020-21 and 2021-22)	7
	Three years and more	24

Details of these companies along with the position of GoJ&K investment in these PSUs during the period of arrear accounts are indicated in **Appendix 5.10**.

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2022, there were two Statutory Corporations under the purview of CAG's audit. Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations, the C&AG is the sole auditor for Jammu & Kashmir Road Transport Corporation. In respect of Jammu & Kashmir and Ladakh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 to 2021-22 were awaited as on 30 September 2022.

Details of these Corporations along with the position of GoJ&K investment in these Corporations during the period of arrear accounts are indicated in **Appendix 5.10**.

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act 2013, conduct audit of accounts of the Government Companies and submit their reports thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143(5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143(6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143(6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2021-22 (or of earlier years which were finalized during current year) is discussed in the next paragraph.

5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Financial statements for the year 2021-22 were received from two²⁵ Government Companies and one Government Controlled Other Company²⁶ by 30 September 2022. Of these, financial statements of two²⁷ Government Companies were reviewed in audit by the CAG.

²⁵ Jammu and Kashmir Bank Limited and JKB Financial Services Limited

²⁶ Chenab Valley Power Projects Private Limited

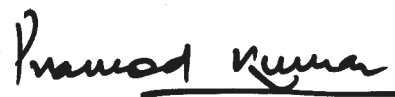
²⁷ Non review certificate was given to JKB Financial Services Limited for the year 2021-22

31 accounts of previous years in respect of 11 PSUs were also received during the period 1 December 2021 to 30 September 2022, of which comments were issued in case of 21 accounts and 10 accounts were pending as of 30 September 2022. Further, 36 accounts of six PSUs relating to previous years which were received before 1 December 2021 were also reviewed during current year and comments were issued for all these 36 accounts of six PSUs.

5.14 Recommendations

1. The Government may impress upon those PSUs with arrear in accounts to ensure early finalisation of their Financial Statements as in the absence of their finalisation, Government investments in such PSUs remain outside the legislative oversight; and
2. The Government needs to take an early decision regarding commencement of liquidation process in respect of the inactive PSUs as they are neither contributing to economy nor meeting the objectives for which they were set up.

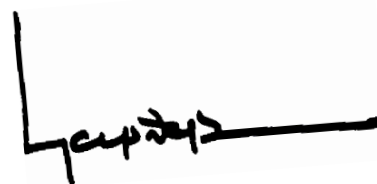
Srinagar/ Jammu
Dated: 21 February 2023



(PRAMOD KUMAR)
Principal Accountant General (Audit)
Jammu and Kashmir

Countersigned

New Delhi
Dated: 06 March 2023



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Reference Paragraph:1.5)
Time Series Data¹ on the UT Government Finances

(₹ in crore)

Part-A Receipts			
Fiscal Aggregate	31/10/2019 to 31/03/2020	2020-21	2021-22
1.Revenue Receipts (a) + (b)	22,557.34	52,495.48	59,238.50
(a) Tax Revenue	4,056.49	8,876.99	11,707.28
(i) Revenue from UT's Own Taxes	4,056.49	8,876.99	11,707.28
Of which			
State Goods & Service Tax	2,115.75	4,839.35	6,394.31
Taxes on sales, trade, etc.	782.43	1,495.61	1,906.31
State Excise	587.67	1,347.42	1,782.79
Taxes on vehicles	246.08	488.38	616.24
Stamps and Registration fees	117.54	325.54	512.02
Land Revenue	48.32	60.57	113.28
Other Taxes	158.70	320.12	382.33
(ii) UT's share of Union taxes and duties	0.00	0.00	0.00
(b) Non-Tax Revenue	18,500.85	43,618.49	47,531.22
(i) UTs Own Non-Tax Revenue	2,062.77	4,076.38	4,840.45
Of which			
Power Department receipts	1,196.66	2,349.74	2,715.75
(ii) Grants-in-aid from the Union Government	16,438.08	39,542.11	42,690.77
State's Own Revenues	6,119.26	12,953.37	16,547.73
(a) (i) + (b) (i)			
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	39,542.11	42,690.77
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	1.93	1.03
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	42,732.93	54,045.36
4. Total receipts in the Consolidated Fund (1+2+3)	39,207.05	95,230.34	1,13,284.89
5. Contingency Fund receipts	0.00	25.00	0.00
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	24,833.82	27,223.48
Gross Receipts (4+5+6)	50,571.24	1,20,089.16	1,40,508.37
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	3,604.34	1,464.16	-1,319.63

¹ Difference of 01 crore, wherever occurring, is due to rounding off

Part-B Disbursements			
Fiscal Aggregate	31/10/2019 to 31/03/2020	2020-21	2021-22
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	22,719.43	52,633.75	59,269.33
(a) CSS/CA	637.96	1,740.45	2,007.69
(b) Normal/General/SFE	22,081.47	50,893.30	57,261.64
(i) General Services (including interest payments)	9,383.75	25,521.16	29,639.86
(ii) Social Services	8,614.74	19,471.70	20,933.14
(iii) Economic Services	4,720.94	7,640.89	8,696.33
2. Capital Expenditure (a) + (b)=(i) + (ii) + (iii)	5,422.20	10,470.38	11,047.04
(a) CSS/CA	1,861.63	4,294.25	3,407.58
(b)/General	3,560.57	6,176.13	7,639.45
(i) General Services	733.57	776.24	659.03
(ii) Social Services	1,492.93	2,492.57	2,722.61
(iii) Economic Services	3,195.70	7,201.57	7,665.40
3. Disbursement of loans and advances	38.14	61.64	73.77
4. Total (1+2+3)	28,179.77	63,165.77	70,390.14
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)of which	13,149.34	33,563.32	41,575.17
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	4,134.06	4,067.96
Net transactions under Ways and Means Advances and Overdraft	-295.18	-1,784.54	499.54
Loans and Advances from Government of India (Repayment)	58.91	118.34	119.18
6. Appropriation to Contingency Fund	0.00	25.00	0.00
7. Gross disbursement out of Consolidated Fund (4+5+6)	41,329.11	96,754.09	1,11,965.31
8. Contingency Fund disbursements	0.00	0.00	0.00
9. Gross Public Account disbursements	7,759.85	23,369.66	28,543.10
10. Gross disbursements (7+8+9)	49,088.96	1,20,123.75	1,40,508.41
11. Increase in Cash Balance	1,482.28	-34.59	-0.04
12 Grand Total	50,571.24	1,20,089.16	1,40,508.37

Part-C Deficits			
Fiscal Aggregate	31/10/2019 to 31/03/2020	2020-21	2021-22
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	-162.09	-138.27	-30.83
2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	5,620.09	10,693.36	11,150.60
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)	3,088.46	4,320.90	3,790.29
4. Interest Payments (included in revenue expenditure)	2,531.63	6,372.46	7,360.31
5. Financial Assistance to local bodies, etc.	3,998.98	6,531.86	4,870.85
6. Ways and Means Advances/overdraft availed (days)	132 (overdraft on 51 days)	318 (overdraft on 58 days)	125 (overdraft on 78 days)
7. Interest on WMA/Overdraft	12.87	40.13	61.64
8. Public Debt Receipts	16,647.37	42,732.93	54,045.36
9. Gross State Domestic Product at Current Prices (GSDP ²)	1,64,135	1,70,201	1,95,118
10. Outstanding Public Debt ³ (year end) excluding Public Account	3,498.03	12,667.64	25,137.83
11. Outstanding guarantees (year end) plus interest	1,324.54	1,486.07	12,328.80
12. Maximum amount guaranteed (year end)	5,204.84	12,564.18	13,449.49
13. Number of incomplete projects	NA	165	397
14. Capital blocked in incomplete projects	NA	464.91	1,095.53
Total Expenditure/GSDP (<i>per cent</i>)	NA	35.83	36.08
Revenue Receipts/Total expenditure (<i>per cent</i>)	80.05	83.11	84.16
Revenue Expenditure/Total Expenditure (<i>per cent</i>)	80.62	83.33	84.20
Expenditure on Social Services/Total Expenditure (<i>per cent</i>)	35.87	34.77	33.61
Expenditure on Economic Services/Total Expenditure (<i>per cent</i>)	28.09	23.50	23.24
Capital Expenditure/Total Expenditure(<i>per cent</i>)	19.24	16.58	15.69
Capital Expenditure on Social and Economic Services/Total Expenditure (<i>per cent</i>)	16.64	15.35	14.76
Revenue Surplus/Revenue Deficit as <i>per cent</i> of GSDP	-	-0.08	-0.02
Fiscal Deficit as <i>per cent</i> of GSDP	-	6.28	5.71
Primary Deficit as <i>per cent</i> of GSDP	-	2.54	1.94
Revenue Deficit/Fiscal Deficit (<i>per cent</i>)	-	-1.29	-0.28
Liabilities/GSDP ⁴ (<i>per cent</i>)	-	8.74(57.82)	11.99(54.80)
Liabilities/Revenue Receipts(<i>per cent</i>)	-	32.35	49.52
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year (<i>per cent</i>)	89	89	87
Return on Investment	Nil	Nil	Nil
Financial Assets/Liabilities	98	98	99

Source: Finance Accounts

² Figures of GSDP is from MOSPI website.

³ Includes internal debt and Loan and Advances from Central Government only.

⁴ Liability to GSDP has been arrived at after reducing back to back loans and liability to GSDP after including liability of erstwhile State which is yet to be apportioned has been shown in bracket.

Appendix 1.2
(Reference Paragraph: 1.5.1)
Abstract of Receipts and Disbursements for the year 2021-22

(₹ in crore)

Receipts			Disbursements		
Various items	2021-22	2021-22	Various items	2021-22	2021-22
1	2	3	4	5	6
Section-A: Revenue					
I. Revenue Receipts		59,238.50	I. Revenue Expenditure		59,269.33
Own-Tax Revenue	11,707.28		General Services		29,639.86
			Social Services		20,933.14
Non-Tax Revenue	4,840.45		Education, Sports, Art and Culture	10,851.32	
			Health and Family Welfare	4,977.19	
State's Share of Union Taxes	0.00		Water Supply, Sanitation/H&UD	2539.46	
			Information and Broadcasting	84.94	
Centrally Sponsored Schemes			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	105.4	
Finance Commission Grants	0.00		Labour and Labour Welfare	56.95	
Grants from Govt. of India (Other Transfer/ Grants to States)	42,690.77		Social Welfare and Nutrition	2,270.18	
			Others	47.70	
			Economic Services		8,696.33
			Agriculture and Allied Activities	3,073.53	
			Rural Development	517.45	
			Special Areas Programmes	0.00	
			Irrigation and Flood Control	612.07	
			Energy	3131.1	
			Industries and Minerals	370.25	
			Transport	420.79	
			Science, Technology and Environment	45.16	
			General Economic Services	325.98	
II. Revenue deficit carried over to Section -B		30.83	II. Revenue Surplus carried over to Section-B		
Total Section-A		59,269.33	Total Section-A		59,269.33

Receipts			Disbursements		
Various items	2021-22	2021-22	Various items	2021-22	2021-22
1	2	3	4	5	6
Section B: Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment		1,447.69	III. Capital Outlay		11,047.04
IV. Misc. Capital receipts		0.00	General Services		659.03
			Social Services		2,722.60
			Education, Sports, Art and Culture	572.31	
			Health and Family Welfare	636.78	
			Water Supply, Sanitation/H&UD	835.40	
			Information and Broadcasting	0.22	
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	125.35	
			Social Welfare and Nutrition	536.57	
			Other Social Services	15.97	
			Economic Services		7,665.40
			Agriculture and Allied Activities	796.24	
			Rural Development	1,267.65	
			Special Areas Programmes	0.00	
			Irrigation and Flood Control	142.37	
			Energy	1,230	
			Industries and Minerals	129.21	
			Transport	2,667.58	
			Science, Technology and Environment	52.61	
			General Economic Services	1,379.74	
V. Recoveries of Loans and Advances		1.03	IV. Loans and Advances Disbursement		73.77
Industries and Minerals	0.21		Industries and Minerals	33.77	
Government servants	0.04		Transport	40.00	
Others	0.78		Others	0.00	
VI. Revenue surplus			V. Revenue deficit		30.83

Receipts			Disbursements		
Various items	2021-22	2021-22	Various items	2021-22	2021-22
1	2	3	4	5	6
VII. Public Debt Receipts		17,942.33	VI. Repayment of Public Debt		5,472.14
Internal debt of the State Government other than Ways and Advances	14,096.83		Internal debt of the State Government other than Ways and Advances	4,067.96	
Loans and Advances from GOI	3,845.49		Repayment of Loans and Advances from GOI.	119.18	
Net Ways and Means Advance			Net Ways and Means Advance	1285	
VIII. Appropriation to Contingency Fund		0.00	VII. Appropriation to Contingency Fund		0.00
IX. Amount recouped to Contingency Fund		0.00	VIII-Expenditure from Contingency Fund		0.00
X. Public Account Receipts		27,223.48	IX-Public Account Disbursements		28,543.10
Small Savings and Provident Funds	6,023.99		Small Savings and Provident Funds	6,618.55	
Reserve Funds	432.90		Reserve Funds	283.90	
Deposits and Advances	4,282.24		Deposits and Advances	3,951.73	
Suspense and Miscellaneous	16,438.34		Suspense and Miscellaneous	16,310.11	
Remittances	46.01		Remittances	1,378.82	
			X. Cash Balance at the end		1,447.65
			Deposits with Banks	1,447.65	
Total Section-B		46,614.53	Total Section-B		44,614.53

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 UT and others pending settlement, etc.

Appendix 1.2 (Continued)
Summarised financial position of the Government of
UT of Jammu and Kashmir as on 31 March 2022

(₹ in crore)

As on 31 March 2021			As on 31 March 2022	
Liabilities				
	10,562.21	Internal Debt		19,306.08
9,435.22		Market Loans bearing interest	15,022.22	
(-)169.64		Loans from LIC	301.22	
1,296.63		Loans from other Institutions	3,712.64	
	2,105.44	Loans and Advances from Central Government		5831.75
0.00		Pre 1984-85 Loans	0.00	
0.00		Non-Plan Loans	0.00	
(-)175.81		Loans for State /Union territories loan schemes	(-)293.72	
2,281.25		Other Loans for States/ Union Territory with Legislature Schemes	6,125.47	
	25	Contingency Fund		25
	2,185.97	Small Savings, Provident Funds, etc.		1,591.41
	771.13	Reserve Funds		920.13
	1,355.53	Deposits		1,686.04
	634.50	Remittance Balances		0.00
	121.14	Suspense and Misc. Balances		249.38
	0.00	Surplus on Government Account		0.00
		Difference in machine number		0.02
	17,760.92	Total		29,609.81

As on 31 March 2021			As on 31 March 2022	
Assets				
	15,892.58	Gross Capital Outlay on Fixed Assets		26,939.61
162.39		Investments in shares of Companies, Corporations, etc.	235.40	
15,730.19		Other Capital Outlay	26,704.21	
	95.51	Loans and Advances		168.26
40.13		Industries and Minerals	73.89	
55.50		Transport	95.50	
		Energy		
		Agriculture and Allied Activities		
0.50		Other Development Loans	0.27	
(-)0.62		Loans to Government servants and Miscellaneous Loans	(-)1.40	
	0.00	Advances		0.00
	0.00	Suspense and Miscellaneous Balances		0.00
	0.00	Remittance Balances		698.32
	0.00	Contingency Fund(un-recouped)		0.00
	25.00	Contingency Fund (Corpus)		-
	1,447.69	Cash		1,447.65
0.00		Cash in Treasuries and Local Remittances	0.00	
1,447.69		Deposits with Bank	1447.65	
	300.14	Cumulative Excess of Expenditure over Receipts		355.97
	17,760.92	Total		29,609.81

Source: Finance Accounts Assets and Liability ending 30/10/2019 in respect of erstwhile J&K State has not been apportioned between Union Territory of J&K and Union Territory of Ladakh.

Appendix 3.1
(Reference Paragraph: 3.3.1)
Expenditure incurred without authority of law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure	Number of Schemes/Sub Heads
			(₹ in crore)	
1	3	3454	0.03	1
2	8	2030, 2075, 2235, 2049, 6003 and 6004	21,364.56	17
3	11	4851	0.45	2
4	12	4401 and 4402	7.32	3
5	16	5504	4.01	1
6	17	2210	0.59	3
7	18	2235 and 2236	0.28	2
8	21	2406 and 4406	0.03	2
9	27	4402	0.63	1
10	33	2245	268.26	1
Total			21,646.17	33

Source: Appropriation Accounts

Appendix 3.2
(Reference Paragraph: 3.3.3)
Cases of unnecessary Supplementary Grant/Appropriation

(₹ in crore)

S. No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I- Revenue (Voted)					
1	2- Home Department	8,865.06	363.26	7,464.15	1,400.91
2	3- Planning Department	130.54	8.20	98.72	31.82
3	15- Food Civil Supply and Consumer Affairs Department	278.02	1.43	159.80	118.22
4	17-Health and Medical Education Department	5,605.58	302.14	4,977.19	628.39
5	18-Social Welfare Department	2,506.02	461.77	1,960.68	545.34
6	19-Housing and Urban Development Department	896.73	19.73	755.78	140.95
7	21- Forest Department	1,534.00	1.99	1,150.09	383.91
8	27- Higher Education Department	1,365.24	33.27	1,206.67	158.57
9	30-Tribal Affairs Department	104.72	24.92	65.24	39.48
10	36-Co-Operative Department	65.17	9.36	48.87	16.30
Total -I		21,351.08	1,226.07	17,887.19	3,463.89
II-Revenue (Charged)					
11	1-General Administration Department	25.23	2.85	24.89	0.34
12	10- Law Department	78.50	2.51	56.67	21.83
Total -II		103.73	5.36	81.56	22.17
III-Capital (Voted)					
13	3- Planning Department	1,017.00	655.46	473.67	543.33
14	8- Finance Department	1,901.48	129.88	1,230.32	671.16
15	13- Animal/Sheep Husbandry Department	235.92	8.82	124.39	111.53
16	16-Public Works Department	4,088.87	1,515.72	2,956.70	1,132.17
17	17-Health and Medical Education Department	1,455.83	114.83	636.79	19.04

S. No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
18	18-Social Welfare Department	173.77	19.37	69.29	104.48
19	19-Housing and Urban Development Department	2,709.99	171.95	660.41	2,049.58
20	26-Fisheries Department	102.11	6.19	31.17	70.94
21	30-Tribal Affairs Department	273.43	8.80	107.93	165.50
22	32-Horticulture Department	400.09	57.33	265.70	134.39
Total -III		12,358.49	2,688.35	6,556.37	5,802.12
Grand Total		33,813.30	3,919.78	24,525.12	9,288.18

Appendix 3.3
(Reference Paragraph: 3.4)
Substantial Savings

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
1	1	General Administration Department						
		Revenue						
		Voted	528.94	399.40	129.54			
		Charged	28.08	24.89	3.19			
		Capital						
		Voted	189.35	16.96	172.38		172.38	91%
		Total	746.36	441.25	305.11	41%		
2	2	Home Department						
		Revenue						
		Voted	9,228.32	7,464.15	1,764.17			
		Capital						
		Voted	971.28	186.88	784.39		784.39	81%
		Total	10,199.60	7,651.03	2,548.56	25%		
3	3	Planning Department						
		Revenue						
		Voted	138.74	98.72	40.02			
		Capital						
		Voted	1,672.46	473.67	1,198.79		1,198.79	72%
		Total	1,811.20	572.39	1,238.81	68%		
4	6	Power Development Department						
		Revenue						
		Voted	5,216.69	3,131.10	2,085.58			
		Capital						
		Voted	2,708.12	1,230.00	1,478.12		1,478.12	55%
		Total	7,924.81	4,361.10	3,563.71	45%		
5	7	Education Department						
		Revenue						
		Voted	10,206.03	9,141.15	1,064.88			
		Capital						
		Voted	795.24	306.85	488.39		488.39	61%
		Total	11,001.27	9,448.00	1,553.27	14%		
6	10	Law Department						
		Revenue						
		Voted	568.35	285.38	282.97			
		Charged	81.01	56.67	24.34			
		Capital						
		Voted	116.00	56.43	59.57			

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Total	765.36	398.48	366.88	48%		
7	11	Industry and Commerce Department						
		Revenue						
		Voted	377.96	277.14	100.83			
		Capital						
		Voted	415.96	146.73	269.23		269.23	65%
		Total	793.92	423.87	370.05	47%		
8	12	Agriculture Department						
		Revenue						
		Voted	1,240.42	1,091.81	148.62			
		Capital						
		Voted	1,182.54	182.74	999.80		999.80	85%
		Total	2,422.96	1,274.55	1,148.42	47%		
9	13	Animal/ Sheep Husbandary Department						
		Revenue						
		Voted	614.30	554.98	59.32			
		Capital						
		Voted	244.74	124.39	120.35		120.35	49%
		Total	859.04	679.37	179.68	21%		
10	14	Revenue Department						
		Revenue						
		Voted	785.20	521.64	263.56			
		Capital						
		Voted	37.45	7.02	30.43			
		Total	822.65	528.66	294.00	36%		
11	15	Food Civil Supplies and Consumer Affairs Department						
		Revenue						
		Voted	279.46	159.80	119.65			
		Capital						
		Voted	303.66	118.51	185.15		185.15	61%
		Total	583.12	278.31	304.81	52%		
12	16	Public Works Department						
		Revenue						
		Voted	1,182.25	1,286.62	-			
		Capital						
		Voted	5,604.59	2,956.70	2,647.89		2,647.89	47%
		Total	6,786.83	4,243.32	2,543.51	39%		

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
13	17	Health And Medical Education Department						
		Revenue						
		Voted	5,907.72	4,977.19	930.53			
		Capital						
		Voted	1,570.67	636.79	933.88		933.88	59%
		Total	7,478.38	5,613.97	1,864.41	25%		
14	18	Social Welfare Department						
		Revenue						
		Voted	2,967.79	1,960.68	1,007.10			
		Capital						
		Voted	193.14	69.29	123.85		123.85	64%
		Total	3,160.93	2,029.97	1,130.96	36%		
15	19	Housing And Urban Development Department						
		Revenue						
		Voted	916.46	755.78	160.68			
		Capital						
		Voted	2,881.94	660.41	2,221.53		2,221.53	77%
		Total	3,798.40	1,416.19	2,382.21	63%		
16	20	Tourism Department						
		Revenue						
		Voted	216.50	132.51	83.99			
		Capital						
		Voted	251.84	124.45	127.39		127.39	51%
		Total	468.34	256.96	211.38	45%		
17	21	Forest Department						
		Revenue						
		Voted	1,535.99	1,150.09	385.90			
		Capital						
		Voted	191.75	112.87	78.89			
		Total	1,727.74	1,262.95	464.79	27%		
18	22	Irrigation And Food Control Department						
		Revenue						
		Voted	696.16	583.54	112.62			
		Capital						
		Voted	769.19	125.22	643.97		643.97	84%
		Total	1,465.35	708.76	756.59	52%		
19	23	Public Health Engineering Department						
		Revenue						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Voted	1,831.63	1,700.76	130.87			
		Capital						
		Voted	2,107.25	174.99	1,932.26		1,932.26	92%
		Total	3,938.88	1,875.76	2,063.13	52%		
20	27	Higher Education Department						
		Revenue						
		Voted	1,398.51	1,206.67	191.84			
		Capital						
		Voted	762.25	197.45	564.80		564.80	74%
		Total	2,160.76	1,404.12	756.64	35%		
21	28	Rural Development Department						
		Revenue						
		Voted	686.01	522.70	163.31			
		Capital						
		Voted	4,300.45	1,267.65	3,032.80		3,032.80	71%
		Total	4,986.46	1,790.35	3,196.11	64%		
22	30	Tribal Affairs Department						
		Revenue						
		Voted	129.64	65.24	64.40			
		Capital						
		Voted	282.23	107.93	174.30		174.30	62%
		Total	411.86	173.16	238.70	58%		
23	31	Culture Department						
		Revenue						
		Voted	59.52	41.03	18.49			
		Capital						
		Voted	274.32	6.14	268.18		268.18	98%
		Total	333.84	47.17	286.67	86%		
24	32	Horticulture Department						
		Revenue						
		Voted	162.84	131.83	31.02			
		Capital						
		Voted	457.42	265.70	191.72		191.72	42%
		Total	620.26	397.53	222.74	36%		
25	33	Disaster Management Relief Rehabilitation and Reconstruction Department						
		Revenue						
		Voted	972.95	813.37	159.58			
		Capital						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Voted	115.43	59.51	55.92			
		Total	1,088.38	872.88	215.50	20%		
26	34	Youth Services And Technical Education Department						
		Revenue						
		Voted	609.91	476.47	133.44			
		Capital						
		Voted	236.77	72.33	164.44		164.44	69%
		Total	846.68	548.80	297.88	35%		
		Grand Total	77,203.40	48,698.90	28,504.50		18,723.63	

Source: Appropriation Accounts.

Appendix 3.4
(Reference Paragraph: 3.4.1)
Percentage of Utilization of Provision under each Grant

(₹ in crore)

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
1	General Administration Department	746.36	441.25	59%
2	Home Department	10,199.60	7,651.03	75%
3	Planning Department	1,811.20	572.39	32%
4	Information Department	126.89	85.16	67%
6	Power Development Department	7,924.81	4,361.10	55%
7	Education Department	11,001.27	9,448.00	86%
8	Finance Department	61,316.43	62,460.27	102%
9	Parliamentary Affairs Department	34.04	26.07	77%
10	Law Department	765.36	398.48	52%
11	Industry and Commerce Department	793.92	423.87	53%
12	Agriculture Department	2,422.96	1,274.55	53%
13	Animal/ Sheep Husbandary Department	859.04	679.37	79%
14	Revenue Department	822.65	528.66	64%
15	Food Civil Supplies and Consumer Affairs Department	583.12	278.31	48%
16	Public Works Department	6,786.83	4,243.32	63%
17	Health And Medical Education Department	7,478.38	5,613.97	75%
18	Social Welfare Department	3,160.93	2,029.97	64%
19	Housing And Urban Development Department	3,798.40	1,416.19	37%
20	Tourism Department	468.34	256.96	55%
21	Forest Department	1,727.74	1,262.95	73%
22	Irrigation And Food Control Department	1,465.35	708.76	48%
23	Public Health Engineering Department	3,938.88	1,875.76	48%
24	Hospitality Protocol Estates Parks & Gardens	283.76	196.56	69%
25	Labour Stationery and Printing Department	151.65	87.86	58%
26	Fisheries Department	218.97	131.22	60%
27	Higher Education Department	2,160.76	1,404.12	65%

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
28	Rural Development Department	4,986.46	1,790.35	36%
29	Transport Department	248.75	176.00	71%
30	Tribal Affairs Department	411.86	173.16	42%
31	Culture Department	333.84	47.17	14%
32	Horticulture Department	620.26	397.53	64%
33	Disaster Management Relief Rehabilitation and Reconstruction Department	1,088.38	872.88	80%
34	Youth Services And Technical Education Department	846.68	548.80	65%
35	Science And Technology Department	121.76	62.46	51%
36	Co-Operative Department	89.53	59.00	66%
	Grand Total	1,39,795.19	1,11,983.49	

Source: Appropriation Accounts.

Appendix 3.5
(Reference Paragraph: 3.5)
Grants with Nil Expenditure

(₹ in crore)

S. No	Grant No	Major Heads of Accounts	Budget Allocation	Expenditure	Number of Schemes /Sub Heads
1	1	2055,4059,4075 and 5452	58.64	0	4
2	2	2055, 4055 and 4059	46.30	0	5
3	3	3475 and 5475	440.68	0	9
4	6	4801	576.32	0	4
5	7	2202 and 4202	114.65	0	8
6	8	2075,2235,2049,5475,6235 and 6003	764.595	0	9
7	10	2014	5.48	0	1
8	11	4851	8.00	0	3
9	12	2402,4401 and 4851	387.31	0	11
10	13	4403	1.07	0	2
11	14	2401 and 4059	20.93	0	6
12	15	2408 and 4408	155.33	0	2
13	16	5054	15.72	0	2
14	17	2210, 2211 and 4210	105.46	0	10
15	18	2070,2225,2235,4225, 4236 and 4236	63.68	0	12
16	19	2217,4216 and 4217	274.92	0	8
17	21	4406	19.59	0	2
18	22	2701, 4701 and 4711	161.00	0	5
19	23	4215	1,602.02	0	2
20	25	4058	0.1	0	1
21	27	4202	42.25	0	2
22	28	2501 and 4515	68.80	0	5
23	29	2041	1	0	1
24	30	2225	19.68	0	3
25	31	4202	5	0	1
26	32	4401	0.38	0	1
27	33	4235	103.35	0	1
28	34	2230 and 4202	30	0	3
		Total	5,092.25		123

Appendix 3.6
(Reference Paragraph: 3.5.1)
Excess over provisions requiring regularization

(₹ in crore)

Sl. No	Grant Number	Total Grant/ Appropriation	Expenditure	Excess
I-Revenue Voted				
1	8- Finance Department	10,771.20	12,294.47	1,523.28
2	16- Public Works Department	1,182.25	1,286.62	104.38
Total-I (Revenue Voted)		11,953.44	13,581.10	1,627.65
II-Revenue Charged				
3	8-Finance Department	7,093.67	7,360.31	266.64
Total-II (Revenue Charged)		7,093.67	7,360.31	266.64
III-Capital Charged				
4	8-Finance Department	41,420.20	41,575.17	154.97
Total-III (Capital Charged)		41,420.20	41,575.17	154.97
Total (I+II+III)		60,467.31	62,516.58	2,049.26

Appendix 3.7
(Reference Paragraph: 3.5.3)

Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
1980-81	16	1,5,6,7,8,9,12,13,14,16,18,19,20,21,22,23	227.9	Not regularised
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	9	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	6	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	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
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	
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	
2016-17	12	3,4,5,8,11,15,16,19,23,26,28,29	2,896.86	
2017-18	8	3,5,8,16,23,24,28,29	6,397.06	
2018-19	7	3,5,8,15,16,17,30	4,631.53	
2019-20 (01.04.2019 to 30.10.2019)	16	5,7,8,9,12,15,17,18,19,21,24,26,29,32,33,34	5,311.53	
		Total	1,24,004.41	

Appendix 3.8
(Reference Paragraph: 3.7.2)

Rush of expenditure (Major Heads with more than 50 per cent of expenditure in March alone)

(₹ in crore)

S. No.	G No.	MH	MH description	Ist Qtr. Exp.	2nd Qtr. Exp.	3rd Qtr. Exp.	4th Qtr. Exp.	March Exp.	Yearly Exp.	Exp. March (Per cent)
1	2	4070	Capital Outlay on other Administrative Services	0.00	0.00	0.00	4.58	4.07	4.58	89
2	3	5475	Capital Outlay on other General Economic Services	0.00	-0.05	7.42	32.68	27.64	40.05	69
3	4	4220	Capital Outlay on Information and Publicity	0.00	0.00	0.00	0.22	0.22	0.22	100
4	6	4801	Capital Outlay on Power Projects	13.67	17.55	203.58	995.20	827.17	1,230.00	67
5	8	2047	Other Fiscal Service	0.00	0.12	0.17	5.66	5.03	5.95	85
6	8	2048	Appropriation for reduction or avoidance of Debt	0.00	0.00	0.00	45.00	45.00	45.00	100
7	8	2075	Miscellaneous General Services	0.09	0.09	0.09	2.09	2.06	2.36	87
8	10	2030	Stamps and Registration	0.34	0.32	0.34	0.16	0.91	1.16	78
9	10	4059	Capital Outlay on Public Works	0.00	5.02	10.58	40.83	33.40	56.43	59
10	11	4852	Capital Outlay on Iron and Steel Industries	0.00	1.36	0.00	1.36	1.36	2.72	50
11	14	4059	Capital Outlay on Public Works	0.00	0.00	0.87	6.15	5.53	7.02	79
12	15	4235	Capital Outlay on Social Security and Welfare	0.00	0.00	0.00	3.53	3.53	3.53	100
13	15	4408	Capital Outlay on Food Storage and Warehousing	-0.88	-1.43	45.39	66.17	64.13	109.25	59
14	15	5475	Capital Outlay on other General Economic Services	0.00	0.00	0.00	0.38	0.24	0.38	64
15	18	2055	Police	0.00	0.00	0.00	3.10	3.10	3.10	100
16	18	2225	Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	3.21	2.72	4.98	29.25	20.30	40.16	51
17	18	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	0.00	0.64	1.59	15.19	12.67	17.42	73

S. N o.	G No.	MH	MH description	Ist Qtr. Exp.	2nd Qtr. Exp.	3rd Qtr. Exp.	4th Qtr. Exp.	March Exp.	Yearly Exp.	Exp. March (Per cent)
18	18	4235	Capital Outlay on Social Security and Welfare	0.20	2.60	7.12	15.08	15.79	25.00	63
19	19	4217	Capital Outlay on Urban Development	0.00	2.29	18.10	430.59	380.59	450.98	84
20	21	5425	Capital outlay on other Scientific and Environmental Research	0.01	0.26	0.32	1.06	0.94	1.65	57
21	23	4215	Capital Outlay on Water Supply and Sanitation	0.00	3.66	36.34	135.00	110.27	175.00	63
22	26	4405	Capital Outlay on Fisheries	0.00	0.41	7.66	23.10	15.76	31.17	51
23	29	5055	Capital Outlay on Road Transport	0.00	0.12	7.44	47.35	46.43	54.91	85
24	30	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	0.00	0.04	12.73	95.15	72.07	107.92	67
25	34	4202	Capital Outlay on Education, Sports, Art and Culture	0.47	0.89	12.02	48.50	35.69	61.88	58
			Total (25 cases)	17.11	36.61	376.74	2,047.38	1,733.90	2,477.84	

Source: VLC Data

The negative figures are due to booking of receipts and recoveries (sale proceeds) shown as deduct recoveries, as per accounting procedure applicable to the Major Head, under various minor heads in Major Head 4408-Capital outlay on Food Storage and Warehousing and classification of recoveries of overpayments of previous years under Minor Head 911-Deduct Recoveries, in Major Head 5475-Capital outlay on other General Economic Services which has been rectified at the end of the year.

Appendix 4.1**(Reference Paragraph: 4.2)****Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)****(₹ in lakh)**

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases	Government of India Releases
			2020-21	2021-22
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Government Higher Secondary Schools	110.00	336.00
2	Assistance to State Agencies for Intra-state Movement of Foodgrains and FPS dealers margin under NFSA	Consumer Affairs & Public Distribution Department Jammu and Kashmir	13,784.68	4,750.57
3	Biotechnology Research and Development	Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar.	68.00	-
4	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	320.52	-
5	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	47.99	32.19
6	Developing of Nursing Services	Various nursing schools of Jammu and Kashmir	1,125.00	-
7	Establishment Expenditure (EF&CL)	Pr. Chief Conservator of Forests Jammu and Kashmir	-	138.46
8	Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance	Government Medical College, Jammu/ Srinagar	3.96	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases	Government of India Releases
			2020-21	2021-22
9	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	100.12	-
10	Extra Mural Research Projects through Research Institutes etc.	Government Ayurvedic Hospital, Jammu	9.00	16.00
11	Human Resource and Capacity Development	Government Medical College, Jammu	6.54	1.52
12	Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services	Government Medical College, Jammu	-	124.26
13	Integrated Scheme on Agriculture Census and Statistics	Agriculture Production Department of Jammu and Kashmir	313.78	207.17
14	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	45.42	64.80
15	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	198.60	20.26
16	Infrastructure and Technology Development Schemes	District Development Commissioner, Budgam	103.58	-
17	Incentivization of Panchayat	Rashtriya Gram Swaraj Abhiyan	60.00	-
18	Management Support to Rural Development Programs and Strengthening of District Planning Process	Regional Extension Training Centre Budgam	-	16.61
19	National Organ Transplant Programme	Government Medical College, Jammu	-	22.00
20	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00	1,300.00
21	Maintenance of National Highways- Financed from CRF	Transport Commissioner, Government of Jammu and Kashmir	20.00	

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases	Government of India Releases
			2020-21	2021-22
22	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	218.84	-
23	Official Development Assistance for Sustainable	SPV-Aspirational, Baramulla/Kupwara	-	1,602.40
24	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	750.11	-
25	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	70,883.40	66,458.12
26	Pradhan Mantri Kisan Sampada Yojana- Mega Food Parks	Department of Horticulture, Government of Jammu and Kashmir	150.00	-
27	PM Formalization of Micro Food Processing Enterprises PM-FME	Department of Horticulture, Government of Jammu and Kashmir	668.64	2.33
28	Price Monitoring Structure	Consumer Affairs & Public Distribution Department Jammu and Kashmir	3.42	-
29	Relief and Rehabilitation for Migrants and Repatriates	Dy. Commissioners/ Additional Deputy Commissioners of Jammu and Kashmir	-	12.00
30	Research/ Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities	Government Degree College Sopore, Kashmir	2.50	2.50
31	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	104.65	373.15
32	SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc.)	Social Welfare Department Jammu & Kashmir Government	-	4,037.77
33	SAMBAL (One Stop Centre Mahila Police Volunteer Women helpline Swadhar Ujjawala Widow homes etc.)	Various One Stop Centres	-	388.85

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases	Government of India Releases
			2020-21	2021-22
34	Science and Technology Institutional and Human Capacity Building	Government Degree Colleges	13.50	42.27
35	Sugar Subsidy Payable Under PDS	Consumer Affairs & Public Distribution Department Jammu and Kashmir	208.26	254.13
36	Support for Statistical Strengthening	Directorate of Economics & Statistics, Jammu and Kashmir	137.75	-
37	Women Help Line	Deputy Commissioner, Jammu	60.07	-
38	Other			0.25
	Grand Total		91,768.33	80,203.61

Source Finance Account.

Out of total amount of ₹ 3,99,276.12 lakh released by Government of India an amount of ₹80,203.61 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹3,19,072.50 lakh to various Autonomous Bodies/ other Entities of the Government (including ₹3,416.30 lakh to Central agencies). Please refer also para 3 (xiii) (a) of Notes to Finance Accounts Vol-I

Appendix 4.2
(Reference Paragraph: 4.13)
Position of Arrears of Accounts as on 31 March 2022

Sl. No.	Name of the Company	Last audited up to
1	J&K State Power Development Corporation Ltd.	2015-16
2	J&K State Industrial Development Corporation Ltd.	2013-14
3	J&K Small Scale Industries Development Corporation Ltd.	2016-17
4	J&K Minerals Limited	2010-11
5	JK Cements Limited	2011-12
6	J&K Handicrafts (S&E) Corporation Limited	2018-19
7	J&K Handloom Development Corporation Limited	2018-19
8	J&K Industries Limited	2013-14
9	J&K Agro Industries Development Corporation Limited	2014-15
10	J&K HPMC Ltd.	2014-15
11	J&K Cable Car Corporation Limited	2013-14
12	J&K Tourism Development Corporation Limited	2019-20
13	J&K SC/ST/OBC Development Corporation Limited	2017-18
14	J&K Projects Construction Corporation Limited	2018-19
15	J&K Police Housing Corporation Limited	2014-15
16	J&K Overseas Employment Corporation Limited	2010-11
17	J&K Bank Limited	2020-21
18	J&K Bank Financial Services Limited	2020-21
19	Chenab Valley Power Projects (P) Limited	2020-21
20	J&K Women Development Corporation Limited	2019-20
21	J&K Trade Promotion Organization	2019-20
22	J&K Power Transmission Corporation Ltd	2018-19
23	Kashmir Power Distribution Corporation Limited	2018-19
24	J&K Infrastructure Development Finance Corporation Ltd	2018-19
25	Srinagar Smart City limited	2017-18
26	J&K Forest Development Corporation	2012-13
Sl. No.	Name of the Corporation	Last audited up to
1	J&K Road Transport Corporation	2013-14
2	J&K Financial Corporation	2018-19

Appendix 5.1
(Reference paragraph: 5.3)
Detail of PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG as on 31 March 2022

Sl. No.	Sector type and Name of PSU	Remarks
A	Power Sector	
I	Working Government Companies	
1	Jammu & Kashmir Power Development Corporation Limited	-
2	Jammu & Kashmir Power Transmission Corporation Limited	-
3	Jammu Power Distribution Corporation Limited	-
4	Kashmir Power Distribution Corporation Limited	-
5	Jammu & Kashmir Power Corporation Limited	-
II	Working Government Controlled Other Company	
6	Chenab Valley Power Projects Private Limited	-
B	Social Sector	
I	Working Government Companies	
7	Jammu & Kashmir Agro Industries Development Corporation Limited	-
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	-
9	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	-
10	Jammu & Kashmir Women's Development Corporation Limited	-
11	Jammu & Kashmir Small Scale Industries Development Corporation Limited	-
12	Jammu & Kashmir State Industrial Development Corporation Limited	-
13	Jammu & Kashmir Industries Limited	-
14	Jammu & Kashmir Overseas Employment Corporation Limited	-
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	-
16	Jammu & Kashmir Handloom Development Corporation Limited	-
17	Jammu & Kashmir Trade Promotion Organisation	-
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-
19	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-
20	Jammu & Kashmir Forest Development Corporation Limited	The Company was incorporated under the Companies Act, 2013 in December 2020 after repeal of J&K State Forest Corporation Act, 1978.
21	Jammu & Kashmir Medical Supplies Corporation Limited	The Company has not submitted its accounts since inception.
22	AIC-Jammu & Kashmir EDI Foundation	The Company has not submitted its accounts since inception.
II	Inactive Government Companies	
23	Jammu & Kashmir Asset Reconstruction Limited	The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.
24	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	The Company is under liquidation

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Sl. No.	Sector type and Name of PSU	Remarks
C	Competitive Environment Sector	
I	Working Government Companies	
25	Jammu & Kashmir Cements Limited	-
26	Jammu & Kashmir Minerals Limited	-
27	Jammu & Kashmir Cable Car Corporation Limited	-
28	Jammu & Kashmir Bank Limited	-
29	JKB Financial Services Limited	-
30	Jammu & Kashmir Tourism Development Corporation Limited	-
II	Working Statutory Corporation	
31	Jammu & Kashmir and Ladakh Financial Corporation	-
32	Jammu & Kashmir Road Transport Corporation	-
III	Inactive Government Companies	
33	Tawi Scooters Limited	The Company is under liquidation
34	Himalayan Wool Combers Limited	The Company is under liquidation
D	Others	
I	Working Government Companies	
35	Jammu & Kashmir Projects Construction Corporation Limited	-
36	Jammu & Kashmir Police Housing Corporation Limited	-
37	Srinagar Smart City Limited	-
38	Jammu Smart City Limited	-
39	Jammu Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
40	Srinagar Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
II	Inactive Government Companies	
41	Jammu & Kashmir Road Development Corporation Limited	The Company has not yet started its business operations
42	Jammu & Kashmir International Trade Centre	The Company has not yet started its business operations

Appendix 5.2
(Reference paragraph: 5.3)
Detail of turnover of PSUs as per their latest finalised accounts as of 30 September 2022

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
A	Power Sector			
I	Working Government Companies			
1	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	1,037.85
2	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	0
3	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	0
4	Jammu Power Distribution Corporation Limited	2018-19	2021-22	0
5	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	0
II	Working Government Controlled Other Company			
6	Chenab Valley Power Projects Private Limited	2021-22	2022-23	0
B	Social Sector			
I	Working Government Companies			
7	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	59.54
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	6.49
9	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	1.38
10	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	4.10
11	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	438.50
12	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	19.16
13	Jammu & Kashmir Industries Limited	2018-19	2022-23	6.30
14	Jammu & Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	11.12
16	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	38.37
17	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	0
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	0
19	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	0
20	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	148.71
21	Jammu & Kashmir Medical Supplies Corporation Limited	-	-	-
22	AIC-Jammu & Kashmir EDI Foundation	-	-	-
II	Inactive Government Companies			
23	Jammu & Kashmir Asset Reconstruction Limited	-	-	-
24	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	-
C	Competitive Environment Sector			

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Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
I	Working Government Companies			
25	Jammu & Kashmir Cements Limited	2011-12	2019-20	120.50
26	Jammu & Kashmir Minerals Limited	2010-11	2020-21	14.30
27	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	37.20
28	Jammu & Kashmir Bank Limited	2021-22	2022-23	8,013.48
29	JKB Financial Services Limited	2021-22	2022-23	9.48
30	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	45.90
II	Working Statutory Corporation			
31	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	6.03
32	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	79.71
III	Inactive Government Companies			
33	Tawi Scooters Limited	1989-90	1991-92	-
34	Himalayan Wool Combers Limited	1999-2000	2000-01	-
D	Others			
I	Working Government Companies			
35	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	409.06
36	Jammu & Kashmir Police Housing Corporation Limited	2014-15	2021-22	8.64
37	Srinagar Smart City Limited	2018-19	2021-22	0
38	Jammu Smart City Limited	2019-20	2021-22	0
39	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-
40	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-
II	Inactive Government Companies			
41	Jammu & Kashmir Road Development Corporation Limited	-	-	-
42	Jammu & Kashmir International Trade Centre Corporation Limited	-	-	-
	Total			10,515.82

(Source: Latest finalized accounts of PSUs)

Appendix 5.3

(Reference paragraph: 5.4.1)

Statement showing position of equity and outstanding loans relating to PSUs as on 30 September 2022

(` in crore)

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
A	Power Sector										
	I. Working Government Companies										
1	Jammu & Kashmir Power Development Corporation Limited	Power Development Department (PDD)	Feb-1995	2,593.34	0	0	2,593.34	0	0	1,064.40	1,064.40
2	Jammu Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
3	Kashmir Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
4	Jammu & Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0.00
5	Jammu & Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	10,321.83	10,321.83
	II. Working Government Controlled Other Company										
6	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0	0	3,436.45*	3,436.45	0	0	598.57	598.57
	Total A			2,593.54	0	3,436.45	6,029.99	0	0	11,984.80	11,984.80
B	Social Sector										
	I. Working Government Companies										
7	Jammu & Kashmir Agro Industries Development Corporation Limited	Agriculture Production	30-Jan-70	2.6	0.94	0	3.54	25.19	0	0	25.19
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture Production	10-Apr-78	6.80	3.20	0	10.00	11.75	0	0	11.75
9	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01-Apr-86	21.97	28.05	0	50.02	61.03	0	101.38	162.41
10	Jammu & Kashmir Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	28.91	0	91.61	120.52
11	Jammu & Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28-Nov-75	89.91	0	0	89.91	0	0	0	0
12	Jammu & Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17-Mar-69	17.64	0	0	17.64	22.72	0	0	22.72
13	Jammu & Kashmir Industries Limited	Industry and Commerce	04-Oct-60	16.27	0	0	16.27	264.99	0	0	264.99

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Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
14	Jammu & Kashmir Overseas Employment Corporation Limited	Finance	10-Oct-10	4.06	0	0	4.06	0	0	0	0
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	06-Jan-70	7.08	0.89	0	7.97	64.72	0	0	64.72
16	Jammu & Kashmir Handloom Development Corporation Limited	Industries and Commerce	29-Jun-81	3.49	1.5	0	4.99	71.46	0	0	71.46
17	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30-May-18	2.55	2.68	0	5.23	0.63	0	0	0.63
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25-Sep-18	0.50	0	0	0.50	0	0	2,372.77	2372.77
19	Jammu & Kashmir Medical Supplies Corporation Limited	Health	31-Mar-14	0.05	0	0	0.05	0	0	0	0
20	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	07-Sep-18	0.05	0	0	0.05	NA	NA	NA	
21	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07-Mar-19	0.50	0	0	0.50	0	0	0	0
22	Jammu & Kashmir Forest Development Corporation Limited	Forest	01-Jul-79	9.03	0	0	9.03	18.06	0	0	18.00
	Total I B			192.50	37.26	0	229.76	569.46	0.00	2565.76	3135.22
II. Inactive Company											
23	Jammu & Kashmir Asset Reconstruction Limited	Finance	28-Apr-17	1.02	0.00	0.98	2.00	0.00	0.00	0.00	0.00
24	Jammu & Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29-Nov-91	0.40	0	0	0.40	NA	NA	NA	NA
	Total II B			1.42	0	0.98	2.40	0	0	0	0
	Total B(I+II)			193.92	37.26	0.98	232.16	569.46	0	2565.76	3135.22
C	Competitive Sector										
	I. Working Government Companies										
25	Jammu & Kashmir Cements Limited	Industries and Commerce	24-Dec-74	49.86	0	0	49.86	0	0	3.13	3.13
26	Jammu & Kashmir Minerals Limited	Industries and Commerce	05-Feb-60	8.00	0	0	8.00	169.78	0	0	169.78
27	Jammu & Kashmir Cable Car Corporation Limited	Tourism	28-Nov-88	23.57	0	0	23.57	0	0	0	0.00
28	Jammu & Kashmir Bank Limited	Finance	10-Oct-38	65.41	0	27.88	93.29	0	0	2,015.20	2015.20
29	Jammu & Kashmir Bank Financial Services Limited	Finance	27-Aug-09	0	0	20.00	20.00	0	0	7.60	7.60
30	Jammu & Kashmir and Ladakh Financial Corporation	Finance	02-Dec-59	172.35	0	0.53	172.88	10.48	0	44.94	55.42
31	Jammu & Kashmir Road Transport Corporation	Transport	01-Sep-76	387.86	15.01	49.98	452.85	780.61	0	0	780.61
32	Jammu & Kashmir Tourism Development	Tourism	13-Feb-70	15.96**	0	0	15.96	8.26	0	0	8.26

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
	Corporation Limited										
	Total I C			723.01	15.01	98.39	836.41	969.13	0	2070.87	3040
	II. Inactive Companies										
33	Tawi Scooters Limited	Industries and Commerce	15-Dec-76	0.8	0	0	0.8	0.83	0	0	0.83
34	Himalayan Wool Combers Limited	Industries and Commerce	24-Jan-78	1.37	0	0	1.37	0	0	0	0
	Total II C			2.17	0	0	2.17	0.83	0	0	0.83
	Total C (I+II)			725.18	15.01	98.39	838.58	969.96	0	2070.87	3040.83
D	Others										
	I. Working Government Companies										
35	Jammu & Kashmir Projects Construction Corporation Limited	Public Works	22-May-65	1.53	0	0	1.53	0	0	0	0.00
36	Jammu & Kashmir Police Housing Corporation Limited	Home	26-Dec-97	2.00	0	0	2.00	0	0	0	0.00
37	Jammu Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0.00
38	Srinagar Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0.00
39	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12-Mar-19	0.02	0	0	0.02	0	0	0	0.00
40	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13-Mar-19	0.02	0	0	0.02	0	0	0	0.00
	Total I D			3.77	0	0	3.77	0	0	0	0
	II. Inactive Companies										
41	Jammu & Kashmir Road Development Corporation Limited	Public Works	31-Mar-14	5.00	0	0	5.00	0	0	0	0.00
42	Jammu & Kashmir International Trade Centre Corporation Limited	Industries and Commerce	01-Feb-14	48.00	0	0	48.00	NA	NA	NA	NA
	Total II D			53.00	0	0	53.00				
	Total D (I+II)			56.77	0	0	56.77				
	Grand Total (A+B+C+D)			3,569.41	52.27	3,535.82	7,157.50	1,539.42	0.00	16,621.43	18,160.85

Source: Compiled based on information received from PSUs)

*This includes ₹ 100.00 crore share application money pending allotment.

** This includes ₹ 10.96 crore share application money pending allotment.

Appendix 5.4

(Reference paragraph: 5.4.3)

Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2022

(₹ in crore)

Sl. No.	Name of PSU	As per records of PSU			As per Finance Account			Difference		
		Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed
1	Jammu & Kashmir Power Development Corporation Ltd.	2,593.34	0	1,209.83	2,593.34	85.05	1,209.83	0	-85.05	0
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	6.80	11.75	0	6.80	12.67	0	0	-0.92	0
3	Jammu & Kashmir Cements Limited	49.86	3.13	3.13	15.00	0	Awaited	34.86*	3.13	3.13**
4	Jammu & Kashmir Minerals Limited	8.00	169.78	0	8.00	1.86	0	0	167.92	0
5	Jammu & Kashmir Tourism Development Corporation	15.96	8.26	0	5.00	0	0	10.96***	8.26	0
6	Jammu & Kashmir Road Transport Corporation	387.86	780.61	0	387.86	479.23	0	0	301.38	0
7	Jammu & Kashmir Industries Limited	16.27	264.99	0	16.27	305.43	0	0	-40.44	0
	Total	3,078.09	1,238.52	1,212.96	3,032.27	884.24	1,209.83	45.82	354.28	3.13

(Source: Compiled based on information received from PSUs and Finance Accounts)

*Variation is due to contribution of GoJ&K ₹ 26.78 cr for new plant and ₹ 8.08 cr for grinding unit share certificates for which is pending with RoC.

**Variations are due to information awaited in Finance Accounts

*** Variation is due to share application money against which allotment is pending

Appendix 5.5
(Reference paragraph: 5.5)
Statement of Profit Making PSUs as per the latest finalised accounts as of 30 September 2022

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit after interest and tax
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	0.04
2	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	0.25
3	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2018-19	2021-22	1.57
4	Jammu & Kashmir Cements Limited	2011-12	2019-20	6.30
5	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	9.94
6	Jammu & Kashmir Bank Limited	2021-22	2022-23	501.56
7	JKB Financial Services Limited	2021-22	2022-23	2.88
8	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	3.18
9	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	3.16
10	Jammu & Kashmir Police Housing Corporation Limited	2014-15	2021-22	12.23
11	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	20.42
12	Chenab Valley Power Projects Private Limited	2021-22	2022-23	4.57
	Total			566.10

(Source: Compiled based on latest Finalized accounts of PSUs)

Appendix 5.6

(Reference paragraph: 5.7.2)

Return on Investment-Jammu & Kashmir Bank Limited (Listed PSU)

(₹ in lakh)

Year	Equity	Equity added	Grants/ Subsidy	Dividend receipts	Disinvestments receipts	No. of Years	Rate of interest I	1+r	Inception value of equity added	Inception value of Grants/ Subsidy	PV of Disinvestments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share (Rs.)	Market Value of Share	Current Value of Investment	ROI	CAGR
A	B	C	D	E	F	g	H	I	J	k	l	M	N	O	P	q	R	S	U
								(1+h)	c/product of I since inception to year value of (g-1)	d/product of I since inception to year value of (g-1)	f*product of I from the year to the last year	e*product of I from the year to the last year	b+Σj+Σk		O*P	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^(1/(g-1)-1))*100	
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.11	0.00	0	0.00	4,967.65	4,847.78	4,84,77,802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5,226.90	4,847.78	4,84,77,802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0.00	0	0.00	5,335.48	4,847.78	4,84,77,802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0.00	0	0.00	6,105.78	4,847.78	4,84,77,802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0.00	0	0.00	6,588.98	4,847.78	4,84,77,802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0.00	0	0.00	9,934.53	4,847.78	4,84,77,802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0.00	0	0.00	7,163.25	4,847.78	4,84,77,802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0.00	0	0.00	6,573.60	4,847.78	4,84,77,802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0.00	0	0.00	8,737.44	4,847.78	4,84,77,802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0.00	0	0.00	10,546.80	4,847.78	4,84,77,802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0.00	0	0.00	9,849.58	4,847.78	4,84,77,802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0.00	0	0.00	12,157.87	4,847.78	4,84,77,802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0.00	0	0.00	13,127.82	4,847.78	4,84,77,802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0.00	0	0.00	15,513.79	4,847.78	4,84,77,802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0.00	0	0.00	21,384.30	4,847.78	4,84,77,802	1191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0.00	0	0.00	19,765.50	4,847.78	4,84,77,802	1538.00	7,45,588.59	9,08,567.86	1165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0.00	0	0.00	7,748.28	4,847.78	48,47,78,020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0.00	0	0.00	5,996.38	4,847.78	48,47,78,020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5,553.08	52,13,33,071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0.00	0.00	6,183.81	55,68,58,392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6,183.81	55,68,58,392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0.00	0.00	6,427.57	71,34,50,938	12.36	88,182.54	2,64,906.47	182.79	-2.05
2020-21	4,847.78	0	0	0	0	23	0.0672	1.07	0.00	0	0.00	0.00	6,427.57	71,34,50,938	26.65	1,90,134.67	3,66,858.61	243.81	-0.67
2021-22	4,847.78	2194.36	0	0	0	24	0.0690	1.07	299.12	0	0.00	0.00	6,726.69	93,28,86,594	32.30	3,01,322.37	4,78,046.30	291.95	0.14

Appendix 5.7

(Reference paragraph: 5.7.5)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2021-22

(*₹ in crore*)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the GoJK during the year	Net Interest free loan given by the GoJK during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year
A	B	C	D	E	F=C+D-E	G=B+F	H	I=G*(1+H/100)
Upto 1999-2000	352.29	7.14	0	0	7.14	359.43	11.96	402.42
2000-01	402.42	4.56	0	0	4.56	406.98	9.23	444.54
2001-02	444.54	1.82	0	0	1.82	446.36	11.2	496.35
2002-03	496.35	13.29	0	0	13.29	509.64	10.54	563.36
2003-04	563.36	2.80	0	0	2.8	566.16	10.95	628.16
2004-05	628.16	4.03	0	0	4.03	632.19	8.97	688.89
2005-06	688.89	7.55	0	0	7.55	696.44	8.15	753.20
2006-07	753.20	2.50	0	0	2.5	755.70	11.66	843.82
2007-08	843.82	1.20	11.55	0	12.75	856.57	14.07	977.09
2008-09	977.09	7.63	0	0	7.63	984.72	7.94	1,062.90
2009-10	1,062.90	17.09	0	0	17.09	1,079.99	9.45	1,182.05
2010-11	1,182.05	11.06	0	0	11.06	1,193.11	9.03	1,300.85
2011-12	1,300.85	6.09	0	0	6.09	1,306.94	8.28	1,415.16
2012-13	1,415.16	7.00	0	0	7	1,422.16	8.19	1,538.63
2013-14	1,538.63	78.08	0	0	78.08	1,616.71	7.14	1,732.14
2014-15	1,732.14	1.21	3.62	0	4.83	1,736.97	7.68	1,870.37
2015-16	1,870.37	6.85	0	0	6.85	1,877.22	7.25	2,013.32
2016-17	2,013.32	9.56	0	0	9.56	2,022.88	7.83	2,181.27
2017-18	2,181.27	97.30	21.83	17.5	101.63	2,282.90	7.23	2,447.96
2018-19	2,447.96	120.74	23.18	0	143.92	2,591.88	7.20	2,778.49
2019-20	2,778.49	2,616.82	15.88	0	2632.7	5,411.19	7.20	5,800.80
2020-21	5,800.80	83.47	47.1	0	130.57	5,931.37	7.82	6,395.20
2021-22	6,395.20	554.32	16.63	0	570.95	6,966.15	7.94	7,519.26
Total		3,662.11	139.79	17.5	3,784.40			

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2022)

Appendix 5.8

(Reference paragraph: 5.8)

Detail of Loss Making PSUs as per the latest finalized accounts as of 30 September 2022

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	Government Companies									
1	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	-10.25	9.20	106.41	0.00	-134.76	-19.15	-125.56
2	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	-6.17	47.37	98.62	0.00	-49.35	96.64	-1.98
3	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0.00	-146.99	-104.98	-129.34
4	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0.00	-170.06	-6.88	-161.54
5	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0.00	-140.20	15.52	-135.21
6	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	-1.10	5.23	0	0	-1.14	4.09	4.09
7	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	-0.09	0.50	641.38	0	-0.16	641.72	0.34
8	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0.00	-3.35	16.87	12.61
9	Jammu & Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.98	-216.85
10	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0.00	-249.13	-222.05	-240.10
11	Jammu Smart City Limited	2019-20	2021-22	-2.02	0	0	6.37	0	6.37	6.37
12	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	-0.09	0.50	0	0	-0.03	0.47	0.47
13	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
14	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
15	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
16	Jammu Power Distribution Corporation Limited	2018-19	2021-22	-0.0035	0	0	0	-0.03	-0.03	-0.03
	Total			-68.66	127.05	1,462.30	6.53	-1,120.30	475.58	-986.72
II	Statutory Corporation									
17	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
	Grand Total			-186.28	335.01	2,138.32	6.53	-2755.24	-275.38	-2,413.70

Appendix 5.9

(Reference paragraph: 5.8.1)

Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 September 2022

(`in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
Government Companies										
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	0.04	3.54	25.19	0	-50.30	-21.57	-46.76
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	-10.25	9.2	106.41	0	-134.76	-19.15	-125.56
3	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	-6.17	47.37	98.62	0	-49.35	96.64	-1.98
4	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0	-146.99	-104.98	-129.34
5	Jammu & Kashmir Industries Limited	2018-19	2021-22	0.07	16.27	900.90	0.00	-907.17	10.00	-890.90
6	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.6	8.52	154.66	0	-170.06	-6.88	-161.54
7	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0	-132.99	22.73	-128.00
8	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	-1.10	5.23	0	0	-1.14	4.09	4.09
9	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	-0.09	0.50	641.38	0	-0.16	641.72	0.34
10	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.10
11	Jammu & Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.98	-216.85
12	JKB Financial Services Limited	2020-21	2021-22	2.67	20.00	0	0	-3.19	16.81	16.81
13	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0	-3.35	16.87	12.61
14	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	3.18	172.89	39.43	0	-172.97	39.35	-0.08
15	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	-0.09	0.50	0	0	-0.03	0.47	0.47
16	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
17	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
18	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
19	Jammu Power Distribution Corporation Limited	2018-19	2021-22	-0.0035	0	0	0	-0.03	-0.03	-0.03
	Total			-60.68	339.75	2,427.82	0.16	-2,246.72	521.01	-1,906.81
Statutory Corporation										
20	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
	Grand Total			-178.30	547.71	3,103.84	0.16	-3,881.66	-229.95	-3,333.79

Appendix 5.10

(Reference paragraph: 5.11.2)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 September 2022

(₹ in crore)

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts finalised	Paid-up capital	Period of accounts pending finalisation	Investment made by Government of J&K during the period for which accounts are in arrears				
					Equity	Loans	Grant	Subsidy	Total
A	Working Government Companies								
1	J&K Agro Industries Development Corporation Limited	2018-19	3.54	3	0	0	0	0	0
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2016-17	9.20	5	0.80	14.90	10.00	0	25.70
3	J&K Small Scale Industries Development Corporation Limited	2016-17	3.12	5	0	0	1.37	0	1.37
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	8	0	0	272.58	0	272.58
5	J&K Project Construction Corporation Limited	2018-19	1.97	3	0	0	0	0	0
6	J&K Police Housing Corporation Limited	2014-15	2.00	7	0	0	0	0	0
7	J&K Handloom Development Corporation Limited	2018-19	4.99	3	0	8.90	11.80	0	20.70
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	3	0	11.25	15.89	0	27.14
9	J&K Industries Limited	2018-19	16.27	3	0	0	38.90	0	38.90
10	J&K Minerals Limited	2010-11	8.00	11	0	12.69	39.34	0	52.03
11	J&K Tourism Development Corporation Limited	2019-20	15.96	2	0	0	13.56	0	13.56
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2018-19	47.37	3	2.40	21.55	1.10	0	25.05
13	J&K Women's Development Corporation Limited	2020-21	10.00	1	0	3.00	0	0	3.00
14	J&K Cements Limited	2011-12	45.77	10	0	5.82	2.63	0	8.45
15	J&K Cable Car Corporation Limited	2013-14	23.57	8	0	0	26.19	0	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	11	0	0	0	0	0
17	J&K Infrastructure Development Finance Corporation Limited	2019-20	0.50	2	0	0	337.26	0	337.26
18	J&K I.T. Infrastructure Development Private Limited	2020-21	0.50	1	0	0	0	0	0
19	J&K Trade Promotion Organization	2020-21	5.23	1	0	0.63	0	0	0.63
20	J&K Power Development Corporation Limited	2015-16	5.00	6	0	0	743.86	0	743.86
21	J&K Power Transmission Corporation Limited	2018-19	0.05	3	0.05	0	427.07	0	427.12
22	Kashmir Power Distribution Corporation Limited	2018-19	0	3	0	0	1,196.02	450.00	1,646.02
23	J&K Forest Development Corporation Ltd.	2019-20	9.03	2	0	0	0	0	0
24	Srinagar Smart City Limited	2018-19	0.10	3	0	0	84.20	0	84.2
25	J&K Power Corporation Limited	2018-19	0.05	3	0.05	0	4,165.26	0	4,165.31
26	Jammu Power Distribution Corporation Limited	2018-19	0	3	0.05	0	1,095.57	1,050.00	2,145.62
27	Jammu Smart City Limited	2019-20	0	2	0.10	0	106.27	0	106.37
28	J&K Medical Supplies Corporation Limited	*	*	8	0	0	0	0	0
29	AIC-Jammu & Kashmir EDI Foundation*	*	*	4	0	0	0	0	0
30	Jammu Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
31	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
	Total A		240.94	133	3.45	78.74	8,588.87	1,500.00	10,171.06
B	Working Statutory Corporations								

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts	Paid-up capital	Period of accounts	Investment made by Government of J&K during the period for which accounts are in arrears				
32	J&K State Road Transport Corporation	2018-19	207.96	3	146.96	105.50	0	0	252.46
33	J&K and Ladakh Financial Corporation	2018-19	172.89	3	0	5.55	0	0	5.55
	Total B		380.85	6	146.96	111.05	0	0	258.01
	Total (A+B)		621.79	139	150.41	189.79	8,588.87	1,500.00	10,429.07

(Source: Latest finalized accounts of the companies for paid up capital and information provided by the Companies for Investment made by Government of J&K during the period for which accounts are in arrears)

*These companies have not submitted its account since inception

+ The Company has not furnished the information for 2021-22

Appendix 6

Glossary of important Budget related terms

1. **'Accounts' or 'actuals' of a year** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'** - Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. **'Appropriation'** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/ State'** - All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'**- is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'** - means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)** - means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'Excess Grant'** - Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that

requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

11. **'New Service'** - As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.
12. **'New Instrument of Service'** - means relatively large expenditure arising out of important expansion of an existing activity.
13. **'Public Accounts'** - means the Public Account referred to in Section 115 (2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. **'Re-appropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **'Supplementary Demands for Grants'** - means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
 - a) **Cash Supplementary** - is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
 - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
 - c) **Token Supplementary** - allows to utilize the savings within the same section of the grant.
17. **'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. **'Sub-Major Head'** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are

numerous and can conveniently be grouped together under such intermediate Head.

19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. ***'Sub-Head'*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***'Major Work'*** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.