

# Accounts at a Glance 2021-22



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

**GOVERNMENT OF UNION TERRITORY OF  
JAMMU & KASHMIR**





## **Accounts at a Glance for the year 2021-22**

**Principal Accountant General,  
(Jammu & Kashmir,  
Accounts and Entitlement)**

**GOVERNMENT OF UNION TERRITORY OF  
JAMMU & KASHMIR**



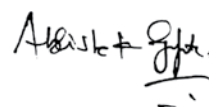
# Preface

I am happy to present the second issue of our annual publication, the 'Accounts at a Glance' relating to Government of Union Territory of Jammu and Kashmir for the year 2021-22, which provides an overview of Government activities, as reflected in the Finance Accounts and Appropriation Accounts.

The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account of the Government of Union Territory. The Appropriation Accounts record the grant wise expenditure against provisions approved by the Parliament and depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Section 71 of the Jammu and Kashmir Re-organisation Act, 2019 for being laid before the Union Territory Legislature. However, the Legislature of Union Territory of Jammu and Kashmir, has not been constituted so far. Therefore, in accordance with the decision (22 June 1994) of the Government of India, Ministry of Finance, Department of Economic Affairs the Annual Accounts are placed in the Parliament.

We look forward to suggestions.



(Dr. Abhishek Gupta)

Jammu

Principal Accountant General (A&E)

Date: 22 December 2022

Jammu and Kashmir



# Our Vision, Mission and Core Values

## VISION

*(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)*

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognised for independent, creditable, balanced and timely reporting on public finance and governance.

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders; the Legislature, the Executive and the Public- those public funds are being used efficiently and for the intended purpose.

## MISSION

*(The mission enunciates our current role and describes what we are doing today.)*

## CORE VALUES

*(Our core values are the guiding beacons for all that we do and give as the benchmark for assessing our performance.)*

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach





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# Chapter I

## Overview

### 1.1 Introduction

The Principal Accountant General (Accounts and Entitlements), Jammu and Kashmir collate, classifies, compiles the accounts data rendered by multiple agencies and prepares the accounts of the Government of Union Territory of Jammu and Kashmir. This compilation is based on initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one virtual Treasury), Inter State transactions and Advices of the Reserve Bank of India. Following such compilation, every month a Monthly Civil Account (MCA) is presented by the Principal Accountant General (A&E) to the Government of Union Territory of Jammu and Kashmir. The Principal Accountant General (A&E) also prepares the Finance Accounts and Appropriation Accounts annually, which are placed before the Union Territory Legislature after audit by the Principal Accountant General (Audit), Jammu & Kashmir and certification by the Comptroller and Auditor General of India. However, the Legislature of the Union Territory of Jammu and Kashmir, has not been constituted so far (December 2022) and is under President's Rule for more than one year. Therefore, in accordance with the decision (22 June 1994) of the Government of India, Ministry of Finance, Department of Economic Affairs, the Annual Accounts of Union Territory of Jammu and Kashmir for the year 2021-22 are placed in the Parliament.

## 1.2 Structure of Government Accounts

### 1.2.1 Government Accounts are maintained in the following three parts:

#### Structure of Government Accounts

##### ● **Part 1** **CONSOLIDATED** **FUND**

• All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund.

• All expenditure and disbursement of the Government, including release of loans and repayment of loans taken (and interest thereon), are met from this fund.

The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this fund for the Government of Union Territory of Jammu and Kashmir is ₹ 25.00 crore during 2021-22

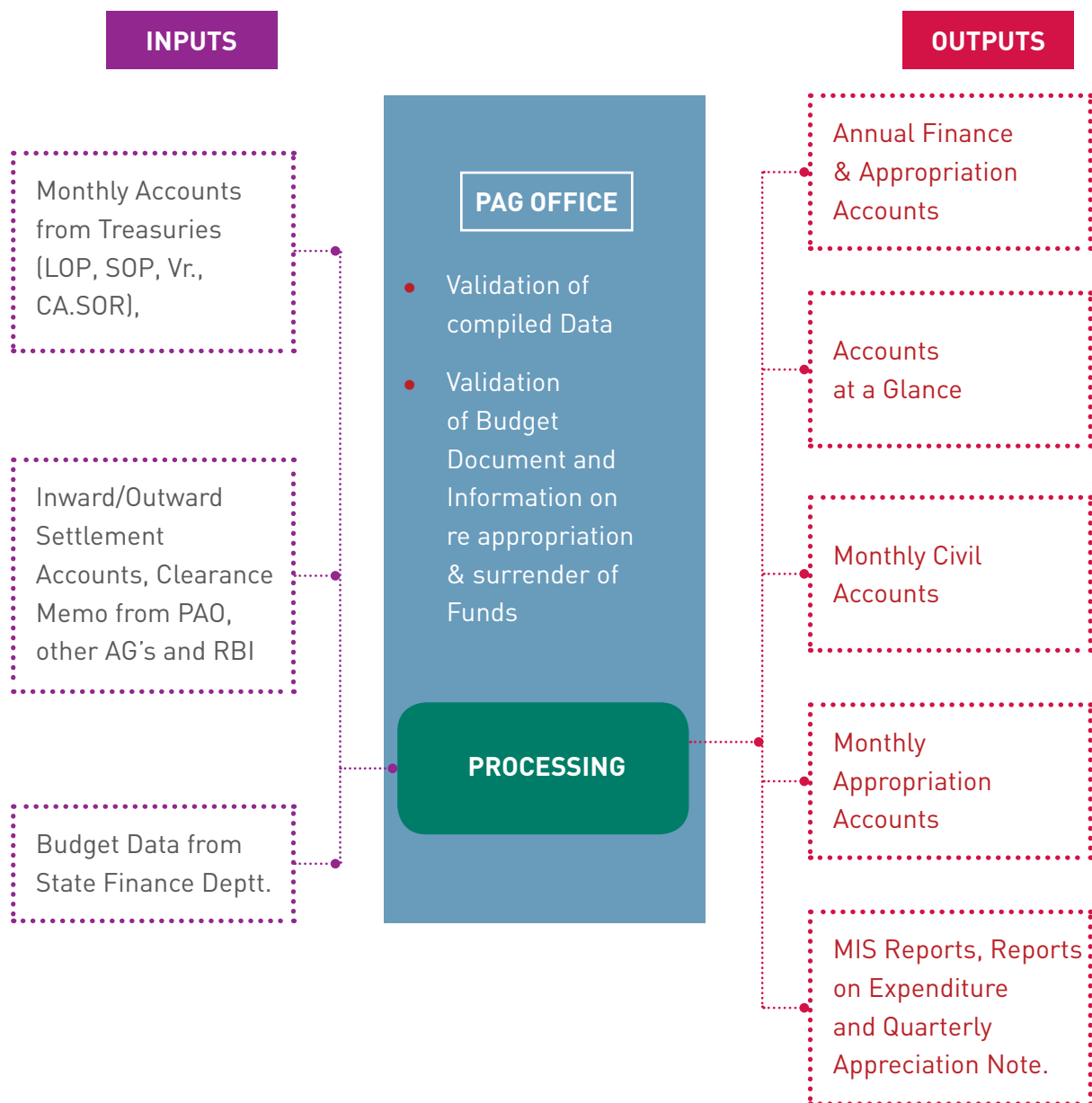
##### ● **Part 2** **CONTINGENCY** **FUND**

##### ● **Part 3** **PUBLIC** **ACCOUNT**

• All the transactions relating to Debt (Other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' shall be recorded. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

### 1.2.2 Compilation of Accounts:

## Flow Diagram for Accounts Compilation



## 1.3 Finance Accounts and Appropriation Accounts

### 1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government of Union Territory of Jammu and Kashmir for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the Accounts. Finance Accounts are prepared in two volumes to make them more comprehensive and informative. Volume-I of the Finance Accounts contains the Report of the Comptroller and Auditor General of India, summarised statements of overall Receipts and Disbursements (Revenue Expenditure, Capital Expenditure, Loans and Advances and Public Debt), Investments, Guarantees, Grants-in-aid and 'Notes to Finance Accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume-II contains detailed statements (Part-I) and appendices (Part-II).

Receipts and Disbursements of the Government of Union Territory of Jammu and Kashmir for the year 2021-22 and resulting Surplus/Deficit in the Finance Accounts are as follows:

#### Receipts and Disbursement in the year 2021-22

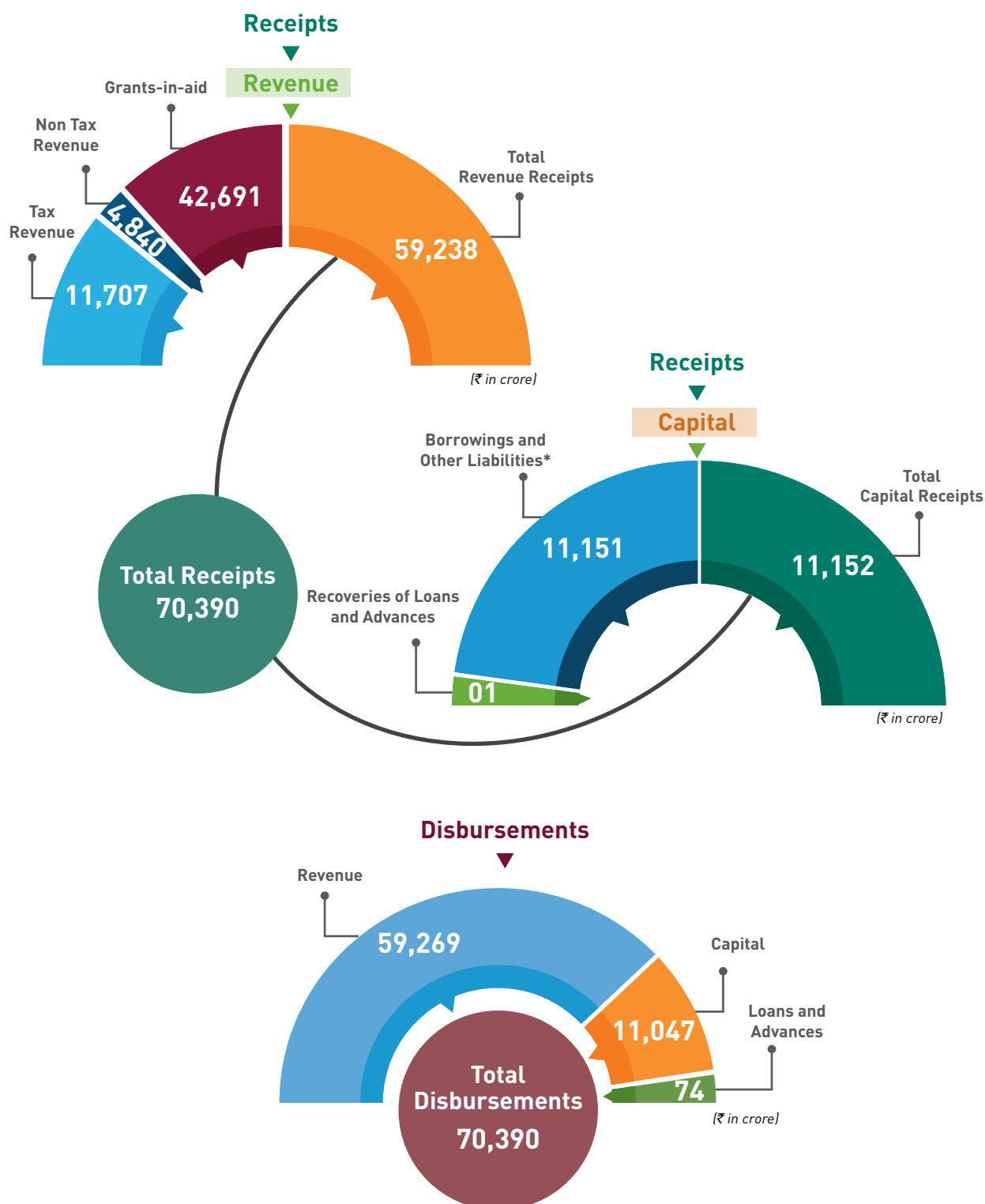
(₹ in crore)

Receipts 70,390	Revenue 59,238	Tax Revenue	11,707
		(a) Own Tax Revenue	11,707
		(b) Share of net proceeds of Taxes	-
		Non-Tax Revenue	4,840
		Grants-in-Aid	42,691
	Capital 11,152	Recoveries of Loans and Advances	01
		Borrowings and Other Liabilities*	11,151\$
		Other Receipts	-
Disbursements 70,390	Revenue		59,269
	Capital		11,047
	Loans and Advances		74
	Transfer to Contingency Fund		-
	Revenue Deficit		31
	Fiscal Deficit		11,151
	Primary Deficit		3,791

\* Borrowings and other Liabilities: Net (Receipts – Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of Opening and Closing Cash Balance

\$ Includes loan of ₹ 3,845 crore released by Government of India as back to back loans in lieu of GST compensation.

## Receipts and Disbursements in the year 2021-22



\* Borrowings and other Liabilities: Net (Receipts – Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of Opening and Closing Cash Balance.

### 1.3.2 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government of Union Territory except with authorisation of the Legislature. Barring certain expenditure specified in the Constitution as “Charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “Voted”. The Budget of the Government of Union Territory of Jammu and Kashmir comprises 35 Demand for Grants reflecting *Charged* Appropriation and voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure compiled with the appropriation authorised by the Legislature through the Appropriation Act of each year.

### 1.3.3 Efficiency on Budget Preparation

During the year 2021-22, the actual gross expenditure of the Government of the Union Territory of Jammu and Kashmir against the budget approved by the Parliament showed saving of ₹ 18,849 crore (14 per cent) and under estimation of ₹ 10 crore (36 per cent) on reduction of expenditure. Certain grants like those relating to Planning, Power Development, Law, Food, Civil Supplies and Consumer Affairs, Social Welfare, Irrigation and Flood Control, Labour, Stationery and Printing, Tourism, Tribal Affairs, etc., showed substantial savings during the period.

## 1.4 Sources and Application of Funds

### 1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India (RBI) to make good the deficiency in the minimum cash balance which the Government of Union Territory is required to maintain with the Reserve Bank of India. The total Ways and Means Advances given to Government of Union Territory of Jammu and Kashmir was ₹ 20,075 crore during 2021-22, there was also outstanding balance on account of Ways and Means Advances to the extent of ₹ 716 crore, out of which Government repaid ₹ 20,292 crore. Thus, leaving a balance of ₹ 499 crore outstanding as on 31 March 2022. There was also outstanding balance of ₹ 692 crore as on 30 October 2019 (pre re-organisation) which is yet to be apportioned between successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

### 1.4.2 Overdraft from the Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum Cash Balance falls below i.e. ₹ 1.14 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During 2021-22, in addition to ₹ 1,069 crore outstanding Overdraft as on 31 March 2021, Overdraft of ₹ 16,027 crore was also raised, out of which ₹ 17,096 crore was repaid during the same period. Thus, leaving Nil outstanding as on 31 March 2022.

### 1.4.3 Fund Flow Statement

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir had a Revenue Deficit of ₹ 31 crore and a Fiscal Deficit of ₹ 11,151 crore. The Fiscal Deficit constituted 5.67 per cent of GSDP {₹ 1,96,696 crore as available from Ministry of Statistics and Programme Implementation, Government of India (26 April 2022)}. This Fiscal Deficit was met from (i) Internal debt (Market borrowings, Loans from financial Institutions ₹ 8,744 crore, (ii) Loans and Advances from the Central Government ₹ 3,726 crore, (iii) Small Savings, Provident Fund etc., ₹ (-)595 crore (iv) Deposits and Advances ₹ 331 crore, (v) Contingency Fund Nil, (vi) Sinking Funds and Reserve Funds ₹ 149 crore, (vii) Suspense and Miscellaneous ₹ 129 crore, (viii) Remittances (-) ₹ 1,333 crore and (ix) Decrease in Cash Balance Nil. Around 75.96 per cent of the Revenue Receipts (₹ 59,238 crore) of the Government of Union Territory was spent on Committed Expenditure like salaries (₹ 26,077 crore), pension payments (₹ 11,563 crore) and interest payments (₹ 7,360 crore).

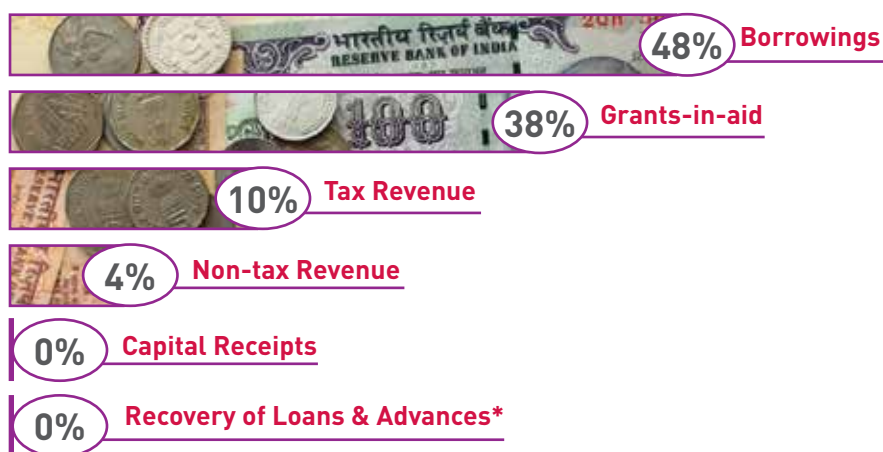


## Sources and Application of Funds

	(₹ in crore)
<b>SOURCES</b>	
Opening Cash Balance as on 1 April 2021	1,448
Revenue Receipts	59,238
Capital Receipts	-
Recovery of Loans and Advances	01
Public Debt	54,045
Small Savings, Provident Funds etc.	6,024
Reserves Fund & Sinking Funds	433
Deposits Received	4,283
Civil Advances Repaid	-
Suspense Account*	16,439
Remittances	46
<b>TOTAL</b>	<b>1,41,957</b>
<b>APPLICATION</b>	
Revenue Expenditure	59,269
Capital Expenditure	11,047
Loans Given	74
Repayment of Public Debt	41,575
Small Savings, Provident Funds etc.	6,619
Reserves Fund & Sinking Funds	284
Deposits Repaid	3,952
Civil Advances Given	-
Suspense Account#	16,310
Remittances	1,379
Closing Cash Balance as on 31 March 2022	1,448
<b>TOTAL</b>	<b>1,41,957</b>

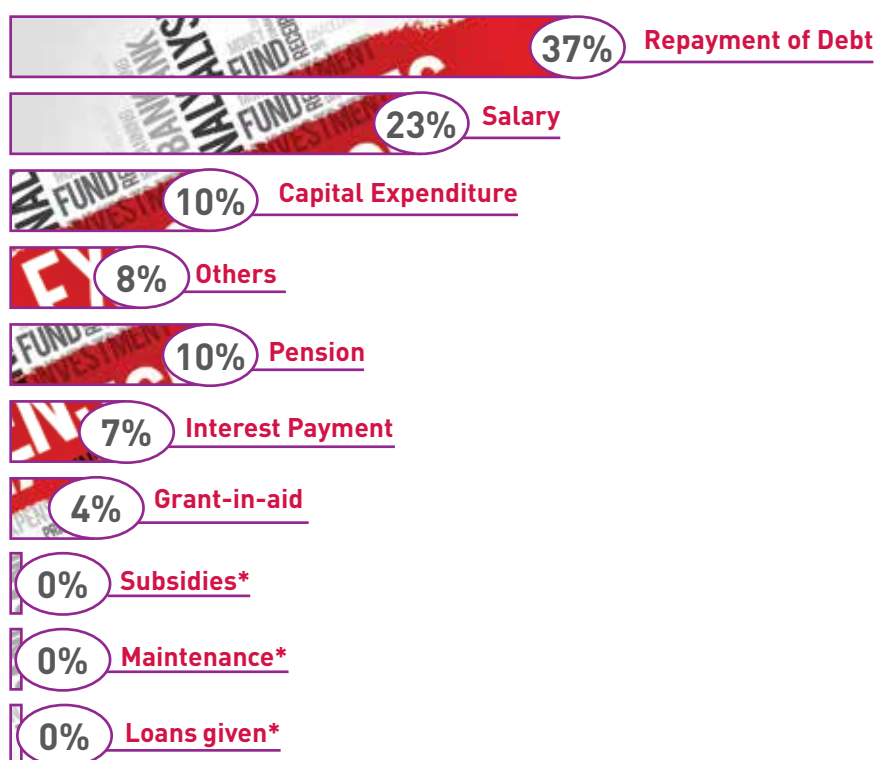
# The Suspense account includes ₹ 15,072 crore invested in treasury bills and disbursement of departmental balances and permanent cash imprest which is shown on the "Application" side and ₹ 15,072 crore worth of treasury bills sold through the RBI (a process known as "re-discounting") and receipts in departmental balance and permanent imprest which is shown on the "Sources" side.

#### 1.4.4 Where the Rupee (₹) came from



\* Negligible ₹ 1 crore only.

#### 1.4.5 Where the Rupee (₹) went



\* Negligible (Subsidies ₹ 0.95 crore, Maintenance ₹ 478 crore and Loans given ₹ 74 crore only).

## 1.5 Financial highlight for the year 2021-22

As per Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA), various Ministries/Departments of the Central Government released Funds to the tune of ₹ 802.04 crore directly to the various Departments of the Government of Union Territory of Jammu and Kashmir during 2021-22 against ₹ 917.68 crore released during 2020-21.

**Details are at Appendix-VI of the Finance Accounts in Volume-II.**

Apart from the above, various Autonomous Bodies, Central Government Organisations, Societies etc., also received ₹ 3,190.72 crore directly from the Central Government.

The following table provides the details of actual financial results vis-a-vis budget estimates for the year 2021-22.

(₹ in crore)

S. No.	Description	Budget Estimate 2021-22	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP*
1.	Tax Revenue (including Central Share)	16,276	11,707	72	06
2.	Non-Tax Revenue	8,209	4,840	60	02
3.	Grants-in-aid & Contributions	72,656	42,691	59	22
4.	<i>Revenue Receipts (1+2+3)</i>	<b>97,141</b>	<b>59,238</b>	<b>61</b>	<b>30</b>
5.	Recovery of Loans & Advances	05	01	20	**
6.	Other Receipts	-	-	-	-
7.	Borrowings and Other Liabilities	11,475	11,151	97	06
8.	<i>Capital Receipts (5+6+7)</i>	<b>11,480</b>	<b>11,152</b>	<b>97</b>	<b>06</b>
9.	<i>Total Receipts (4+8)</i>	<b>1,08,621</b>	<b>70,390</b>	<b>65</b>	<b>36</b>
10.	Revenue Expenditure	68,804	59,269	86	30
11.	Expenditure on Interest Payments (out of Revenue Expenditure)	7,692	7,360	96	04
12.	Capital Expenditure	39,708	11,047	28	06
13.	<i>Loans and Advances Disbursed</i>	<b>109</b>	<b>74</b>	<b>68</b>	<b>**</b>
14.	Transfer to Contingency Fund	-	-	-	-
15.	<i>Total Expenditure (10+12+13)</i>	<b>1,08,621</b>	<b>70,390</b>	<b>65</b>	<b>36</b>
16.	<i>Revenue Surplus (+)/Deficit (-) (4-10)</i>	<b>(+)28,337</b>	<b>(-)31</b>	<b>^</b>	<b>**</b>
17.	<i>Fiscal Deficit (4+5+6-15)</i>	<b>11,475</b>	<b>11,151</b>	<b>97</b>	<b>06</b>

\* ₹ 1,96,696 crore as available on web-site of Ministry of Statistics and Programme Implementation, GoI (26.04.2022).

\*\* Negligible.

^ More than 100 per cent.

## What do the deficits and surpluses indicate?



### **DEFICIT**

Refers to gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence of Financial Management.

Refers to gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.

### **REVENUE DEFICIT/ SURPLUS**



### **FISCAL DEFICIT/ SURPLUS**

Refers to gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowing. Ideally, the Borrowings should be invested in capital projects.

## **1.6 Fiscal Responsibility and Budget Management (FRBM)/ Medium Term Fiscal Plan (MTFP) Act, 2006**

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM)/ Medium Term Fiscal Plan (MTFP) Act, 2006 requires the Government to ensure prudence in fiscal management by limiting its fiscal deficit and keeping its debt management at sustainable level. It also assumes greater transparency in fiscal operations.

The Jammu and Kashmir FRBM/MTFP rules specified only the annual target for (a) Revenue Surplus/Deficit as percentage of total Revenue Receipts (b) Fiscal Deficit as percentage to GSDP and (c) total outstanding liabilities as percentage to GSDP.

### 1.6.1 FRBM/MTFP targets vis-a-vis achievements

In terms of Jammu and Kashmir FRBM Act, 2006 passed by the erstwhile State of Jammu and Kashmir in August 2009, the successor Government of Union Territory of Jammu and Kashmir presented the Medium-Term Fiscal Policy and Strategy Statement along with the Union Territory Budget for 2022-23 in Parliament (March 2022). No fiscal indicators-rolling targets were specified for the year 2021-22. However, the fiscal parameters of the Government of Union Territory of Jammu and Kashmir, as per the Accounts for 2021-22 were as under:

Sl. No.	Parameter	Achievements during the year as per the accounts and GSDP*
1.	Revenue Deficit	The Revenue Deficit of ₹ 30.83 crore as per accounts was 0.02 per cent of GSDP for 2021-22 and 0.05 per cent of Revenue Receipts of ₹ 59,238.50 crore.
2.	Fiscal Deficit	The Fiscal Deficit of ₹ 11,150.61 crore as per accounts was 5.67 per cent of GSDP for 2021-22.
3.	Outstanding Public Debt# and other Liabilities	The outstanding Public Debt# and other Liabilities (₹ 29,335.38# crore) for the period from 31 October 2019 to 31 March 2022 (excluding Public Debt and other Liabilities of ₹ 83,536.64 crore outstanding as on 30 October 2019 yet to be apportioned between successor Union Territories) was 14.91 per cent of GSDP.

\* ₹ 1,96,696 crore as available on web-site of Ministry of Statistics and Programme Implementation, Gol (26.04.2022).

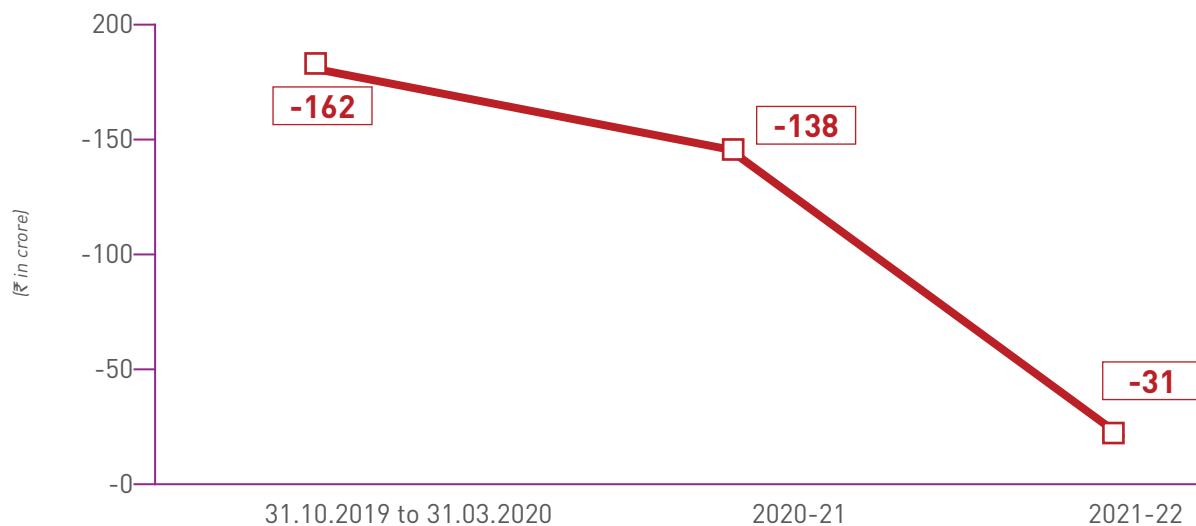
# The Debt does not include ₹ 5,945.29 crore, (₹ 2,099.80 crore of 2020-21 and ₹ 3,845.49 crore of 2021-22) which was passed on as back to back loans by Gol in lieu of shortfall in GST compensation.

Outstanding debt includes all debts (excluding ₹ 5,945.29 crore passed on in lieu of shortfall in GST compensation) and other liabilities.

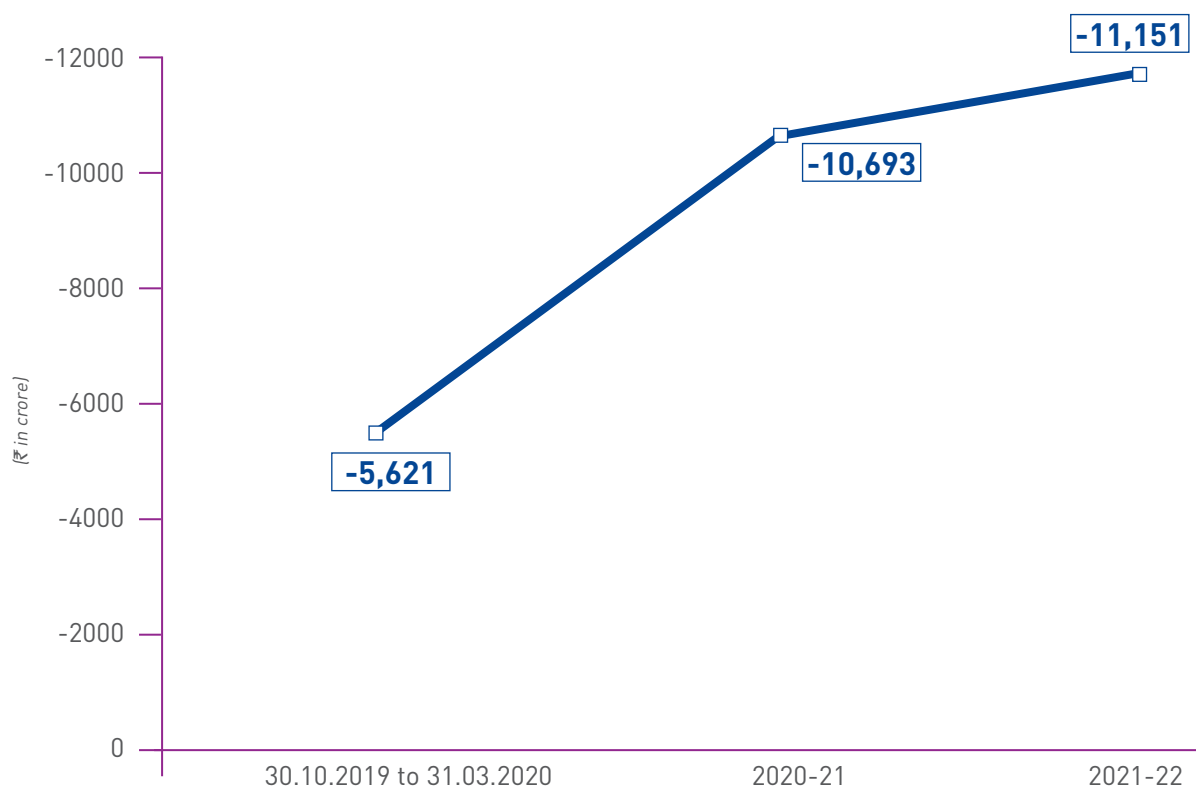
Due to understatement of Revenue Expenditure of ₹ 200 crore (Grants-in-aid ₹ 64 crore and Subsidy ₹ 95 crore, Non-payment of interest on State Compensatory Afforestation Fund/Deposit ₹ 41 crore) classified as Capital Expenditure, there was actually a Revenue Deficit of ₹ 231 crore during 2021-22 instead of ₹ 31 crore as shown in the accounts. Due to understatement of Revenue Expenditure by ₹ 41 crore as short contribution of interest the Fiscal Deficit was also understated to that extent.

## 1.6.2 Trend of Revenue Surplus/ Deficit and Fiscal Deficit

### Trend of Revenue Surplus/Deficit

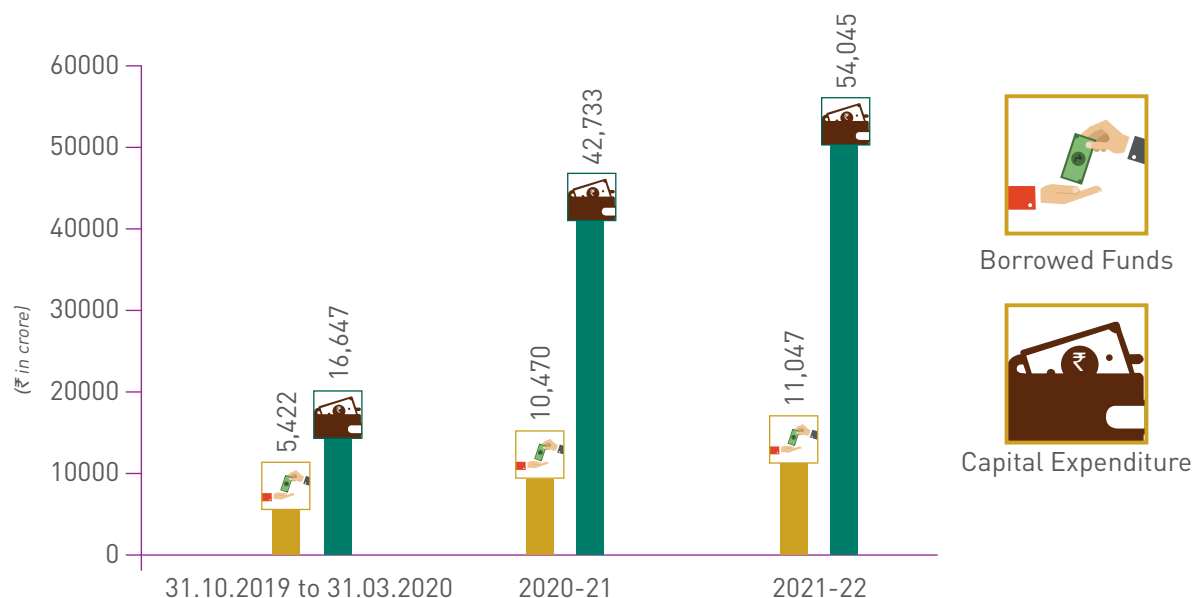


### Trend of Fiscal Deficit



### 1.6.3 Proportion of borrowed funds spent on Capital Expenditure

#### Borrowed funds and Capital Expenditure



Prudent Financial Management requires that money should be borrowed only for creation of capital assets and to use Revenue Receipts for repayment of principal and payment of interest thereon. However, 80 per cent of the public debt (₹ 42,998 crore) was utilised on repayment of the principal and payment of interest on public debt of previous years. The Government of Union Territory of Jammu and Kashmir spent 20 per cent of the borrowings of the current year (₹ 54,045 crore) on Capital Expenditure (₹ 11,047 crore). This amount includes misclassified Revenue Expenditure of ₹ 200 crore. Considering this amount, the percentage of borrowings spent on Capital Expenditure further drops to 19 per cent.

## Chapter II

# Receipts

### 2.1 Introduction

Receipts of the Government of Union Territory of Jammu and Kashmir are classified as Revenue Receipts and Capital Receipts. Total Receipts during 2021-22 were ₹ 59,238 crore.

### 2.2 Revenue Receipts

The Revenue Receipts of the Government comprises of three components viz., Tax Revenue, Non-Tax Revenue and Grants-in-aid received from the Union Government.

#### ● TAX REVENUE

Comprises taxes collected and retained by the State and State's share of Union Taxes under Article 280(3) of the Constitution.

Includes interest receipts, dividends, profits, royalties etc.

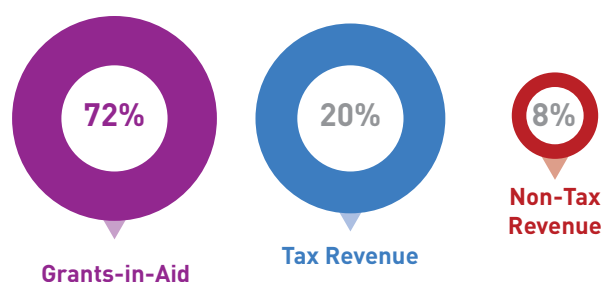
#### NON-TAX REVENUE ●

#### ● GRANTS-IN-AID

Essentially, a form of Central Assistance to the State Government from the Union Government includes "External Grant Assistance" received from foreign sources and channelised through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Municipalities, Local Bodies, NGO's etc.



## Revenue Receipts



### 2.2.1 Revenue Receipts Components 2021-22

(₹ in crore)

Components	Actuals
<b>A. Tax Revenue*</b>	<b>11,707</b>
Goods and Services Tax (GST)	6,394
Taxes on Income & Expenditure	-
Taxes on Property & Capital Transactions	625
Taxes on Commodities & Services	4,688
<b>B. Non-Tax Revenue</b>	<b>4,840</b>
Interest Receipts, Dividends and Profits	17
General Services	169
Social Services	648
Economic Services	4,006
<b>C. Grants-in-aid &amp; Contributions</b>	<b>42,691</b>
<b>Total-Revenue Receipts</b>	<b>59,238</b>

\* No Share of net proceeds assigned to State was received by the Government of Union Territory during 2021-22.

### 2.2.2 Trend of Revenue Receipts

(₹ in crore)

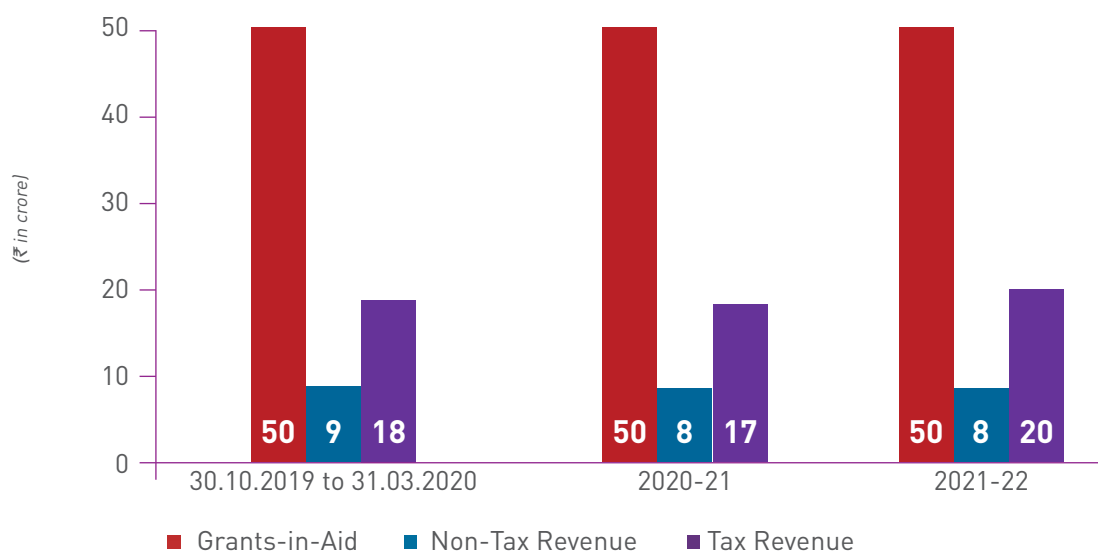
Component	31.10.2019 to 31.03.2020	2020-21	2021-22
Tax Revenue	4,056	8,877 (05)	11,707 (06)
Non-Tax Revenue	2,063	4,077 (02)	4,840 (02)
Grants-in-aid	16,438	39,542 (23)	42,691 (22)
<b>Total-Revenue Receipts</b>	<b>22,557</b>	<b>52,496 (30)</b>	<b>59,238 (30)</b>
<b>GSDP* at current price</b>	<b>Not applicable</b>	<b>1,76,282</b>	<b>1,96,696</b>

Note: Figures in parentheses represent percentage to GSDP.

Source:

\* GSDP for the period from 31 October 2019 to 31 March 2020 was not made available by the Union Territory Government. ₹ 1,76,282 crore for 2020-21 and ₹ 1,96,696 crore for 2021-22 as available on web-site of Ministry of Statistics and Programme Implementation, GoI (26.04.2021 and 26.04.2022 respectively).

## Trend of components of Revenue Receipts



## 2.3 Tax Revenue

(₹ in crore)

Component	31.10.2019 to 31.03.2020	2020-21	2021-22
Goods and Services Tax (GST)	2,115	4,839	6,394
Taxes on Income and Expenditure	-	-	-
Taxes on Property and Capital Transactions	166	386	625
Taxes on Commodities and Services	1,775	3,652	4,688
<b>Total Tax Revenue</b>	<b>4,056</b>	<b>8,877</b>	<b>11,077</b>

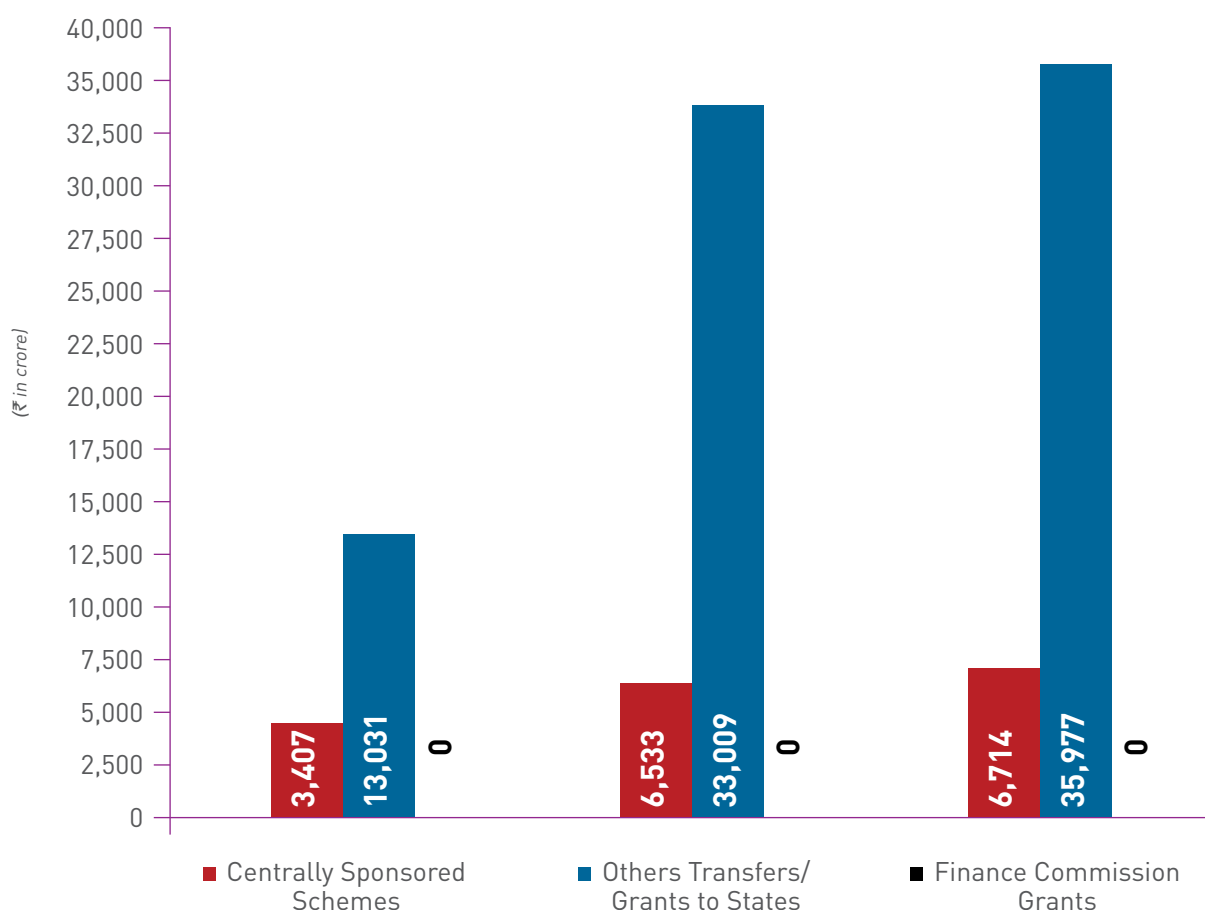
### 2.3.1 Trend in UTs own Tax collection

(₹ in crore)

Taxes	31.10.2019 to 31.03.2020	2020-21	2021-22
UT Goods and Services Tax	2,115	4,839	6,394
Land Revenue	48	61	113
Stamps and Registration	118	326	512
State Excise	588	1,347	1,783
Sales Tax	782	1,496	1,906
Taxes on Goods and Passengers	158	01	06
Taxes on Vehicles	248	488	616
Other Taxes	01	319	377
<b>Total Tax Revenue</b>	<b>4,056</b>	<b>8,877</b>	<b>11,707</b>

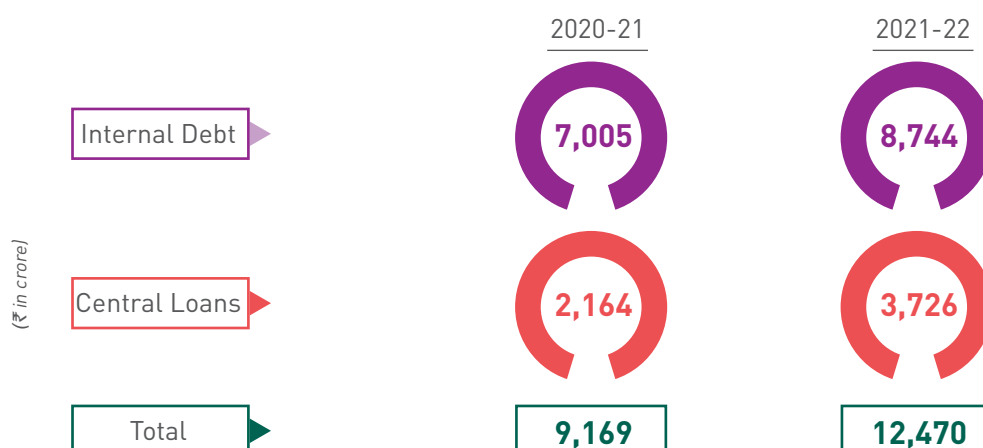
## 2.4 Grants-in-Aid

Grants-in-aid (GIA) to Union Territory, represent assistance from Government of India and comprise grants for Centrally Sponsored Schemes and Other Transfers/ Grants to Union Territory. Total receipts during 2021-22 under Grants-in- aid were ₹ 42,691 crore (including ₹ 187 crore of 2020-21, released by Government of India on 31 March 2021 but credited to Government in April 2021) as shown below:

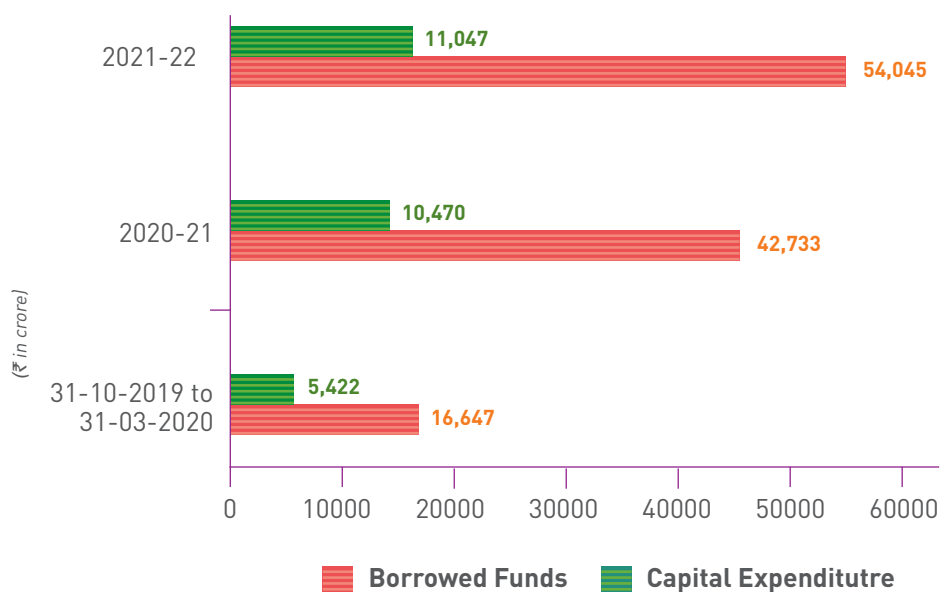


## 2.5 Public Debt

**Trend of position of net Public Debt**



## Borrowed Funds viz-à-viz Capital Expenditure



During 2021-22, 14 loans totaling ₹ 8,562 crore was raised from the open market at interest rates varying from 6.90 per cent to 7.39 per cent and the same are redeemable during the year 2036-37. In addition, the Government of Union Territory raised loan of ₹ 535 crore from the Financial Institutions, ₹ 5,000 crore from Special Securities issued to National Small Savings Fund and ₹ 36,103 crore as Ways and Means Advances/Overdraft from the Reserve Bank of India. Loans to the extent of ₹ 3,845 crore representing back to back loans passed on in lieu of GST compensation shortfall from the Central Government during the period.

## Chapter III

# Expenditure

### 3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day expenditure of Government. Capital Expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities.

In Government Accounts, the expenditure is classified at top level into three Sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

#### GENERAL SERVICES

Includes Justice, Interest Payments, Police, Jail, PWD, Pension etc

Includes Education, Health & Family Welfare, Water Supply, Welfare of SC, ST, OBC, Social Security, Nutrition and Relief on account of Natural Calamities etc.

#### SOCIAL SERVICES

#### ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

## 3.2 Revenue Expenditure

The saving of Revenue Expenditure against Budget Provisions of the Government of Union Territory of Jammu and Kashmir during the period 2020-21 and 2021-22 is given below:

(₹ in crore)

Component	2020-21	2021-22
Budget Provision	64,130	68,804
Actual	52,634	59,269
Gap Saving (-) / Excess (+)	(-)11,496	(-)9,535
Percentage of variation of Actuals against BE	(-)18	(-)14

Around 75.93 per cent of the total Revenue Expenditure was incurred on “Committed” expenses viz., on Salaries (₹ 26,077 crore), Pension (₹ 11,563 crore) and Interest Payments (₹ 7,360 crore) which is the committed liabilities of the Government of Union Territory of Jammu and Kashmir.

The position of committed and uncommitted Revenue Expenditure during 2020-21 and 2021-22 is given below:

(₹ in crore)

Component	2020-21	2021-22
Total Revenue Expenditure	52,634	59,269
Committed Revenue Expenditure*	39,300	45,000
Percentage of Committed Revenue Expenditure to total Revenue Expenditure	75	76
Uncommitted Revenue Expenditure	13,334	14,269

\*Committed Revenue Expenditure includes expenditure on Salary, Pension and Interest Payments.

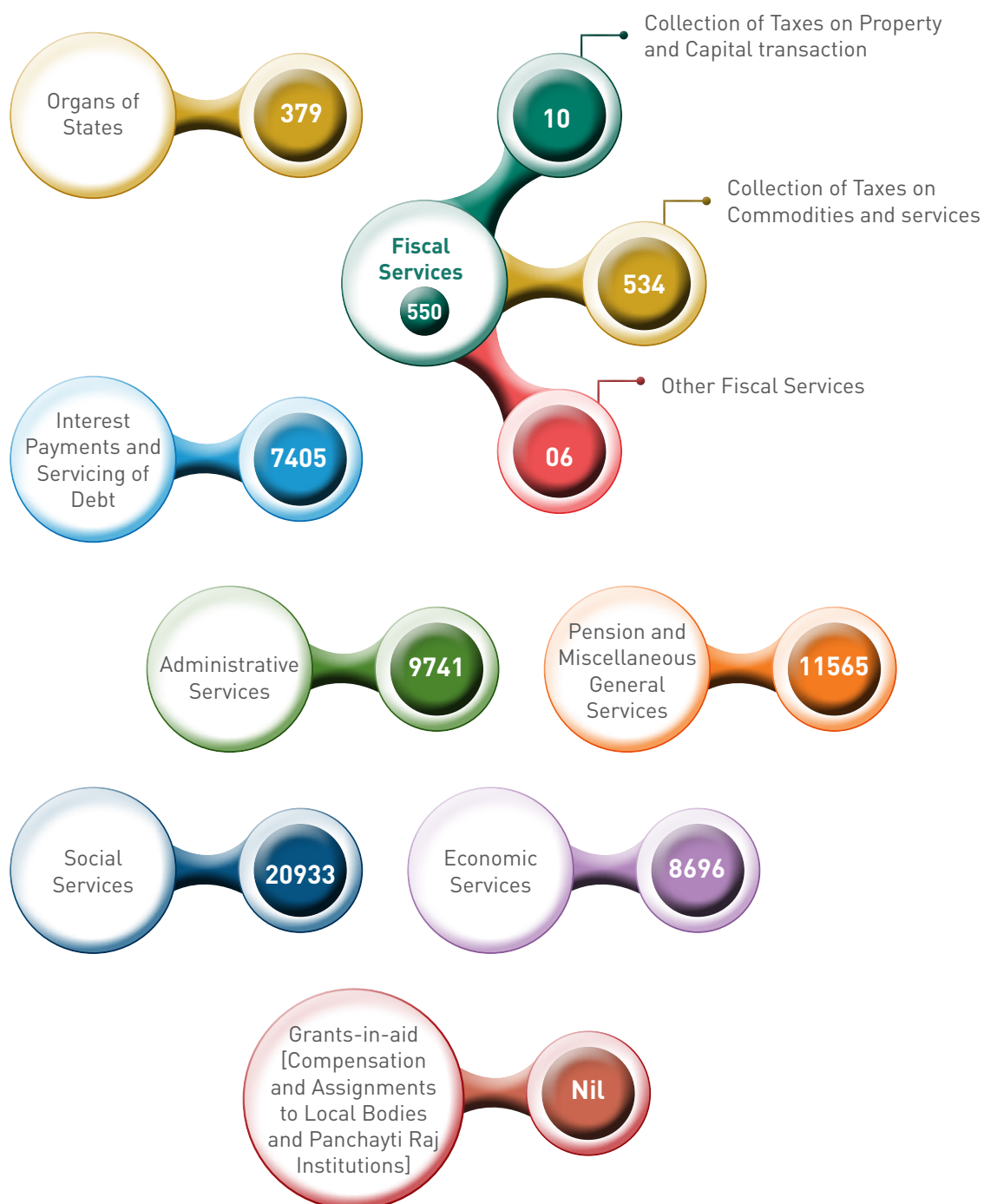
It may be seen that the percentage of uncommitted Revenue Expenditure available for implementation of various schemes has decreased by one per cent during 2021-22 as compared to 2020-21. The total Revenue Expenditure increased by 13 per cent in 2021-22 and committed Revenue Expenditure increased by 15 per cent over the same period.

### 3.2.1 Sectoral distribution of Revenue Expenditure during 2021-22

Component	Amount (₹ in crore)	Percentage
<b>A. Fiscal Services</b>	550	01
Collection of Taxes on Property and Capital transactions	10	#
Collection of Taxes on Commodities and Services	534	01
Other Fiscal Services	06	#
<b>B. Organs of State</b>	379	01
<b>C. Interest Payments and Servicing of Debt</b>	7,405	12
<b>D. Administrative Services</b>	9,741	16
<b>E. Pensions and Miscellaneous General Services</b>	11,565	20
<b>F. Social Services</b>	20,933	35
<b>G. Economic Services</b>	8,696	15
<b>H. Grants-in-aid Contributions</b>	-	-
<b>Total Expenditure (Revenue Account)</b>	59,269	100

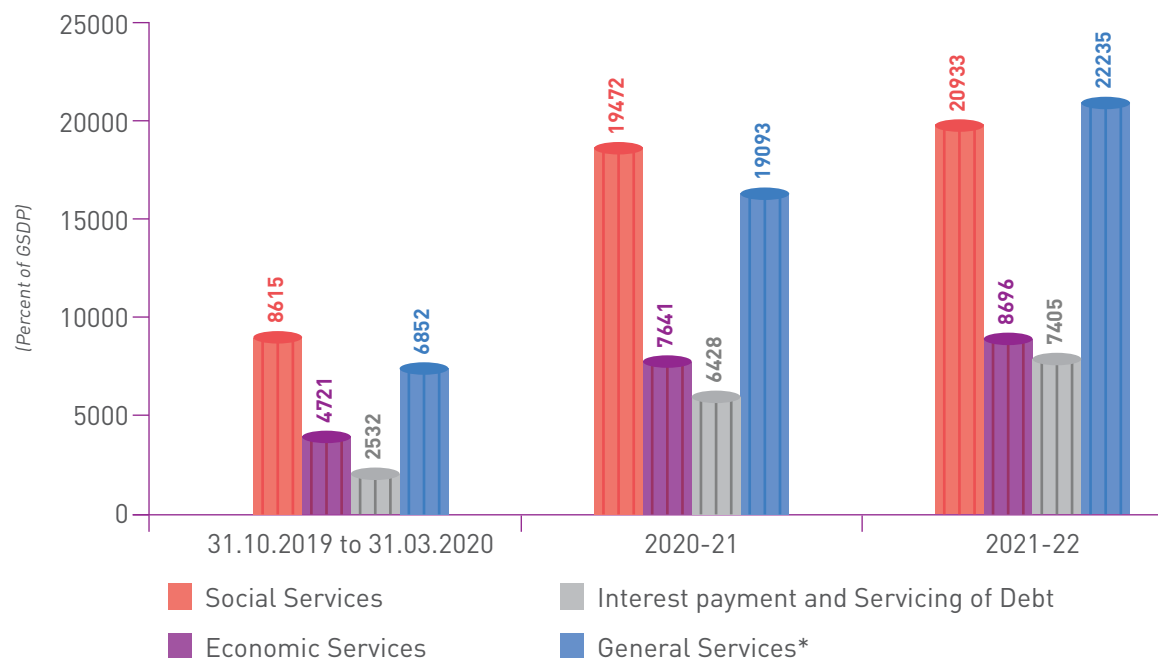
# Negligible.

(₹ in crore)



### 3.2.2 Major components of Revenue Expenditure

#### Trend of Major components of Revenue Expenditure 31.10.2019 to 31.03.2020, 2020-21 and 2021-22



\*General Services excludes MH 2048 (Appropriation for reduction or avoidance of debt) & MH 2049 (Interest Payments)

### 3.3 Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements during the year 2021-22 amounting for ₹ 11,047 crore only was less than the Original Grant of ₹ 39,708 crore (excluding Grant of ₹ 109 crore for Loans and Advances) fell short by ₹ 28,661 crore. Apart from Capital disbursement of ₹ 11,047 crore during 2021-22, Loans and Advances to the tune of ₹ 74 crore was also disbursed which formed part of Capital Expenditure. The Loans and Advances also showed saving against Original Grant (₹ 109 crore) by ₹ 35 crore during the said period.

(₹ in crore)

S.No.	Components	31.10.2019 to 31.03.2020	2020-21	2021-22
1	Budget (B.E)	14,798	34,408	39,708
2	Actual Expenditure	5,422	10,495	11,047
3	Percentage of Actual Expenditure to B.E	37	31	28
4	Yearly growth in Capital Expenditure#	#	#	05
5	GSDP*	*	1,76,282	1,96,696
6	Yearly growth in GSDP#	-	#	12

# Not applicable due to five months Accounts for the year 2019-20 (period 31.10.2019 to 31.03.2020) only.

\* GSDP ₹ 1,76,282 crore and ₹ 1,96,696 crore for 2020-21 and 2021-22 respectively, as available on web-site of Ministry of Statistics and Programme Implementation, GoI.



### 3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure during 2021-22, includes expenditure of ₹ 1,529 crore viz., on Power Projects (₹ 1,230 crore), Minor Irrigation (₹ 62 crore), Flood Control Projects (₹ 46 crore), Medium Irrigation (₹ 17 crore) and Water Supply and Sanitation (₹ 175 crore). The Government also invested ₹ 69 crore in various Corporations/Companies/Societies. The investment main was in Jammu and Kashmir Road Transport Corporation. However, the PSUs has shown investment of ₹ 573 crore resulting in difference of ₹ 504 crore between the two set of figures.

### 3.3.2 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of Capital and Revenue Expenditure for the period from 31 October 2019 to 31 March 2020, 2020-21 and 2021-22 is illustrated below:

(₹ in crore)

S.No.	Sector		31.10.2019 to 31.03.2020	2020-21	2021-22
(A)	General Services	Capital	733	776	659
		Revenue	9,384	25,521	29,640
(B)	Social Services	Capital	1,493	2,492	2,723
		Revenue	8,615	19,472	20,933
(C)	Economic Services	Capital	3,196	7,202	7,665
		Revenue	4,721	7,641	8,696
(D)	Grants-in-aid and Contribution	Capital	-	-	-
		Revenue	-	-	-

## 3.4 Plan and Non-Plan Expenditure

From 1 April 2016, the State Government switched over to civil system of accounting in respect of expenditure of Revenue nature and from 1 April 2017 in respect of expenditure of Capital nature incurred by Works and Forest Divisions of Jammu and Kashmir.

## Chapter IV

# Appropriation Accounts

### 4.1 Summary of Appropriation Accounts for 2021-22

(₹ in crore)

S. No.	Nature of expenditure	Original grant	Supplementary grant	Provision		Actual Expenditure		Savings(-) / Excesses(+)	
				Gross	Net	Gross	Net	Gross	Net
1.	<b>Revenue</b>	68,804	(-)1,567	67,237	67,237	59,269	59,269	(-)7,968	(-)7,968
2.	<b>Capital</b>	35,483	(-)4,616	30,867	30,839	11,068	11,050	(-)19,799	(-)19,789
3.	<b>Public Debt</b>	26,436	15,140	41,576	41,576	41,575	41,575	(-)01	(-)01
4.	<b>Loans and Advances</b>	109	6.00	115	115	71	71	(-)44	(-)44
5.	<b>Total</b>	<b>1,30,832</b>	<b>8,963</b>	<b>1,39,795</b>	<b>1,39,767</b>	<b>1,11,983</b>	<b>1,11,965</b>	<b>(-)27,812</b>	<b>(-)27,802</b>

\*Negligible

### 4.2 Trend of Saving/Excess

(₹ in crore)

Year	Savings (-) / Excess (+)				
	Revenue	Capital	Public Debt	Loans & Advances	Total
31.10.2019 to 31.03.2020	(-)8,675	(-)8,341	(+)3,096	(-)49	<b>(-)13,969</b>
2020-21	(-)11,563	(-)32,295	(+)7,094	(-)46	<b>(-)36,810</b>
2021-22	(-)7,968	(-)19,799	(-)01	(-)44	<b>(-)27,812</b>

### 4.3 Significant Saving

Substantial saving under a grant indicates either non-implementation or slow implementation of certain schemes/ Programmes.

Some grants with significant net saving are given below:

(₹ in crore)

Grant	Nomenclature	31.10.2019 to 31.03.2020	2020-21	2021-22
03	Planning	639 (65)	945 (62)	1,239 (68)
06	Power Development	4,557 (63)	13,999 (80)	3,564 (45)
10	Law	301 (45)	506 (55)	367 (48)
15	Food, Civil Supplies and Consumer Affairs	206 (45)	466 (64)	305 (52)
18	Social Welfare	738 (46)	820 (33)	1,131 (36)
20	Tourism	215 (55)	637 (77)	211 (45)
22	Irrigation	474 (56)	1,757 (71)	756 (52)
23	Public Health Engineering	...	...	2,063 (52)
25	Labour, Stationery and Printing	...	...	64 (42)
28	Rural Development	...	...	3,196 (64)
30	Tribal Affairs	...	...	239 (58)
31	Culture	...	...	287 (86)
34	Youth Services and Technical Education	...	...	298 (35)

Note: Figures in parentheses represent net saving in per cent.

## Chapter V

# Assets and Liabilities

### 5.1 Assets

The existing form of accounts do not clearly depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. Similarly, while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Information on Government investments of the Finance Accounts is based on the information received from investee entity concerned through the Principal Accountant General (Audit), but has not been confirmed by the concerned departments (including Finance) of the Government of Union Territory of Jammu and Kashmir. During 2021-22, the Government of Union Territory of Jammu and Kashmir booked an amount of ₹ 69.37 crore as investment. Against the booked amount, the PSUs concerned has shown an investment of ₹ 573.01 crore resulting in difference of ₹ 503.64 crore between two set of figures. The Chenab Valley Power Project Private Limited have now furnished (through Principal Accountant General, Audit) details of investment amounting to ₹ 143.73 crore for reflection in the Annual Finance Accounts of the Government of Union Territory of Jammu and Kashmir for the year 2021-22. This investment pertains to the year 2020-21 relating to Union Territory of Jammu and Kashmir (post re-organisation) and had not been intimated earlier by the entity. As the investment relates to previous years (2020-21), this have therefore, been added to the cumulative balances as on 31 March 2021. Government of Union Territory of Jammu and Kashmir had investment of ₹ 879.13 crore as on 31 March 2022 (31 October 2019 to 31 March 2022) yielded no dividend during 2021-22. Details of Government of Union Territory of Jammu and Kashmir investment as intimated by PSUs through Principal Accountant General (Audit) as on 31 March 2022 are given as follows:

Category	Number of entities	Investment at the end of the year 2021-22
Statutory Corporation	2	191.90
Rural Banks	2	2.35
Government Companies	39	445.03\$
Other Joint Stock Companies and Partnership	2	-
Co-operative Banks & Societies	8	239.85*
Total	53	879.13

\$ Includes ₹ 143.73 crore invested during 2020-21, as the Chenab Valley Power Project Private Limited has furnished revised figures for the year 2020-21.

\* Due to awaited updated information of investment in Cooperative Societies from Registrar, Cooperative Societies (July 2022), investment as on 31 March 2020 shown in the previous Accounts has been reflected in the current Accounts.

The Jammu and Kashmir Road Transport Corporation have now furnished (through Principal Accountant General, Audit) details of investment amounting to ₹ 3.00 crore for reflection in the Annual Finance Accounts of the Government of Union Territory of Jammu and Kashmir for the year 2021-22. These investments pertain to the period ended 30 October 2019 relating to undivided State of Jammu and Kashmir and had not been intimated earlier by the entity. As the investment relates to previous years (upto 30 October 2019), these have therefore, been added to the cumulative balances as on 30 October 2019.

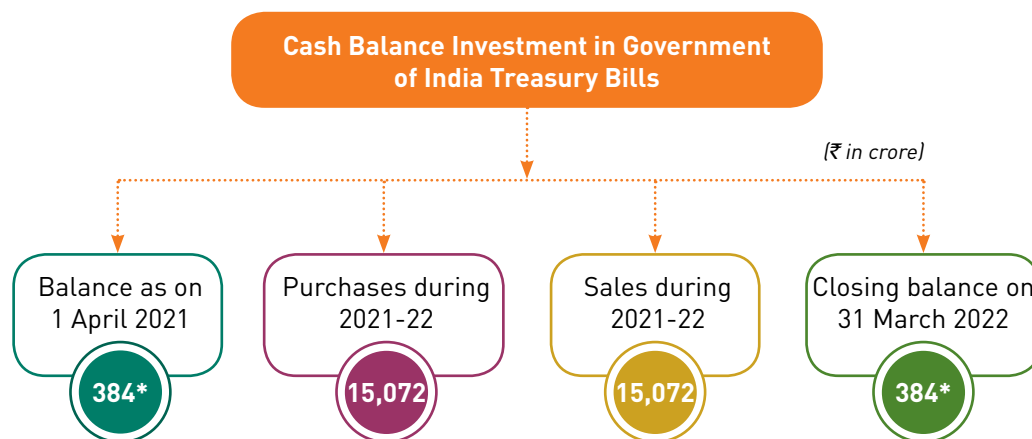
The total investment (revised figures) made by the erstwhile State in 52 entities at the end of 30 October 2019 (pre re-organisation) was ₹ 4,620.16 crore based on information/data provided to Principal Accountant General (Audit) by the investee entities and not reconciled with Government. Apportionment of these investments is yet to be done between Union Territory of Jammu & Kashmir and Union Territory of Ladakh (August 2022). The investment shown in the Accounts require reconciliation by the Entities with the Government before apportionment between successor Union Territories.

The Cash balance as on 31 March 2022 (31 October 2019 to 31 March 2022) of Union Territory of Jammu and Kashmir (post re-organisation) as per record of Principal Accountant General (A&E) was ₹ 1,447.65 crore (Debit) and that of the 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), due to non-reconciliation between the Government of Union Territory and Agency Bank.

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

In addition, Government of Union Territory had invested an amount of ₹ 15,072 crore on 27 occasions in 14 days Treasury Bills and rediscounted Treasury Bills worth ₹ 15,072 crore on 38 occasions during 2021-22. The position of investment during the year 2021-22 is depicted in the table given below:

Cash Balance Investment in Government of India Treasury Bills			
Balance as on 1 April 2021	Purchase during 2021-22	Sales during 2021-22	Closing Balance on 31 March 2022
-	15,072	15,072	-
<b>384*</b>	-	-	<b>384*</b>



(\*) The amount shown in bold in the table represent the balance to the end of 30 October 2019 (pre re-organisation) under Cash Balance investment in 14 days Treasury Bills which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

## 5.2 Debt and Liabilities

Constitution of India empowers the Government of Union Territory to borrow on the security of the Consolidated Fund of the Union Territory within such limits, if any, as may be fixed from time to time by the Union Territory Legislature.

Details of the Public Debt and Other Liabilities of the Government of Union Territory for the period from 31 October 2019 to 31 March 2022 (post re-organisation) are given below:

(₹ in crore)

(Figures are progressive balances)						
Year	Public Debt	Per cent of GSDP*	Public Account**	Per cent of GSDP*	Total Liabilities	Per cent of GSDP*
31.10.2019 to 31.03.2020	3,498	*	2,002	*	5,500	*
2020-21	10,568	6.00	4,313	2.44	14,881	8.44
2021-22	19,193#	9.76	4197	2.13	23,390#	11.89

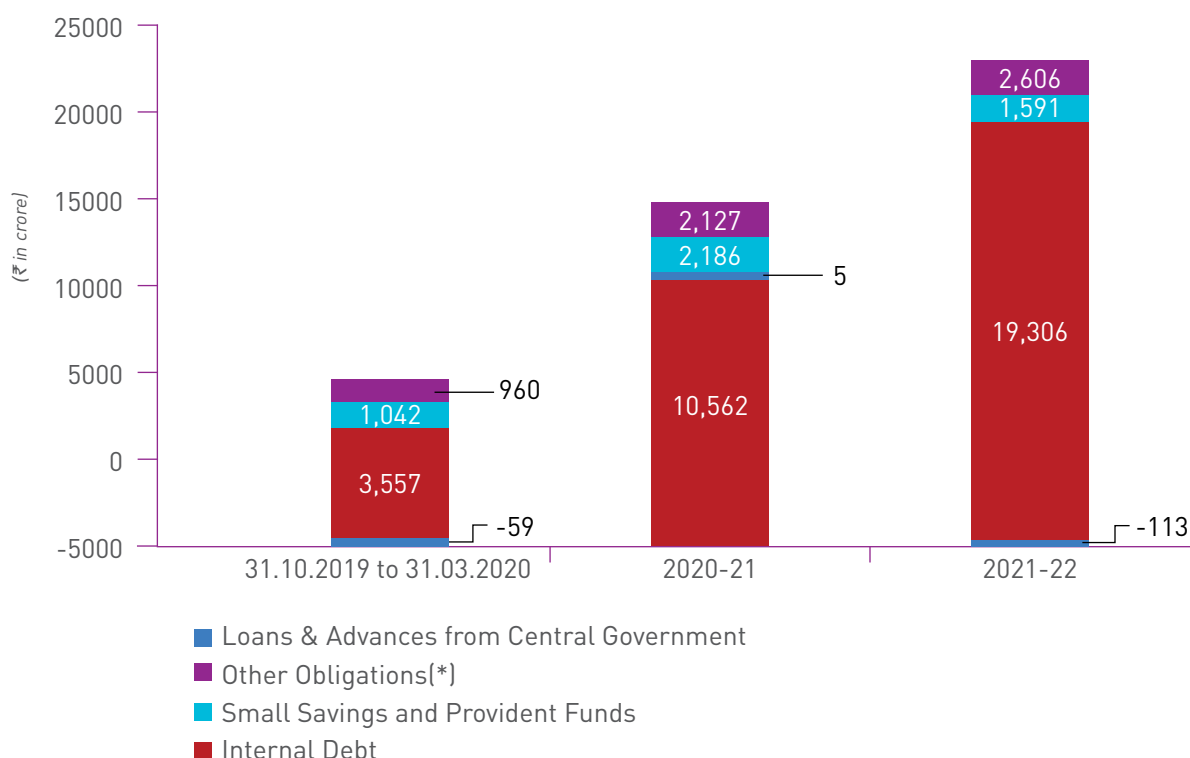
\* The GSDP figures for the period from 31.10.2019 to 31.03.2020 not made available by the UT Government. GSDP for 2020-21, ₹ 1,76,282 crore and for 2021-22 ₹ 1,96,696 crore as available on web-site of Ministry of Statistics and Programme Implementation, Gol.

\*\* Excludes Advances, Suspense & Miscellaneous and Remittance balances.

# Does not include ₹ 5,945 crore (₹ 2,100 crore of 2020-21 and ₹ 3,845 crore of 2021-22) passed on by Gol, as back to back loans in lieu of GST compensation shortfall.

During the year 2021-22, Public Debt and Other Liabilities showed a net increase of ₹ 8,628 crore (excluding debt of ₹ 5,945 crore passed on as back to back loans by Government of India (Gol) in lieu of shortfall in Goods and Services Tax (GST) compensation.

### Trend in Government Liabilities



As on 30 October 2019 (pre re-organisation), there is also outstanding balance of ₹ 83,537 crore which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh. However, the said balance is retained in Union Territory of Jammu and Kashmir.

### 5.3 Guarantees

In addition to directly raising loans, Government of Union Territory also guarantee loans raised by Government companies and corporations from market and financial institutions for implementation of various plan schemes and programmes. These guarantees are projected outside the Union Territory Budget. The position of Guarantees given by the Government of Union Territory of Jammu and Kashmir for the re-payment of loans (payment of principal and interest thereon) raised by Statutory Corporations, Government Companies, Cooperative Society, etc., based on the information received by PSUs through Principal Accountant General (Audit), Jammu and Kashmir, is given below:

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
31.10.2019 to 31.03.2020	5,204	1,325	-
2020-21	12,564	1,486	-
2021-22	13,449	12,329	-

Note: Details are available at Statement No. 20 of Finance Accounts. The figures are under reconciliation with the Government of Union Territory.

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed [Principal Only]	Amount outstanding at the end of the year	
		Principal	Interest
01.04.2019 to 30.10.2019	5,204	1,325	-
2020-21	12,564	1,486	-
2021-22	13,449	12,329	-

The outstanding Guarantee of ₹ 452 crore principal and ₹ 02 crore interest ending 30 October 2019 as shown in the table above is yet to be apportioned between newly formed Union Territories from 31 October 2019 (appointed day) as a result of Re-organisation of Jammu and Kashmir State viz., Union Territory of Jammu & Kashmir and Union Territory of Ladakh.



## Chapter VI

# Other Items

### 6.1 Loans and Advances given by the Government

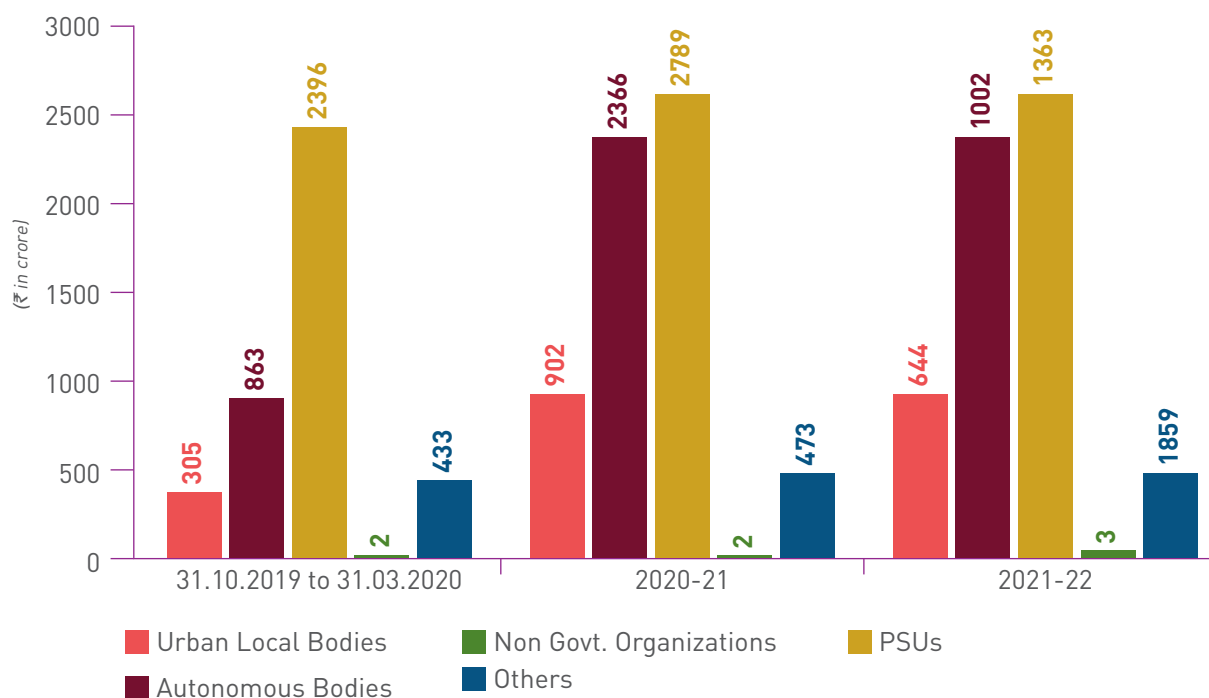
Except in respect of loans and advances made to Government Servants (for which the Principal Accountant General (A&E), J&K maintains detailed Accounts), information on all other loans and advances as depicted in Statements 7 and 18 is based on information received through the accounts rendered to the Principal Accountant General (A&E). The closing balances depicted in Statements 7 and 18 as on 31 March 2022 have not been reconciled with the Loanee Entities/ Government of Union Territory. The statements, however, do not contain details of recoveries in arrears and accrued interest thereon as the said information is awaited from Government of Union Territory (July 2022). During 2021-22, loans amounting to ₹ 73.77 crore (including nil to Government Servants) were given by the Government of Union Territory Government to various entities and ₹ 1.03 crore was received as repayment of loans (₹ 0.78 crore from Government Servants and ₹ 0.25 crore from other entities leaving net outstanding loans of ₹ 168.26 crore, as on 31 March 2022 (period 31 October 2019 to 31 March 2022). In addition to ₹ 168.26 crore, there was outstanding balance of ₹ 1,740.44 crore relating to erstwhile State of Jammu & Kashmir yet to be apportioned between the Union Territory of Jammu & Kashmir and Union Territory of Ladakh under Loans and Advances as on 30 October 2019.

Information regarding recoveries in arrears (both Principal and Interest) is required to be furnished by the departments concerned every year to the Principal Accountant General (A&E). During 2021-2022, no such information was received.

### 6.2 Financial Assistance to Local Bodies and Others

During the year 2021-22, Grants-in-aid released by the Government of Union Territory of Jammu and Kashmir was ₹ 4,871 crore. Grants to Urban Local Bodies including Municipal Corporations during 2021-22 was ₹ 644 crore which represent 13.22 per cent of total grants given during the period.

## Financial Assistance to Local Bodies and Others



### 6.3 Cash Balance

(₹ in crore)

Component	As on 31 March 2021	As on 31 March 2022
Cash Balance	1,448	1,448
	<b>(-)42</b>	<b>(-)42</b>
Cash in Treasuries and Local Remittances	-	-
	<b>07</b>	<b>07</b>
Departmental Balances	-	-
	<b>05</b>	<b>05</b>
Permanent Imprest	-	-
	<b>*</b>	<b>*</b>
Deposits with RBI and Other Banks	1,448	1,448
	<b>(-)449</b>	<b>(-)449</b>
Cash Balance Investment	-	-
	<b>384</b>	<b>384</b>
Investment from earmarked fund Balances	-	-
	<b>11</b>	<b>11</b>

\* Negligible (₹ 0.12 crore only).

The figures in bold represent balances ending 30 October 2019, yet to be apportioned between UT of Jammu & Kashmir and UT of Ladakh retained in Union Territory of Jammu and Kashmir.

#### **6.4 Non-freezing of accounts by Treasuries after closing monthly accounts**

Non-freezing of accounts by treasuries after closing monthly accounts may give scope for data manipulation after submission of monthly accounts to Principal Accountant General (A&E) office and may lead to mismatch of figures/data between Principal Accountant General office and Government of Union Territory. In Union Territory of Jammu and Kashmir, there is no provision for freezing of monthly accounts in the Integrated Financial Management System after closure of monthly accounts and sending them to the Office of the Principal Accountant General (Accounts and Entitlement).

#### **6.5 Reconciliation of Accounts**

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of figures available with the department and figures appearing in the accounts compiled by the Principal Accountant General (A&E). This exercise is to be conducted by respective Chief Controlling Officers/Controlling Officers. During 2021-22, receipts amounting to ₹ 53,275.15 crore (89.93 per cent of the total receipts of ₹ 59,238.50 crore excluding public debt) and expenditure amounting to ₹ 49,058.57 crore (69.77 per cent of total expenditure of ₹ 70,316.36 crore excluding public debt) were reconciled by the Government of Union Territory of Jammu and Kashmir.

#### **6.6 Submission of Accounts by Account rendering Units**

The accounts of Receipts and Expenditure of the Government of Jammu and Kashmir have 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. From 1 April 2016, the Government of Jammu and Kashmir switched over to Civil Accounting system, relating to Capital Section and from April 2017 relating to Revenue Section, in respect of Works and Forest Divisions. Accordingly, no monthly account was due from the Works and Forest Divisions during 2021-22. No accounts remained excluded at the end of 31 March 2022. In the Union Territory of Jammu and Kashmir the primary compilation is done by the Principal Accountant General (Accounts and Entitlement) office.

#### **6.7 Opening of New Sub Heads/Detailed Heads of Accounts without advice**

During 2021-22, the Government of Union Territory of Jammu and Kashmir has not opened any Sub-Head in the budget, without seeking the advice of the Principal Accountant General (A&E) as required under the provisions of Article 150 of the Constitution of India.

#### **6.8 Goods and Services Tax (GST)**

Goods and Services Tax (GST) was introduced with effect from 1 July 2017. During the year 2021-22, the Union Territory 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 Receipts on account of loss of revenue arising out of implementation of GST during 2021-22.

No share of net proceeds was assigned to the State under Central Goods and Services to the Government of Union Territory of Jammu and Kashmir consequent to re-organisation of the State as a Union Territory.

Further, the Government of Union Territory of Jammu and Kashmir also received ₹ 3,845.49 crore during 2021-22 as back to back loan (total back to back loan ₹ 5,945.29 crore as on 31 March 2022) from Central Government in lieu of GST compensation which could 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.

## 6.9 Unadjusted Abstract Contingent (AC) Bills

The Government of Union Territory of Jammu and Kashmir 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 Jammu and Kashmir envisage 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 Officers (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organisation) 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.

- (a) Out of 554 AC bills amounting to ₹ 5,122.00 crore drawn during the year 2021-22, 391 AC bills amounting to ₹ 1,848.60 crore (36.09 per cent) were drawn in March 2022. DCC bills in respect of a total of 1,139 AC bills amounting to ₹ 11,448.03 crore as on 31 March 2022 were not received. Details of unadjusted AC bills as on 31 March 2022 pending submission of DCC bills are given below:

Year (*)	Number of unadjusted AC bills	Amount (₹ in crore)
Up to 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
<b>Total</b>	<b>1,139</b>	<b>11,448.03</b>

(\*) The year mentioned above relates to "Due year" i.e., after 2 months of actual drawal and adjustment upto 31 March 2022 Account.

- (b) Further, DCC bills in respect of 2,237 AC bills amounting ₹ 6,885.63 crore outstanding as on 31 March 2021, drawn upto 30 October 2019 (pre re-organisation) by the erstwhile State of Jammu and Kashmir, DCC bills in respect of 2,154 AC bills amounting to ₹ 5,830.71 crore was 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 & Kashmir and Union Territory of Ladakh.

## 6.10 Booking under Minor Head 800-Other Expenditure and 800- Other Receipts

The Minor Head 800-Other Expenditure/ 800-Other Receipts is to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 should be discouraged, since it renders the accounts opaque.

During the year 2021-22, ₹ 4,289.52 crore (including ₹ 1.20 crore investment) under 36 Major Heads of Accounts, constituting 6.10 per cent of the total Revenue and Capital Expenditure (₹ 70,316.36 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Similarly, ₹ 4,134.88 crore (including Revenue Receipts of ₹ 2,715.77 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 37 Major Heads of Account, constituting 6.98 per cent of the total Revenue Receipts (₹ 59,238.50 crore) was classified under Minor Head 800-Other Receipts in the accounts.

### 6.11 Impact on Revenue Deficit and Fiscal Deficit

The impact on the Revenue Deficit and Fiscal Deficit of the Government of Union Territory of Jammu and Kashmir during the year 2021-22 is tabulated below:

Item (Illustrative)	Impact on Revenue Deficit		Impact on Fiscal Deficit	
	Overstatement (₹ in crore)	Understatement (₹ in crore)	Overstatement (₹ in crore)	Understatement (₹ in crore)
Misclassification between Revenue and Capital	No Impact	158.76	No Impact	No Impact
Non-payment of interest on State Compensatory Afforestation Fund	No Impact	25.61	No Impact	25.61
Non-payment of interest on State Compensatory Afforestation Deposit	No Impact	15.92	No Impact	15.92
<b>Total (Net) Impact</b>		<b>200.29</b>		<b>41.53</b>

### 6.12 Status of Outstanding Utilisation Certificates

The Government of Union Territory of Jammu and Kashmir has not framed revised rules relating to drawal of Grants-in-aid and submission of Utilisation Certificates (UCs) thereof. However, in terms of para 10.19 of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code Volume-I, UCs in respect of 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 object, 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.

- (a) 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 as on 31 March 2022 is given below:

Year (*)	No. of UC's Outstanding	Amount (₹ in crore)
2021-22 (31.10.2019 to 30.09.2020)	770	3,137.11
<b>Total</b>	<b>770</b>	<b>3,137.11</b>

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

- (b) Further, during the year 2021-22, out of 3,215 bills amounting to ₹ 10,076.58 crore outstanding as on 31 March 2021, 126 bills to the tune of ₹ 1,918.26 crore pertaining to outstanding UCs relating to erstwhile State of Jammu and Kashmir for the period upto 30 September 2019 (pre re-organisation) was cleared. The position of outstanding UCs relating to erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh as on 31 March 2022 is given below:

Year (*)	No. of UC's 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
<b>Total</b>	<b>3,089</b>	<b>8,158.32</b>

### 6.13 Expenditure on Ecology and Environment

The expenditure incurred by the Government of Union Territory of Jammu and Kashmir towards environment is depicted in the Finance Accounts up to the level of Minor Head under various functional Head of Accounts. During the year 2021-22, the Government of Union Territory of Jammu and Kashmir incurred ₹ 45.16 crore against the budget allocation (BE) of ₹ 64.67 crore under Major Heads 3435- "Ecology and Environment".

### 6.14 Interest Adjustment

- (a) Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposits and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Account.

Details of these Funds/Deposits and interest paid by the Government during the year 2021-22 are given below:

Funds/Deposits	Balance on 1 April 2021	Basis for calculation of interest	Interest due	Interest paid	Interest short paid
State Compensatory Afforestation Fund	764.57	As per circular issued by the Ministry of Environment, Forest & Climate Change (@ 3.35 per cent p.a)	25.61	Nil	25.61
State Compensatory Afforestation Fund	475.26		15.92	Nil	15.92
Total			41.53	Nil	41.53

Non-payment/short payment of the interest amounting to ₹ 41.53 crore has resulted in understatement of Revenue and Fiscal Deficit by ₹ 41.53 crore.

- (b) Besides above, the Government is liable to pay interest on "I-Small Savings and Provident Fund etc." The interest on General Provident Fund (GPF) and State Life Insurance (SLI) accounts of the Government employees for the period ended 31 March 2022 conveyed on provisional/tentative basis by the Government of Union Territory of Jammu and Kashmir (June 2022) who is responsible for maintenance of GPF and SLI accounts of its employees. Thus, the expenditure, Revenue Deficit, Fiscal Deficit, Liabilities for the year 2021-22 will differ to the extent of the difference between the actual and tentative figures.

### **6.15 Expenditure relating to unforeseen/extraordinary events**

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir has not either operated any specific and Detailed Heads of Account nor the budget provision was kept in the Demand for Grants relating to unforeseen/ extraordinary events.

The Government of Union Territory received ₹ 281.66 crore from the Central Government for 'India Covid-19 Emergency Response and Health System Preparedness' purpose, being Grants-in-aid/ Central Assistance, etc., which have been accounted for under Major Head 1601- "Grants-in-aid from Central Government"

### **6.16 Restructuring of Centrally Sponsored Schemes (CSS)/ Additional Central Assistance (ACA) excluding Block Grants**

Consequent to the merger of Plan/Non-Plan classification, the Central Assistance release is now classified as Central Assistance/Share under Centrally Sponsored Schemes.

The total expenditure booked under Centrally Sponsored Schemes, as on 31 March 2022, is ₹ 5,415.28 crore (Revenue Expenditure ₹ 2,007.69 crore and Capital Expenditure ₹ 3,407.59 crore), which includes expenditure out of Central Assistance excluding Union Territory share. The Union Territory share for Centrally Sponsored Schemes is met from the General expenditure under Group Head-0099- "General" in Revenue Section and 0011- "General" in Capital Section by the Government of Union Territory of Jammu and Kashmir.

### **6.17 Off-Budget Liabilities of Government**

The Government of Union Territory of Jammu and Kashmir did not disclose the off-budget liabilities in their budget documents/annual financial statements. However, the Finance Department, Government of Union Territory of J&K in its response to the Principal Accountant General (Audit), has disclosed that loan amount of ₹ 2,250.00 crore raised by Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC), is being serviced from the revenue dedicated for the purpose. Further, the Union Territory Government is repaying interest on a loan amount of ₹ 10,321.83 crore raised by Jammu and Kashmir Power Corporation Limited (JKPCL). The outstanding amount of the above loans as on 31 March 2022 is ₹ 2,122.77 crore and ₹ 10,321.83 crore in case of JKIDFC and JKPCL, respectively.

### **6.18 Un-spent amount lying in the bank account of Single Nodal Agency (SNA)**

In accordance with the directions of Ministry of Finance, Government of India, funds received by the Government under Centrally Sponsored Schemes are restricted for use by the Government and was required to be transferred to concerned Single Nodal Agency's (SNA) account within a period of 21 days of its receipt.

As on 31 March 2022, the amount of unspent amount in SNA Accounts has not been made available by the Government of Union Territory of Jammu and Kashmir.

### **6.19 Contingency Fund**

In exercise of the powers conferred by Sub Section (3) of Section 69 of Jammu and Kashmir Re-organisation Act, 2019, the Government of Union Territory made the 'Contingency Fund of Jammu and Kashmir Rules, 2020' (Notification No. S.O-271 dated 27 August 2020) for regulating all matters connected with or ancillary to the custody of, payment of monies into, and the withdrawal of monies from, the Contingency Fund of the Government of Union Territory of Jammu and Kashmir. The Contingency Fund of the Government of Union Territory of Jammu and Kashmir has a corpus of ₹ 25.00 crore transferred from Consolidated Fund of Union Territory of Jammu and Kashmir during 2020-21. The balance under the Fund was ₹ 25.00 crore at the end of 31 March 2022. There was a balance of ₹ one crore in the Contingency Fund of erstwhile State of Jammu and Kashmir as on 30 October 2019 (pre re-organisation) yet to be apportioned between the two successor Union Territories.

### **6.20 New Pension Scheme**

During the year 2021-22, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹ 1,587.13 crore (Employees' contribution ₹ 652.55 crore and Government's contribution ₹ 934.58 crore). The detailed information on Government contribution is available in Statement No. 15 of the Finance Accounts. The Government transferred ₹ 1,587.13 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension Scheme.

### **6.21 State Disaster Response Fund (SDRF)**


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 Government of Union Territory of Jammu and Kashmir continued with the State Disaster Response Fund. During the year 2021-22, the Government of Union Territory of Jammu and Kashmir received ₹ 279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' as released by the Ministry of Home Affairs, Government of India. The Government of Union Territory share during the year was ₹ 31.00 crore. The Government 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.

### **6.22 Compensatory Afforestation Fund**

In compliance with the instructions issued by the Ministry of Environment, Forests and Climate Change, Government of India, the State Governments are required to establish the State Compensatory Afforestation Fund under interest bearing section in Public Account of the State for amounts received from user agencies for undertaking Compensatory Afforestation.

On re-organisation of State of Jammu and Kashmir into two new Union Territories, the successor Union Territory of Jammu and Kashmir continued with the State Compensatory Afforestation





Fund. During the year 2021-22, the Government of Union Territory of Jammu and Kashmir received ₹ 8.55 crore (₹ 180.19 crore in previous year) from the user agencies. No amount was remitted to the National Fund either during 2021-22 or during 2020-21. The Government of Union Territory receive nil amount (against ₹ 356.20 crore in previous year) from National Compensatory Afforestation Deposit. The total balance in the State Compensatory Afforestation Fund as on 31 March 2022 was ₹ 764.57 crore. There is also balance of ₹ 483.81 crore under Major Head 8336- "General and Other Reserve Funds" as on 31 March 2022.

### **6.23 Transfer of Fund to various Implementing agencies**


The Government of Union Territory of Jammu and Kashmir provides funds to Union Territory/ District Level Agencies, Autonomous Bodies and Authorities, Societies, Non-Governmental Organisations etc., as grants for implementation of Central Sector Schemes, Centrally Sponsored Schemes and Union Territory Schemes. During 2021-22, an amount of ₹ 4,870.85 crore was given by the Government of Union Territory of Jammu and Kashmir to various implementing agencies for implementation of Government scheme/ works/ programmes. The aggregate amount of unspent balances in the accounts of the implementing agencies kept outside the Government Accounts (in bank Accounts) is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, not final.

### **6.24 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 (₹ 55.63 crore as on 31 March 2021).

### **6.25 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 contribution 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 Union Territory 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 Union Territory 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.

### **6.26 Status of Suspense Balances**

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these Heads, is worked out by aggregating the outstanding debit and credit balances separately under various Heads, was ₹ 448.94 crore (Net Debit) under nine Minor Heads as on 31 March 2022 [ ₹ 755.65 crore (Net Credit) as on 31 March 2021].

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 and 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.

### **6.27 Other Cess/fee/surcharge**

During the year 2021-2022, the Government of Union Territory of Jammu and Kashmir booked an amount of ₹ 21.45 crore (₹ 22.45 crore during 2020-21) under Minor Head 103-“Rates and Cesses on Land” below Major Head 0029-“Land Revenue” (other than Labour Cess). No Fund was set up by the Government of Union Territory of Jammu and Kashmir for transfer of cesses collected by the Government of Union Territory of Jammu and Kashmir.

### **6.28 Allocation of Balances as a result of Re-organisation**

The Jammu and Kashmir Re-organisation Act, 2019 (Section 84 and 85) and notification of the Government of Union Territory of Jammu and Kashmir dated 30 October 2020 followed by Government Order No. 14-F of 2021 dated 14 January 2021 provides for the manner in which balances are to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh with effect from 31 October 2019.

Though, the Government Order in this regard was issued by the Government of Union Territory of Jammu and Kashmir dated 14 January 2021, all balances as on 30 October 2019 are yet to be apportioned between the successor Union Territories viz., Union Territory of Jammu & Kashmir and Union Territory of Ladakh resulting in adverse balances under some Heads of Accounts. Details of un-apportioned items are given in Appendix-XIII of Volume-II of the Finance Accounts.



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