

**State Finances Audit Report  
of  
the Comptroller and Auditor General of India  
for the year 2019-20 (01.04.2019 to 30.10.2019)**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Jammu and Kashmir  
Report No. 3 of the year 2021**



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**Government of Jammu and Kashmir**  
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## PREFACE

This Report of the Comptroller and Auditor General of India for the period from 01 April 2019 to 30 October 2019 has been prepared in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

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

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 erstwhile State, major fiscal aggregates, debt profile and key Public Account transactions, based on the Finance Accounts of the erstwhile State.

Chapter-III is based on the Appropriation Accounts of the erstwhile State and reviews the appropriations and allocative priorities 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 erstwhile State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials.

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

All references to the State Government or State of Jammu and Kashmir occurring in this Report shall mean to be pertaining to the erstwhile State of Jammu and Kashmir.



# **Executive Summary**



## EXECUTIVE SUMMARY

### Background

This Report on the finances of the Government of Jammu and Kashmir is brought out to assess objectively the financial performance of the State during the year 2019-20 (01 April 2019 to 30 October 2019) *vis-à-vis* the Budget Estimates/Pre-Actuals and the targets set under 14<sup>th</sup> Finance Commission, to provide the State Government and State Legislature with timely inputs based on audit analysis of financial data.

### The Report

Based on the audited accounts of the State Government for the period ending 30 October 2019 and additional data such as Budget of the State, Other data with Departmental Authorities, GSDP data and other State related statistics, this report has been structured in following four 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 State's fiscal position including the deficits/surplus.

**Chapter-II** provides a broad perspective of the finances of the State, major fiscal aggregates, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

**Chapter-III** based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from provisions relating to budgetary management.

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

## **Audit findings**

### **Chapter-I & II- Overview and Finances of the State:**

Borrowings during the period 01 April 2019 to 30 October 2019 was 74 *per cent* of target projected in the budget.

*(Para 1.5.1)*

There was Revenue Deficit (RD) of ₹192 crore in 2019-20 (01 April 2019 to 30 October 2019) which was understated by ₹154.91 crore owing to misclassification and short transfer of funds and interest to the Reserve Funds. There was Fiscal deficit of ₹4,728 crore during 2019-20 (01 April 2019 to 30 October 2019) which was understated by ₹50.12 crore owing to short transfer of funds/interest to the Reserve Funds.

*(Para 1.6.1)*

Against the actual loss of ₹2,078.07 crore due to implementation of GST, the State Government received compensation to the tune of ₹1,032 crore. It has resulted in receipt of less compensation to the extent of ₹1,046.07 crore.

*(Para 2.3.2.1.2)*

The Central tax transfers during 01 April 2019 to 30 October 2019 constituted 22.63 *per cent* of the total Revenue Receipts for the period.

*(Para 2.3.2.2.1)*

Percentage of Grants-in-Aid to Revenue Receipts was 52 *per cent* during 01 April 2019 to 30 October 2019, and thus the State Government was dependent on Grants-in-Aid from GoI.

*(Para 2.3.2.2.2)*

State received ₹3,285.32 crore against ₹6,178.37 crore as recommended by 14<sup>th</sup> Finance Commission Grants for Local Bodies from Government of India, resulting in less receipt of ₹2,893.05 crore during the period 2015-16 to 2019-20 (01 April 2019 to 30 October 2019).

*(Para 2.3.2.2.3)*

The committed expenditure constituted 70.57 *per cent* of Revenue Expenditure and 71.03 *per cent* of Revenue Receipts, during the period 01 April 2019 to 30 October 2019.

*(Para 2.4.2.1)*

An amount of ₹53.67 crore was lying under the Major Head-8342 – “Other Deposits”- 117 “Defined Contribution Pension Scheme” (New Pension Scheme) awaiting transfer to NSDL/Trustee Bank.

*(Para 2.4.2.2)*

State Government had cumulative investment of ₹3,428.03 crore in 37 Companies (₹2,959.71 crore), three Statutory Corporations (₹374.33 crore), eight Co-operative Institutions/Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore). During 2019-20 (01 April 2019 to 30 October 2019) no returns in the form of dividends was received.

(Para 2.4.3.2)

The recovery of loans is very poor resulting in increase in outstanding balance from ₹1,725.77 crore on 01 April 2019 to ₹1,740.44 crore as on 30 October 2019.

(Para 2.4.3.3)

The cumulative aggregate balance in reserve funds at the end of 30 October 2019 was ₹2,806 crore out of which only ₹11 crore has been invested.

(Para 2.5.2)

The State Government maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 48 days during the period 01 April 2019 to 30 October 2019 without taking Special Ways and Means Advance/Ways and Means Advances (WMA)/Overdrafts, and on 148 days minimum balance was maintained by obtaining Normal Ways and Means Advance besides on 17 days Overdraft was taken in addition to obtaining Normal Ways and Means Advance.

(Para 2.7.3)

### **Chapter-III- Budgetary Management:**

An amount of ₹3,254.08 crore was incurred under 92 schemes/Sub Heads in 23 Grants without Budgetary Provisions during 01 April 2019 to 30 October 2019 which needs to be regularised as per the relevant rules, laws and regulations.

(Para 3.3.1)

During 01 April 2019 to 30 October 2019, a sum of ₹104.79 crore of Revenue expenditure was disbursed under Capital Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure to the extent of ₹104.79 crore.

(Para 3.3.2)

There were 19 grants in which savings of ₹ ten crore and above had occurred under the Revenue and Capital Sections as on 30 October 2019, which included 11 grants wherein savings of ₹100 crore and above were noticed. The percentage savings ranged between five *per cent* and 65 *per cent* of the total appropriation of the grant during 2019-20 (01 April 2019 to 30 October 2019). However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was of the order of ₹2,932.59 crore.

(Para 3.4.1)

Out of 36 grants, in 26 grants the utilisation ranged between 34.73 *per cent* and 99.87 *per cent*. In the remaining 10 grants there was over utilisation resulting in excess over provisions, ranging between 1.54 *per cent* and 130.38 *per cent*, during 2019-20 (01 April 2019 to 30 October 2019).

**(Para 3.4.2)**

The Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,18,692.88 crore for the years 1980-2019 is to be regularised.

**(Para 3.5.2)**

#### **Chapter-IV- Quality of Accounts and Financial Reporting Practices:**

2,029 Utilisation Certificates in respect of loans and grants involving ₹9,354.49 crore against various departments were outstanding as on 30 October 2019.

**(Para 4.7)**

Detailed contingent (DC) bills for an amount of ₹7,226.48 crore drawn on 2,298 AC bills up to 31 August 2019 were not submitted to the Accountant General (A&E), Jammu & Kashmir.

**(Para 4.8)**

During 2019-20 (01 April 2019 to 30 October 2019), ₹2,159.92 crore (7.19 *per cent* of the total Revenue Receipts) was classified under the Minor Head 800-‘Other Receipts’ and expenditure of ₹1,140.33 crore (3.28 *per cent* of Total Expenditure) was booked under Minor Head 800-‘Other Expenditure’ instead of depicting distinctly under relevant heads in the Finance Accounts which affects transparency in financial reporting.

**(Para 4.9)**

There was mis-classification and details in respect of Grants-in-aid given in kind was not provided (IGAS 2). Detailed information regarding recoveries in arrears and accrued interest thereon was not furnished (IGAS 3).

**(Para 4.13)**

# **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 State's key fiscal position including the deficits/surplus.

#### 1.1 Profile of the State

The State of Jammu and Kashmir (J&K) was strategically located with its borders touching Pakistan and China and was spread over a geographical area of 2.22 lakh sq. km. Jammu & Kashmir was the 6th largest state of India occupying 6.76 per cent of the country's geographical area. The three regions of the State viz. Kashmir, Jammu and Ladakh were organised into 22 districts. Consequent on the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation Act, 2019, the State of Jammu and Kashmir was reorganised as Union Territory of Jammu & Kashmir and Union Territory of Ladakh (w.e.f 31 October 2019). The Union Territory of Jammu & Kashmir is constituted of all districts of erstwhile Jammu & Kashmir State except Leh and Kargil districts and Union Territory of Ladakh is constituted of Leh and Kargil districts of the erstwhile Jammu & Kashmir State. The profile of the erstwhile State and the development indicators relating to major infrastructure is reflected in **Appendix I.1**.

As per Census 2011, the State's population was 1.25 crore. The decadal growth rate of population declined to 23.71 *per cent* during 2001-2011 from 29.43 *per cent* during 1991-2001. The population density of the State increased from 100 per sq km in 2001 to 124 per sq km in 2011. The overall sex ratio declined from 892 in 2001 to 889, as per census 2011. During the decade 2001-2011, literacy rate increased from 55.5 *per cent* to 67.20 *per cent* in the State, as against 64.8 *per cent* to 73 *per cent* at national level.

Consequent on the reorganisation of the State of Jammu and Kashmir during 2019-20, Jammu & Kashmir existed as a State up to 30 October 2019, and the accounts of erstwhile State of J&K have been prepared for the period 01 April 2019 to 30 October 2019.

The original budget for the year 2019-20 was for the complete year i.e 01 April 2019 to 31 March 2020. However, during the year, the reorganisation took place w.e.f 31<sup>st</sup> October 2019. Consequently, the pre-actuals for seven months (01 April 2019 to 30 October 2019) as reflected in the demand for Grants 2020-21 passed (March 2020) by the Parliament have been taken as the Budget Estimates for preparation of this report.

The Department of Economic and Statistics of J&K Government furnished estimated Gross State Domestic Product (GSDP) of Jammu and Kashmir for the complete year 2019-20. However, the department did not compile segregated GSDP for the period 01 April 2019 to 30 October 2019. Though actual expenditure figures for the erstwhile State were available for the period till 30 October 2019 but the segregated GSDP figures

were not available for the same period. Hence comparison of trends has not been included in this report.

### **1.1.1 Gross State Domestic Product of the State**

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period. Department of Economic and Statistics of J&K Government furnished estimated Gross State Domestic Product (GSDP) of Jammu and Kashmir for the complete year 2019-20. However, the department did not compile segregated GSDP for the period 01 April 2019 to 30 October 2019.

### **1.2 Basis and Approach to State Finances Audit Report**

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India. However, as there is no Legislature, the C&AG's Report relating to the State would be placed in Parliament wherever President's Rule is extended beyond one year, as per the decision of the Government of India, Ministry of Finance (June 1994).

Pr. Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, 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 State Government, 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.

The current SFAR has been prepared for the period 01 April 2019 to 30 October 2019. Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- Budget of the State: 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 Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS),
- GSDP data and other State related statistics; and

- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XIV Finance Commission (FC), State Fiscal Responsibility and Budget Management Act, best practices and guidelines of the Government of India.

### 1.3 Report Structure

The SFAR is structured into the following four Chapters:

<b>Chapter – I</b>	<b>Overview</b> This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, key indices and State’s fiscal position including the deficits/surplus.
<b>Chapter – II</b>	<b>Finances of the State</b> This chapter provides a broad perspective of the finances of the State, major fiscal aggregates debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
<b>Chapter – III</b>	<b>Budgetary Management</b> This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from provisions relating to budgetary management.
<b>Chapter – IV</b>	<b>Quality of Accounts &amp; Financial Reporting Practices</b> This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

### 1.4 Overview of Government Accounts Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

#### **Part-I Consolidated Fund of the State (Section 115 of the Constitution of erstwhile State of Jammu & Kashmir)**

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the

Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

**Part-II Contingency Fund of the State (Section 116 of the Constitution of erstwhile State of Jammu & Kashmir)**

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

**Part-III Public Accounts of the State (Section 115 (2) of the Constitution of erstwhile State of Jammu & Kashmir)**

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account of the State. The Public Account includes repayables 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.

There is a constitutional requirement under Section 79 of the Constitution of erstwhile State of Jammu & Kashmir to present before both the Houses of the Legislature of the State, 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. The original budget for the year 2019-20 was for the complete year i.e 01 April 2019 to 31 March 2020. However, as a consequence of the reorganisation that took place w.e.f 31<sup>st</sup> October 2019, the pre-actuals/Revised Estimates for seven months (01 April 2019 to 30 October 2019) as reflected in the demand for Grants 2020-21 passed (March 2020) by the Parliament have been taken as the Budget Estimates in this report.

**Revenue receipts** consist 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 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.;

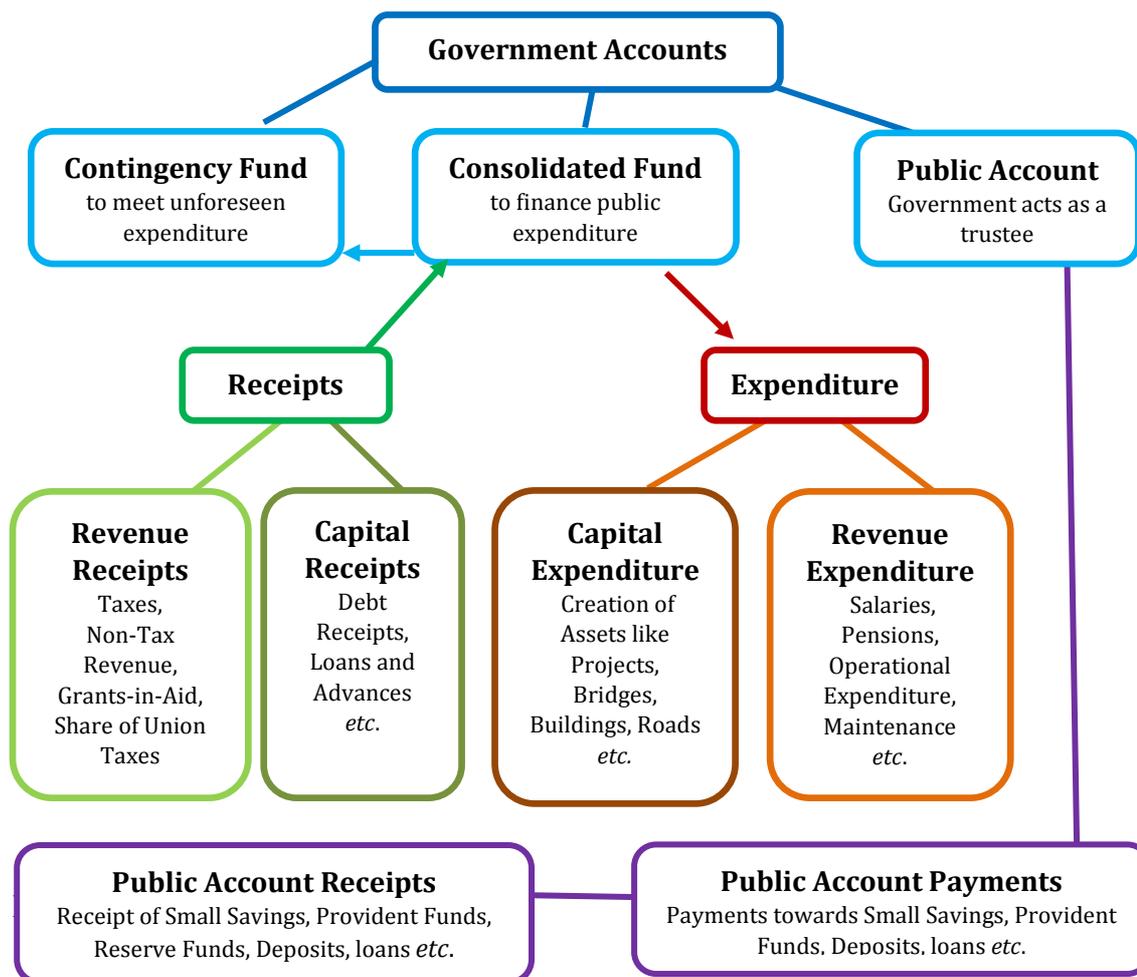
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

**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.

## 1.5 Structure of Government Accounts and Budgetary Processes

Government finances comprise the following:

**Chart 1.1: Structure of Government Accounts**



In terms of Section 79 of the Constitution of erstwhile State of Jammu & Kashmir, the Governor of the State causes to be laid before both houses of Legislature, a statement of the estimated receipts and expenditure of the State for the year, in the form of an Annual Financial Statement. In terms of Section 80 of the Constitution of erstwhile State of Jammu & Kashmir, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Section 81 *ibid* to provide for appropriation of the required money out of the Consolidated Fund. The original budget for the year 2019-20 was for the complete year i.e. 01 April 2019 to 31 March 2020. However, during the year, the reorganisation took place w.e.f. 31st October 2019.

Consequently, the pre-actuals/Revised Estimates for seven months (01 April 2019 to 30 October 2019) as reflected in the demand for Grants 2020-21 passed (March 2020) by the Parliament have been taken as the Budget Estimates for preparation of this report. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

### **1.5.1 Snapshot of Finances**

The following table provides the details of actual financial results for the period from 01 April 2019 to 30 October 2019 *vis-à-vis* Budget Estimates of the same period. Time series data on the State Government Finances is depicted in **Appendix 1.2**.

**Table 1.1: Actuals versus Budget Estimates for the period 01 April 2019 to 30 October 2019**

(₹ in crore)

Sl. No.	Components	Budget Estimate*	Actuals	Percentage of Actual to B.E.
1	Own Tax Revenue	6,427	5,410	84
2	Non-Tax Revenue	1,036	2,197	212
3	Share of Union taxes/duties	6,762	6,802	101
4	Grants-in-aid and Contributions	13,513	15,643	116
5	<b>Revenue Receipts (1+2+3+4)</b>	<b>27,738</b>	<b>30,052</b>	<b>108</b>
6	Recovery of Loans and Advances	0	2	-
7	Other Receipts	(-31)	-	-
8	Borrowings and other Liabilities	6,424	4,728 <sup>#</sup>	74
9	<b>Capital Receipts (6+7+8)</b>	<b>6,393</b>	<b>4,730</b>	<b>74</b>
10	<b>Total Receipts (5+9)</b>	<b>34,131</b>	<b>34,782</b>	<b>102</b>
11	<b>Revenue Expenditure, of which</b>	<b>28,171</b>	<b>30,244</b>	<b>107</b>
12	Interest payments	1,737	3,355	193
13	<b>Capital Expenditure</b>	<b>5,960</b>	<b>4,538</b>	<b>76</b>
14	Capital outlay	5,948	4,522	76
15	Loans and Advances	12	16	133
16	<b>Total Expenditure (11+13)</b>	<b>34,131</b>	<b>34,782</b>	<b>102</b>
17	<b>Revenue Deficit (5-11)</b>	<b>(-433)</b>	<b>(-192)</b>	<b>44</b>
18	<b>Fiscal Deficit {16-(5+6+7)}</b>	<b>(-6,424)</b>	<b>(-4,728)</b>	<b>74</b>
19	<b>Primary Deficit (18-12)</b>	<b>4,687</b>	<b>1,373</b>	<b>29</b>

\*Pre-actuals for the period 01 April 2019 to 30 October 2019 reflected in Budget for the year 2020-21. # Borrowings and other Liabilities. Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of Opening and Closing Balance.

The borrowings during the period 01 April 2019 to 30 October 2019 was 74 per cent of the target projected in the budget. During this period, there was increase in both, Revenue Receipts and Revenue Expenditure, as compared to the Budget Estimates. However, the increase in Revenue Receipts (₹2,314 crore) was more than the increase in Revenue Expenditure (₹2,073 crore), which resulted in lesser Revenue Deficit (₹192 crore) than projected in Budget Estimates (₹433 crore). The increase in Revenue Receipts was due to increase in Own Non Tax revenue (₹1,161 crore), Share of Union Taxes (₹40 crore) and Grants-in-Aid (₹2,130 crore), partially offset by decrease in Own Tax Revenue (₹1,017 crore). The actual Capital Expenditure was less

than the estimated figures by an amount of ₹1,422 crore. As a result, the actual fiscal deficit (₹4,728 crore) was lesser than the Budget Estimates (₹6,424 crore).

### **1.5.2 Snapshot of Assets and liabilities of the Government**

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred at historical cost i.e. in terms of the cash inflow and outflow in nominal terms without making any adjustment for appreciation/depreciation. Statement 12 of the Finance Accounts 2019-20 (01 April 2019 to 30 October 2019) gives an overview of sources and application of funds. Statement 1, 6 and 17 of the Finance Accounts 2019-20 (01 April 2019 to 30 October 2019) provide summary position of the Government's financial liabilities such as borrowing from open market and financial institutions, loans and advances from the Union Government and net receipts under public accounts in respect of which the Government functions as a trustee or banker.

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

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. 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 State Government and cash balances. Although the State has been bifurcated (w.e.f 31 October 2019), the assets and liabilities of erstwhile State are yet to be distributed between the newly created Union Territories. The position of assets and liability for current year and previous year is shown in **Table 1.2**.

**Table 1.2: Summarised position of Assets and Liabilities of the erstwhile state of Jammu & Kashmir**

(₹ in crore)

Liabilities				Assets			
		2018-19	2019-20 (01/04/2019 to 30/10/2019)			2018-19	2019-20 (01/04/2019 to 30/10/2019)
<b>Consolidated Fund</b>							
A	Internal Debt	42,221	45,429	A	Gross Capital Outlay	98,478	1,03,001
B	Loans and Advances from GoI	1,292	1,237	B	Loans and Advances	1,726	1,740
<b>Contingency Fund</b>		<b>1</b>	<b>1</b>			-	-
<b>Public Account</b>							
A	Small Savings, Provident Funds, etc.	26,242	27,162	A	Advances	13	13
B	Deposits	6,853	6,914	B	Remittance	-	-
C	Reserve Funds	2,497	2,805	C	Suspense and Miscellaneous	-	344
D	Remittances	2,765	2,848	<b>Cash balance (including investment in Earmarked Fund)</b>		<b>511</b>	<b>-42</b>
E	Suspense and Misc. Balance	5	-	<b>Total</b>		<b>1,00,728</b>	<b>1,05,056</b>
<b>Cumulative Excess of Receipts over Expenditure</b>		<b>18,852</b>	<b>18,660</b>	<b>Deficit in Revenue Account</b>			
<b>Total</b>		<b>1,00,728</b>	<b>1,05,056</b>	<b>Total</b>		<b>1,00,728</b>	<b>1,05,056</b>

### 1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14 August 2006, to provide for the responsibility of the Government to ensure prudence in fiscal management and fiscal stability by progressive strengthening of revenue surplus, reduction in fiscal deficit, prudent debt management, consistent with fiscal sustainability, greater transparency in fiscal operations of the Government

and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto.

FRBM Act required that Medium Term Fiscal Policy Statement is to be presented to the Legislature, in which the Government shall set forth the fiscal management objectives and three year rolling targets for the prescribed fiscal indicators. The fiscal targets fixed for 2019-20 in MTFP Statements were for complete year 2019-20. As per these targets, the erstwhile State was to maintain Revenue Surplus, Fiscal Deficit below three *per cent* of GSDP and outstanding debt to GSDP ratio below 44.01 *per cent*. The State got bifurcated into two Union Territories w.e.f 31 October 2019 and there were no targets for part year 2019-20 (up to 30 October 2019). However, it was noted that during the part year (till 30 October 2019), there was a Revenue Deficit of ₹192 crore. As the GSDP figures for the part year were not available, the State's performance on the parameters of Fiscal Deficit and outstanding debt as a percentage of GSDP, could not be assessed and commented upon.

### 1.6.1 Deficit Parameters

**Revenue Deficit:** The difference between revenue expenditure and revenue receipts is Revenue Deficit. There was Revenue Deficit (RD) of ₹192 crore in 2019-20 (01 April 2019 to 30 October 2019).

**Fiscal Deficit:** Fiscal deficit is the difference between the Government's total expenditure and its total receipts excluding borrowings. During the period 01 April 2019 to 30 October 2019, the Fiscal deficit was ₹4,728 crore.

**Primary Deficit/Surplus:** There was Primary Deficit of ₹1,373 crore during 2019-20 (01 April 2019 to 30 October 2019).

## 1.7 Deficits and Total Debt after examination in Audit

In order to present better picture of State Finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations. During the period 01 April 2019 to 30 October 2019, Revenue Deficit and Fiscal Deficit were understated by ₹154.91 crore and ₹50.12 crore respectively owing to misclassification and short transfer of funds and interest to the Reserve Funds and there was off budget borrowing of ₹0.23 crore as detailed in the following para.

### 1.7.1 Post audit - Deficits

Misclassification of revenue expenditure as capital, short contributions to reserve funds, non transfer of State share and non transfer of interest on account of delayed transfer of State Disaster Response Funds has impacted the Revenue and Fiscal Deficit as shown in **Table 1.3**.

**Table 1.3: Revenue and Fiscal Deficit, post examination by Audit**

Sl. No.	Item	Impact on Revenue Deficit (Understated (+)/ overstated(-) (₹ in crore)	Impact on Fiscal Deficit (Understated) (₹ in crore)
		<b>Under Statement</b>	<b>Under Statement</b>
1	Grants-in-Aid classified as Capital Expenditure	68.97	-
2	Operating cost and transport/handling charges of food grains classified as Capital Expenditure	29.20	-
3	Stipend and Scholarship booked under Capital Expenditure	0.11	-
4	Subsidy booked under Capital Expenditure	6.47	-
5	Salary booked under Capital Expenditure.	0.04	-
6	Short Contribution to Guarantee Redemption Fund	5.04	5.04
7	SDRF Grant (State Share) not transferred to SDRF	45.00	45.00
8	Amount not transferred to SDRF (interest on account of delay in transfer)	0.08	0.08
<b>Total Net impact</b>		<b>154.91</b>	<b>50.12</b>

Source: Finance Accounts

Revenue Deficit of ₹192 crore during the period 01 April 2019 to 30 October 2019 is understated by ₹154.91 crore because of Revenue Expenditure being classified as Capital Expenditure and due to short transfer of funds and interest to the Reserve Funds. Fiscal Deficit is also understated by ₹50.12 crore due to short transfer of funds and interest to the Reserve Funds.

### **1.7.2 Post audit – Total Public Debt**

As per the J&K FRBM Act, the total liabilities means liabilities under Consolidated Fund of the State and Public Accounts of the State and includes borrowings by the public Sector Undertakings and the Special Purpose vehicles and other equivalent instruments including Guarantees where the Principal and/or the interest is serviced out of the budget. There is an off budget borrowing of ₹0.23 crore during 01 April 2019 to 30 October 2019 for implementation of RGGVY/DDUGJY which needs to be included in total liabilities of the State.

**Chapter-II**  
**Finances of the State**



## CHAPTER-II

### FINANCES OF THE STATE

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir during the financial year 2019-20 (01 April 2019 to 30 October 2019) on the basis of major fiscal aggregates and its structural profile.

#### 2.1 Major changes in Key fiscal aggregates *vis-à-vis* 2018-19

The major key fiscal aggregates of the State for the period 01 April 2019 to 30 October 2019 were for seven months accounts, so it cannot be compared *vis-à-vis* fiscal aggregates for the complete year 2018-19.

#### 2.2 Sources and Application of Funds

The components of the sources and application of funds of the State during the period 01 April 2019 to 30 October 2019 are as under:

**Table 2.1: Details of Sources and Application of funds during 2019-20 (01 April 2019 to 30 October 2019)**

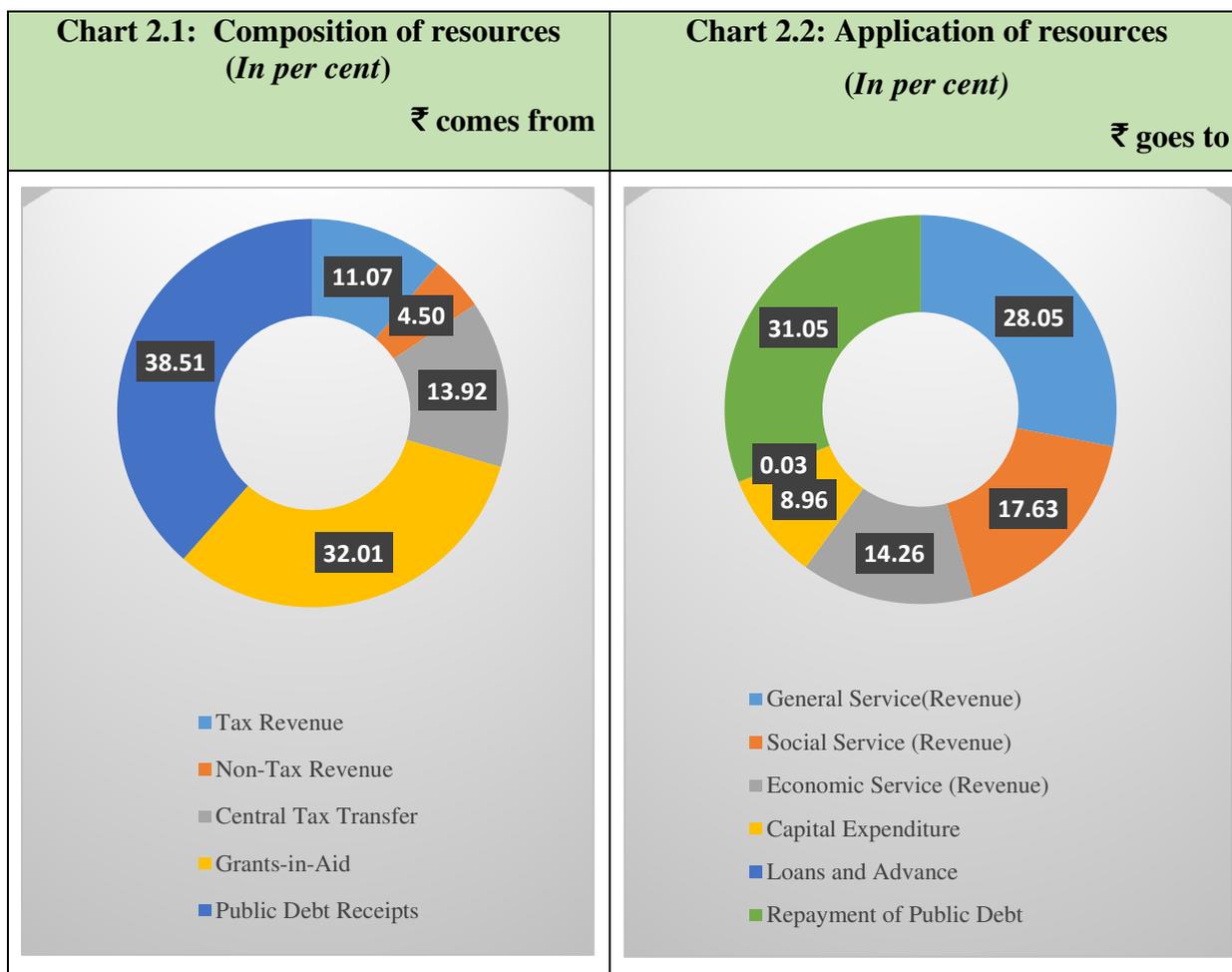
(₹ in crore)

	Particulars	2019-20 (01/04/2019 to 30/10/2019)
<b>Sources</b>	Opening Cash Balance with RBI and other cash balances	511
	Revenue Receipts	30,052
	Recoveries of Loans and Advances	02
	Public Debt Receipts (Net)	3,153
	Public Account Receipts (Net)	1,022
	<b>Total</b>	<b>34,740</b>
<b>Application</b>	Revenue Expenditure	30,244
	Capital Expenditure	4,522
	Disbursement of Loans and Advances	16
	Closing Cash Balance with RBI and other cash balances	(-)42
	<b>Total</b>	<b>34,740</b>

Source: Finance Accounts

Revenue receipt is biggest source and biggest share of resource was applied towards revenue expenditure.

The composition of sources and application of funds in the Consolidated Fund of the State during 2019-20 (01 April 2019 to 30 October 2019) is given in **Chart 2.1** and **Chart 2.2**.



Public Debt Receipts and Grant-in- Aid accounted for 70.52 *per cent* of resources of State. Repayment of Public Debt and Expenditure on General Services accounted for 59.10 *per cent* of expenditure.

### 2.3 Resources of the State

The resources of the State are described below:

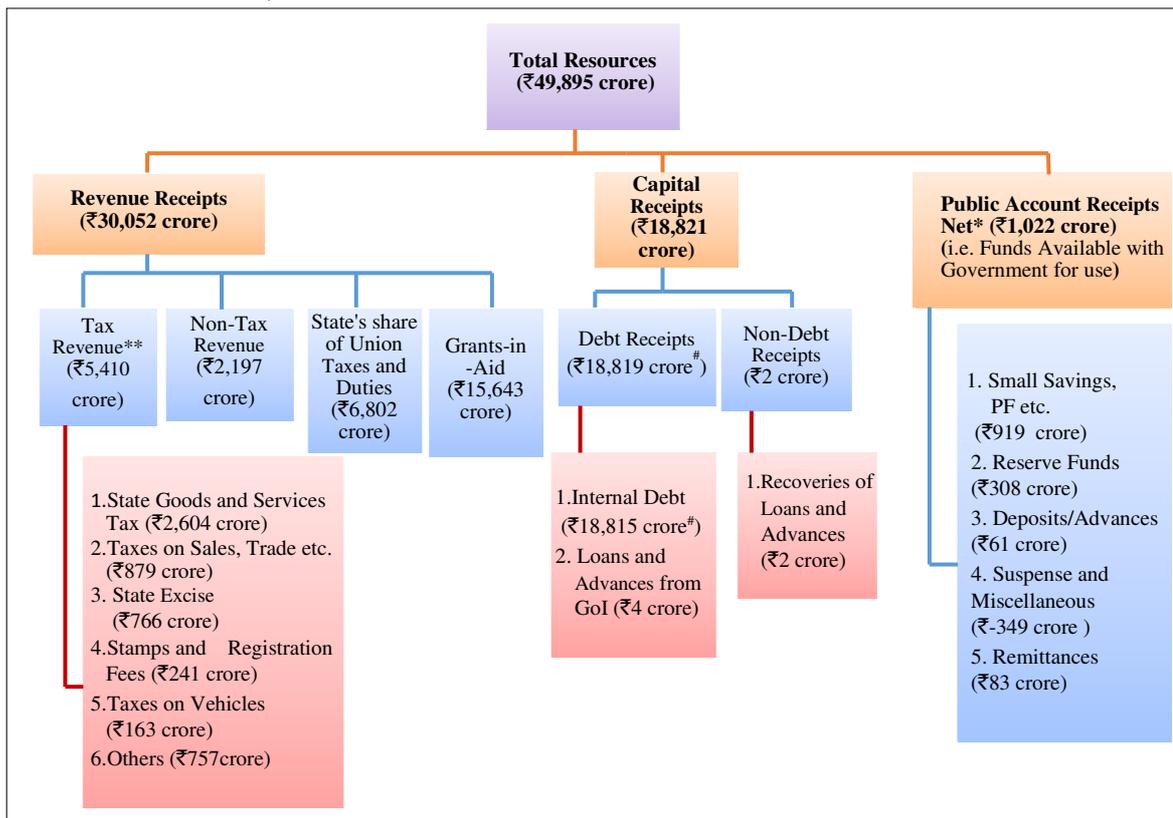
1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts 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 State.
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 115 (2) of the Constitution of erstwhile state of Jammu and Kashmir and are not subject to vote by the State 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 State

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, State’s share of Union Taxes and Duties 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 State during the current year are given below.

**Chart 2.3: Composition of receipts of the State during 2019-20 (01 April 2019 to 30 October 2019)**



\*Public Accounts Receipts Net (₹1,022 crore) =Public Accounts Receipts (₹16,992.80 crore) less Public Accounts Disbursements (₹15,970.45 crore) \*\*does not include compensation of ₹1,032 crore received due to implementation of GST (included in GIA) # Includes Ways and Means Advance (₹14,803 .07 crore)

### 2.3.2 State’s Revenue Receipts

During the period 01 April 2019 to 30 October 2019 the various components of State Revenue receipts were as shown in **Table 2.2**.

**Table 2.2: Components of State's Revenue Receipts during 01 April 2019 to 30 October 2019)**

(₹ in crore)

Sl. No.	Name of Components	Amount	Percentage
1	Own Tax Revenue	5,410	18
2	Own Non Tax Revenue	2,197	7
3	State's share in Union Taxes	6,802	23
4	Grants-in-Aid from Government of India	15,643	52
	<b>Total</b>	<b>30,052</b>	

Source: Finance Accounts

### 2.3.2.1 State's Own Resources

State's performance in mobilisation of resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. Details of the own tax revenue and non-tax revenue of the State during the period 01 April 2019 to 30 October 2019 are given in the following sub-paragraphs.

#### 2.3.2.1.1 Own Tax Revenue

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc.

**Table 2.3: Components of State's Own Tax Revenue**

(₹ in crore)

Revenue Head	2019-20 (01/04/2019 to 30/10/2019)	Percentage to total Own Tax Revenue
SGST	2,604	48
Sales Tax	879	16
State excise	766	14
Taxes on goods and passengers	574	11
Stamp duty and Registration fees	241	4
Taxes on vehicles	162	3
Land revenue	86	2
Other taxes	98	2
<b>Total</b>	<b>5,410</b>	

Source: Finance Accounts

During 01 April 2019 to 30 October 2019, the State's Own Tax Revenue was ₹5,410 crore. The respective share of major components of Own Tax Revenue is SGST (48 per cent), Sales Tax (16 per cent), State Excise (14 per cent) and Taxes on Goods

and Passengers (11 *per cent*), which together account for 89 *per cent* of total Own Tax Revenue.

### 2.3.2.1.2 State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 *per cent* from the base year, for a period of 5 years. The centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed. State Government implemented the Goods and Services Tax (GST) Act which became effective from 8<sup>th</sup> July 2017. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. The base year (2015-16) revenue figure was finalised under GST Act. In case of Jammu and Kashmir, the Revenue was ₹4,766.30 crore during the base year (2015-16). The protected revenue for any year in a State shall be calculated by applying the projected growth rate (14 *per cent* per annum) over the base year revenue. The protected revenue for the year 2019-20 in accordance with base year figure was ₹8,050.09 crore<sup>1</sup>. The protected revenue for the seven month period (01 April 2019 to 30 October 2019) was ₹4,695.88 crore. Against the protected revenue, the Revenue Receipt of the State Government under GST including collection of taxes subsumed in GST during the period 2019-20 (01 April 2019 to 30 October 2019) remained at ₹2,617.81 crore as detailed in **Table 2.4**. Against the actual loss of ₹2,078.07 crore due to implementation of GST, the State Government received compensation of ₹1,032 crore during the period 01 April 2019 to 30 October 2019. It has resulted in less compensation to the extent of ₹1046.07 crore, as given below. During the year 2019-20 (01 April 2019 to 30 October 2019) the total collection under SGST was ₹2,604 crore.

<sup>1</sup>  $4766.30 \times (1 + 14/100)^4 = ₹8,050.09$  crore for 2019-20 and for one month will be  $8,050.09/12 = ₹670.84$  crore

**Table 2.4: Pre-GST and SGST collected, provisional apportionment of IGST and compensation received from GoI against protected revenue**

(₹ in crore)

Month	Monthly revenue to be protected	Pre-GST collected #	SGST collected *	Apportionment of IGST*	Total amount received	Compensation to be received	Compensation actually received	Surplus (+)/ Deficit(-)
	1	2	3	4	5 (2+3+4)	6 (1-5)	7	8 (7-6)
April-19	670.84	3.89	196.86	324.01	524.76	146.08	0	(-)146.08
May-19	670.84	1.51	148.18	245.37	395.06	275.78	228	(-)47.78
June-19	670.84	0.89	148.52	271.72	421.13	249.71	0	(-)249.71
July-19	670.84	6.05	151.04	89.31	246.40	424.44	334	(-)90.44
Aug-19	670.84	0.44	109.82	454.59	564.85	105.99	0	(-)105.99
Sep-19	670.84	0.42	97.23	124.22	221.87	448.97	470	(+)21.03
Oct-19	670.84	0.55	115.38	127.81	243.74	427.1	0	(-)427.1
<b>Total</b>	<b>4,695.88</b>	<b>13.75</b>	<b>967.03</b>	<b>1,637.03</b>	<b>2,617.81</b>	<b>2,078.07</b>	<b>1,032.00</b>	<b>(-)1,046.07</b>

# Source: State Government

\* Source : Finance Accounts/VLC data, (Includes Fines and Penalty)

### 2.3.2.1.3 Audit of GST Receipts

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAGs constitutional mandate of certifying the accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The access to GST data has not been provided, and the accounts for the period 01 April 2019 to 30 October 2019 were certified, as was done when records were manually maintained.

### 2.3.2.1.4 Non-Tax Revenue

Non-Tax Revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Non-Tax Revenue during the period 01 April 2019 to 30 October 2019 is given in **Table 2.5** below:

**Table 2.5: Components of State's Non-Tax Revenue***(₹ in crore)*

Revenue Head	2019-20 (01/04/2019 to 30/10/2019)	Percentage
Interest Receipts	10	0.46
Dividend and Profits	-	-
Other Non-Tax Receipts	2,187	99.54
a) Power Development Department	1,693	77.06
b) Major /Medium Irrigation	216	9.83
c) Other Administrative Services	63	2.87
d) Police	39	1.78
e) Non-ferrous mining	28	1.27
f) Medical and Public Health	17	0.77
g) Water Supply and Sanitation	16	0.73
h) Others	115	5.23
<b>Total</b>	<b>2,197</b>	

Source: Finance Accounts

Non-Tax Revenue (₹2,197 crore) constituted 7.31 per cent of the Revenue Receipt (₹30,052 crore) during 2019-20 (01 April 2019 to 30 October 2019).

The receipts from the sale of Power, being a major constituent of Non-Tax Revenue constituted 77.06 per cent and receipt under Major/Medium Irrigation constituted 9.83 per cent of total Own Non-Tax Revenue for the period 01 April 2019 to 30 October 2019. Government's expenditure on Purchase of power during the period 01 April 2019 to 30 October 2019 was ₹2,715 crore, against which receipt on account of power was ₹1,693 crore. Thus, Government could not recover even the expenditure incurred on purchase of power.

### 2.3.2.2 Transfers from the Centre

Transfers from Centre are heavily dependent on Finance Commission recommendations. State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes.

#### 2.3.2.2.1 Central Tax transfer

During 01 April 2019 to 30 October 2019, the erstwhile State received ₹6,802 crore as share of Central Taxes against the amount of ₹6,762 crore projected in Budget estimates. The Central tax transfers constituted 22.63 per cent of the total Revenue Receipts for this period. The breakup of the central share received with regard to the various heads is shown below:

**Table 2.6: Central Tax Transfers**

(₹ in crore)

Head	2019-20 (01/04/2019 to 30/10/2019)	Percentage
Central Goods and Services Tax (CGST)	1,929.04	28.36
Corporation Tax	2,315.88	34.05
Taxes on Income other than Corporation Tax	1,657.57	24.37
Customs	514.44	7.56
Union Excise Duties	384.88	5.66
<b>Central Tax transfers</b>	<b>6,801.81</b>	

Source : Finance Accounts

The Corporation Tax constitutes 34.05 per cent, CGST constitutes 28.36 per cent and Taxes on Income other than Corporation Tax constitutes 24.37 per cent of total Central Tax transfers during the period 01 April 2019 to 30 October 2019.

#### 2.3.2.2.2 Grants-in-aid from GoI

The GoI had operated new Sub-Major Head under Major Head-1601 Grants-in-Aid (GIA) for providing GIA to States during 2017-18 and discontinued Plan and Non-Plan classification. Details of GIA received during the period 01 April 2019 to 30 October 2019 are given in Table 2.7.

**Table 2.7: Grants-in-aid from Government of India**

(₹ in crore)

Head	2019-20 (01/04/2019 to 30/10/2019)
Grants for Centrally Sponsored Schemes (CSS)	4,181
Finance Commission Grants	10,048
Other transfers/Grants to States/Union Territories with Legislature	1,414
<b>Total</b>	<b>15,643</b>
Percentage of GIA to Revenue Receipts	52

Source: Finance Accounts

Percentage of Grants-in-Aid to Revenue Receipts was 52 per cent during 01 April 2019 to 30 October 2019, and thus the State Government was heavily dependent on Grants-in-Aid from GoI.

#### 2.3.2.2.3 Fourteenth Finance Commission Grants

As per 14<sup>th</sup> FC Recommendations, a total amount of ₹6,178.37 crore was projected (2015-20) as grants for Rural Local Bodies (₹3,463.73 crore), Urban Local Bodies

(₹1,305.64 crore), and State Disaster Response Fund (₹1,409 crore) respectively. Against this, an amount of ₹3,285.32 crore was released/allocated during the years 2015-20 (till 30 October 2019).

**Table 2.8 Recommended amount, actual release and transfers of Grant-in-aid**

(₹ in crore)

Transfers	Recommendation of the XIV-FC			Actual release by GoI			Release by State Government to Local bodies		
	2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20 (01/04/2019 to 30/10/2019)	Total	2015-16 to 2018-19	2019-20 (01/04/2019 to 30/10/2019)	Total
<b>Local Bodies</b>									
<b>(i) Grants to PRIs</b>	<b>2,414.24</b>	<b>1,049.49</b>	<b>3,463.73</b>	<b>638.31</b>	<b>1,219.61</b>	<b>1,857.92</b>	<b>549.22</b>	<b>853.11</b>	<b>1,402.33</b>
(a) General Basic Grant	2,182.17	935.19	3,117.36	571.53	1,219.61	1,791.14	549.22	853.11	1,402.33
(b) General Performance Grants	232.07	114.30	346.37	66.78	-	66.78	-	-	-
<b>(ii) Grants to ULBs</b>	<b>906.12</b>	<b>399.52</b>	<b>1,305.64</b>	<b>125.30</b>	<b>173.50</b>	<b>298.80</b>	<b>62.65</b>	<b>236.15</b>	<b>298.80</b>
(a) General Basic Grant	731.16	313.35	1,044.51	125.30	173.50	298.80	62.65	236.15	298.80
(b) General Performance Grants	174.96	86.17	261.13	-	-	-	-	-	-
<b>Total for Local Bodies</b>	<b>3,320.36</b>	<b>1,449.01</b>	<b>4,769.37</b>	<b>763.61</b>	<b>1,393.11</b>	<b>2,156.72</b>	<b>611.87</b>	<b>1,089.26</b>	<b>1,701.13</b>
<b>State Disaster Response Fund*</b>	<b>1,099.00</b>	<b>310.00</b>	<b>1,409</b>	<b>723.60</b>	<b>405.00</b>	<b>1,128.60</b>	<b>803.60*</b>	<b>405.00</b>	<b>1,208.60</b>
<b>Grand Total</b>	<b>4,419.36</b>	<b>1,759.01</b>	<b>6,178.37</b>	<b>1,487.21</b>	<b>1,798.11</b>	<b>3,285.32</b>	<b>1,415.47</b>	<b>1,494.26</b>	<b>2,909.73</b>

\* Including State share of total grant.

Source: XIV-FC Report, Finance Accounts and State Government

The amount of ₹3,285.32 crore includes ₹1,798.11 (₹173.50 crore for ULBs, ₹1,219.61 crore for PRIs and ₹405 crore for SDRF) received during 2019-20 (01 April 2019 to 30 October 2019).

During the 14<sup>th</sup> FC award period 2015-16 to 2019-20, the State had received an amount of ₹1,857.92 crore (till 30 October 2019) as grants for PRIs against which only an amount of ₹1,402.33 crore was released up to 30 October 2019 to PRIs, and balance amount of ₹455.59 crore remained with the State Government ending 30 October 2019.

### 2.3.3 State's performance in Mobilisation of Resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The State's Own Tax and Own

Non-Tax Receipts for the year 2019-20 (01 April 2019 to 30 October 2019) *vis-à-vis* budget estimates (pre- actuals) are given in **Table 2.9**:

**Table 2.9: Tax and non-tax receipts *vis-à-vis* projections for the period 01 April 2019 to 30 October 2019**

(₹ in crore)

	Budget Estimates*	Actual	Percentage variation of actual over Budget estimates*
<b>Own Tax Revenue</b>	6,427	5,410	(-)16
<b>Non-Tax Revenue</b>	1,036	2,197	(+)112

\*Pre-actuals for the period 01 April 2019 to 30 October 2019 reflected in Budget for the year 2020-21.

The collection under State's Own Tax Revenue fell short by 16 *per cent* of Budget Estimates. The receipts under Own Non-Tax Revenue were 112 *per cent* more than the Budget Estimates. The State Government could not achieve its own targets for Own Tax revenue projected in the Budget Estimates. The State's Own Resources (Own Tax Revenue and Own Non-Tax Revenue) of ₹7,607 crore during 2019-20 (01 April 2019 to 30 October 2019), was not enough to cover its committed liabilities (salaries & wages, interest payments and pension) of ₹21,345 crore.

## 2.4 Application of Resources

The State 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 State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the allocation of expenditure in the State.

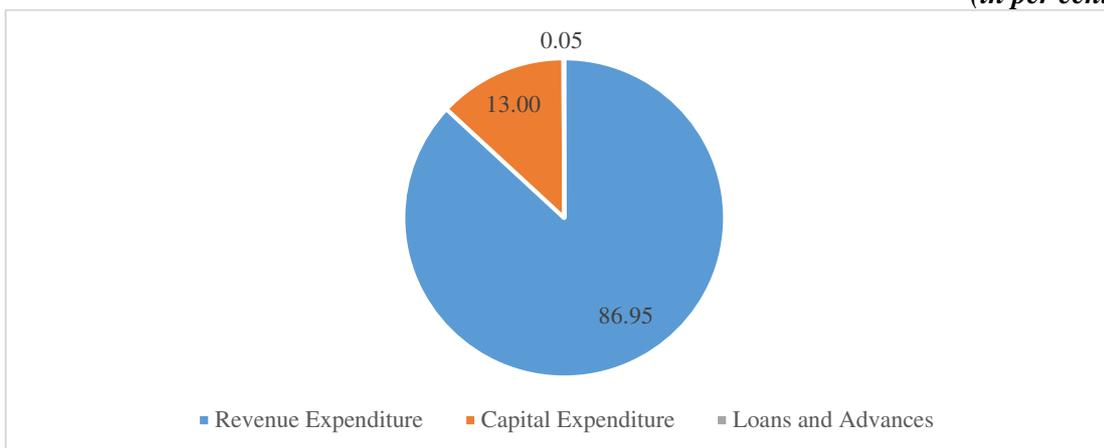
### 2.4.1 Composition of Expenditure

The composition of the total expenditure of ₹34,782 crore incurred during the period 01 April 2019 to 30 October 2019, is shown in **Table 2.10** below:

**Table 2.10: Total expenditure and its composition**

Parameters	2019-20 (01/04/2019 to 30/10/2019) (₹ in crore)	Percentage
Revenue Expenditure (RE)	30,244	86.95%
Capital Expenditure (CE)	4,522	13.00%
Loans and Advances	16	0.05%
<b>Total Expenditure (TE)</b>	<b>34,782</b>	

Source : Finance Accounts

**Chart 2.4: Total Expenditure: share of its components***(in per cent)*

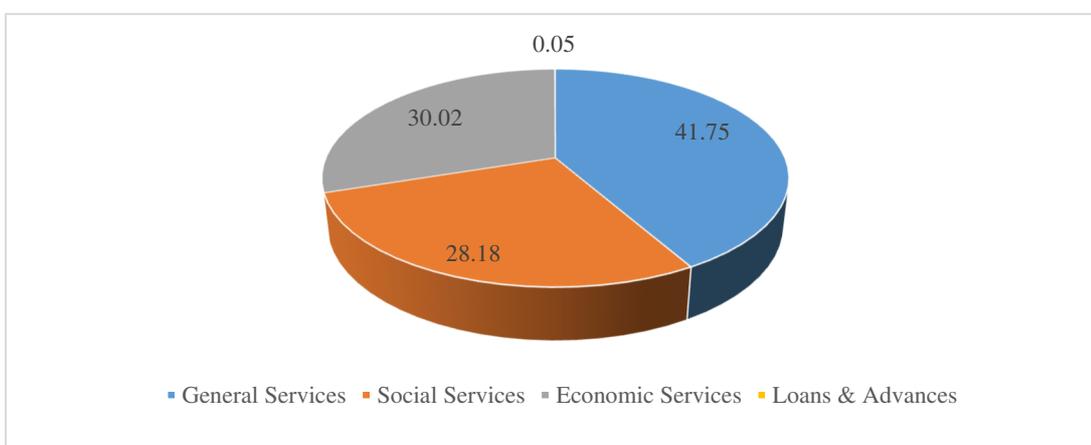
During the period 01 April 2019 to 30 October 2019, the Revenue Expenditure had a predominant share of 86.95 *per cent* of the Total Expenditure. The share of Capital Expenditure in Total Expenditure was 13.00 *per cent* during the same period. This indicates that less share of resources are being used towards development of infrastructure.

The relative share of expenditure of various sectors is given in **Table 2.11** below:

**Table 2.11: Relative share of expenditure of various sectors**

Parameters	2019-20 (01/04/2019 to 30/10/2019) (₹ in crore)	Percentage
General Services	14,521	41.75
Social Services	9,803	28.18
Economic Services	10,442	30.02
Others (Grants to Local Bodies and Loans and Advances)	16	0.05
<b>Total Expenditure (TE)</b>	<b>34,782</b>	<b>100.00</b>

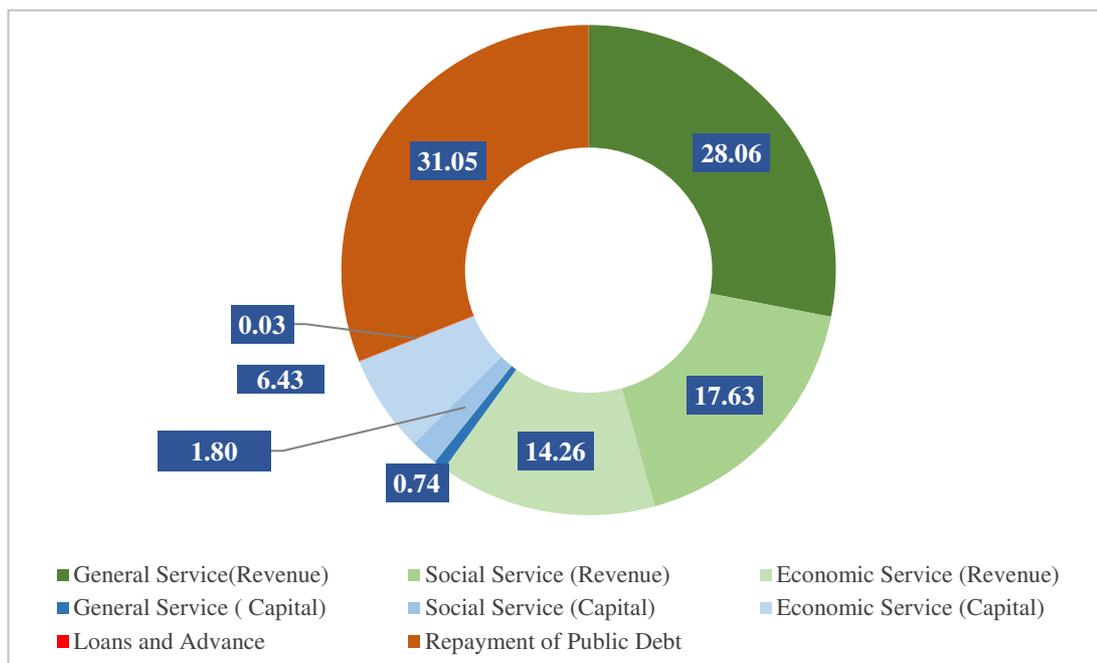
Source: Finance Accounts

**Chart 2.5: Total Expenditure - Expenditure by activities***(in per cent)*

The combined share of Social and Economic Services which represented Development Expenditure was 58.20 *per cent* during 2019-20 (01 April 2019 to 30 October 2019). The share of expenditure on General Services was 41.75 *per cent* during 2019-20 (01 April 2019 to 30 October 2019).

**Chart 2.6: Pie Chart for the Composition of Expenditure**

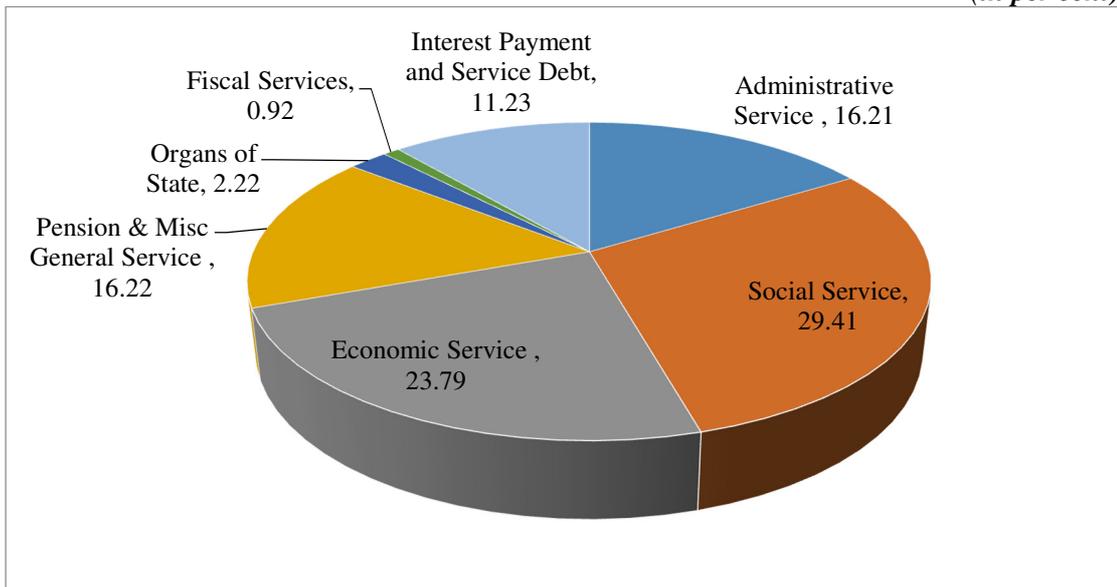
*(in per cent)*



It can be seen from above pie chart that Repayment of Public debt account for 31.05 *per cent* and General Services account for 28.80 *per cent* of total expenditure. Social Services and Economic Services account for 40.12 *per cent* of total expenditure.

#### **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 State's infrastructure and service network. During the period 01 April 2019 to 30 October 2019, the Revenue Expenditure (₹30,244 crore) constituted 86.95 *per cent* of the Total Expenditure (₹34,782 crore), and was more than the Revenue Receipts of ₹30,052 crore during the period. The sector wise distribution of the Revenue expenditure during the period is shown in the **Chart 2.7**.

**Chart 2.7: Sector-wise distribution of Revenue Expenditure***(in per cent)*

During 2019-20 (01 April 2019 to 30 October 2019), the combined share of revenue expenditure on Economic Services and Social Services accounts for 53.20 per cent and General Services accounts for 46.80 per cent of Revenue Expenditure. The expenditure on General Services includes expenditure on Administrative Services, Interest payments and Servicing of debts and Pension & Miscellaneous General Services which accounts for respectively 16.21 per cent, 11.23 per cent and 16.22 per cent of Revenue Expenditure.

#### 2.4.2.1 Committed Expenditure

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

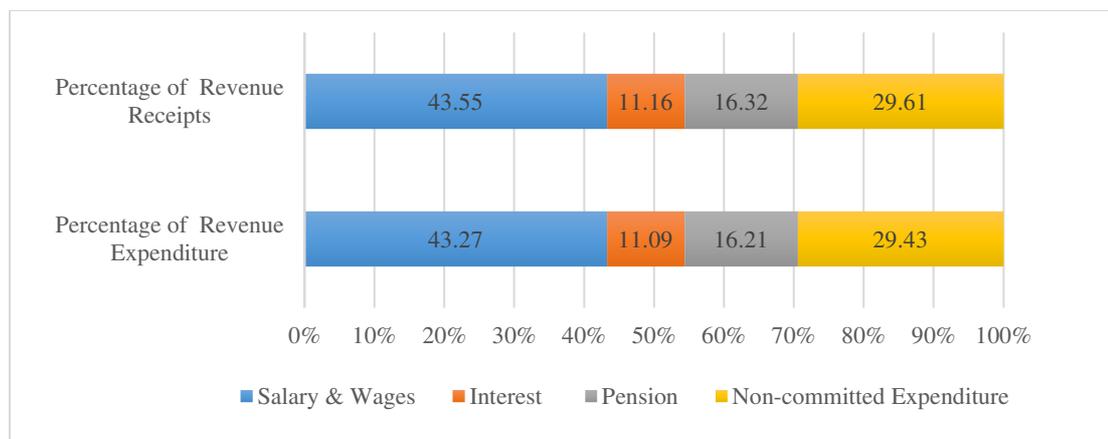
**Table 2.12: Components of Committed Expenditure***(₹ in crore)*

Components of Committed Expenditure	2019-20 (01/04/2019 to 30/10/2019)	As a percentage of Revenue Receipts (RR)	As a percentage of Revenue Expenditure (RE)
Salaries & Wages	13,087	43.55	43.27
Expenditure on Pensions	4,903	16.32	16.21
Interest Payments	3,355	11.16	11.09
<b>Total</b>	<b>21,345</b>	<b>71.03</b>	<b>70.57</b>

Source: Finance Accounts

**Chart 2.8: Ratio of Committed expenditure in total Revenue Expenditure and Revenue receipts during 01 April 2019 to 30 October 2019**

*(in per cent)*



The committed expenditure constituted 70.57 per cent of Revenue Expenditure and 71.03 per cent of Revenue Receipts, during the period 01 April 2019 to 30 October 2019. State's Own Tax Revenue and Own Non Tax Revenue of ₹7,607 crore during 01 April 2019 to 30 October 2019 is not enough to meet its committed expenditure.

#### **2.4.2.2 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 by the Scheme contribute 10 per cent of basic pay and dearness allowance, which is matched by the State Government with equal amount. As per Government instructions dated 17 January 2019, all treasury officers/Drawing and Disbursing officers were advised that the pension contributions received between 1<sup>st</sup> to 18<sup>th</sup> of the month may be uploaded by 23<sup>rd</sup> of the same month and contributions received between 19<sup>th</sup> to 31<sup>st</sup> of the month may be uploaded by 10<sup>th</sup> of the following months.

During 2019-20 (01 April 2019 to 30 October 2019), the State Government contributed an amount of ₹291.03 crore as Government share and the employees also contributed their share of ₹224.44 crore. The entire amount of ₹515.47 crore was transferred to the Minor Head 117-Defined Contribution Pension Scheme (New Pension Scheme) for the Government Employees under Major Head 8342-Other Deposits. Out of ₹637.15 crore (including previous liability of ₹121.68 crore), ₹583.48 crore was transferred from this Head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As such, as on 30 October 2019, an amount of ₹53.67 crore was lying under the Major Head-8342 – “Other Deposits”- 117 “Defined Contribution Pension Scheme” (New Pension Scheme) for the Government Employees (which are deposits bearing interest) awaiting transfer to NSDL/Trustee Bank. Government may make efforts to expeditiously clear the untransferred amounts at the close of the accounts.

### 2.4.2.3 Subsidies

The amounts of subsidies paid by the State Government during the period 01 April 2019 to 30 October 2019 is shown in **Table 2.13**.

**Table 2.13: Expenditure on subsidies during 01 April 2019 to 30 October 2019**

	2019-20 (01/04/2019 to 30/10/2019)
<b>Subsidies (₹ in crore)</b>	706
<b>Subsidies as a percentage of Revenue Receipts</b>	2.35
<b>Subsidies as a percentage of Revenue Expenditure</b>	2.33

Source- Finance Accounts

Expenditure on subsidies during 2019-20 (01 April 2019 to 30 October 2019) constituted 2.35 *per cent* of the Revenue Receipts (₹30,052 crore) and 2.33 *per cent* of Revenue expenditure (₹30,244 crore). 99 *per cent* of the subsidy provided during the year was to Power Development Department (₹700 crore).

### 2.4.2.4 Financial Assistance by the State Government to Local Bodies and other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans.

**Table 2.14: Financial Assistance to Local Bodies etc.**

Financial Assistance to Institutions	(₹ in crore) 2019-20 (01/04/2019 to 30/10/2019)
<b>(A) Local Bodies</b>	
Municipal Corporations and Municipalities	150
<b>Total (A)</b>	<b>150</b>
<b>(B) Others</b>	
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	385
Development Authorities	28
Other Institutions	634
<b>Total (B)</b>	<b>1,047</b>
<b>Total (A+B)</b>	<b>1,197</b>
Revenue Expenditure	30,244
Assistance as percentage of Revenue Expenditure	3.96

Source: Finance Accounts

The assistance as percentage of revenue expenditure was 3.96 *per cent* in 2019-20 (01 April 2019 to 30 October 2019). During the period 01 April 2019 to 30 October 2019, the major component of assistance was to the educational institutions, which was 32.16 *per cent* of the total amount of assistance.

### **2.4.3 Capital Expenditure**

Capital expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex in State is met from budgetary support and extra budgetary resources/off budget.

The share of Capital expenditure in total expenditure was 13 *per cent* during the period 01 April 2019 to 30 October 2019.

#### **2.4.3.1 Quality of Capital Expenditure**

If the State Government keeps on making investments in loss making Government companies, whose net worth is completely eroded, there are no chances of return on investment. Requisite steps have to be taken to infuse transparency in such financial operations. This section details the investments and other capital expenditure undertaken by the Government during the current reporting period.

#### **2.4.3.2 Quality of Investments in the Companies, Corporations and other Bodies**

As per Statement 8 and 19 of the Finance Accounts, as on 30 October 2019, the State Government had cumulative investment of ₹3,428.03 crore in 37 Companies (₹2,959.71 crore), three Statutory Corporations (₹374.33 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore).

During 01 April 2019 to 30 October 2019, the Government has drawn and booked an amount of ₹ 1.51 crore below Minor Head-190-“Investment in Public Sector and Other Undertakings” subordinate to relevant Major Heads of Account under Capital Section, but PSU concerned had not shown any investment. Government investment increased from ₹689.42 crore ending 2018-19 to ₹3,428.03 crore ending 30 October 2019. The increase of ₹2,738.61 crore as compared to figures reported last year was due to reason that 19 PSUs furnished revised Government investment figures with respect to figure reported for year 2018-19 and five PSUs reported investments for inclusion in the Annual Accounts of the Government for the period ending 30 October 2019.

Out of this increase of ₹2,738.61 crore, there was a substantial increase (₹2,588.34 crore) in only one PSU i.e Jammu & Kashmir State Power Development Corporation Ltd. (J&KSPDCL). This was due to implementation of the State Administrative Council’s decision with regard to financial restructuring of J&KSPDCL, which resulted in increase in investment of State Government. The PSU had received funds from State Government from time to time for development of capital assets and up to March 2018, the funds to the tune of ₹5,318.61 crore were received. Against this sum infused in J&KSPDCL, the State Government adjusted its power purchase liability of ₹3,668.81 crore leaving a balance amount of ₹1,649.80 Crore.

Besides this, assets transferred to J&KPDCL in 1999 along with a 4 MW Hydro Electric Power Station transferred to the Corporation in 2011, were valued at ₹916.54 crore and ₹22 crore respectively. Against these amounts aggregating to ₹2,588.34 crore (₹1,649.80 crore + ₹916.54 crore + ₹22 crore), the State Government acquired equity to the tune of ₹2,588.34 crore in the Corporation during the year 2019-20 (01 April 2019 to 30 October 2019). This has resulted in increase in investment of State Government in one entity i.e J&K State Power Development Corporation Ltd as compared to last year. Five PSUs reported investments amounting to ₹96.65 crore for inclusion in the accounts. During 2019-20 (01 April 2019 to 30 October 2019) no dividends were declared and hence no returns in the form of dividends were received.

#### 2.4.3.3 Quantum of loans disbursed and recovered

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing Loans and Advances to other institutions/organisations. **Table 2.15** presents the position of Loans and Advances outstanding as on 30 October 2019, interest receipts *vis-à-vis* interest payments during the period from 01 April 2019 to 30 October 2019.

**Table 2.15: Quantum of loans disbursed and recovered during 01 April 2019 to 30 October 2019**

(₹ in crore)	
Quantum of loans disbursed and recovered	2019-20 (01/04/2019 to 30/10/2019)
Opening Balance of loans outstanding	1,725.77
Amount advanced during the year	16.29
Amount recovered during the year	1.62
Closing Balance of the loans outstanding	1,740.44
Net addition	14.67
Interest received on loans and Advances	0.31

Source: Finance Accounts

The total outstanding loans as on 30 October 2019 amounted to ₹1,740.44 crore, as a result of net increase of ₹14.67 crore during the period 01 April 2019 to 30 October 2019. Out of ₹1,740.44 crore, major portion of loans amounting to ₹923.96 crore<sup>2</sup> were outstanding (30 October 2019) against seven entities. Against the outstanding amount of ₹923.96 crore, only an amount of ₹0.23 crore was recovered during 2019-20

<sup>2</sup> (1) Municipalities ₹5.17 crore (Nil recovery), (2) social welfare loans to Public Sector and other undertakings ₹87.44 crore (₹0.23 crore Recovery), (3) Public Sector and other Undertakings (J&K, HPMC Ltd) – ₹12.67 crore (Nil recovery), (4) Electricity Board, JKPDC – ₹85.05 crore (Nil recovery), (5) Agro Industries – ₹44.47 crore (Nil recovery), (6) J&K Industries Ltd – ₹305.43 crore (Nil recovery), (7) Jammu and Kashmir State Road Transport Corporation Limited – ₹383.73 crore (Nil recovery)

(01 April 2019 to 30 October 2019). Recovery of loans and advances during the year was only 0.09 *per cent* of outstanding loans. The poor recovery of loan has resulted in an increase in outstanding balances from ₹1,725.77 crore on 31 March 2019 to ₹1,740.44 crore on 30 October 2019.

It is observed that out of the total loan amount of ₹16.29 crore advanced during the period 01 April 2019 to 30 October 2019, the major portion of ₹7.00 crore was advanced to J&K State Road Transport Corporation. There was outstanding loan of ₹376.73 crore against J&K State Road Transport Corporation ending March 2019. Despite poor performance of recovery, State Government disbursed new loan of ₹7.00 crore and no recovery was made during the year. As on 30 October 2019, loan amounting to ₹383.73 crore was outstanding against J&K State Road Transport Corporation which had accumulated losses of ₹1,289.66 crore as per their latest finalised accounts. Thus, loans were sanctioned by the State Government without ensuring its recovery. Since recovery has been almost negligible, the Government may review its policy with regard to the disbursement of loans and advances to loss making PSUs.

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

#### **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 take 75 *per cent* of DISCOM debt as on September 2015 over two years i.e 50 *per cent* of DISCOM debt shall be taken 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 funds to the tune of ₹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 the rates ranging between 7.07 *per cent* to 8.72 *per cent*, with maturity date ranging from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally in the State, so this money was utilised by the State Government to clear liabilities of the Central Public Sector Undertakings (CPSUs). State Government's annual interest liability on UDAY Bonds for the complete year 2019-20 was ₹284.12 crore. Against this, the State Government paid interest amounting ₹191.85 crore towards interest on bonds issued under UDAY Scheme during the period 01 April 2019 to 30 October 2019. Bonds amounting to ₹353.755 crore will also be maturing every year from 2021-22 to 2031-32. Consequent to the re-organistaion of the state, the Jammu & Kashmir Power Develpoment Department has been unbundled and two DISCOMs have been created vide Government Order No 191-PDD of 2019 dated 23 October 2019.

#### 2.4.4. Expenditure Priorities

Enhancing human development levels require the States to step up their expenditure on key social services like Education, Health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. The ratio of capital expenditure and expenditure on health and education with respect to the aggregate expenditure for the erstwhile state has been compared to the respective averages for the special category states in **Table 2.16**.

**Table 2.16: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

*(in per cent)*

	Capital Expenditure /Aggregate Expenditure	Education Expenditure/ Aggregate Expenditure	Health Expenditure/ Aggregate Expenditure
All India Average/ Special Category States Average (2015-16)	13.96	18.32	5.95
State of Jammu & Kashmir (2015-16)	16.72	15.06	5.95
All India Average/ Special Category States Average (2019-20)	14.08	17.42	6.19
State of Jammu & Kashmir (01/04/2019 to 30/10/2019)	13.00	13.11	6.02

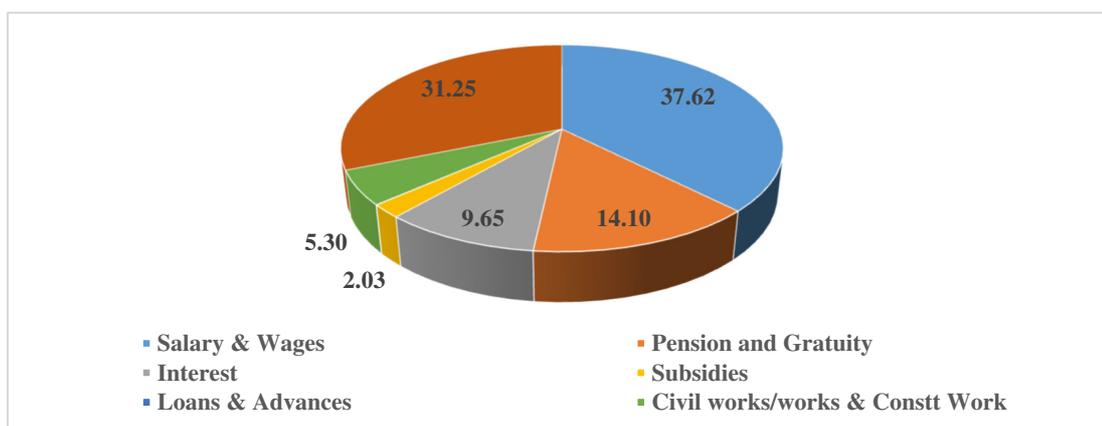
During 2019-20 (01April 2019 to 30 October 2019) the State's expenditure priority on education, health and capital expenditure is lower than the respective averages of the Special Category States.

#### 2.4.5 Object Head wise Expenditure

Object Head wise Expenditure give information about the object/purpose of the expenditure.

**Chart 2.9: Object Head wise Expenditure during 01 April 2019 to 30 October 2019**

*(in per cent)*



The salary and wages account for 37.63 *per cent* and pension accounts for 14.10 *per cent* of total expenditure. It clearly indicates that about 52 *per cent* of expenditure is on Salary & wages and Pension.

## **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 Article 115(2) of the Constitution of erstwhile State of Jammu & Kashmir and are not subject to vote by the State 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 State, the Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. **Table 2.17** given below shows component-wise net balances in Public Account of the State.

**Table 2.17: Component-wise net balances in Public Account at close of the year**

*(₹ in crore)*

<b>Sector</b>	<b>Sub Sector</b>	<b>2019-20 (01/04/2019 to 30/10/2019)</b>
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	(-)27,162
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)1261
	(b) Reserve Funds not bearing Interest	(-)1,534
K. Deposits and Advances	(a) Deposits bearing Interest	(-)54
	(b) Deposits not bearing Interest	(-)6,860
	(c) Advances	13
L. Suspense and Miscellaneous	(a) Suspense	344
	(b) Other Accounts	389
	(c) Accounts with Governments of Foreign Countries	0
	(d) Miscellaneous	0
M. Remittances	(a) Money Orders, and other Remittances	(-)2,857
	(b) Inter- Governmental Adjustment Account	9
<b>Total</b>		<b>(-)38,973</b>

Source: Finance Accounts Note: +ve denotes debit balance and -ve denotes credit balances

The total credit balance under Public Accounts was ₹38,973 crore ending 30 October 2019. The Liabilities under Small Saving Provident Funds etc amounting to ₹27,162 crore accounts for 69.69 per cent of total Public Accounts liability.

### 2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. **Table 2.18** shows the closing balances in various reserve funds as on 30 October 2019. The cumulative aggregate balance in these funds at the end of 30 October 2019 was ₹2,806 crore out of which ₹11 crore has been invested.

**Table 2.18: Closing Balances under Reserve Funds**

RESERVE FUNDS	(₹in crore)
	2019-20 (01/04/2019 to 30/10/2019)
<b>Reserve Funds Bearing interest</b>	
State Disaster Response Fund	1,272
<b>Total - Reserve Fund Bearing Interest</b>	<b>1,272</b>
<b>Reserve Funds Not Bearing interest</b>	
Sinking fund	356
Famine Relief Fund	9
Depreciation and Renewal Reserve Funds of Govt. Commercial Deptts./Undertakings	573
Depreciation and Renewal Reserve Funds of Govt. Non-Commercial Deptts.	73
Development Fund for Agricultural Purposes	41
Other Development and Welfare Funds	167
General Insurance Fund (Janta Insurance)	41
Guarantee Redemption Fund	20
Other Funds	118
<b>Total - Reserve Funds Not Bearing interest</b>	<b>1,534</b>
<b>Total -Reserve Funds</b>	<b>2,806</b>
Of which balances invested	
Investments from State Disaster Response Fund	11

Source: Finance Accounts

#### 2.5.2.1 Consolidated Sinking Fund

The State Government constituted (January 2012) a Consolidated Sinking Fund with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is required to contribute to this Fund, a minimum of 10 per cent of 0.50 per cent of the total outstanding liabilities at the end of 2010-11

every year beginning with the financial year 2011-12 up to 2021-22 to make it equal to 0.50 per cent of the outstanding liabilities as at the end of 2010-11. In addition, contribution in respect of incremental liabilities from the year thereafter shall be made at 0.50 per cent of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the scheme.

During the year 2019-20 (01 April 2019 to 30 October 2019), an amount of ₹39.27 crore was contributed to this Fund by the State Government as against required contribution of ₹31.33 crore<sup>3</sup> and 0.50 per cent of total incremental liabilities of ₹4,442.26 crore during 01 April 2019 to 30 October 2019. However, against required contribution of ₹395.54 crore since inception of this fund, the State Government has actually contributed ₹355.87 crore till 30 October 2019, resulting in short contribution of ₹39.67 crore to the Fund ending 30 October 2019. The balance under the Fund was not invested by the State Government.

### **2.5.2.2 State Disaster Response Fund**

(a) As on 01 April 2019, there was a credit balance of ₹903.11 crore under SDRF, out of which ₹10.86 crore had been invested, however details of the investments are awaited from Government (October 2020). During the period from 01 April 2019 to 30 October 2019, an amount of ₹405.00 crore was released by the Government of India (30 July 2019). However, out of total amount of ₹450.00 crore (₹405.00 crore Central Share and ₹45.00 crore State Share 90:10) due to be transferred, only an amount of ₹405 crore was transferred to the Fund till 30 October 2019. The State Government did not transfer the State Share of ₹45.00 crore to the Fund. State Government was also required to pay an amount of ₹29.47 crore as interest for the period 01 April 2019 to 30 October 2019, on the un-invested opening balance of ₹892.25 crore lying under SDRF. The State Government was also required to pay interest of ₹4.99 crore on account of accrued interest for delayed transfer<sup>4</sup> of the SDRF Grants for the year 2019-20 (01 April 2019 to 30 October 2019). However, the State Government had paid interest of ₹34.38 crore on interest bearing Reserve Funds (SDRF), thereby resulting in short transfer of ₹0.08 crore<sup>5</sup> during the period 01 April 2019 to 30 October 2019.

During the period 01 April 2019 to 30 October 2019, ₹71.01 crore was incurred on natural calamities, leaving a balance of ₹1,271.48 crore<sup>6</sup> in the Fund as on 30 October 2019. Net balance of ₹1,260.62 crore (₹1,271.48 crore minus ₹10.86 crore invested amount) which was required to be invested in Central Government Securities and/or Auctioned Treasury Bills and/or in interest earning deposits and certificate of deposits with scheduled commercial banks on the recommendations of the State Executive Committee (SEC) managing the Fund, had not been invested (October 2019).

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<sup>3</sup> 10 per cent of 0.50 per cent of the total outstanding liabilities of ₹31,261.01 crore at the end of 2010-11

<sup>4</sup> Delay of 76 days in transfer of central share of ₹405.00 crore and delay of 77 days in transfer of state share of ₹45.00 crore

<sup>5</sup> ₹34.46 crore (₹29.47 crore + ₹4.99 crore) - ₹34.38 crore

<sup>6</sup> ₹892.25 crore + ₹10.86 crore + ₹405.00 crore + ₹34.38 crore - ₹71.01 crore

### 2.5.2.3 Guarantee Redemption Fund

The State Government set up a Guarantee Redemption Fund (GRF) in 2005-06 to meet liabilities arising from invoking of Guarantees extended to various State Government Entities. Under the guidelines, the State Government has not specified the amount required to make minimum annual contribution to the Fund. However, the RBI guidelines of 2013 on the GRF mentions that it is desirable for the State 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.

As per guidelines, the required amount of contribution to GRF works out to ₹6.04 crore for seven months (01 April 2019 to 30 October 2019) at the rate of 0.50 *per cent* of outstanding Guarantee of ₹2,070.20 crore (excluding interest of ₹1.95 crore) at the end of the previous year. Against, minimum requirement of ₹6.04 crore, the State Government contributed ₹1.00 crore towards the Fund during 01 April 2019 to 30 October 2019, resulting in shortfall in contribution by ₹5.04 crore for the period. No amount was received by the Government as Guarantee Commission/Fee during 2019-20 (01 April 2019 to 30 October 2019). The closing balance of the Fund was ₹20.42 crore<sup>7</sup> as on 30 October 2019. The State Government may ensure that contributions to Reserve Funds are made as stipulated.

## 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 Government typically constitutes of Internal debt of the State (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:

<sup>7</sup> ₹12.20 crore (transferred from Major Head-2075- 'Miscellaneous General Services'-800- 'Other Expenditure') + ₹8.22 crore (Commission/ Fee realised and credited to Fund as a part of annual contribution till 31 March 2019)

**Table 2.19: Components of debt as on 30 October 2019**

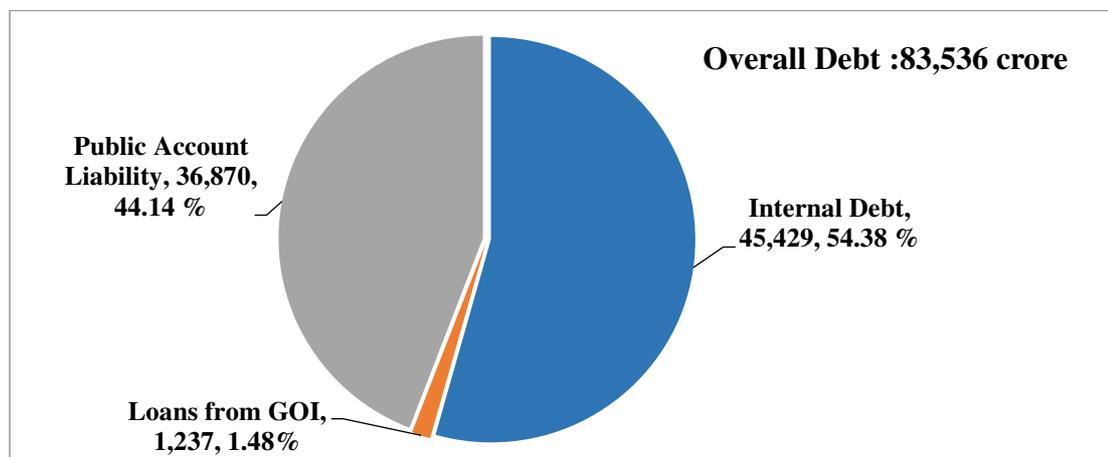
(₹ in crore)

		2019-20 (01/04/2019 to 30/10/2019)	Percentage
<b>Outstanding Overall Debt</b>		83,536	
<i>Public Debt</i>	<i>Internal Debt</i>	45,429	54.38
	<i>Loans from GoI</i>	1,237	1.48
<i>Liabilities on Public Account*</i>		36,870	44.14
<b>Total Debt Receipts</b>		25,643	
<b>Total Debt Repayments</b>		21,201	
<b>Total Debt Available</b>		4,442	
<b>Debt Repayments/Debt Receipts (percentage)</b>		<b>82.68</b>	

Source : Finance Accounts . \* Liabilities on public account is excluding liabilities under Suspense and Misc and Remittance Head

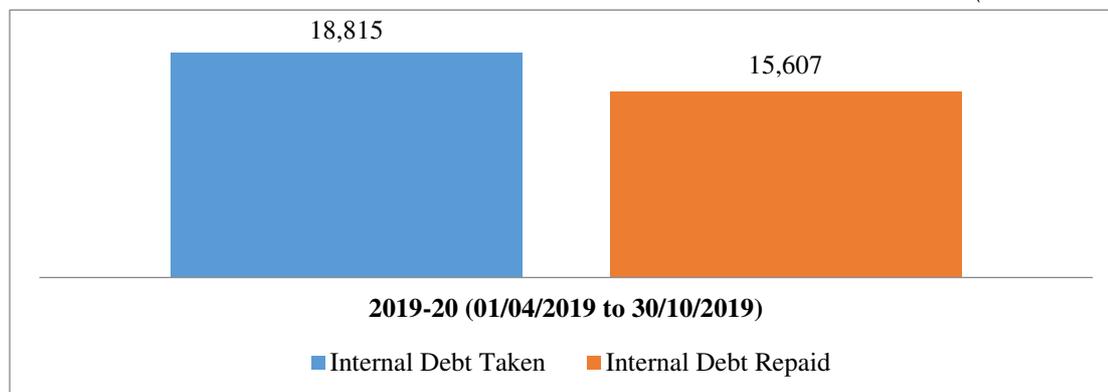
Outstanding Overall Debt as on 30 October 2019 was ₹83,536 crore. The percentage of total debt repayment was 82.68 per cent of total debt receipt during 01 April 2019 to 30 October 2019, resulting in only 17.32 per cent total debt receipt available with the State. The total debt available during the period 01 April 2019 to 30 October 2019 was ₹4,442 crore.

**Chart 2.10: Break up of Outstanding Overall Debt at the end of the period 01 April 2019 to 30 October 2019**



**Chart 2.11: Internal debt taken vis-à-vis repaid**

(₹ in crore)



The percentage of internal debt repaid to internal debt taken was 82.95 per cent during the period 2019-20 ( 01 April 2019 to 30 October 2019).

**Table 2.20: Components of fiscal deficit and its financing pattern**  
(₹ in crore)

Particulars		2019-20 (01/04/2019 to 30/10/2019)
Composition of Fiscal Deficit		
1	Revenue Deficit	(-)192
2	Net Capital Expenditure	(-)4522
3	Net Loans and Advances	(-)14
Financing Pattern of Fiscal Deficit		
1	Market Borrowings	3,504
2	Loans from GOI	(-)55
3	Special Securities issued to NSSF	(-)132
4	Loans from Financial Institutions	(-)164
5	Small Savings, PF, etc.	919
6	Deposits and Advances	61
7	Suspense and Miscellaneous	(-)349
8	Remittances	83
9	Reserve Fund	308
<b>10</b>	<b>Overall Deficit</b>	<b>4,175</b>
11	Increase/Decrease in cash balance	(+)553
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>(-)4,728</b>

Source: Finance Accounts

Fiscal deficit during 01 April 2019 to 30 October 2019 was ₹4,728 crore. It can be seen from the above table that the Market borrowings and excess of receipt over payments under Small Saving Provident Fund is major contributor in meeting Fiscal deficit of the State.

**Table 2.21: Receipts and Disbursements under components financing the fiscal deficit**

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	18,686	15,182	3,504
2	Loans from GOI	4	59	(-)55
3	Special Securities issued to NSSF	0	132	(-)132
4	Loans from Financial Institutions	128	292	(-)164
5	Small Savings, PF, etc.	3,662	2,743	919
6	Deposits and Advances	2,659	2,598	61
7	Suspense and Miscellaneous	8,041	8,390	(-)349
8	Remittances	2,128	2,045	83
9	Reserve Fund	502	194	308
<b>10</b>	<b>Overall Deficit</b>	<b>35,810</b>	<b>31,635</b>	<b>4,175</b>
11	Increase/Decrease in cash balance	111	(-)442	553
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>35,921</b>	<b>31,193</b>	<b>4,728</b>

Source: Finance Accounts

## 2.7. Debt Analysis

The amount of net debt available and growth of outstanding public debt during the reporting period along with comparison of the net debt receipts available are as under:

- a) During the period 01 April 2019 to 30 October 2019 the net debt available was ₹1,089 crore. This was 5.79 per cent of public debt receipt of ₹18,819 crore during the period.
- b) Debt Repayments/Debt Receipts: During 01 April 2019 to 30 October 2019 the Debt repayment to Debt Receipts was 83.25 per cent resulting in only 16.75 per cent of debt receipts being available with the State Government.
- c) Rate of growth of outstanding debt (percentage): Outstanding Public debt at the beginning of the year 2019-20 was ₹43,513 crore which increased to ₹46,666 crore at the end of 30 October 2019 showing increase of 7.25 per cent.
- d) Percentage of Interest payment to Revenue Receipt: During 2019-20 (01 April 2019 to 30 October 2019) the percentage of Interest Payment to Revenue Receipt was 6.87 per cent.

**Table 2.22: Position of outstanding Public Debt**

Particulars	2019-20 (01/04/2019 to 30/10/2019)
Outstanding Public Debt* (₹ in crore)	46,666
Rate of Growth of Outstanding Public Debt	7.25
Percentage of Interest payment to Revenue Receipt	6.87
Percentage of Debt Repayment to Debt Receipt	83.25
Net Debt available to the State# (₹in crore)	1,089
Net Debt available as per cent to Debt Receipts	5.79

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.

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

### 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 2.23: Utilisation of borrowed funds**

(₹in crore)

Year		2019-20 (01/04/2019 to 30/10/2019)
Total Borrowings	1	18,819
Repayment of earlier borrowings Principal (percentage)	2	15,666 (83.25)
Available Public Debt	3=1-2	3,153
Net capital expenditure (Percentage)	4	4,522 (24.03)
Net loans and advances disbursed	5	14
Portion of Revenue expenditure met out of net available borrowings	6=2-3-4-5	Nil

Source: Finance Accounts

During 2019-20 (01 April 2019 to 30 October 2019), 83.25 *per cent* of borrowed funds were utilised towards repayment of earlier loans, resulting in less availability of borrowed funds for development works.

### 2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The maximum amount for which guarantees could be extended by the State and outstanding guarantees including interest is tabulated below:

**Table 2.24: Guarantees given by the State Government**

(₹ in crore)

Guarantees	2019-20 (01/04/2019 to 30/10/2019)
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria 7.5 <i>per cent</i> of GSDP of year preceding current year )	11,697
Outstanding amount of guarantees including interest	454

Source Finance Accounts

The FRBM Act, 2006 lays down the limits within which State Government may give Guarantees on the security of the Consolidated Fund of the State. Under the Act, State Government is required to limit the amount of the annual incremental risk weighted Guarantees to 75 *per cent* of the total Revenue Receipts in the year preceding the current year or at 7.5 *per cent* of GSDP of the year preceding the current year, whichever is lower. The total outstanding guarantee during the period 01 April 2019 to 30 October 2019 remained within that limit.

The total outstanding Guarantees given by the State Government as on 30 October 2019 aggregated to ₹452.07 crore (under reconciliation with Government) against ₹2,070.20 crore as on 31 March 2019, as the information regarding outstanding guarantees in respect of Jammu and Kashmir Power Development Corporation is awaited (October 2020). The total outstanding Guarantee at end of 30 October 2019 is 0.88 *per cent* of total Revenue Receipts of ₹51,230.71 crore in 2018-19 and 0.29 *per cent* of the GSDP ₹1,55,956 crore as available on the website of Ministry of Statistics and Programme Implementation, Government of India (07 August 2020) for 2018-19, which was well within the statutory limit.

### 2.7.3 Management of Cash Balances

The State Government is banking with the Reserve Bank of India with effect from 01 April 2011 for its cash/ overdraft management. The cash balance decreased by ₹553 crore during 2019-20 (01 April 2019 to 30 October 2019), from ₹511 crore as on 31 March 2019 to negative balance of 42 crore as on 30 October 2019. An amount of ₹383.92 crore was held in Cash Balance Investment Account as on 30 October 2019. State Government earned an interest of ₹1.70 crore on its Cash balance Investment during 01 April 2019 to 30 October 2019. Investment of ₹10.86 crore had also been

done out of earmarked funds, the detail of which is awaited. The State Government maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 48 days during the period 01 April 2019 to 30 October 2019 without taking Special Ways and Means Advance/ Ways and Means Advances (WMA)/ Overdrafts, and on 148 days minimum balance was maintained by obtaining Normal Ways and Means Advance. On 17 days Overdraft was taken in addition to obtaining Normal Ways and Means Advance. The balance as on 01 April 2019 was ₹532.38 crore under Normal Ways and Means Advance and 'Nil' under Overdraft. The balance on 30 October 2019 was ₹692.11 crore under Normal Ways and Means Advances and 'Nil' under Overdraft. Interest paid to the Reserve Bank of India on Normal Ways and Means Advances and Overdrafts during 01 April 2019 to 30 October 2019 was ₹15.16 crore and ₹1.27 crore respectively. Government needs to streamline its cash Management for reducing its dependence on Ways and Means Advances.

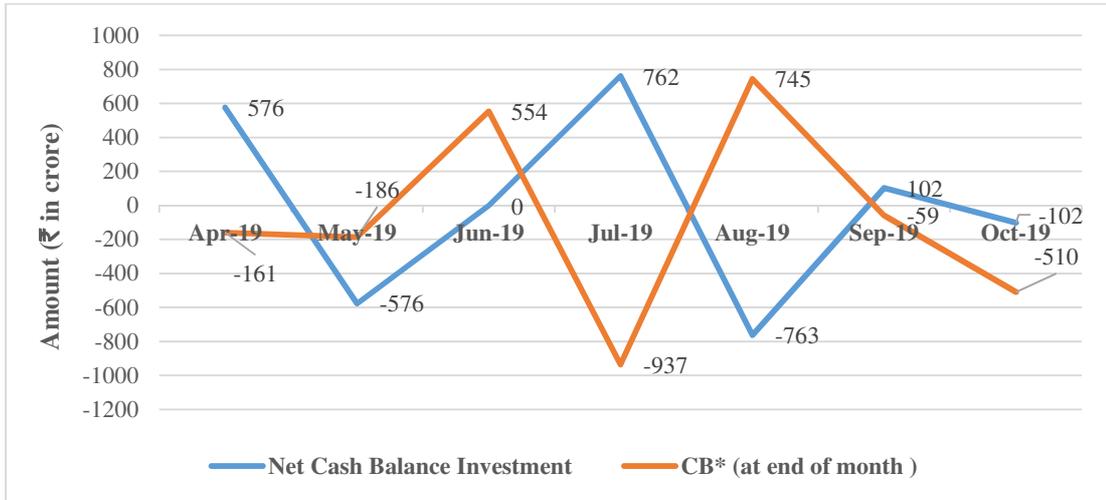
**Table 2.25: Cash Balances and their investment during the period 01 April 2019 to 30 October 2019**

(₹ in crore)

	Opening balance on 01 April 2019	Closing balance on 30 October 2019
<b>A. General Cash Balance</b>		
Cash in treasuries	6.77	6.77
Deposits with Reserve Bank of India	83.38	(-)469.74
Deposits with J&K Bank and other Banks	21.02	21.02
Remittances in transit – Local	-	-
<b>Total</b>	<b>111.17</b>	<b>(-)441.95</b>
Investments held in Cash Balance investment account	383.92	383.92
<b>Total (A)</b>	<b>495.09</b>	<b>(-)58.03</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	4.97	4.97
Permanent advances for contingent expenditure with department officers	0.12	0.12
Investment from earmarked funds	10.86	10.86
<b>Total (B)</b>	<b>15.95</b>	<b>15.95</b>
<b>Total (A + B)</b>	<b>511.04</b>	<b>(-)42.08</b>
<b>Interest realised</b>		<b>1.70</b>

Source: Finance Accounts

**Chart 2.12: Month wise movement of Cash Balances and net cash balance investments during the year**



\*Cash balance with RBI

The cash balance for the year 2019-20 (01 April 2019 to 30 October 2019) had negative balance of 42 crore. As on 30 October 2019, an amount of ₹383.92 crore was held in Cash Balance Investment Account. State Government earned an interest of ₹1.70 crore on its cash balance investment. An investment of ₹10.86 crore was made out of earmarked funds.

## 2.8 Conclusions

- During 01 April 2019 to 30 October 2019, there was Revenue Deficit of ₹192 crore.
- State Government had a Fiscal Deficit of ₹4,728 crore during 01 April 2019 to 30 October 2019.
- Revenue Expenditure constituted 86.95 per cent of Total Expenditure.
- Capital Expenditure of ₹4,522 crore constituted 13 per cent of Total Expenditure.
- Outstanding Public debt at the beginning of the year 2019-20 was ₹43,513 crore which increased to ₹46,666 crore at the end of 30 October 2019 showing increase of 7.25 per cent.
- State Government had total investment of ₹3,428.03 crore ending 30 October 2019 in Government Companies, Statutory Corporations, Cooperative Institutions/Local bodies and Rural Banks and no return in the form of dividend was received during 01 April 2019 to 30 October 2019.
- The State had total outstanding loans of ₹1,740.44 crore ending 30 October 2019. Out of ₹1,740.44 crore, major portion of loans amounting to ₹923.96 crore were outstanding (30 October 2019) against seven entities. Recovery of loans and advances during the period 01 April 2019 to 30 October 2019 was only 0.09 per cent of outstanding loans. The poor recovery

of loan has resulted in an increase in outstanding balances from ₹1,725.77 crore on 31 March 2019 to ₹1,740.44 crore on 30 October 2019.

- The cumulative aggregate balance under Reserve funds at the end of 30 October 2019 was ₹2,806 crore out of which only ₹11 crore has been invested.

## **2.9 Recommendation**

Efforts may be made for augmentation of tax revenue, minimising committed expenditure so that more funds could be made available for development expenditure, ensuring reasonable return on capital invested in PSUs in view of the substantial high cost of borrowing and review of policy for disbursement of loans and advances to loss making PSUs.

**Chapter-III**  
**Budgetary Management**



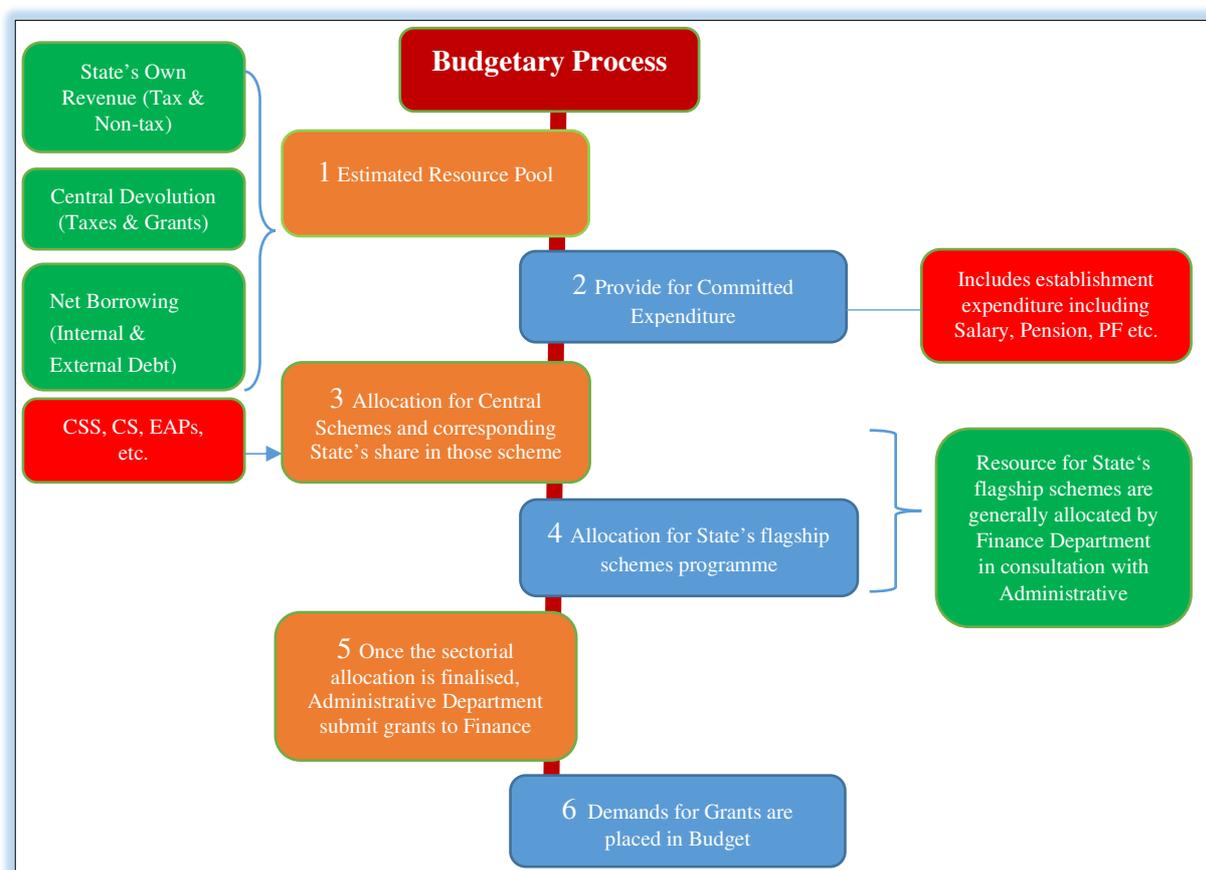
## CHAPTER-III

### 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 scheduled appended to the Appropriation Acts. 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 5*. A typical budget preparation process in a State is given in *Chart 3.1*.

Chart 3.1: Budget Process

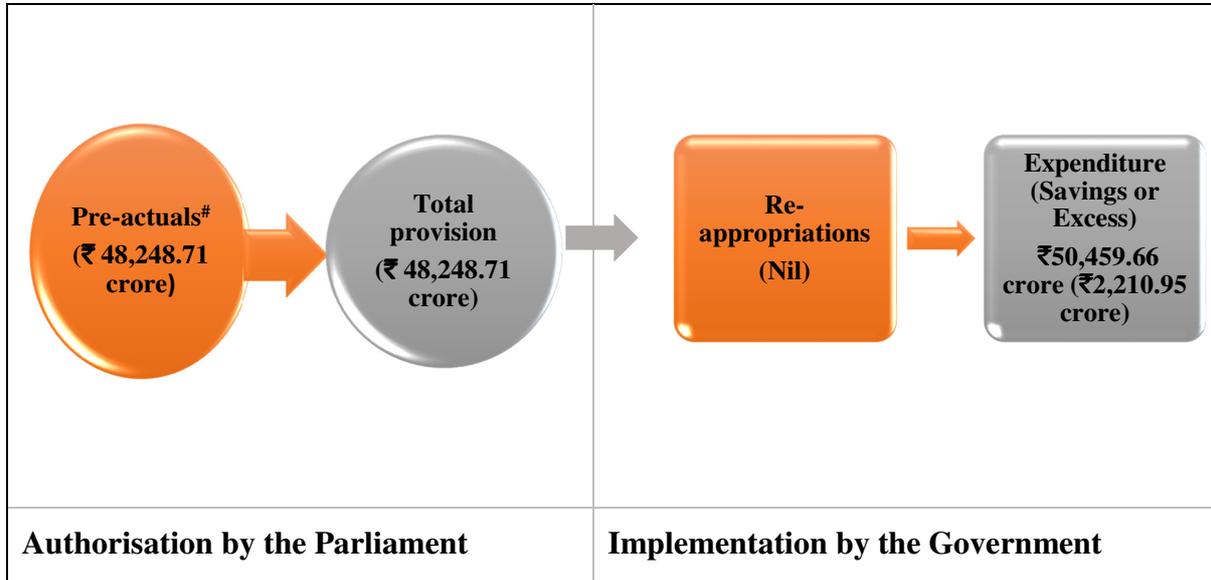


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The original budget for the year 2019-20 was for the complete year i.e, 01 April 2019 to 31 March 2020. However, during the year itself, the reorganisation took place w.e.f. 31<sup>st</sup> October 2019. Consequently, the pre-actuals for seven months (01 April 2019 to 30 October 2019) shown in the Demand for Grants for the year 2020-21 have been taken as the Budget Estimates for preparation of Appropriation Accounts of Government of Jammu and Kashmir for the period 01 April 2019 to 30 October 2019.

The various components of budget 2019-20 (01 April 2019 to 30 October 2019) are depicted in **Chart 3.2**.

**Chart 3.2: Components of Budget**



Source: Appropriation Accounts

#-Pre actuals in the Demand for Grants 2020-21 passed by Parliament

### 3.1.1 Summary of Total Provisions, Actual Disbursements and Savings during 01 April 2019 to 30 October 2019

A summarised position of total available provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2019-20 (01 April 2019 to 30 October 2019) is as under:

**Table 3.1: Budget provision, disbursement and savings/excess during 01 April 2019 to 30 October 2019**

(₹ in crore)

Total available provision		Disbursements		Saving(-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
32,296.17	15,952.54	31,399.74	19,059.92	(-)896.43	(+)3,107.38

### 3.1.2. Charged and Voted disbursements

During the period 01 April 2019 to 30 October 2019, against the available provision of ₹32,296.17 crore under the Voted section, expenditure of ₹31,399.74 crore has been incurred, resulting into saving of ₹896.43 crore. However, against the provision of ₹15,952.54 crore under the Charged section, expenditure of ₹19,059.92 crore has been made, resulting into excess expenditure of ₹3,107.38 crore during the same period, as shown in the table above. This was result of an excess expenditure of ₹3,108.09 crore under charged section in Grant number 08 and savings of ₹0.71 crore under Grants 01, 09 and 10. It may be noted that there has been persistent excess expenditure under this Grant, as detailed in **Paragraph 3.5.1**.

### 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 State except under appropriation made by law passed in accordance with the provisions of Section 81 of the Constitution of erstwhile State of Jammu and Kashmir. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

An amount of ₹3,254.08 crore was incurred under 92 No. of schemes/Sub Heads in 23 Grants (*Appendix 3.1*) without Budgetary Provisions during 01 April 2019 to 30 October 2019 which needs to be regularised as per the relevant rules, laws and regulations.

#### 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 01 April 2019 to 30 October 2019, a sum of ₹104.79 crore of Revenue expenditure as detailed below was disbursed under Capital Heads of expenditure, thereby, resulting in overstatement of Capital expenditure and understatement of Revenue expenditure to the extent of ₹104.79 crore.

**Table 3.2: Classification of expenditure of Revenue nature as Capital expenditure**

Sl. No.	Major Head of Account	Type of Misclassification	Amount (₹ in crore)
1.	4515	Grants-in-Aid classified as Capital Expenditure	68.97
2.	4235 & 4408	Operating cost and transport/handling charges of food grains classified as Capital Expenditure	29.20
3.	4210	Salary booked as Capital Expenditure	0.04
4.	4250	Stipend and Scholarship booked as Capital expenditure	0.11
5.	4401	Subsidy booked as Capital expenditure	4.82
6.	4851	Subsidy booked as Capital expenditure	1.65
		<b>Total</b>	<b>104.79</b>

### 3.4 Large Savings under Capital section not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Excessive savings above ₹100 crore have been witnessed in the following departments during 2019-20 (01 April 2019 to 30 October 2019):

**Table 3.3: Large savings (above ₹100 crore) under Capital section**

(₹in crore)

Sl. No.	Grant No. & name	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings (per cent)	Amount surrendered
1	(2) Home Department	370.28	0.00	370.28	253.58	116.70 (32)	0.00
2	(3) Planning and Development Department	424.69	0.00	424.69	126.08	298.61 (70)	0.00
3	(6) Power Development Department	198.05	0.00	198.05	79.16	118.89 (60)	0.00
4	(16) Public Works Department	804.23	0.00	804.23	580.70	223.53 (28)	0.00
5	(23) Public Health Engineering Department	262.75	0.00	262.75	101.44	161.30 (61)	0.00
6	(28) Rural Development Department	2,681.80	0.00	2,681.80	2,239.06	442.74 (17)	0.00
	<b>Total</b>	<b>4,741.80</b>	<b>0.00</b>	<b>4,741.8</b>	<b>3,380.02</b>	<b>1,361.77</b>	

Source: Appropriation Accounts

Huge savings of ₹100 crore and above by the departments under Capital Section in six grants amounting to ₹1,361.77 crore indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets. Savings under Capital Section ranged between 17 per cent and 70 per cent of the total appropriation of the grant during 2019-20 (01 April 2019 to 30 October 2019).

#### 3.4.1 Substantial Savings

There were 19 grants in which savings of ₹ten crore and above had occurred under the Revenue and Capital sections as on 30 October 2019, which included 11 grants wherein savings of ₹100 crore and above were noticed. The percentage savings ranged between five per cent and 65 per cent of the total appropriation of the grant during 2019-20 (01 April 2019 to 30 October 2019). The savings in these cases amounted to ₹2,932.59 crore. Relevant details are indicated in *Appendix 3.2*. The savings in grants is indicative of improper assessment of expenditure, resulting in savings.

### 3.4.2 Percentage of Utilisation of Provision under each Grant

Audit examination of utilisation of grants revealed that out of 36 grants, in 26 grants the utilisation ranged between 34.73 per cent and 99.87 per cent. In the remaining 10 grants there was excess utilisation of funds resulting in excess over provisions, ranging between 1.54 per cent and 130.38 per cent, during 2019-20 (01 April 2019 to 30 October 2019) as detailed in **Appendix 3.3**. Savings (underutilisation) by these departments is indicative of non-prioritizing of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Overutilisation of grants indicates the incurring of excess expenditure over the budget provisions by the departments during the period. The excess expenditure may be got regularised from the Legislature/Parliament, as per the existing rules and regulations.

### 3.4.3 Persistent Savings

In four cases, persistent savings of more than ₹one crore in each case and also by ten per cent or more of the total grant, were noticed in one grant in Revenue (Voted) section and three grants in Capital (Voted) section, during the last five years, as shown below:

**Table 3.4: List of Grants indicating Persistent Savings during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019)**

(₹ in crore)

Sl. No.	Grant number and name	Amount of Savings				
		2015-16 (%)	2016-17 (%)	2017-18 (%)	2018-19 (%)	2019-20 (01/04/2019 to 30/10/2019) (%)
<b>Revenue (Voted)</b>						
1	10-Law Department	102.19 (37)	154.81 (48)	154.33 (42)	85.99 (15)	87.33 (12)
<b>Capital (Voted)</b>						
2	06-Power Development Department	707.60 (70)	2,177.61 (76)	5,591.27 (89)	5,384.26 (96)	118.89 (60)
3	12-Agriculture Department	179.63 (33)	634.82 (67)	333.92 (37)	738.86 (83)	23.92 (50)
4	28-Rural Development Department	496.69 (38)	798.19 (42)	541.36 (23)	1,257.67 (41)	442.74 (17)

Source: Appropriation Accounts

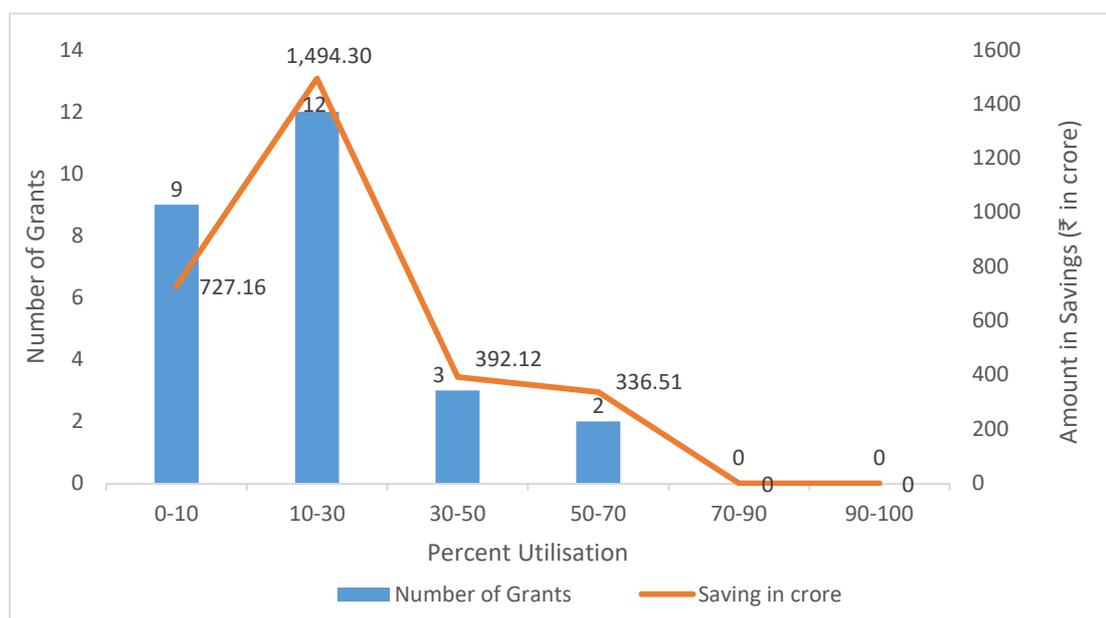
Persistent savings in four grants over the years indicated that budgetary controls in the departments were not effective and the need and flow of expenditure were not adequately scrutinised for assessing the fund requirement. Persistent savings by above departments also indicate that either the schemes under departments did not receive priority of the Government or there has been inefficiency in implementation by the department concerned/implementing agencies. This has been pointed out in earlier State Finance Reports but no action has been taken by the Government.

### 3.4.4 Distribution of the number of Grants/Appropriations grouped by the percentage of Savings

The outcome of the appropriation audit shows that percentage savings ranged between zero per cent and 10 per cent amounting to ₹727.16 crore in 9 grants, 10 per cent to 30 per cent amounting to ₹1,494.30 crore in 12 grants, 30 per cent to 50 per cent amounting to ₹392.12 crore in three grants and 50 per cent to 70 per cent amounting to ₹336.51 crore in two grants.

Low utilisation of grants by the departments indicates that the Government could not utilise the funds earmarked for the planned purposes.

**Chart 3.3: Grants/Appropriations grouped by the percentage of Savings along with total savings**



### 3.5 Excess over provisions requiring regularisation

As per Section 82 of the Constitution of erstwhile State of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

Excess expenditure amounting to ₹5,311.53 crore (Revenue voted section: 10 grants, Capital voted section: eight grants and Capital charged and Revenue charged section: one grant each) as detailed in **Appendix 3.4** has been incurred by the Government during 2019-20 (01 April 2019 to 30 October 2019). This irregularity is in violation of Section 81 of the Constitution of erstwhile State of Jammu and Kashmir and may be got regularised, as per the extant provisions.

### 3.5.1 Persistent Excess in the Grant

In **Grant No-08**, there was persistent excess expenditure during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019) as shown below:

**Table 3.5: Persistent Excess expenditure incurred in the Capital charged section during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019)**

(₹ in crore)

Year	Total Grant/ Appropriation	Actual Expenditure	Excess (percentage)
<b>Grant No (08) Finance Department</b>			
2015-2016	8,589.26	10,815.08	2,225.82 (26)
2016-2017	15,364.37	17,023.29	1,658.92 (11)
2017-2018	17,837.95	22,490.14	4,652.20 (26)
2018-2019	17,976.69	20,646.61	2,669.92 (15)
2019-20 (01/04/2019 to 30/10/2019)	14,176.30	15,665.77	1489.47 (11)

(Figures in brackets indicate percentage of excess expenditure over the provisions)

Source: Appropriation Accounts

In the Capital charged section, persistent excesses in expenditure ranging between 11 per cent and 26 per cent were noticed in grant number 08 during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019). The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis.

The Finance Department should ensure that no Departmental Controlling Officers including Finance Department itself resort to excess expenditure over the regular allocations approved by the State Legislature/Parliament.

### 3.5.2 Regularisation of Excess Expenditure of previous financial years

As per Section 82 of the Constitution of erstwhile State of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,18,692.88 crore for the years 1980-2019 as detailed in **Appendix 3.5** is yet to be regularised by the State Legislature. After including further excess expenditure of ₹5311.53 crore (**Appendix 3.6**) during 2019-20 (01 April 2019 to 30 October 2019) as brought out in the preceding Sub-section, the aggregate excess expenditure amounting to ₹1,24,004.41 crore as on 30 October 2019 needs to be regularised as per extant provisions. 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 was noticed that there has been a persistent booking of GIA as Capital expenditure from 2015-16 to 2019-20 (01 April 2019 to 30 October 2019) as shown in the table below.

**Table 3.6: Extent of classification of GIA as Capital Expenditure**

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20 (01/04/2019 to 30/10/2019)
GIA booked as Capital Expenditure	2,818	1,490	2,396	1,874	69
Total Capital Expenditure	7,331	8,286	10,353	8,413	4,522
Share of GIA in Capital Expenditure (In per cent)	38.44	17.98	23.14	22.28	1.53
Revenue Deficit (-)/ Revenue Surplus (+)	(-) 640	(+)2,166	(+)7,595	(-)4,859	(-)192
Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-)3,458	(+)676	(+)5,199	(-)6,733	(-)261

Source: Finance Accounts

The percentage share of GIA in the Capital expenditure ranged between 17.98 per cent and 38.44 per cent during the period 2015-16 to 2018-19, resulting in understatement of Revenue deficit and overstatement of Revenue Surplus during the years. During the period 01 April 2019 to 30 October 2019 also the mis-classification of GIA as Capital expenditure had again resulted in understatement of Revenue Deficit by ₹69 crore.

### 3.7 Comments on transparency of Budgetary and Accounting Process

#### 3.7.1 Lump Sum Budgetary Provisions

The Jammu & Kashmir Budget Manual envisages that “making of lump sum provisions if at all necessary, should be resorted to only in very rare cases. In short, inclusion of lump sum provisions in a budget has to be exceptional and not followed as a rule”. Lump sum provisions without identifying the exact object of expenditure is against transparency.

Audit noticed that lump sum budgetary provision of ₹3,430.52 crore which constitute 17 per cent of total provision of ₹20,130.22 crore of the grant was placed with Controlling Officers in Grant No. 08 (Finance Department) under two Major Heads as shown below instead of Detailed Head-wise/scheme-wise provisions in contravention of the State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.

**Table 3.7: Comments on transparency of Budgetary and Accounting Process**

(₹ in crore)

Grant No.	Grant Name	MH	Provision	Expenditure	Total provision in the Grant	Percentage of lump sum provision to total provision of the Grant
8	Finance Department	2071-Pension and Other Retirement Benefits	3258.15	4383.67	20,130.22	17 per cent
	Finance Department	2049 - Interest payments	172.37	559.61		
		<b>Total</b>	<b>3430.52</b>	<b>4943.28</b>		

### 3.8 Comments on effectiveness of Budgetary and Accounting Process

#### 3.8.1 Budget projection and gap between expectation and actual

The total provisions for expenditure during 2019-20 (01 April 2019 to 30 October 2019) was ₹48,248.71 crore. The actual expenditure during the year was ₹50,459.66 crore (104.58 per cent). This resulted in excess expenditure of ₹2,210.95 crore in 2019-20 (01 April 2019 to 30 October 2019). The summarised position of actual expenditure during 2019-20 (01 April 2019 to 30 October 2019) against 36 grants/appropriations is given in Table 3.8.

**Table 3.8: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2019-20 (01 April 2019 to 30 October 2019)**

(₹ in crore)

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net Saving (-)/ Excess(+)	Surrender during October 2019	
							Amount	per cent
Voted	I. Revenue	26,394.76	0.00	26,394.76	26,854.16	+459.40	Nil	Nil
	II. Capital	5,889.16	0.00	5,889.16	4,529.29	-1,359.87	Nil	Nil
	III. Loans & Advances	12.25	0.00	12.25	16.29	+4.04	Nil	Nil
	<b>Total</b>	<b>32,296.17</b>	<b>0.00</b>	<b>32,296.17</b>	<b>31399.74</b>	<b>-896.43</b>	<b>Nil</b>	<b>Nil</b>
Charged	V. Revenue	1,776.24	0.00	1,776.24	3,394.15	(+)1,617.91	Nil	Nil
	VII. 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 October 2019	
						Amount	per cent
VIII. Public Debt-Repayment	14,176.30	0.00	14,176.30	15,665.77	(+)1,489.47	Nil	Nil
<b>Total</b>	<b>15,952.54</b>	<b>0.00</b>	<b>15,952.54</b>	<b>19,059.92</b>	<b>(+)3,107.38</b>	Nil	Nil
Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	Nil	Nil
<b>Grand Total</b>	<b>48,248.71</b>	<b>0.00</b>	<b>48,248.71</b>	<b>50,459.66</b>	<b>(+)2,210.95</b>	Nil	Nil

Source: Appropriation Accounts

The savings in grants is indicative of over assessment of grants resulting in savings. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised. The excess expenditure of ₹2,210.95 crore during 2019-20 (01 April 2019 to 30 October 2019) is required to be regularised under the relevant laws, rules and regulations.

### 3.9 Review of Selected Grants

A review of Budgetary Procedure and control over expenditure in test checked two grants (Grant No. 17 Health & Medical Education Department and Grant No.: 33 Disaster Management, Relief and Rehabilitation Department) out of 36 grants was undertaken and the audit observations are given in the following paragraphs.

#### 3.9.1 Grant No. 17: Health & Medical Education Department

**Table 3.9: Savings/Excesses during 2019-20 (01 April 2019 to 30 October 2019)**

(₹ in crore)

Sl. No.	Major Head		Budget Allocation			Expenditure booked	Excess (+)/ Saving(-)
			Original Grant	Supplementary Grant	Total		
1	2210	Medical & Public Health	2,082.68	0.00	2,082.68	1,846.17	(-)236.51
2	2211	Family Welfare	133.49	0.00	133.49	98.25	(-)35.24
<b>Total Revenue Voted</b>			<b>2,216.17</b>	<b>0.00</b>	<b>2,216.17</b>	<b>1,944.42</b>	<b>(-)271.75</b>
3	4210	Capital Outlay on Medical and Public Health	60.89	0.00	60.89	149.10	(+)88.21
<b>Total Capital Voted</b>			<b>60.89</b>	<b>0.00</b>	<b>60.89</b>	<b>149.10</b>	<b>(+)88.21</b>
<b>Total</b>			<b>2,277.06</b>	<b>0.00</b>	<b>2,277.06</b>	<b>2,093.52</b>	<b>(-)183.54</b>

- Against budget/appropriation of ₹2,277.06 crore under the Grant, an expenditure of ₹2,093.52 crore was made during 2019-20 (01 April 2019 to 30 October 2019) and an amount of ₹183.54 crore (*eight per cent*) remained unspent during the period, which was not surrendered.

- No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law. Expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation or supplementary grants. In contravention, an amount of ₹144.52 crore was incurred in fifteen cases (*Appendix 3.7*) without Budgetary Provision.
- Entire budget provision of ₹14.03 crore (*Appendix 3.8*) in six cases Sub Heads/Schemes remained unutilised 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.
- As on 30 October 2019, in 98 schemes (*Appendix 3.9*) savings of ₹321.94 crore occurred, which indicates that funds were not utilised for the sanctioned schemes.

### 3.9.2 Grant No: 33 Disaster Management, Relief and Rehabilitation Department

**Table 3.10: Saving/Excesses during 2019-20 (01 April 2019 to 30 October 2019)**

(₹ in crore)

Sl. No.	Major Head		Budget Allocation			Expenditure booked	Excess (+)/ Saving(-)
			Original Grant	Supplementary Grant	Total		
1	2055	Police	293.78	0.00	293.78	272.17	(-)21.61
2	2235	Social Security & Welfare	0.10	0.00	0.10	0.11	(+)0.01
3	2245	Relief on Account of Natural Calamities	0.39	0.00	0.39	405.46 <sup>1</sup>	(+)405.07
<b>Total Revenue Voted</b>			<b>294.27</b>	<b>0.00</b>	<b>294.27</b>	<b>677.74</b>	<b>(+)383.47</b>
4	4235	Capital Outlay on Social Security and Welfare	0.00	0.00	0.00	0.21	(+)0.21
<b>Total Capital Voted</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.21</b>	<b>(+)0.21</b>
<b>Total</b>			<b>294.27</b>	<b>0.00</b>	<b>294.27</b>	<b>677.95</b>	<b>(+)383.68</b>

Review of budgetary procedure and control over expenditure of grant showed the following audit observations:

- (i) Against total allocation of ₹294.27 crore under the Grant, an expenditure of ₹677.95 crore has been booked and an amount of ₹383.68 crore (130 per cent) has been spent without budgetary provisions during 2019-20 (01 April 2019 to 30 October 2019). This resulted in excess over budget provisions by ₹383.68 crore and needs to be regularised. The Major Head/Sector wise breakup is given in the **Table 3.10** above.
- (ii) There was one case (Sub Head/scheme) under the Major Head 4235, where an amount of ₹0.21 crore was incurred without any Budgetary Provisions as shown in **Table 3.11** below:

<sup>1</sup> Includes an amount of ₹405 crore transferred to Major Head 8121-General and Other Reserve Fund

**Table 3.11: Expenditure without Budget Provision**

(₹ in crore)

MH	SM	MI	GH	SH	Budget Allocation	Expenditure
4235	01	201	0011	2165	0	0.21
<b>Total</b>					<b>0</b>	<b>0.21</b>

- (iii) Against the budgetary allocation of ₹8.65 crore, expenditure of ₹12.29 crore was incurred in three cases (Sub Heads/schemes), resulting into excess expenditure of ₹3.64 crore during 2019-20 (01 April 2019 to 30 October 2019) as shown in **Table 3.12**.

**Table 3.12: Excess Expenditure over the Grant**

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Excess
1	2055	-	117	0099	0872	8.16	11.72	3.56
2	2235	-	001	0099	1064	0.10	0.11	0.01
3	2245	80	001	0099	1073	0.39	0.46	0.07
<b>Total</b>						<b>8.65</b>	<b>12.29</b>	<b>3.64</b>

- (iv) As on 30 October 2019, in two cases (Sub Heads/schemes) saving of ₹25.16 crore as mentioned below was not surrendered by the concerned department.

**Table 3.13: Less Expenditure (Saving) against the Provision**

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less/ Saving
1	2055	-	001	0099	1057	5.63	4.46	1.17
2	2055	-	117	0099	1057	279.98	255.99	23.99
<b>Total</b>						<b>285.61</b>	<b>260.45</b>	<b>25.16</b>

The savings of ₹25.16 crore under MH-2055 Police during 2019-20 (01 April to 30 October 2019) is indicative of the non-utilisation of the funds for the sanctioned schemes.

### 3.10 Conclusions

- The expenditure control mechanism of the State Government was not effective, as overall utilisation of budget was 4.58 per cent over and above the total amount of grants and appropriations during the period 01 April 2019 to 30 October 2019. Budgetary allocations were based on unrealistic proposals as out of total 36 grants, in six grants savings were more than ₹100 crore. In four cases, persistent savings of more than ₹one crore in each case and also by ten *per cent* or more of the total grant, were noticed in one grant in Revenue (Voted) section and three grants in Capital (Voted) section, during the last five years.
- Against the available provision of ₹32,296.17 crore under the Voted section, expenditure of ₹31,399.74 crore was incurred, resulting into saving of

₹896.43 crore whereas, against the provision of ₹15,952.54 crore under the charged section, expenditure of ₹19,059.92 crore was made, resulting into excess expenditure of ₹3,107.38 crore during the period 01 April 2019 to 30 October 2019.

- Excess expenditure amounting to ₹5,311.53 crore (Revenue voted section: ten grants, Capital voted section: eight grants and Capital charged and Revenue charged section: one grant each) over the authorisation vitiates the system of budgetary and financial control. The excess expenditure is required to be got regularised.
- In Grant No-08, there was persistent excess expenditure ranging between ₹1,489.47 crore and ₹4,652.20 crore during the period 2015-16 to 2019-20 (01 April 2019 to 30 October 2019).
- In 92 schemes/Sub Heads involving 23 Grants, an amount of ₹3,254.08 crore was incurred without Budgetary Provisions during 01 April 2019 to 30 October 2019 which needs to be got regularised.
- **Review of Grant No. 17** - Health & Medical Education Department revealed that against budget/appropriation of ₹2,277.06 crore under the Grant, an expenditure of ₹2,093.52 crore was made resulting into saving of ₹183.54 crore during 01 April 2019 to 30 October 2019. This showed that budget estimates were made either unrealistically or department did not disburse the amount during the period and also the savings were not surrendered. Further, in contravention to the provisions of Constitution of erstwhile State of Jammu & Kashmir, an amount of ₹144.52 crore was incurred in fifteen cases without Budgetary Provisions during the same period.
- **Review of Grant No. 33** - Disaster Management, Relief and Rehabilitation Department revealed that against total allocation of ₹294.27 crore under the Grant, an expenditure of ₹677.95 crore was booked and an amount of ₹383.68 crore was spent over and above the budgetary provisions during 01 April 2019 to 30 October 2019 which is in contravention to the provisions of Constitution of erstwhile State of Jammu & Kashmir and needs to be regularised.

### 3.11 Recommendations

- Budget may be formulated on the basis of reliable assumptions of implementation along with ensuring proper monitoring of budget to ensure that savings are curtailed, large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe.

- Excess expenditure over grants may be regularised at the earliest.
- 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.

**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 State 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 State

Section 115 (1) of Constitution of erstwhile State of Jammu & Kashmir subject to the provisions of Section 116 *ibid*, provides that all revenues received by the Government, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State. Section 115 (2) of Constitution of erstwhile State of Jammu & Kashmir provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the public account of the State, as the case may be.

The Water Usage Charges are being levied at 05 paisa to 25 paisa per cu.m.<sup>1</sup> of water 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 number 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. As on 30 October 2019 an amount of ₹4.53 crore on account of water usage charges/interest was in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the State.

The Government of Jammu and Kashmir vide Notification No. SRO 232 dated 17-07-2006 notified J&K Building and Other Construction Workers Rules (RE&CS), 2006. Accordingly, the State Government vide Notification No. 274 dated 31-07-2007 constituted the J&K Building and Other Construction Workers Board which was reconstituted vide SRO No. 439 dated 01-12-2010. Accordingly, Building and Other Construction Workers Cess Act, 1996 and Building and Other Construction Workers Cess Rules 1998 have become operative in whole of Jammu and Kashmir State. Section 3 of the Cess Act, 1996 provides mandatory levy and collection of cess on the cost of construction works and provided that the cess shall be levied at one *per cent* of the cost

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<sup>1</sup> Cubic meter

of construction incurred by an employer which shall exclude the cost of land and any compensation paid or payable to a worker or his kin under the Workmen Compensation Act, 1923.

In J&K, the amount so deducted on account of Labour Cess is being kept in the Official Bank Account in the name of Secretary, J&K Building and Other Construction Workers Welfare Board and remains outside the Government Account. The closing balance of Labour Cess as on 30 October 2019 is ₹649.61crore.

#### **4.2 Loans of State Government not being credited to Consolidated Fund**

During 2019-20 loan of ₹0.95 crore was released by Rural Electrification Corporation to Power Grid Corporation of India Limited, for implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana/Deen Dayal Upadhyay Gram Jyoti Yojana in State. Out of the above loan, an amount of ₹0.23 crore was received during the period 01 April 2019 to 30 October 2019. This off budget borrowing of ₹0.23 crore has remained out of Consolidated Fund of State for the period 01 April 2019 to 30 October 2019.

#### **4.3 Creation of liability due to less payment on account of Power purchase**

The function of electricity supply to consumers is handled departmentally in the State, Hence, the receipts and expenditure on procurement and supply of electricity forms part of the State Government accounts. As on 30 October 2019, the State Government has cumulative unpaid bills on account of power to the tune of ₹6,404 crore which is a clear cut case of deferred liability.

#### **4.4 Non-discharge of liability in respect of interest towards interest bearing deposits**

The Government has a liability to provide and pay interest on the balances in the Interest-bearing Deposits (Major Heads of Accounts 8338 to 8342).

**Table 4.1: Non-discharge of liability in respect of interest towards interest bearing deposits**

*(₹in crore)*

<b>Name of the Interest bearing deposit</b>	<b>Balance as on 30 October 2019</b>	<b>Amount of Interest not provisioned</b>
<b>State Disaster Response Fund</b>	1,271.48	0.08

There was an un invested balance of ₹892.25 crore under interest bearing Reserve Funds (SDRF) at the beginning of the year 2019-20 (01 April 2019 to 30 October 2019). Against the accrued interest of ₹34.46 crore (₹29.47 crore on opening balance of ₹892.25 crore and ₹4.99 crore on delayed transfer), the State Government transferred an amount of ₹34.38 crore resulting in short transfer of ₹ 0.08 crore accrued interest ending 30 October 2019.

#### 4.5 Funds transferred directly to State Implementing Agencies

During 2019-20 (01 April 2019 to 30 October 2019) an amount of ₹15,643 crore was routed through State Budget as grants by the Government of India. In addition, an amount of ₹1,059.50 crore was transferred directly to implementing agencies out of which an amount of ₹349.66 crore (*Appendix 4.1*) was transferred to various Government departments of Jammu & Kashmir Government and ₹709.84 crore to various Autonomous Bodies/other entities of the Government. These funds are outside the Budgetary and Accounting system of the State Government. The schemes where direct funding is more than ₹100 crore during the period 01 April 2019 to 30 October 2019 are given below:

**Table 4.2: Funds transferred by Government of India directly to State implementing agencies**

(₹ in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2019-20 (01/04/2019 to 30/10/2019)
1	Central Assistance for Pakul Dul HEP (Hydro Electric Project) under J&K PMDP Grant to Chenab Valley Power Projects	Chenab Valley Power Projects Pvt. Ltd.	283.00
2	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production	300.47

#### 4.6 Deposits of Local Funds

State Panchayati Raj Act provides that Block Development Council and Halqa Panchayat would maintain Block Development Council Fund and Halqa Panchayat Fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds) 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 Acts also 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 kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds. The Panchayat Fund has remained in operative since more than ten years.

**Table 4.3: Deposits of Local Funds**

(₹ in crore)

Year		2017-18	2018-19	2019-20 (01/04/2019 to 30/10/2019)	
<b>Panchayat Fund</b>	(8448-109)	Opening Balance	0.27	0.27	0.27
		Receipt	Nil	Nil	Nil
		Expenditure	Nil	Nil	Nil
		Closing Balance	0.27	0.27	0.27
<b>Municipal Fund</b>	(8448-102)	Opening Balance	234.17	244.09	198.05
		Receipt	466.99	557.15	207.44
		Expenditure	457.07	603.19	272.10
		Closing Balance	244.09	198.05	133.39

### Issues related to transparency

#### 4.7 Delay in submission of Utilisation Certificates

In terms of Para 10.19 of the Jammu and Kashmir Financial Code Vol-I, in cases in which conditions are attached to the utilisation of a grant in the form of a specification of a particular object of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grants-in-Aid (GIA) Bills are drawn is primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attached to the grant, unless there is any special rule or order to the contrary. The certificate shall be furnished within 18 months from the date of sanction of the grant in such form as may be agreed between the Accountant General and the Head of the Department concerned. Grants-in-Aid Bills are required to be drawn on Form F.C 40 of J&K Financial Code Volume-II, but in number of the cases, the State Government is not using the prescribed Form and instead same Bill Form is being used for ACs and GIAs which results in difficulty in distinguishing between AC Bills and GIA Bills.

There are 2,029 number of UCs amounting to ₹9354.49 crore outstanding as on 30 October 2019 for the grants released up to 30 April 2018. The position of outstanding utilisation certificates as on 30 October 2019 for the grants released up to 30 April 2018 is given in **Table 4.4**.

**Table 4.4: Age-wise arrears in submission of Utilisation Certificates**

(₹ in crore)

Year*	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2017-18	867	3,424.11	547	3,261.08	44	712.20	1,370	5,972.99
2018-19	1,370	5,972.99	442	2,585.06	39	366.97	1,773	8,191.08
2019-20 (up to 30/10/2019)	1,773	8,191.08	256	1,163.41	0	0	2,029	9,354.49

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

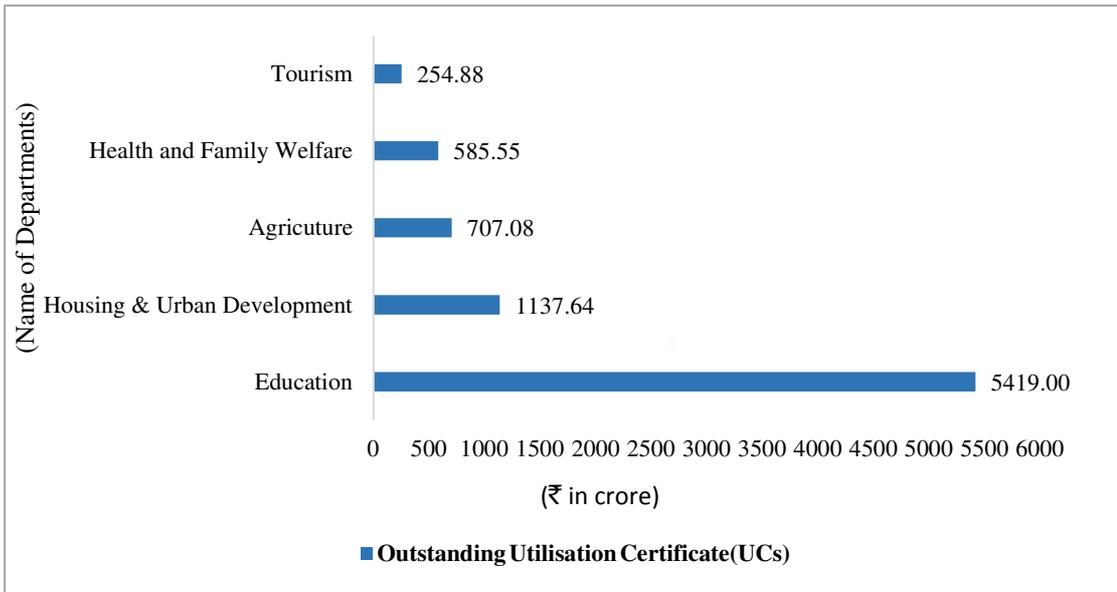
**Table 4.5: Year wise break up of outstanding UCs**

(₹ in crore)

Year	Number of UCs	Amount
2014-15	304	929.90
2015-16	234	723.27
2016-17	329	1,770.94
2017-18	503	2,549.25
2018-19	403	2,219.48
2019-20 (01/04/2019 to 30/10/2019)	256	1,161.65
<b>Total</b>	<b>2,029</b>	<b>9,354.49</b>

As is evident from the above table, UCs are outstanding for last many years. Out of the 2,029 UCs outstanding as on 30 October 2019, 304 UCs (15 per cent) are pending since the year 2014-15.

**Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to 2018-19**



Department wise breakup of outstanding UCs shows that 86.63 per cent of total amount of outstanding UCs pertains to above noted five departments. Out of these the majority (57.93 per cent) of outstanding UCs pertains to Education Department only.

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. Since Non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

#### **4.8 Abstract Contingent Bills**

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

In contravention there to, against a total amount of ₹7,226.48 crore comprising 2,298 bills drawn on AC bills by various drawing and disbursing officers up to 31 August 2019, corresponding DC bills were not submitted to the Accountant General (A&E), Jammu & Kashmir. Out of 2,298 number of outstanding AC bills, 1,933 bills amounting to ₹2,341.39 crore pertains to the period up to 2017-18, 249 bills amounting to ₹2,651.13 crore pertains to 2018-19 and the balance 116 bills valuing ₹2,233.96 crore pertains to the year 2019-20 (01 April 2019 to 30 October 2019). There is no assurance that the expenditure of ₹2,233.96 crore during 01 April 2019 to 30 October 2019 has actually been incurred for the purpose for which it was authorised by the Legislature.

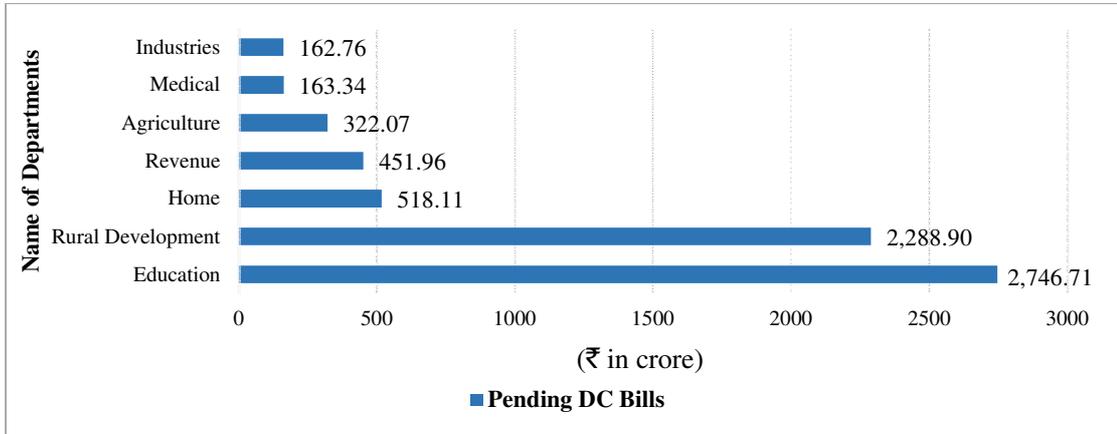
**Table 4.6: Year wise progress in submission of DC bills against the AC bills**

*(₹in crore)*

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2017-18	1,878	1,213.17	139	1,286.29	84	158.07	1,933	2,341.39
2018-19	1,933	2,341.39	276	2,719.04	27	67.91	2,182	4,992.52
01/04/2019 to 30/10/2019	2,182	4,992.52	120	2,265.81	04	31.85	2,298	7,226.48

Majority of the DC bills were awaited (30 October 2019) from the following departments.

**Chart 4.2: Pending DC Bills in respect of major Departments**



**Table 4.7: Awaited DC bills from Departments**

Sl. No	Name of the Department	Amount Outstanding (₹ in crore)	Percentage of total outstanding amount of ₹7,226.48 crore as on 30 Oct. 2019
1.	Education	2,746.71	38.01
2.	Rural Development	2,288.90	31.67
3.	Home	518.11	7.17
4.	Revenue	451.96	6.25
5.	Agriculture	322.07	4.46
6.	Medical	163.34	2.26
7.	Industries	162.76	2.25

Source: Finance Accounts

The department wise breakup of pending DC bills shows that 92.07 per cent of total amount of pending DC bills are awaited from above noted seven departments. Education Department and Rural Development Department are major defaulters and have pending DC bills of maximum amount. The matter has continually been brought to the notice of the Government/Finance Department, from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills to the Accountant General (A&E).

Advances drawn and not accounted for increased the possibility of wastage/misappropriation/malfeasance, etc. The Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.

#### 4.9 Indiscriminate use of Minor Head 800

Minor Head 800 relating to Other Receipts and 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 is to be discouraged, since it renders the accounts opaque.

During the period from 01 April 2019 to 30 October 2019, ₹2,159.92 crore, including revenue receipt of ₹1,692.97 crore<sup>2</sup> under 34 Revenue Major Heads of Accounts constituting about 7.19 *per cent* of the total Revenue Receipts of ₹ 30,051.98 crore, was recorded under the Minor Head 800-‘Other Receipts’. Similarly, expenditure of ₹1,140.33 crore under 47 Major Heads of Accounts constituting about 3.28 *per cent* of total expenditure of ₹34,766.01 crore was booked 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 under the Minor Head 800-Other Receipts/Expenditure are shown in the tables below. Classification of large amounts booked under the Minor Head 800, does not give the fair picture in accounts.

**Table 4.8: Significant expenditure booked under Minor Head 800 – Other Expenditure during the period 2019-20 (01 April 2019 to 30 October 2019)**

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
	<i>(₹ in crore)</i>		
2075-Misc. General Services	1.36	1.00	73.53
2250-Other Social Services	1.74	0.92	52.87
4070-Capital Outlay on Other Administrative Services	1.84	1.84	100.00
4216-Capital Outlay on Housing	76.54	76.54	100.00
4217-Capital Outlay on Urban Development	388.07	201.06	51.81
4401-Capital Outlay on Crop Husbandry	26.00	16.87	64.88
4405-Capital Outlay on Fisheries	3.51	3.51	100.00
4406- Capital Outlay on Forestry and Wildlife	20.52	14.12	68.81
4801- Capital Outlay on Power Projects	79.16	79.16	100.00
4852-Capital Outlay on Iron and Steel Industries	3.14	3.14	100.00
5452-Capital Outlay on Tourism	22.52	22.52	100.00
5475- Capital Outlay on Other General Economic Services	91.41	91.41	100.00

<sup>2</sup> Representing ₹987.99 crore collection from consumers, ₹700.00 crore Subsidy by debit to Major Head 2801-“Power” and contra credit to Major Head 0801-“Power” on account of Sale of Power by Electricity Department and ₹4.98 crore Misc. Power receipts

**Table 4.9: Significant receipts booked under Minor Head 800 – Other Receipts during the period 2019-20 (01 April 2019 to 30 October 2019)**

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)			
00029-Land Revenue	86.06	63.87	74.22
00049-Interest Receipt	9.58	7.88	82.25
0055-Police	39.44	19.83	50.28
0059-Public Works	14.31	13.35	93.29
0070-Other Administrative Services	63.38	57.05	90.01
0215-Water Supply and Sanitation	15.54	7.95	51.16
0235-Social Security and Welfare	12.71	12.71	100.00
0408-Food, Storage and Warehousing	10.97	10.97	100.00
0701-Major and Medium Irrigation	215.93	215.78	99.93
0702-Minor Irrigation	4.77	4.77	100.00
0801-Power	1,692.97	1,692.97	100.00

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.

#### Issues related to measurement

#### 4.10: 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.

**Table 4.10: Balances under Suspense and Remittances**

Minor Head	2017-18			2018-19			2019-20 (01/04/2019 to 30/10/2019)		
	Dr	Cr	Net (Dr/Cr)	Dr	Cr	Net (Dr/Cr)	Dr	Cr	Net (Dr/Cr)
<b>8658- Suspense Account-</b> (₹ in crore)									
101-PAO Suspense	328.04	54.72	<b>273.32 (Dr)</b>	378.28	67.42	<b>310.86 (Dr)</b>	403.73	64.46	<b>339.27 (Dr)</b>
102-Suspense Account (Civil)	159.33	69.81	<b>89.52 (Dr)</b>	375.41	282.81	<b>92.60 (Dr)</b>	368.02	288.91	<b>79.11 (Dr)</b>
112-Tax Deducted at Source (TDS Suspense)	-	1.05	<b>1.05 (Cr)</b>	-	444.43	<b>444.43 (Cr)</b>	-	109.97	<b>109.97 (Cr)</b>
<b>8782-Cash Remittance and Adjustments between officers rendering Accounts to the same Accountant General/Accounts Officers-</b>									

Minor Head	2017-18			2018-19			2019-20 (01/04/2019 to 30/10/2019)		
	Dr	Cr	Net (Dr/Cr)	Dr	Cr	Net (Dr/Cr)	Dr	Cr	Net (Dr/Cr)
102-Public Works Remittances	1,077.23	1,493.16	<b>415.93 (Cr)</b>	1,278.83	1,739.25	<b>460.42 (Cr)</b>	1,278.83	1,739.25	<b>460.42 (Cr)</b>
103-Forest Remittances	107.26	160.12	<b>52.86 (Cr)</b>	107.26	160.12	<b>52.86 (Cr)</b>	53.36	0.50	<b>52.86 (Cr)</b>
110-Misc. Remittances	-	68.49	<b>68.49 (Cr)</b>	-	2,028.24	<b>2,028.24 (Cr)</b>	-	2,109.99	<b>2,109.99 (Cr)</b>
8793-Inter-State Suspense Account	1.95	0.24	<b>1.71 (Dr)</b>	5.04	0.22	<b>4.82 (Dr)</b>	4.02	0.22	<b>3.80 (Dr)</b>

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/Defence are placed under suspense for eventual adjustments. An amount of ₹317.68 crore and ₹11.54 crore, paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi and Controller of Defence Accounts, respectively, ending October 2019 are major amounts adjustable in the accounts of the State Government due to non-submission of vouchers to the respective quarters by the treasuries or non-response from the Central Pay & Accounts Office, New Delhi & Controller Defence Accounts Pension, Allahabad. The matter needs to be actively pursued with the departments concerned as huge amounts are reimbursable to the State.

#### 4.11 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that 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.

**Table 4.11: Status of Reconciliation of Receipts and Expenditure figures**

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
<b>Receipts</b>				
<b>2017-18</b>	353	197	Nil	156
<b>2018-19</b>	371	302	Nil	69
<b>2019-20*</b>	404	226	Nil	178
<b>Expenditure</b>				
<b>2017-18</b>	353	197	Nil	156
<b>2018-19</b>	371	302	Nil	69
<b>2019-20*</b>	404	226	Nil	178

\*Period of account 01/04/2019 to 30/10/2019

During 2019-20 (01 April 2019 to 30 October 2019) reconciliation and verification of receipt and expenditure figures in respect of 178 (44 *per cent*) controlling officers was not done. Government needs to improve the reconciliation mechanism to ensure effective control over spending and accuracy of the accounts.

#### 4.12 Reconciliation of Cash Balances

The balance against 'Deposits with Reserve Bank' represents the balance according to Government Accounts, which include Government settlements advised to the Reserve Bank of India up to 10 Nov 2019. There is a net difference of ₹83.32 crore (Credit) between the figures as reflected in the accounts (₹ 4,69.74 crore (Cr)) and that intimated by the Reserve Bank of India (₹5,53.06 crore (Dr)). The difference is under reconciliation with RBI as well as the Government (October 2020).

#### Issues related to disclosure

#### 4.13 Compliance with Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Jammu & Kashmir in 2019-20 (01 April 2019 to 30 October 2019) and deficiencies therein are given in **Table 4.12**.

**Table 4.12: Compliance to Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-2:</b> <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 State Government (October 2019).
2.	<b>IGAS-3:</b> <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)	Details of recoveries in arrears and accrued interest thereon not furnished by State Government.

#### **4.14 Submission of Accounts/Separate Audit Reports of Autonomous Bodies**

A total 811 number of annual accounts of 56 Autonomous Bodies to be audited under Section 14 of the CAG's (DPC) Act 1971 were awaited from these Autonomous Bodies (**detailed in Appendix 4.2**) as on October 2019. The matter has been taken up with these bodies time and again for submission of annual accounts for audit.

Certification audit of accounts of Autonomous Bodies (AB's) set up by the State Government is conducted under Section 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The AB's coming under the audit purview as per the above section are required to submit the annual accounts to audit before 30 June every year. In respect of ten Autonomous Bodies which were to render annual accounts to C&AG, 84 number of accounts were not rendered for the period ranging between one to 24 years as tabulated below:

**Table 4.13: Non-submission of accounts by Autonomous Bodies**

(₹ in crore)

Sl. No.	Name of Body/Authority	Accounts pending for the period	No of accounts pending
1	Ladakh Autonomous Hill Development Council, Leh (LAHDC-L)	1995-96 to 2018-19	24
2	Ladakh Autonomous Hill Development Council, Kargil (LAHDC-K)	2003-04 to 2018-19	16
3	Compensatory Afforestation Management and Planning Authority (CAMPA)	2009-10 to 2018-19	10
4	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	2010-11 to 2018-19	09
5	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	2016-17 to 2018-19	03
6	EPF Board, Srinagar	2015-16 to 2018-19	04
7	Jammu & Kashmir State Housing Board	2012-13 to 2018-19	07
8	Khadi and Village Industries Board (KVIB)	2015-16 to 2018-19	04
9	Building and Other Construction Workers Welfare Board (BOCWVB)	2013-14 to 2018-19	06
10	State Legal Service Authority (SLSA)	2018-19	01
<b>Total</b>			<b>84</b>

The audit of Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96, although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a Non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception. Compensatory Afforestation Management and Planning Authority (CAMPA) has also not submitted the accounts for audit since its inception i.e November-2009. Similarly SKUAST, Kashmir, SKUAST, Jammu, EPF Board, Srinagar, KVIB, BOCWVB and SLSA have also not submitted their accounts for audit for the period ranging between one to nine years.

Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not

so far been presented to the State Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and misappropriation. This has also deprived the State Legislature 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.

#### **4.15 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 such accounts and submit the same to the Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *proforma* accounts from 1968-69 to 2018-19. The *proforma* accounts have not been prepared by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2018-19 and by Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2018-19. Due to non-compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.

The status of audit of Companies/Corporations of State of Jammu & Kashmir is shown in **Appendix 4.3**. Accounts in respect of only three companies were audited up to 2018-19 and in respect of one company and one corporation accounts were audited up to 2017-18. In respect of 17 Companies/Corporations audit of accounts is in arrear for the period ranging between 5 to 19 years. Audit of J&K State Forest Corporation was entrusted in 1996-97 but Corporation has never submitted its account. J&K Medical Supplies Corporation Ltd. was incorporated in March 2014 and it has also never submitted its accounts. In absence of timely finalisation of accounts, results of the investment of the Government remain outside the purview of State Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame.

#### **4.16 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, Regulation 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 information in this regard is not being furnished by the State Government.

#### **4.17 Follow up action on State 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 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 Governors/President rule since 20 June 2018 as such the State Finances Audit Report for the year 2016-17 to 2018-19 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the Government.

#### **4.18 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 State Budget is a serious financial irregularity. Thus, there was no 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 Head affects the transparency in the accounts.

#### 4.19 Recommendations

- Timely submission of Utilisation certificates may be ensured by the departments in respect of grants released for specific purpose.
- Necessary steps may be taken to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.
- The timely preparation and submission of accounts may be taken up with the respective autonomous bodies.
- The operation of omnibus Minor Head 800 should be discouraged.

Srinagar/Jammu  
The 29 December 2022

  
(Pramod Kumar)  
Principal Accountant General (Audit)  
Jammu & Kashmir

Countersigned

New Delhi  
The 31 January 2022

  
(Girish Chandra Murmu)  
Comptroller and Auditor General of India



# APPENDICES



**Appendix-1.1**  
**(Reference: Paragraph: 1.1)**  
**Profile of Jammu & Kashmir**

<b>A. General Data</b>					
<b>Sl. No.</b>	<b>Particulars</b>	<b>Figures</b>			
1	Area	2.22 lakh sq. Kms			
2	Population (As per Census 2011)	1.25 crore			
3	Density of population (as per 2011 Census) (All India Density=382 persons per Sq.Km)	124 per sq. Kms			
4	Population below poverty line (BPL)for 2011-12# (All India Average=21.9 per cent)	10.4			
5	Literacy (as per 2011 Census) (All India Average=73.0 per cent)	67.2			
6	Infant mortality @ (per 1000 live births) (All India Average=33 per 1000 live births)	23			
7	Life Expectancy at birth@ (All India Average=69.4 years (2013-17))	74			
<b>B. Financial Data@</b>					
<b>Sl. No.</b>	<b>Particulars (CAGR)</b>	<b>Figures (in per cent)</b>			
		<b>2010-11 to 2018-19</b>		<b>2018-19 to 2019-20^</b>	
		<b>Special Category States</b>	<b>Jammu &amp; Kashmir</b>	<b>Special Category States</b>	<b>Jammu &amp; Kashmir</b>
a.	Revenue Receipts	12.26	11.00	-9.88	-41.34
b.	Own Tax Revenue	13.29	13.84	-8.10	-44.94
c.	Non-Tax Revenue	13.92	18.84	-19.72	-49.48
d.	Total Expenditure	12.56	12.82	-6.05	-46.13
e.	Capital Expenditure	11.41	4.18	-15.60	-46.25
f.	Revenue Expenditure on Education	12.75	17.92	-8.16	-56.27
g.	Revenue Expenditure on Health	15.50	17.23	-4.96	-46.04
h.	Salary & Wages	12.05	15.35	-7.07	-45.84
i.	Pension	16.56	16.33	3.05	-34.79

Source: #GoI Economic Survey 2019-20 @Fiscal Priority by Economic Advisor O/o CAG of India ^01/04/2019 to 30/10/2019.

**Appendix-1.2**  
**(Reference: Paragraph: 1.5.1)**  
**Time Series Data<sup>1</sup> on the State Government Finances**

(₹ in crore)

<b>Part – A Receipts</b>					
Fiscal Aggregate	2015-16	2016-17	2017-18	2018-19	2019-20 (01/04/2019 to 30/10/2019)
<b>1. Revenue Receipts (a) + (b)</b>	<b>35,781</b>	<b>41,978</b>	<b>48,512</b>	<b>51,231</b>	<b>30,052</b>
<b>(a) Tax Revenue</b>	<b>15,141</b>	<b>17,308</b>	<b>21,448</b>	<b>23,816</b>	<b>12,212</b>
	(42)	(41)	(44)	(46)	(41)
(i) Revenue from State's Own Taxes	7,326	7,819	9,536	9,826	5,410
	(20)	(19)	(20)	(19)	(18)
Of which					
State Goods & Service Tax	0	0	2,611	5,134	2,604
			(27)	(52)	(48)
Taxes on sales, trade, etc.	5,277	6,012	4,493	1,757	879
	(72)	(77)	(47)	(18)	(16)
State Excise	533	569	833	1,291	766
	(7)	(7)	(9)	(13)	(14)
Taxes on vehicles	145	150	228	239	163
	(2)	(2)	(2)	(2)	(3)
Stamps and Registration fees	264	227	307	265	241
	(1)	(4)	(3)	(3)	(4)
Land Revenue	12	17	29	41	86
	(0.1)	(0.22)	(0.30)	(0.42)	(1.59)
Other Taxes	1,095	844	1,035	1,099	671
	(15)	(11)	(11)	(11)	(12)
(ii) State's share of Union taxes and duties	7,814	9,489	11,912	13,990	6,802
	(22)	(23)	(25)	(27)	(23)
<b>(b) Non-Tax Revenue</b>	<b>20,640</b>	<b>24,670</b>	<b>27,064</b>	<b>27,415</b>	<b>17,840</b>
	(58)	(59)	(56)	(54)	(59)
(i) State's Own Non-Tax Revenue	3,913	4,072	4,362	4,349	2,197
	(11)	(10)	(9)	(8)	(7)
Of which					
Power Department receipts	1,477	2,770	3,151	3,246	1693
	(38)	(68)	(72)	(75)	(77)
(ii) Grants-in-aid from the Union Government	16,728	20,598	22,702	23,066	15,643
	(47)	(49)	(47)	(45)	(52)
State's Own Revenues	11,239	11,891	13,898	14,175	7,607
(a) (i) + (b) (i)					
Revenue transfers from Centre (a) (ii) + (b) (ii)	24,542	30,087	34,614	37,056	22,445
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	4	19	4	4	2
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	14,645	20,749	25,557	25,336	18,819
<b>4. Total receipts in the Consolidated Fund (1+2+3)</b>	<b>50,430</b>	<b>62,746</b>	<b>74,073</b>	<b>76,571</b>	<b>48,873</b>
5. Contingency Fund receipts	0	0	0.15	0.17	0
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	49,546	35,983	30,698	39,107	16,993
<b>Gross Receipts (4+5+6)</b>	<b>99,976</b>	<b>98,729</b>	<b>1,04,771</b>	<b>1,15,678</b>	<b>65,866</b>
<b>Public Account Receipts (Net)</b> including receipts in departmental cash chest and cash balance investment	<b>4,312</b>	<b>2,396</b>	<b>(-)164</b>	<b>8,605</b>	<b>1,022</b>

<sup>1</sup> Difference of ₹ one crore, wherever occurring, is due to rounding off

<b>Part – B Disbursement</b>					
<b>Fiscal Aggregate</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20 (01/04/2019 to 30/10/2019)</b>
<b>1. Revenue Expenditure</b>	<b>36,420</b>	<b>39,812</b>	<b>40,916</b>	<b>56,090</b>	<b>30,244</b>
<b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>(83)</b>	<b>(83)</b>	<b>(80)</b>	<b>(87)</b>	<b>(87)</b>
(a) CSS/CA	1,573 (4)	2,000 (5)	2,500 (6)	2,512 (4)	624 (2)
(b) Normal/General/State Fund Expenditure	34,847 (96)	37,812 (95)	38,416 (94)	53,578 (96)	29,620 (98)
(i) General Services (including interest payments)	13,675 (38)	15,110 (38)	16,888 (41)	22,850 (41)	14,153 (47)
(ii) Social Services	11,331 (31)	11,564 (29)	13,117 (32)	17,931 (32)	8,895 (29)
(iii) Economic Services	11,414 (31)	13,138 (33)	10,911 (27)	15,309 (27)	7,196 (24)
<b>2. Capital Expenditure</b>	<b>7331</b>	<b>8,286</b>	<b>10,353</b>	<b>8,413</b>	<b>4,522</b>
<b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>(17)</b>	<b>(17)</b>	<b>(20)</b>	<b>(13)</b>	<b>(13)</b>
(a) CSS/CA	1,256 (17)	1,440 (17)	2,716 (26)	3,008 (36)	1,485 (33)
(b) General	6,075 (83)	6,846 (83)	7,637 (74)	5,405 (64)	3,037 (67)
(i) General Services	1,112 (15)	769 (9)	803 (8)	818 (10)	368 (8)
(ii) Social Services	2,674 (36)	2,306 (28)	2,787 (27)	2,895 (34)	908 (20)
(iii) Economic Services	3,545 (48)	5,211 (63)	6,763 (65)	4,700 (56)	3,246 (72)
<b>3. Disbursement of loans and advances</b>	<b>94</b>	<b>76</b>	<b>25</b>	<b>69</b>	<b>16</b>
<b>4. Total (1+2+3)</b>	<b>43,845</b>	<b>48,174</b>	<b>51,294</b>	<b>64,572</b>	<b>34,782</b>
<b>5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)</b>	<b>10,815</b>	<b>17,023</b>	<b>22,490</b>	<b>20,647</b>	<b>15,666</b>
<i>Of which</i>					
Internal Debt (excluding Ways and Means Advances and Overdraft)	1,485	1,951	3,168	2,519	964
Net transactions under Ways and Means Advances and Overdraft	<b>226</b>	<b>(-890)</b>	<b>589</b>	<b>(-232)</b>	<b>(-160)</b>
Loans and Advances from Government of India	113	114	116	117	59
<b>6. Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7. Gross disbursement out of Consolidated Fund (4+5)</b>	<b>54,660</b>	<b>65,197</b>	<b>73,784</b>	<b>85,219</b>	<b>50,448</b>
<b>8. Contingency Fund disbursements</b>	<b>0</b>	<b>0</b>	<b>0.17</b>	<b>0</b>	<b>0</b>
<b>9. Gross Public Account disbursements</b>	<b>45,234</b>	<b>33,587</b>	<b>30,862</b>	<b>30,502</b>	<b>15,971</b>
<b>10. Gross disbursements (7+8+9)</b>	<b>99,894</b>	<b>98,784</b>	<b>1,04,646</b>	<b>1,15,721</b>	<b>66,419</b>
<b>11. Increase in Cash Balance</b>	<b>82</b>	<b>(-55)</b>	<b>125</b>	<b>(-43)</b>	<b>(-553)</b>
<b>12 Grand Total (10+11)</b>	<b>99,976</b>	<b>98,729</b>	<b>1,04,771</b>	<b>1,15,678</b>	<b>65,866</b>

<b>Part – C Deficits</b>					
<b>1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)</b>	<b>(-) 640</b>	<b>(+)2,166</b>	<b>(+)7,595</b>	<b>(-)4,859</b>	<b>(-)192</b>
<b>2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt &amp; other liabilities – total non-debt receipts)</b>	<b>(-)8,060</b>	<b>(-)6,177</b>	<b>(-)2,778</b>	<b>(-)13,337</b>	<b>(-)4,728</b>
<b>3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)</b>	<b>(-)4,341</b>	<b>(-)1,610</b>	<b>(+)1885</b>	<b>(-)8,128</b>	<b>(-)1,373</b>
<b>4. Interest Payments (included in revenue expenditure)</b>	<b>3,719</b>	<b>4,567</b>	<b>4,663</b>	<b>5,209</b>	<b>3,355</b>
<b>5. Arrears of Revenue</b>	<b>1,399</b>	<b>1,468</b>	<b>1,946</b>	<b>1,645</b>	<b>1,610</b>
<b>6. Financial Assistance to local bodies, PSUs etc.</b>	<b>1,523</b>	<b>1,729</b>	<b>2,754</b>	<b>3,325</b>	<b>1,197</b>
<b>7. Ways and Means Advances/ overdraft availed (days)</b>	<b>215</b> (overdraft on 7 days)	<b>242</b> (overdraft on 2 days)	<b>199</b> (overdraft on 27 days)	<b>178</b> (overdraft on 7 days)	<b>148</b> (overdraft on 17 days)
<b>8. Interest on WMA/Overdraft</b>	<b>13</b>	<b>19</b>	<b>22</b>	<b>12</b>	<b>16</b>
<b>9. Public Debt Receipts</b>	<b>14,645</b>	<b>20,749</b>	<b>25,557</b>	<b>25,336</b>	<b>18,819</b>
<b>10. Gross State Domestic Product at Current Prices (GSDP<sup>2</sup>)</b>	1,17,168	1,24,848	1,39,240	1,55,956	1,69,182*
<b>11. Outstanding Public Debt<sup>3</sup> (year end) excluding Public Account</b>	<b>32,031</b>	<b>35,756</b>	<b>38,823</b>	<b>43,513</b>	<b>46,666</b>
<b>12. Outstanding guarantees (year end) plus interest</b>	<b>2,827</b>	<b>2,636</b>	<b>2,416</b>	<b>2,072</b>	<b>454</b>
<b>13. Maximum amount guaranteed (year end)</b>	<b>4,214</b>	<b>4,270</b>	<b>4,271</b>	<b>4,361</b>	<b>909</b>
<b>14. Number of incomplete projects</b>	<b>938</b>	<b>119</b>	<b>428</b>	<b>291</b>	<b>-</b>
<b>15. Capital blocked in incomplete projects</b>	<b>1,734</b>	<b>393</b>	<b>570</b>	<b>496</b>	<b>-</b>
Revenue Receipts/Total expenditure (per cent)	<b>82</b>	<b>87</b>	<b>95</b>	<b>79</b>	<b>86.40</b>
Revenue Expenditure/Total Expenditure (per cent)	<b>83</b>	<b>83</b>	<b>80</b>	<b>87</b>	<b>86.95</b>
Expenditure on Social Services/Total Expenditure (per cent)	<b>31.94</b>	<b>28.79</b>	<b>31.01</b>	<b>32.25</b>	<b>28.18</b>
Expenditure on Economic Services/Total Expenditure (per cent)	<b>34.12</b>	<b>38.09</b>	<b>34.46</b>	<b>30.99</b>	<b>30.02</b>
Capital Expenditure/Total Expenditure(per cent)	<b>16.72</b>	<b>17.20</b>	<b>20.18</b>	<b>13.03</b>	<b>13.00</b>
Capital Expenditure on Social and Economic Services/Total Expenditure (per cent )	<b>14.18</b>	<b>15.60</b>	<b>18.62</b>	<b>11.76</b>	<b>11.94</b>
Revenue Deficit/Fiscal Deficit (per cent)	<b>7.94</b>	<b>NA</b>	<b>NA</b>	<b>36.43</b>	<b>4.06</b>
Liabilities/Revenue Receipts(per cent )	<b>154.71</b>	<b>148.22</b>	<b>140.62</b>	<b>154.41</b>	<b>277.97</b>
Debt Redemption (Principal+ Interest)/Total Debt Receipts for the year (per cent)	<b>99.24</b>	<b>104.05</b>	<b>106.24</b>	<b>102.05</b>	<b>101.07</b>
Return on Investment	<b>54.13</b>	<b>45.11</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Financial Assets/Liabilities	<b>1.23</b>	<b>1.24</b>	<b>1.34</b>	<b>1.23</b>	<b>1.22</b>

Source: Finance Accounts

<sup>2</sup> Figures of GSDP for the year 2019-20(A) is based on information supplied by Director General, Economics and Statistics J&K Government.

<sup>3</sup> Includes internal debt and Loan and Advances from Central Government only.

**Appendix-1.3**  
(Reference: Paragraph: 1.5.2)  
**Abstract of Receipts and Disbursements for the year 2018-19 and 2019-20**  
(01/04/2019 to 30/10/2019)

(₹ in crore)

Receipts				Disbursements			
Various items	2018-19	2019-20		Various items	2018-19	2019-20	
1	2	3	4	5	6	7	8
<b>Section-A: Revenue</b>							
<b>I. Revenue Receipts</b>	<b>51,230.71</b>		<b>30051.98</b>	<b>I. Revenue Expenditure</b>	<b>56,089.97</b>		<b>30,243.98</b>
Own Tax Revenue				<b>General Services</b>	<b>22,849.78</b>	<b>14,153.23</b>	
	9,826.35	5,410.51		<b>Social Services</b>	<b>17,930.84</b>	<b>8,894.94</b>	
Non-Tax Revenue				Education, Sports, Art and Culture	10,073.59	4,427.64	
	4,349.35	2,196.83		Health and Family Welfare	3,549.42	1,944.43	
State's Share of Union Taxes				Water Supply, Sanitation/H&UD	2,367.64	1,336.98	
	13,989.80	6,801.81		Information and Broadcasting	66.3	33.69	
Centrally Sponsored Schemes	7,607.90	4,180.91		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	99.2	43.28	
Finance Commission Grants	13,534.01	10,047.61		Labour and Labour Welfare	71.57	24.82	
Grants from Govt. of India (Other Transfer/ Grants to States)	1,923.30	1,414.31		Social Welfare and Nutrition	1,656.32	1055.99	
				Others	46.82	28.11	
				<b>Economic Services</b>	<b>15,309.35</b>	<b>7,195.81</b>	
				Agriculture and Allied Activities	2,839.76	1,468.08	
				Rural Development	449.8	235.46	
				Special Areas Programmes	873.61	549.38	
				Irrigation and Flood Control	694.67	356.49	
				Energy	7,542.75	3985.12	
				Industries and Minerals	435.98	211.00	
				Transport	1,738.44	202.66	
				Science, Technology and Environment	43.9	24.22	
				General Economic Services	690.44	163.4	
<b>II. Revenue deficit carried over to Section -B</b>	<b>4,859.26</b>		<b>192</b>	<b>II. Revenue Surplus carried over to Section-B</b>	<b>0</b>	<b>0</b>	
<b>Total Section-A</b>	<b>56,089.97</b>		<b>30243.98</b>	<b>Total Section-A</b>	<b>56,089.97</b>		<b>30,243.98</b>

Receipts				Disbursements			
Various items	2018-19	2019-20		Various items	2018-19	2019-20	
1	2	3	4	5	6	7	8
<b>Section B: Capital</b>							
<b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>554.38</b>		<b>511.04</b>	<b>III. Capital Outlay</b>	<b>8,413.58</b>		<b>4522.03</b>
<b>IV. Misc. Capital receipts</b>		-	-	<b>General Services</b>	<b>818.08</b>		<b>368.34</b>
				<b>Social Services</b>	<b>2,895.57</b>		<b>907.46</b>
				Education, Sports, Art and Culture	793.54	134.33	
				Health and Family Welfare	874.36	149.09	
				Water Supply, Sanitation/H&UD	1,000.53	566.05	
				Information and Broadcasting	1.06	0.05	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	35.53	0.03	
				Social Welfare and Nutrition	142.17	33.05	
				Other Social Services	48.38	24.86	
				<b>Economic Services</b>	<b>4,699.93</b>		<b>3,246.23</b>
				Agriculture and Allied Activities	596.5	87.55	
				Rural Development	1,805.20	2,239.06	
				Special Areas Programmes	317.66	118.68	
				Irrigation and Flood Control	277.5	80.52	
				Energy	206.16	79.16	
				Industries and Minerals	116.08	32.17	
				Transport	821.3	494.58	
				Science, Technology and Environment	8.04	0.58	
				General Economic Services	551.49	113.93	
				<b>IV. Loans and Advances Disbursement</b>	<b>69.15</b>		<b>16.29</b>
<b>V. Recoveries of Loans and Advances</b>	<b>4.23</b>		<b>1.62</b>	Industries and Minerals	37.98	7.49	
Industries and Minerals	<b>2.51</b>	<b>0.63</b>		Transport	30	7	
Government servants	<b>1.49</b>	<b>0.64</b>		Government servants	1.17	1.8	
Others	<b>0.23</b>	<b>0.35</b>		Others	0	0	
				<b>V. Revenue deficit</b>	<b>4,859.26</b>		<b>192</b>
<b>VI. Revenue surplus</b>			-		-	-	-

Receipts				Disbursements			
Various items	2018-19	2019-20		Various items	2018-19	2019-20	
1	2	3	4	5	6	7	8
<b>VII. Public Debt Receipts</b>	<b>25,336.22</b>		<b>18,819</b>	<b>VI. Repayment of Public Debt</b>	<b>20,646.61</b>		<b>15,665.77</b>
Internal debt of the State Government	25,332.28	18,814.53		Internal debt of the State Government	20,529.39	15,606.86	
Loans and Advances from GOI	3.94	4.47		Repayment of Loans and Advances from GOI.	117.22	58.91	
Net transactions under Overdrafts from Reserve Bank	0	0		Net transactions under Ways and Means Advances including Overdrafts	0	0	
<b>VIII. Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>		<b>VII. Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	
<b>IX. Amount recouped to Contingency Fund</b>	<b>0.17</b>	<b>0</b>		<b>VIII-Expenditure from Contingency Fund</b>	<b>0</b>	<b>0</b>	
<b>X. Public Account Receipts</b>	<b>18,260.90</b>		<b>9,185.05</b>	<b>IX-Public Account Disbursements</b>	<b>9,656.26</b>		<b>8,162.7</b>
Small Savings and Provident Funds	8,857.92	3,662.66		Small Savings and Provident Funds	3,534.45	2,743.3	
Reserve Funds	695.07	501.83		Reserve Funds	3,73.06	193.67	
Deposits and Advances	4,914.05	2,659.44		Deposits and Advances	4,360.05	2,597.94	
Suspense and Miscellaneous	1,052.58	233.39		Suspense and Miscellaneous	648.55	582.84	
Remittances	2,741.28	2,127.73		Remittances	740.15	2,044.95	
				<b>X. Cash Balance at the end</b>	<b>511.04</b>		<b>-42.08</b>
				Cash in treasuries and local remittances	6.77	6.77	
				Deposits with Banks	104.4	-448.72	
				Departmental Cash Balance including Permanent Advances	5.09	5.09	
				Cash Balance Investment	383.92	383.92	
				Reserve Fund Investment	10.86	10.86	
<b>Total Section-B</b>	<b>44,155.90</b>		<b>2,8516.71</b>	<b>Total Section-B</b>	<b>44,155.90</b>		<b>28,516.71</b>

**Explanatory Notes**

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

**Appendix-1.3 (Continued)**  
**Summarised financial position of the Government of**  
**Jammu and Kashmir as on 30 October 2019**

(₹ in crore)

As on 31 March 2019		As on 30 October 2019	
<b>Liabilities</b>			
	<b>42,221.42</b>	<b>Internal Debt</b>	<b>45,429.09</b>
30,946.65		Market Loans bearing interest	34,290.8
1,269.74		Loans from LIC	1,148.71
10,005.03		Loans from other Institutions	9,989.58
	<b>1,291.57</b>	<b>Loans and Advances from Central Government</b>	<b>1,237.13</b>
37.79		Pre 1984-85 Loans	37.79
96.29		Non-Plan Loans	96.29
1,113.50		Loans for State Plan Schemes	1,055.03
34.74		Loans for Centrally Sponsored Plan Schemes	38.77
9.25		Ways and Means Advances	9.25
	<b>1</b>	<b>Contingency Fund</b>	<b>1</b>
	<b>26,242.26</b>	<b>Small Savings, Provident Funds, etc.</b>	<b>27,161.62</b>
	<b>2,497.26</b>	<b>Reserve Funds</b>	<b>2,805.43</b>
	<b>6,852.73</b>	<b>Deposits</b>	<b>6,914.23</b>
	<b>2,764.71</b>	<b>Remittance Balances</b>	<b>2,847.49</b>
	<b>5.31</b>	<b>Suspense and Misc. Balances</b>	<b>0</b>
	<b>18,851.97</b>	<b>Surplus on Government Account</b>	<b>18,659.97</b>
	<b>1,00,728.23</b>	<b>Total</b>	<b>1,05,055.96</b>

As on 31 March 2019			As on 30 October 2019	
<b>Assets</b>				
	<b>98,478.73</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>1,03,000.76</b>
689.42		Investments in shares of Companies, Corporations, etc.	3,428.03	
97,789.31		Other Capital Outlay	99,572.73	
	<b>1,725.77</b>	<b>Loans and Advances</b>		<b>1,740.44</b>
792.77		Industries and Minerals	799.63	
603.62		Transport	610.62	
85.05		Energy	85.05	
40.67		Agriculture and Allied Activities	40.65	
183.25		Other Development Loans	182.92	
20.41		Loans to Government servants and Miscellaneous Loans	21.57	
	<b>12.69</b>	<b>Advances</b>		<b>12.69</b>
	--	<b>Suspense and Miscellaneous Balances</b>		<b>344.15</b>
	--	<b>Contingency Fund(un-recouped)</b>		<b>0</b>
	<b>511.04</b>	<b>Cash</b>		<b>-42.08</b>
6.77		Cash in Treasuries and Local Remittances	6.77	
104.4		Deposits with Bank	-448.72	
4.97		Departmental Cash Balance	4.97	
0.12		Permanent Advances	0.12	
383.92		Cash Balance Investments	383.92	
10.86		Reserve Fund Investments	10.86	
	<b>1,00,728.23</b>	<b>Total</b>		<b>1,05,055.96</b>

Source: Finance Accounts

**Appendix-2.1**  
**Methodology Adopted for the Assessment of Fiscal Position**

The norms/ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy. Major fiscal aggregates like Tax and Non-Tax Revenue, Revenue and Capital Expenditure, Internal Debt and Revenue and Fiscal Deficits have been presented and worked out to assess as whether the mobilisation of resources, pattern of expenditure etc. are keeping pace with earlier trends.

The Department of Economic and Statistics of J&K Government furnished estimated Gross State Domestic Product (GSDP) of Jammu and Kashmir for the complete year 2019-20. However, the department did not compile segregated GSDP for the period 01 April 2019 to 30 October 2019. Though actual expenditure figures for the erstwhile State were available for the period till 30 October 2019 but the segregated GSDP figures were not available for the same period.

Terms	Basis of calculation
Development Expenditure	Social Services + Economic Services
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Pre-Devolution Non-Plan Revenue Deficit	Non-Plan Revenue Expenditure –(State's Own Tax Revenues + State's Own Non-Tax Revenues)
State's Own Deficit	Fiscal Deficit – Share in Union Taxes/Duties – Grants-in-Aid received from the Union Government
Non-Plan Revenue Gap	Revenue Deficit – Revenue Deficit on 'Plan' Account = Revenue Deficit – (Plan Revenue Expenditure – Plan Grants)
Primary Revenue Expenditure	Total Revenue Expenditure - Interest payment.

**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.	01	2015 & 2062	2.80	2
2.	03	3451, 3475 & 5475	1.62	4
3.	07	4202	16.26	1
4.	08	2049, 2071, 2075, 2235, 6003 & 6004	2,309.66	11
5.	10	2014	0.51	2
6.	11	4852 & 4853	3.64	3
7.	12	2415, 4401, 4402 & 4705	103.95	4
8.	13	2403 & 4403	3.07	9
9.	14	2401 & 2506	0.75	4
10.	15	2408 & 3475	91.91	3
11.	16	5054	74.46	2
12.	17	2210, 2211 & 4210	144.53	16
13.	18	2225, 2235, 2236 & 4235	158.63	12
14.	19	4216 & 4217	277.60	6
15.	21	4406	8.38	1
16.	24	4059	0.77	1
17.	26	4405	0.8	1
18.	27	2202 & 4202	40.96	2
19.	28	2501, 2515 & 4515	7.52	4
20.	32	4401	5.73	1
21.	33	4235	0.21	1
22.	34	4202	0.29	1
23.	36	2425	0.03	1
	<b>Total</b>		<b>3,254.08</b>	<b>92</b>

**Appendix-3.2**  
(Reference: Paragraph: 3.4.1)  
**Substantial Savings**

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Amount of Appropriation	Expenditure	Saving	Percentage of savings
<b>1</b>	<b>1</b>	<b>General Administration Department-</b>				
		<b>Revenue</b>				
		Voted	212.4	199.81	12.59	
		Charged	12.39	12.31	0.08	
		<b>Capital</b>	0	0	0	
		Voted	6.5	2.6	3.9	
		<b>Total</b>	<b>231.28</b>	<b>214.72</b>	<b>16.57</b>	<b>7</b>
<b>2</b>	<b>2</b>	<b>Home Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	3,761.11	3,666.67	94.44	
		<b>Capital</b>	0	0	0	
		Voted	370.28	253.58	116.7	
		<b>Total</b>	<b>4,131.39</b>	<b>3,920.25</b>	<b>211.14</b>	<b>5</b>
<b>3</b>	<b>3</b>	<b>Planning and Development Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	56.79	41.14	15.65	
		<b>Capital</b>	0	0	0	
		Voted	424.69	126.08	298.62	
		<b>Total</b>	<b>481.48</b>	<b>167.21</b>	<b>314.27</b>	<b>65</b>
<b>4</b>	<b>6</b>	<b>Power Development Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	4,132.02	3,985.12	146.89	
		<b>Capital</b>	0	0	0	
		Voted	198.05	79.16	118.89	
		<b>Total</b>	<b>4,330.07</b>	<b>4,064.29</b>	<b>265.78</b>	<b>6</b>
<b>5</b>	<b>10</b>	<b>Law Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	707.38	620.05	87.33	
		Charged	26.71	26.18	0.53	
		<b>Capital</b>	0	0	0	
		Voted	33.28	11.29	22	
		<b>Total</b>	<b>767.37</b>	<b>657.51</b>	<b>109.85</b>	<b>14</b>
<b>6</b>	<b>11</b>	<b>Industry and Commerce Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	220.62	152.89	67.73	
		<b>Capital</b>	0	0	0	
		Voted	40.46	39.22	1.24	
		<b>Total</b>	<b>261.08</b>	<b>192.11</b>	<b>68.97</b>	<b>26</b>
<b>7</b>	<b>13</b>	<b>Animal/Sheep Husbandry Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	309.63	283.57	26.06	
		<b>Capital</b>	0	0	0	
		Voted	39.63	7.02	32.62	
		<b>Total</b>	<b>349.26</b>	<b>290.59</b>	<b>58.68</b>	<b>17</b>
<b>8</b>	<b>14</b>	<b>Revenue Department-</b>				

Sl. No.	Grant No.	Grant Name	Amount of Appropriation	Expenditure	Saving	Percentage of savings
		<b>Revenue</b>	0	0	0	
		Voted	347.31	251.6	95.7	
		<b>Capital</b>	0	0	0	
		Voted	4.71	0	4.71	
		<b>Total</b>	<b>352.02</b>	<b>251.6</b>	<b>100.41</b>	<b>29</b>
<b>9</b>	<b>16</b>	<b>Public Works Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	620.4	574.86	45.54	
		<b>Capital</b>	0	0	0	
		Voted	804.23	580.7	223.53	
		<b>Total</b>	<b>1,424.63</b>	<b>1,155.56</b>	<b>269.07</b>	<b>19</b>
<b>10</b>	<b>17</b>	<b>Health and Medical Education Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	2,216.18	1,944.42	271.75	
		<b>Capital</b>	0	0	0	
		Voted	60.89	149.09	0	
		<b>Total</b>	<b>2,277.06</b>	<b>2,093.52</b>	<b>183.55</b>	<b>8</b>
<b>11</b>	<b>20</b>	<b>Tourism Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	64.01	62.82	1.19	
		<b>Capital</b>	0	0	0	
		Voted	105.73	22.52	83.21	
		<b>Total</b>	<b>169.75</b>	<b>85.35</b>	<b>84.4</b>	<b>50</b>
<b>12</b>	<b>21</b>	<b>Forest Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	424.1	440	0	
		<b>Capital</b>	0	0	0	
		Voted	74.22	15.24	58.99	
		<b>Total</b>	<b>498.32</b>	<b>455.23</b>	<b>43.09</b>	<b>9</b>
<b>13</b>	<b>22</b>	<b>Irrigation Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	480.94	337.62	143.31	
		<b>Capital</b>	0	0	0	
		Voted	116.94	79.77	37.18	
		<b>Total</b>	<b>597.88</b>	<b>417.39</b>	<b>180.49</b>	<b>30</b>
<b>14</b>	<b>23</b>	<b>Public Health Engineering Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	1080.8	929.98	150.82	
		<b>Capital</b>	0	0	0	
		Voted	262.75	101.44	161.3	
		<b>Total</b>	<b>1,343.54</b>	<b>1,031.43</b>	<b>312.12</b>	<b>23</b>
<b>15</b>	<b>25</b>	<b>Stationery and Printing-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	60.45	42.57	17.88	
		<b>Capital</b>	0	0	0	
		Voted	24.37	22.77	1.6	
		<b>Total</b>	<b>84.82</b>	<b>65.34</b>	<b>19.48</b>	<b>23</b>

Sl. No.	Grant No.	Grant Name	Amount of Appropriation	Expenditure	Saving	Percentage of savings
<b>16</b>	<b>27</b>	<b>Higher Education Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	546.79	509.96	36.83	
		<b>Capital</b>	0	0	0	
		Voted	128.03	84.45	43.58	
		<b>Total</b>	<b>674.82</b>	<b>594.41</b>	<b>80.42</b>	<b>12</b>
<b>17</b>	<b>28</b>	<b>Rural Development Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	260.53	238.44	22.09	
		<b>Capital</b>	0	0	0	
		Voted	2,681.8	2,239.06	442.74	
		<b>Total</b>	<b>2,942.33</b>	<b>2,477.5</b>	<b>464.82</b>	<b>16</b>
<b>18</b>	<b>30</b>	<b>Tribal Affairs Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	23.54	16.08	7.46	
		<b>Capital</b>	0	0	0	
		Voted	14.81	0.03	14.78	
		<b>Total</b>	<b>38.35</b>	<b>16.1</b>	<b>22.24</b>	<b>58</b>
<b>19</b>	<b>34</b>	<b>Youth Services and Technical Education Department-</b>				
		<b>Revenue</b>	0	0	0	
		Voted	345.25	217.23	128.02	
		<b>Capital</b>	0	0	0	
		Voted	3.33	4.12	0	
		<b>Total</b>	<b>348.58</b>	<b>221.35</b>	<b>127.23</b>	<b>37</b>
		<b>Grand Total</b>	<b>21,304.03</b>	<b>18,371.46</b>	<b>2,932.59</b>	

**Appendix-3.3**  
(Reference: Paragraph: 3.4.2)  
**Percentage of Utilisation of Provisions under each Grant**

(₹ in crore)

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilisation
1	General Administration Department	231.28	214.72	92.84%
2	Home Department	4,131.39	3,920.25	94.89%
3	Planning and Development Department	481.48	167.21	34.73%
4	Information Department	37.54	33.73	89.87%
5	Ladakh Affairs Department	658.04	668.17	101.54%
6	Power Development Department	4,330.07	4,064.29	93.86%
7	Education Department	3,649.61	3,724.10	102.04%
8	Finance Department	20,130.22	24,322.00	120.82%
9	Parliamentary Affairs Department	24.80	24.77	99.87%
10	Law Department	767.37	657.51	85.68%
11	Industry and Commerce Department	261.08	192.11	73.58%
12	Agriculture Department	457.80	553.41	120.88%
13	Animal/Sheep Husbandary Department	349.26	290.59	83.20%
14	Revenue Department	352.02	251.60	71.48%
15	Food Civil Supplies and Consumer Affairs Department	140.33	213.06	151.83%
16	Public Works Department	1,424.63	1,155.56	81.11%
17	Health and Medical Education Department	2,277.06	2,093.52	91.94%
18	Social Welfare Department	650.87	666.67	102.43%
19	Housing and Urban Development Department	515.17	826.82	160.49%
20	Tourism Department	169.75	85.35	50.28%
21	Forest Department	498.32	455.23	91.35%
22	Irrigation Department	597.88	417.39	69.81%
23	Public Health Engineering Department	1,343.54	1,031.43	76.77%
24	Hospitality and Protocol Department	146.16	143.26	98.02%
25	Stationery and Printing	84.82	65.34	77.03%
26	Fisheries Department	51.97	50.83	97.81%
27	Higher Education Department	674.82	594.41	88.08%

<b>Grant No.</b>	<b>Grant Name</b>	<b>Amount of Appropriation</b>	<b>Expenditure</b>	<b>Percentage utilisation</b>
28	Rural Development Department	2,942.33	2,477.50	84.20%
29	Transport Department	39.88	41.36	103.71%
30	Tribal Affairs Department	38.35	16.10	42.00%
31	Culture Department	33.44	30.47	91.12%
32	Horticulture Department	75.89	80.09	105.54%
33	Disaster Management Relief Rehabilitation and Reconstruction Department	294.27	677.95	230.38%
34	Youth Services and Technical Education Department	348.58	221.35	63.50%
35	Science and Technology Department	8.41	6.60	78.48%
36	Co-operative Department	30.26	24.90	82.29%

**Appendix-3.4**  
**(Reference: Paragraph: 3.5)**  
**Excess over Provisions requiring Regularisation**

(₹ in crore)

Sl. No	Grant Number	Total Grant/ Appropriation	Expenditure	Excess
<b>I-Revenue Voted</b>				
1	05- Ladakh Affairs Department	539.25	549.39	10.13
2	07- Education Department	3,597.53	3,677.25	79.73
3	08-Finance Department	4,211.78	5,298.94	1,087.16
4	12 -Agriculture Department	409.64	529.17	119.53
5	15-Consumer Affairs And Public Distribution Department	105.04	181.23	76.19
6	18-Social Welfare Department	644.74	665.52	20.78
7	19 Housing And Urban Development	306.31	362.22	55.91
8	21-Forest Department	424.10	440.00	15.89
9	29-Transport Department	32.14	33.84	1.70
10	33-Disaster Management, Relief, Rehabilitation And Reconstructive Department	294.27	677.74	383.47
<b>Total I-(Revenue Voted)</b>		<b>10,564.79</b>	<b>12,415.28</b>	<b>1,850.49</b>
<b>II-Capital Voted</b>				
11	09- Parliamentary Affairs Department	1.60	1.80	0.20
12	17 -Health And Medical Education Department	60.89	149.09	88.21
13	19-Housing And Urban Development	208.86	464.61	255.74
14	24-Hospitality And Protocol Department	8.31	8.69	0.38
15	26- Fisheries Department	1.83	3.51	1.68
16	32-Horticulture Department	8.05	13.79	5.75
17	33-Disaster Management, Relief, Rehabilitation And Reconstructive Department	0.00	0.21	0.21
18	34-Youth Services And Technical Education Department	3.33	4.11	0.78
<b>Total II-(Capital Voted)</b>		<b>292.87</b>	<b>645.82</b>	<b>352.95</b>

<b>Sl. No</b>	<b>Grant Number</b>	<b>Total Grant/ Appropriation</b>	<b>Expenditure</b>	<b>Excess</b>
<b>III-Capital Charged</b>				
19	08-Finance Department	14,176.30	15,665.77	1,489.47
<b>Total III-(Capital Charged)</b>		<b>14,176.30</b>	<b>15,665.77</b>	<b>1,489.47</b>
<b>IV-Revenue Charged</b>				
20	08-Finance Department	1,736.79	3,355.41	1,618.62
<b>Total IV-(Revenue Charged)</b>		<b>1,736.79</b>	<b>3,355.41</b>	<b>1,618.62</b>
<b>Total (I+II+III+IV)</b>		<b>26,770.75</b>	<b>32,082.27</b>	<b>5,311.53</b>

**Appendix-3.5**  
(Reference: Paragraph: 3.5.2)

**Excess expenditure for the years 1980-81 to 2018-19 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	227.90	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	09	1,7,8,11,12,20,21,23,24	205.23	
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72	
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1,152.23	
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1,029.71	
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1,730.03	
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2,057.49	
1995-96	19	2,5,6,8,9,10,11,12,13,16,17,18,20,21,23,2 4,25,26,27	2,936.89	
1996-97	18	2,4,5,6,8,10,11,12,13,14,16,18,20,21,23,2 4,26,27	3,482.20	
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27	4,189.21	
1998-99	06	4,5,6,8,23,27	4,185.25	
1999-2000	12	2,3,6,8,9,12,17,18,20,23,24,26	5,851.08	
2000-01	11	1,6,8,9,12,16,18,23,25, 26, 27	6,310.25	Not regularised
2001-02	15	3,5,6,8,11,17,18,20,21,23,25,26,27,28,29	6,393.41	
2002-03	15	3,5,6,7,8,12,14,16,17,18,21,23,25,26,28	505.61	
2003-04	18	3,5,7,8,12,13,14,15,16,17,18,20,21,23,24, 25,26,28	9,770.53	
2004-05	15	3,6,8,9,12,14,15,16,18,20,25,26,27,28,29	2,108.42	
2005-06	16	3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28	12,954.06	
2006-07	14	8,12,14,15,16,17,18,20,21,23,25,26,27,28	2,150.03	

<b>Year</b>	<b>No. of Grants/ Appropriation</b>	<b>Grant/Appropriation No.</b>	<b>Excess</b>	<b>Status of regularisation</b>
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	08	3,5,8,16,23,24,28,29	6,397.06	
2018-19	07	3,5,8,15,16,17,30	4,631.53	
		<b>Total</b>	<b>1,18,692.88</b>	

**Appendix-3.6**  
(Reference: Paragraph: 3.5.2)  
**Statement of various Grants/Appropriations where Excess expenditure incurred during 2019-20 (01/04/2019 to 30/10/2019)**

(₹ in crore)

Sl. No.	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess (Percentage)
<b>I-Revenue (Voted)</b>					
1	5	Ladakh Affairs Department	539.25	549.39	10.13 (2%)
2	7	Education Department	3,597.53	3,677.25	79.73 (2%)
3	8	Finance Department	4,211.78	5,298.94	1,087.16 (26%)
4	9	Parliamentary Affairs Department	1.60	1.80	0.20 (13%)
5	12	Agriculture Department	409.64	529.17	119.53 (29%)
6	15	Food Civil Supplies and Consumer Affairs Department	105.04	181.23	76.19 (73%)
7	18	Social Welfare Department	644.74	665.52	20.78 (3%)
8	19	Housing and Urban Development Department	306.31	362.22	55.91 (18%)
9	21	Forest Department	424.10	440.00	15.89 (4%)
10	29	Transport Department	32.14	33.84	1.70 (5%)
11	33	Disaster Management Relief Rehabilitation and Reconstruction Department	294.27	677.74	383.47 (130%)
<b>Total (I-Revenue Voted)</b>			<b>10,566.39</b>	<b>12,417.08</b>	<b>1,850.69 (18%)</b>
<b>II-Revenue (Charged)</b>					
12	8	Finance Department	1,736.79	3,355.41	1,618.62 (93%)
<b>Total (II-Revenue Charged)</b>			<b>1,736.79</b>	<b>3,355.41</b>	<b>1,618.62 (93%)</b>
<b>III-Capital (Voted)</b>					
13	17	Health and Medical Education Department	60.89	149.09	88.21 (145%)
14	19	Housing and Urban Development Department	208.86	464.61	255.74 (122%)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess (Percentage)
15	24	Hospitality and Protocol Department	8.31	8.69	0.38 (5%)
16	26	Fisheries Department	1.83	3.51	1.68 (92%)
17	32	Horticulture Department	8.05	13.79	5.75 (71%)
18	33	Disaster Management Relief Rehabilitation and Reconstruction Department	0.00	0.21	0.21 (100%)
19	34	Youth Services and Technical Education Department	3.33	4.12	0.78 (24%)
<b>Total (III-Capital Charged)</b>			<b>291.27</b>	<b>644.02</b>	<b>352.75 (121%)</b>
<b>IV-Capital (Charged)</b>					
20	8	Finance Department	14,176.30	15,665.77	1,489.47 (11%)
<b>Total (IV-Capital Charged)</b>			<b>14,176.30</b>	<b>15,665.77</b>	<b>1,489.47 (11%)</b>
<b>Grand Total (I+II+III+IV)</b>			<b>26,770.75</b>	<b>32,082.28</b>	<b>5,311.53 (20%)</b>

**Appendix-3.7**  
(Reference: Paragraph: 3.9.1)  
**Expenditure without Budget Provision**

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2210	01	001	0099	0627	0	0.02
2	2210	03	110	0031	2504	0	0.14
3	2211	-	001	0031	1651	0	6.47
4	2211	-	001	0099	2509	0	1.59
5	2211	-	003	0031	1654	0	2.24
6	2211	-	101	0031	1652	0	0.04
7	2211	-	800	0031	0581	0	15.09
8	2211	-	800	0031	1651	0	3.97
9	2211	-	800	0031	1652	0	0.21
10	2211	-	800	0031	1769	0	1.57
11	4210	02	800	0031	2256	0	16.19
12	4210	03	105	0011	2453	0	1.05
13	4210	03	105	0031	2453	0	91.39
14	4210	03	200	0031	0192	0	2.07
15	4210	04	101	0031	1881	0	2.48
<b>Total</b>						<b>0</b>	<b>144.52</b>

**Appendix-3.8**  
(Reference: Paragraph: 3.9.1)  
**Nil Expenditure against the Budgetary Provisions**

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2210	01	001	0099	2356	0.13	0
2	2210	01	110	0099	2508	1.50	0
3	2210	03	200	0099	2256	10.25	0
4	2210	06	101	0031	2423	0.36	0
5	2210	06	800	0099	2268	0.04	0
6	2211	-	001	0031	2544	1.75	0
<b>Total</b>						<b>14.03</b>	<b>0</b>

**Appendix-3.9**  
**(Reference: Paragraph: 3.9.1)**  
**Less Expenditure (Saving) against the Provision**

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Saving
1	2210	01	001	0099	0579	8.41	7.12	-1.29
2	2210	01	001	0099	0602	1.07	0.92	-0.15
3	2210	01	001	0099	0610	5.95	5.31	-0.65
4	2210	01	001	0099	0618	3.81	3.70	-0.11
5	2210	01	001	0099	0630	0.23	0.07	-0.16
6	2210	01	001	0099	0636	84.99	64.79	-20.20
7	2210	01	001	0099	0638	64.02	62.04	-1.98
8	2210	01	104	0099	1279	1.61	1.34	-0.27
9	2210	01	104	0099	0591	0.33	0.28	-0.05
10	2210	01	104	0099	0643	1.00	0.78	-0.21
11	2210	01	110	0099	0557	9.92	8.39	-1.54
12	2210	01	110	0099	0559	2.57	1.97	-0.60
13	2210	01	110	0099	0562	30.88	24.46	-6.42
14	2210	01	110	0099	0567	13.43	10.56	-2.87
15	2210	01	110	0099	0568	25.29	21.71	-3.57
16	2210	01	110	0099	0576	2.38	1.88	-0.50
17	2210	01	110	0099	0585	58.00	48.22	-9.78
18	2210	01	110	0099	0622	76.77	76.70	-0.07
19	2210	01	110	0099	0625	51.52	45.67	-5.86
20	2210	01	110	0099	0660	9.74	7.97	-1.76
21	2210	01	110	0099	0662	3.45	2.71	-0.74
22	2210	01	110	0099	0666	0.38	0.33	-0.04
23	2210	01	110	0099	0678	1.19	0.96	-0.24
24	2210	01	110	0099	0680	52.74	41.55	-11.18
25	2210	01	110	0099	0688	6.97	4.59	-2.37
26	2210	01	110	0099	1293	36.09	28.62	-7.47
27	2210	01	110	0099	1529	9.08	8.73	-0.35
28	2210	01	110	0099	1553	9.36	8.46	-0.90
29	2210	01	110	0099	1758	1.29	0.76	-0.53
30	2210	01	110	0099	1764	8.05	5.11	-2.94
31	2210	01	110	0099	2261	0.41	0.20	-0.21
32	2210	01	200	0099	0641	3.93	3.60	-0.33
33	2210	02	101	0099	0667	36.13	34.76	-1.37
34	2210	02	101	0099	0681	2.21	1.64	-0.57
35	2210	02	101	0099	1315	1.81	1.69	-0.12
36	2210	02	103	0099	0694	0.53	0.51	-0.02
37	2210	02	103	0099	1837	0.71	0.53	-0.18

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Saving
38	2210	03	101	0099	0580	41.66	41.51	-0.15
39	2210	03	101	0099	0581	34.85	34.53	-0.32
40	2210	03	103	0099	0644	147.99	128.50	-19.49
41	2210	03	103	0099	0649	2.60	2.00	-0.60
42	2210	03	103	0099	2262	88.51	83.71	-4.79
43	2210	03	110	0099	0577	1.28	0.95	-0.32
44	2210	03	110	0099	0696	30.06	26.91	-3.15
45	2210	05	105	0099	0166	121.38	90.86	-30.52
46	2210	05	105	0099	0305	113.94	95.25	-18.70
47	2210	05	105	0099	0586	8.15	7.42	-0.73
48	2210	05	105	0099	0590	220.92	201.19	-19.73
49	2210	05	105	0099	0592	1.58	1.03	-0.55
50	2210	05	105	0099	0679	14.97	13.10	-1.87
51	2210	05	105	0099	0682	2.21	1.61	-0.60
52	2210	05	105	0099	1544	46.20	46.16	-0.04
53	2210	05	105	0099	1756	1.32	1.24	-0.07
54	2210	05	105	0099	2023	13.36	9.34	-4.01
55	2210	05	105	0099	2453	66.02	35.48	-30.55
56	2210	06	101	0099	0584	16.04	16.02	-0.02
57	2210	06	101	0099	0603	13.09	12.39	-0.70
58	2210	06	101	0099	1300	4.58	3.54	-1.05
59	2210	06	101	0099	2263	0.35	0.30	-0.05
60	2210	06	102	0099	0648	0.64	0.34	-0.30
61	2210	06	102	0099	0697	0.30	0.28	-0.03
62	2210	06	102	0099	1289	0.38	0.34	-0.04
63	2210	06	102	0099	2479	0.39	0.33	-0.06
64	2210	06	102	0099	2480	0.35	0.30	-0.05
65	2210	06	104	0099	0571	0.07	0.05	-0.02
66	2210	06	101	0099	0633	2.03	1.97	-0.06
67	2210	06	104	0099	0654	3.20	2.55	-0.64
68	2210	06	104	0099	0658	3.70	3.28	-0.42
69	2210	06	104	0099	1264	0.47	0.44	-0.04
70	2210	06	104	0099	1294	1.91	1.75	-0.16
71	2210	06	104	0099	2264	1.84	1.82	-0.02
72	2210	06	104	0099	2265	0.16	0.15	0.00
73	2210	06	104	0099	2266	0.10	0.09	-0.01
74	2210	06	107	0099	0626	0.69	0.47	-0.22
75	2210	06	107	0099	0656	1.43	1.21	-0.22
76	2210	06	107	0099	0676	0.79	0.71	-0.08
77	2210	06	107	0099	0689	0.45	0.40	-0.05
78	2210	06	107	0099	2267	1.35	1.08	-0.26
79	2210	06	112	0099	1545	0.15	0.14	-0.01
80	2210	06	200	0099	0565	1.13	0.98	-0.15

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Saving
81	2210	06	200	0099	0620	1.69	1.04	-0.65
82	2211	00	001	0099	2204	6.36	3.15	-3.21
83	2211	00	003	0099	2204	0.93	0.26	-0.67
84	2211	00	101	0031	0581	98.86	46.68	-52.18
85	2211	00	101	0031	1769	4.50	1.54	-2.96
86	2211	00	001	0031	2204	20.25	14.83	-5.42
87	2211	00	102	0031	1770	0.68	0.48	-0.20
88	2211	00	104	0099	2204	0.16	0.12	-0.04
89	4210	01	800	0011	0166	6.70	4.74	-1.96
90	4210	01	800	0011	0305	15.85	2.03	-13.81
91	4210	01	800	0011	1537	6.83	4.10	-2.73
92	4210	01	800	0011	1538	0.80	0.44	-0.36
93	4210	01	800	0011	1539	1.84	0.95	-0.90
94	4210	01	800	0011	1540	3.18	1.11	-2.07
95	4210	01	800	0011	1541	4.73	2.12	-2.61
96	4210	01	800	0011	1542	4.20	0.82	-3.38
97	4210	01	800	0011	1543	8.84	8.82	-0.02
98	4210	01	800	0011	2023	3.55	3.24	-0.31
<b>Total</b>						<b>1,828.74</b>	<b>1,506.80</b>	<b>-321.94</b>

**Appendix-4.1**  
**(Reference: Paragraph: 4.5)**  
**Direct transfer of Central Scheme Funds to State Government departments (funds routed outside State Budgets) (unaudited figures)**

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases
			2019-20 (01/04/2019 to 30/10/2019)
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilisation (SETU)	Various Government Higher Secondary Schools	36.00
2	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	217.95
3	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	125.20
4	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	12.00
5	Incentivisation of Panchayat	Rashtriya Gram Swaraj Abhiyan	0.09
6	Management Support to Rural Development Programs and Strengthening of District Planning Process	Regional Extension Training Centre Budgam	285.20
7	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00
8	National Organ Transplant Programme	Medical College, Jammu	71.00
9	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	23.02
10	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	1,807.26
11	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	30,046.90
12	Price Monitoring Structure	Food and Supplies Department Government of Jammu and Kashmir	7.33
13	Science and Technology Institutional and Human Capacity Building	Government Colleges, Government of Jammu and Kashmir	46.08
14	Women Help Line	Deputy Commissioner, Government of Jammu and Kashmir	34.08
15	Schemes for Differently Abled Persons	Under Secretary, Commissioner for Persons with Disabilities, Jammu	3.70
	<b>Grand Total</b>		<b>34,965.81</b>

Source Finance Accounts of respective years

Out of total amount of ₹10,21,53.83 lakh released by Government of India an amount of ₹3,49,65.82 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹6,71,88.01 lakh to various Autonomous Bodies/ other Entities of the Government (excluding ₹37,95.95 lakh to Central agencies). Please refer also para 3 (x) of Notes to Accounts Vol-I.

**Appendix-4.2**  
**(Reference: Paragraph: 4.14)**  
**Statement showing details of Annual Accounts awaited relating to**  
**audit under section 14 of the CAG's (DPC) Act, 1971**

Sl. No.	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
1	Srinagar Municipality	1988-89 to 2018-19	31
2	Kashmir University	2001-02 to 2018-19	18
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2018-19	20
4	District Rural Development Agency Srinagar	2002-03 to 2018-19	17
5	District Rural Development Agency Anantnag	2007-08 to 2018-19	12
6	District Rural Development Agency Pulwama	2002-03 to 2018-19	17
7	District Rural Development Agency Leh	2008-09 to 2018-19	11
8	District Rural Development Agency Kargil	2008-09 to 2018-19	11
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	2018-19	01
10	Srinagar Development Authority, Bemina	1999-2000 to 2018-19	20
11	J&K State Social Welfare Advisory Board, Srinagar	2003-04 to 2018-19	16
12	Islamia College of Sciences and Commerce, Srinagar	2001-02 to 2018-19	18
13	Lakes and Water Ways Development Authority, Srinagar	2005-06 to 2018-19	14
14	Jammu University	2002-03 to 2018-19	17
15	District Rural Development Agency Jammu	2008-09 to 2018-19	11
16	District Rural Development Agency Kathua	2008-09 to 2018-19	02
17	District Rural Development Agency Poonch	2008-09 to 2018-19	11
18	District Rural Development Agency Doda	2003-04 to 2018-19	16
19	Academy of Art Culture and Languages	2003-04 to 2018-19	16
20	Jammu Development Authority	1972-73 to 2018-19	46
21	J&K Pollution Control Board, Srinagar	1995-96 to 2018-19	24
22	Jammu and Kashmir Sports Council, Srinagar	2003-04 to 2018-19	16
23	Jammu and Kashmir Energy Development Agency, (JAKEDA), Srinagar.	2003-04 to 2018-19	16
24	District Rural Development Agency Budgam	2007-08 to 2018-19	12
25	District Rural Development Agency	2007-08 to 2018-19	12

Sl. No.	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
	Baramulla		
26	District Rural Development Agency Kupwara	2006-07 to 2018-19	13
27	District Rural Development Agency Ganderbal	2008-09 to 2018-19	11
28	District Rural Development Agency Kulgam	2008-09 to 2018-19	11
29	District Rural Development Agency Shopian	2008-09 to 2018-19	11
30	District Rural Development Agency Bandipora	2008-09 to 2018-19	11
31	Jammu Municipality	2002-03 to 2018-19	17
32	J&K Entrepreneurship Development Institute, (JKEDI) Pampore	1996-97 to 2002-03, & 2018-19	08
33	Tourism Development Authority, Doodpathri	2005-06 to 2018-19	14
34	Tourism Development Authority, Kokernag	2004-05 to 2018-19	15
35	Tourism Development Authority, Manasbal	2005-06 to 2018-19	14
36	Tourism Development Authority, Pahalgam	2002-03 to 2018-19	17
37	Tourism Development Authority, Sonamarg	2003-04 to 2018-19	16
38	Tourism Development Authority, Yousmarg	2005-06 to 2018-19	14
39	Tourism Development Authority, Verinag	2006-07 to 2018-19	13
40	Wullar Conservation & Management Authority, Srinagar	2012-13 to 2018-19	07
41	District Rural Development Agency, Ramban	2007-08 to 2018-19	12
42	Tourism Development Authority, Mansar, Surinsar	2006-07 to 2018-19	13
43	Tourism Development Authority, Rajouri	2005-06 to 2018-19	14
44	Tourism Development Authority, Poonch	2005-06 to 2018-19	14
45	Tourism Development Authority, Lakhampur	2005-06 to 2018-19	14
46	Tourism Development Authority, Kishtwar	2005-06 to 2018-19	14
47	Jammu Urban Development Agency (JUDA)	1999-2000 to 2018-19	20
48	District Rural Development Agency, Udhampur	2013-14 to 2018-19	06
49	District Rural Development Agency, Reasi	2008-09 to 2018-19	11
50	District Rural Development Agency, Rajouri	2001-02 to 2018-19	18
51	Royal Spring Golf Course, Srinagar	2006-07-2018-19	14

<b>Sl. No.</b>	<b>Name of the Body/Authority</b>	<b>Period for which accounts awaited</b>	<b>Number of awaited accounts</b>
52	Tourism Development Authority, Gulmarg	2000-01 to 2018-19	19
53	Tourism Development Authority, Aharbal	2006-07 to 2018-19	13
54	Tourism Development Authority, Bhaderwah	2006-07 to 2018-19	13
55	Tourism Development Authority, Patnitop	2002-03 to 2018-19	16
56	Sainik School Manasbal	2016-17 to 2018-19	03
<b>Total</b>			<b>811</b>

**Appendix-4.3**  
**(Reference: Paragraph: 4.15)**  
**Position of Arrears of Accounts as on 30 October 2019**

<b>S. No.</b>	<b>Name of the Company</b>	<b>Last audited up to</b>
1.	J&K State Power Development Corporation Limited	2013-14
2.	J&K State Industrial Development Corporation Limited	2013-14
3.	J&K Small Scale Industries Development Corporation Limited	2009-10
4.	J&K Minerals Limited	1999-2000
5.	JK Cements Limited	2011-12
6.	J&K Handicrafts (S&E) Corporation Limited	2000-01
7.	J&K Handloom Development Corporation Limited	2010-11
8.	J&K Industries Limited	2010-11
9.	J&K Agro Industries Development Corporation Limited	2009-10
10.	J&K HPMC Limited	2004-05
11.	J&K Cable Car Corporation Limited	2010-11
12.	J&K Tourism Development Corporation Limited	2012-13
13.	J&K SC/ST/OBC Development Corporation Limited	2001-02
14.	J&K Projects Construction Corporation Limited	2013-14
15.	J&K Police Housing Corporation Limited	2009-10
16.	J&K Overseas Employment Corporation Limited	2010-11
17.	J&K Medical Supplies Corporation Limited	NA <sup>1</sup>
18.	J&K Bank Limited	2018-19
19.	J&K Bank Financial Services Limited	2018-19
20.	Chenab Valley Power Projects (P) Limited	2018-19
21.	J&K Women Development Corporation Limited	2017-18
<b>S. No.</b>	<b>Name of the Corporation</b>	<b>Last audited up to</b>
1.	J&K State Road Transport Corporation	2013-14
2.	J&K State Forest Corporation <sup>2</sup>	--
3.	J&K State Financial Corporation	2017-18

<sup>1</sup> The Company was incorporated in March 2014 and has never submitted its accounts to this office

<sup>2</sup> The audit of the Corporation was entrusted to this office from 1996-97 onwards. However, the Corporation has never submitted its accounts.

**Appendix-5**  
**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 authorised 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 authorisation 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 regularisation 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. **'Reappropriation'** - 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 authorised 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 utilise the savings of one of the Sections for any other Section.
  - c) **Token Supplementary** allows to utilise 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.



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