

PRESS RELEASE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

NEW DELHI
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CAG's FINANCES AUDIT REPORT OF JAMMU AND KASHMIR PRESENTED IN PARLIAMENT

The Report No 01 of the year 2023 of the Comptroller and Auditor General of India, Union Territory Finances Audit Report for the year ended 31 March 2022 of Government of Jammu and Kashmir has been presented to the Parliament here today.

This Report contains following five Chapters

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

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

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

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

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

Audit findings

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

- During 2021-22, Revenue Receipts increased by 13 *per cent* with respect to last year but it fell short off budget estimates by 39 *per cent*. Government could not keep its Fiscal Deficit and Primary Deficit within the projections estimated in the budget.
- There was Revenue Deficit of ₹ 30.83 crore in the accounts of Union Territory of Jammu and Kashmir for the year 2021-22, which was understated by ₹ 200.29 crore. There was Fiscal Deficit of ₹ 11,150.61 crore during 2021-22, which was understated by ₹ 41.53 crore.
- The Government of Jammu and Kashmir had outstanding liability of ₹ 29,335.41 crore ending 31 March 2022. In addition to above, there is outstanding borrowings amounting to ₹ 2,122.77 crore of JKIDFC and an amount of ₹ 10,321.83 crore of JKPCL. Government has paid Principal/Interest on account of these borrowings.

- Grants-in-Aid from GoI (₹ 42,690.77 crore) constituted 72.07 *per cent* of the total revenue receipts of ₹ 59,238.50 crore for 2021-22.
- The total committed expenditure accounted for 75.93 *per cent* of Revenue Expenditure during 2021-22.
- The total accumulated balance at the end of 31 March 2022 in reserve funds was ₹ 920.13 crore. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting ₹2,806 crore of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two successor UTs.
- The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹ 1.14 crore on 62 days without resorting to Normal Ways and Advances and Overdraft and availed Normal Ways and Means Advances on 125 days and on 178 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2022 was ₹ 499.54 crore under Normal Ways and Means Advances.

Chapter-III: Budgetary Management

- During 2021-22, a sum of ₹ 158.76 crore of Revenue expenditure was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to that extent.
- Supplementary provisions obtained in 22 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions
- There were huge savings of ₹ 100 crore and above by the departments under Capital Section in 22 grants amounting to ₹ 18,723.63 crore. Out of the 35 grants, except in Grant No. 08- Finance Department, there were savings in the remaining 34 Grants.
- Entire budget provision of ₹ 5,092.25 crore under 28 Grants involving 123 number of schemes remained unutilised during the year.
- The Excess expenditure amounting to ₹ 2,049.26 crore under Revenue Voted, Revenue *Charged* and Capital *charged* section in Grant No. 08-Finance Department and Revenue Voted section in Grant No. 16-Public Works Department incurred by the Government during 2021-22 is to be got regularised.
- The expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants.

Chapter-IV: Quality of Accounts and Financial Reporting Practices

- 3,089 number of Utilisation Certificates for grants paid up to 30 October 2019 amounting to ₹ 8,158.32 crore by erstwhile State and 770 number of UCs for grants paid by UT of Jammu and Kashmir amounting to ₹ 3,137.11 crore were outstanding up to 31 March 2022.
- DCC bills in respect of ₹ 5,830.41 crore drawn on 2,154 number of AC bills drawn upto 30 October 2019 and DCC bills for ₹ 11,448.03 crore drawn on 1,139 AC bills post reorganization by UT of Jammu and Kashmir are outstanding ending 31 March 2022.
- During 2021-22, Receipts of ₹ 53,275.15 crore (89.93 *per cent* of the total Revenue Receipts of ₹ 59,238.50 crore of Union Territory of J&K) and Expenditure of ₹ 49,058.57 crore (69.77 *per cent* of total Revenue and Capital Expenditure of ₹ 70,316.36 crore) were reconciled with the Office of the Principal Accountant General (A&E).
- Certain Grants-in-aid to be classified under Revenue Section were classified under Capital Section and details in respect of Grants-in-aid given in kind was not provided (IGAS 2).
- In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 37 number of accounts were not rendered for the period ranging between one to 12 years.

Chapter-V: Financial Performance of Public Sector Undertakings

- As on 31 March 2022, of the total equity capital of ₹ 6,029.99 crore in Power Sector PSUs, ₹ 2,593.54 crore (43.01 *per cent*) was contributed by the GoJ&K. Further, the total equity investment of GoJ&K in 36 PSUs of sectors other than Power Sector was ₹ 975.87 crore. The Government had also advanced loans of ₹ 1,539.42 crore to PSUs functioning in other than power sector.
- Budgetary assistance of ₹ 3,473.11 crore was received by PSUs from the GoJ&K during 2021-22.

BSC/SS/TT/NS/